



FINANCE/AUDIT COMMITTEE MEETING MINUTES
Friday, July 24, 2009 at 4 p.m.
15506 County Line Road
Spring Hill, FL 34610

Committee Members Present: Elizabeth Callaghan, Chair; Sister Roberta Bailey, Dr. Burt Harres

Committee Members Excused: Susan Arnett

Committee Members Present via Phone: None

Staff Present: Jim Farrelly, Ramute “Jak” Jakubauskas, Maryrose Wersan

Others Present: None

I. Welcome and Call to Order - Ms. Elizabeth Callaghan

Ms. Callaghan called the meeting of the Finance/Audit Committees to order at 4:05 p.m. Roll call was taken. Because of lack of quorum at this time, the Agenda was presented not adopted.

Ms. Callaghan requested a motion to approve the Draft Minutes from the April 20, 2009 Meeting and the May 26, 2009 Meeting as written. Sister Roberta so moved and Dr. Harres seconded the motion. All were in favor with no abstentions and the motion carried.

II. Discussion/Approval of SunTrust Line of Credit

Ms. Wersan informed the Committee that the Coalition would like to acquire a line of credit from SunTrust for up to \$1 million as backup if the state should hold up funds for payment to providers. An application has been completed, however SunTrust requires that the Committee’s meeting minutes reflect the approval of the application for a request for a line of credit. Mr. Farrelly inquired if interest charges paid by the Coalition to the bank would be considered a reimbursable expense. Ms. Wersan replied no because all interest is returned to the state; therefore funds would come from unrestricted dollars.

Ms. Callaghan requested a motion to approve the application for a line of credit in an amount up to \$1 million with SunTrust. Dr. Harres so moved and Sister Roberta seconded the motion. Discussion followed on interest charges. Ms. Wersan informed the Committee there will be no interest charges if the line of credit is paid back within thirty (30) days. There was no further discussion; all were in favor with no abstentions and the motion carried.

III. Realignment of FY 08/09 Quality Budget and FY 08/09 Coalition Budget

Ms. Wersan met with Ms. Nicole Flechas, Quality Manager, who explained the Quality Budget had been over expended by \$2,852 due to the number of incentive grant applications received. Ms. Wersan is recommending a realignment of \$8,000 from the surplus in slot funds to allow for realignment of the Quality Budget's deficit as well as to purchase books and other backpack items for the Jumpstart to Early Learning event. Ms. Wersan reminded the Committee that the Quality Budget started at \$337,500 but was reduced by \$53,000 as part of the state's 4% mandated reduction.

Ms. Callaghan requested a motion to approve the realignment of FY 08/09 Quality Budget and the FY 08/09 Coalition Budget. Dr. Harres so moved and Sister Roberta seconded the motion. All were in favor with no abstentions and the motion carried.

IV. Approval, Invoice for Philadelphia Insurance Companies in the amount of \$5,158.86

Ms. Wersan reported this invoice was for the renewal of property insurance that included the three (3) new office locations. She is requesting approval by the Committee so this invoice can then be presented to the full Board for final approval.

Ms. Callaghan requested a motion to approve the invoice for Philadelphia Insurance Companies in the amount of \$5,158.86. Sister Roberta so moved and Dr. Harres seconded the motion. All were in favor with no abstentions and the motion carried.

V. Update, American Recovery and Reinvestment Act Stimulus Funds

Ms. Wersan informed the Committee that Coalition staff has met with the Workforce Board to discuss how to spend the stimulus funds. Currently there is no wait list for the School Readiness dollars. The Coalition would like to consider offering services to parents referred by Workforce who are or will be enrolling in a training program, a continuing education program, or collecting unemployment because they can receive subsidized child care on a temporary basis.

Mr. Farrelly stated that \$2.2 million will be available for the next two (2) years from stimulus dollars. His goal is to get through this year with no wait list as last year there were about 900 children on the list. Utilization statistics will be brought to the Board each month showing how money is being spent with ARRA dollars and how our finances are looking without the ARRA dollars. The Coalition will be returning approximately \$100,000 to the state from unused slot funds which equal funds for about thirty (30) children. Using these funds instead of returning them may have caused the Coalition to terminate services in April for a number of children which is something the Coalition would rather not do.

