



FINANCE/AUDIT COMMITTEE MEETING MINUTES
Monday, February 20, 2012 at 4 p.m.
15506 County Line Road
Spring Hill, FL 34610

Board Members Present: Jim Cook, Chair; Bonnie Clark, Patrick McHugh

Committee Members Present via Phone: Pat Mulieri

Committee Members Excused: Gus Guadagnino

Staff Present: Sonya Bosanko, Jim Farrelly, Jak Jakubauskas, Betsy Kier

Guests Present: None

I. Welcome and Call to Order – Mr. Jim Cook, Chair

Mr. Cook called the meeting of the Finance/Audit Committee to order at 4:03 p.m. Introductions were made.

Mr. Cook requested a motion to approve the draft minutes from the Finance/Audit Committee meeting of January 23, 2012. Ms. Clark so moved and Mr. McHugh seconded the motion. All were in favor with no abstentions and the motion carried.

II. Review, January 2012 Financial Statement Report

Ms. Bosanko referred to the memo dated February 11, 2012 and explained the pressing issue is that the VPK administrative expenses are exceeding the maximum of 4%. Ms. Bosanko explained how operating expenses are allocated to School Readiness and VPK based on the Cost Allocation Plan which captures the expense-benefit to each program based on staff's Personal Activity Report (PAR) forms. The budget was created based on our total VPK grant award. Fewer 4-year olds are currently being served than the state estimated resulting in VPK direct services being under-utilized by \$1.8 million. These funds will have to be returned to the state at the end of the fiscal year.

Mr. Cook inquired what percentage of 4-year olds are being served and was informed 70-75%. Mr. Farrelly explained that VPK recruitment efforts will begin shortly with a direct mailing, newspaper inserts and billboard advertising. Ms. Kier also explained that parents are now only able to transfer their child once during the school year, but the state has recently developed exemption clauses to this rule.

Ms. Bosanko reviewed her recommendations to realign approximately \$73,000 in the budget's administrative line items. She explained that remaining funds from the VPK Outreach and Awareness grant can be moved after the final advertising expenditures have

been paid and the enrollment of children in the VPK summer program will also utilize some of the funds.

Mr. Farrelly explained there has been a change in the employment status of the two (2) VPK Specialists with the resignation of a VPK Specialist. There will be a savings of that salary expense for approximately six (6) weeks and the new VPK Specialist will have his/her salary divided between School Readiness and VPK. An error was noted on the budget recommendation under Other Contracted Services which would affect the totals.

The Committee continued to review the recommended budget amendments and Mr. Farrelly stated the Coalition has frozen administrative expenses. Ms. Bosanko stated the key is not to increase the operating budget, but to decrease it overall by \$25,272.88. She explained the budget will be reviewed again in March or April to ensure the budget is on track and if needed, 1.5% of VPK expenses can be booked to next year's expenses.

Ms. Bosanko explained the OCA Recommended Budget Amendment shown in Figure 3 contains the same information as in Figure 2, but it is captured differently. She explained changes would be made to the general ledger to stay in compliance. Mr. Farrelly stated he accepts Ms. Bosanko's recommendations and recommended that the Committee adopt the budget amendment as presented. If approved, the updated revision will be presented to the Executive Committee for action.

Mr. Cook requested a motion to approve the recommended budget amendment. Mr. McHugh moved to accept the plan as recommended and Ms. Clark seconded the motion. All were in favor with no dissensions and the motion carried.

- **Update, Bank Fees**

Ms. Kier stated questions had been raised on bank fees and why the Coalition is charged these fees. She explained the Coalition was required to change its former bank account with SunTrust to an interest bearing account to remain in compliance with the grant from the state. The interest earned from the account must be returned to the state. She explained the result of the change is a savings benefit of \$180 per month and the Coalition is now fully compliant.

III. Update, The Numbers Behind the Numbers

Ms. Kier distributed the (attached) report she received from OEL and stated it had been reviewed by herself and Ms. Bosanko. Ms. Bosanko created the (attached) narrative which explained the large variations between Coalitions.

Ms. Bosanko explained that Florida statutes require coalitions to re-determine client eligibility annually, but as this Coalition does this every 3-months to serve more eligible children, non-direct costs may be higher. She stated column B is the most concerning as cost allocation plans are different between coalitions and OCA's may not capture each expense.

She explained that in 1999 when coalitions were first created, it was done with very little support from the state. When the state began realizing that cost allocations were not being done properly, they began to audit the coalitions. Once federal and state regulations were in place, it was discovered that many coalitions still were not allocating properly.

Mr. Cook commented this report may result in re-opening the discussion on redeterminations and what the cost savings would be if they were moved to 6-months. Mr. Cook will present these findings to the Executive Committee.

Ms. Kier reviewed the School Readiness Utilization Report and stated that a deficit of \$18,500 is being projected for School Readiness. However, after the budget realignment, there may be additional funds to enroll more children. Ms. Kier stated that 3,848 children were served in January.

For VPK, Ms. Kier explained that a total of 4,918 children were enrolled, but this number may be high as some providers were paid for both December and January due to school closings during the holidays. She stated VPK enrollments were holding steady and a brief discussion followed on Providers on Probation (POP) (formerly Low Performing Providers – LPP) and the increased number of POPs due to the new state standards. This Coalition is projected to see an increase in POPs from eleven (11) centers to fifty-four (54).

IV. Schedule, Next Meeting Date on March 19, 2012 at 4 p.m.

The next Finance/Audit Committee Meeting is scheduled for Monday, March 19, 2012 at 4 p.m.

V. Public Input

None.

VI. Adjournment

The Finance/Audit Committee meeting was adjourned at 5:14 p.m. with no further discussion.

Respectfully submitted by,

Ramute “Jak” Jakubauskas,
Administrative Assistant