Another goal is to reach more eligible families and Workforce currently has two (2) initiatives:

- A. Families receiving unemployment have a new rule requiring them to receive thirty (30) days of child care.
- B. A parent or families going to school have no eligibility for child care. The Coalition is trying to work with Workforce to use these stimulus dollars to extend our services and to change our Coalition's eligibility criteria to include these families.

Dr. Harres stated his greatest fear is that when the stimulus dollars are gone in two (2) years, how it will impact the families in the program at that time.

Mr. Farrelly commented that these ideas need to be brought back to the Program Committee with definite statistics. A conversation with Mr. Joe Mascaro indicated that only about 100 children would be impacted. If the number of children will be that small then the Coalition may want to extend a partnership to educational institutions. Based on the Coalition's utilization reports, priorities would have to be established. Hernando County has an unemployment rate of 14%; the Coalition is losing the opportunity to serve children within our working poor category.

Ms. Callaghan suggested speaking to the media again about the stimulus dollars and how these dollars can affect parents who are currently removing their children from programs because of the expense. She also suggested making a determination of following either a monthly or quarterly budget report process to scrutinize dollars spent. Ms. Wersan stated that with the new SAGE Financial Software, the requirements for tracking these dollars separately will be much easier.

VI. Review of FY 2009-2010 Projected Grant Awards

Ms. Wersan distributed the Contract Earmarks and Restrictions Projections (attached) for FY 2009-2010. She explained that School Readiness has been reduced by 4.48% and there is a decrease of 23.37% for VPK Outreach and Awareness. Mr. Farrelly also reminded the Committee that the State can require a reduction of up to 10% or \$1.4 million of the School Readiness funds at any time.

VII. Discussion, FY 2009-2010 Proposed Budget

Ms. Wersan distributed the FY 2009-2010 Proposed Budget (attached) and reviewed School Readiness and VPK projections with the Committee. She informed the Committee that the Coalition's administrative costs for School Readiness is 3.2%. Mr. Farrelly commented that if the administrative cap holds, this Coalition will have the lowest School Readiness administrative cap in the State. Ms. Wersan stated that the state requires a minimum of 70% of the budget to go to slots; last year we were at 84% and this year at 88%.

Ms. Wersan stated she wanted to bring to the Committee's attention that legislation has changed our VPK contract restrictions for administration to 4.85% from 5% which is still well below our guidelines.

Other items of note on the budget include \$337,500 for the realigned Quality Budget; hiring a new driver for the new Mobile Outreach Van, a Curriculum Assistant, and a new Provider Specialist for both VPK and School Readiness who will assist in monitoring programs for quality.

Mr. Farrelly stated that currently the Coalition has 325 providers, but 8-12 were lost this year due to the economy. He congratulated Ms. Wersan and her reimbursement staff for their first provider payment reimbursement of \$1.2 million, 600 EFT's, with an error rate of only .003%.

Dr. Harres inquired and was informed that there were no ARRA dollars in salaries. The Committee was informed there is a cap of 6% for raises.

Ms. Callaghan requested a motion to approve the Proposed FY 2009-2010 Budget. Dr. Harres so moved and Sister Roberta seconded the motion. Discussion – Dr. Harres commented the Coalition was doing a wonderful job with fiscal management. All were in favor with no abstentions and the motion carried.

VIII. Schedule of Next Meeting Date

Ms. Callaghan would like to have a regularly scheduled meeting date. The Committee discussed having a regular meeting on the third Wednesday of the month at 4 p.m. Ms. Jakubauskas will prepare a list of those dates to distribute to the Committee.

The Committee agreed their next meeting date will be Wednesday, August 19, 2009 at 4 p.m.

IX. Public Input

None

X. Adjournment

Ms. Callaghan requested a motion to adjourn the meeting. Sister Roberta so moved and the Finance/Audit Committee meeting was adjourned at 4:50 p.m.

Respectfully submitted by,

Ramute "Jak" Jakubauskas,
Administrative Assistant