

EARLY LEARNING COALITION OF SARASOTA COUNTY
BUDGET AND FINANCE COMMITTEE MEETING

Cavanaugh & Company, LLP, Conference Room, 2381 Fruitville Road, Sarasota

24 April 2009

MINUTES

1. ATTENDANCE.

a. Members:

Laura Benson Janice Mee Janet Kahn Steve Spangler Linda Mason Chris Kofler

b. Staff:

James Pawlak

2. CALL TO ORDER. The meeting was called to order at 8:00 a.m.

3. OLD BUSINESS. *None*

4. NEW BUSINESS.

James informed the committee that we have received a Notice of Grant award for FY2009 American Recovery & Reinvestment Act funds (\$253,599). Laura asked how these dollars will be spent. Janet replied the dollars will be used in May and June to pay specifically for child care slots. This is good news as we are currently overenrolled as attrition has decreased and mandated referrals continue to be high.

a. FY2009 CCC/Business Manager Reports.

1. **SR Enrollment & Provider Payments** – March SR enrollment (1365 children served) was at its highest point since April 2006. We had already instituted a waiting list for the remainder of FY2009. While children served were up, slot payments were \$375k. This was because the majority of the new children were enrolled into CCEP. Once the \$275k in this category has been fully utilized, these children will be transferred into the new ARRA slot payment category.
2. **News's and Terms** – We are now only accepting mandated children, the BG1 (Protective Services & BG3 (Workforce/Training) for the remaining two months. James stated that April New's versus Terms will be flat as attrition remains lower than usual.
3. **BG1 SR Enrollment & Provider Payments** – BG1 costs incurred in the month of March came in at an all time high – \$72k while serving 170 children. We are currently running \$155k over budget in BG1 slot costs. AWI allows funds to be reallocated each year based on need. Although the process was initiated later than usual by AWI this year, we did send our letter yesterday (April 23rd) to AWI requesting an additional \$275k in SR funds to cover the anticipated shortfall due to our increased mandated referral enrollment.
4. **SR Days Paid & Per Day Costs** - The cost of an average day of service was \$15.88. The majority of our costs is fixed and with the increased number of children served over the last two months has resulted in this being our lowest Per Day Cost since May 2006.
5. **Board Management Report** – All Financial Expense Indicators in both SR and VPK programs are within their Earmarks. Janet stated we need to continue to monitor our Infant and Toddler costs to ensure we spend at least \$56k (we are at \$30k). ELC has purchased Infant and Toddler materials James will let Janet know if additional purchases will be necessary by May 15th.
6. **SR Spending Plan** – As stated above, a letter has been sent to AWI requesting an additional \$275k in SR funding. These dollars would cover the shortfall incurred in our

BG1 and BG3 costs. This along with the additional ARRA funds would allow us to finish the Fiscal Year basically in balance.

7. **VPK Spending Plan** – We are currently running a slight deficit of \$51k in VPK funds. AWI reduced our Admin Expense Earmark from 5.0% to 4.6%. Even with this reduction we are still comfortably below at 3.1%. James did state that our admin costs will increase the remainder of this Fiscal Year. We have started the process to determine children eligible for the FY2010 fall VPK program. This will result in our admin costs ticking back to 3.5% level.

b. Accountant Reports.

- a. James informed the committee that the two items on the Account Receivable Aging report have been closed. The amount in the 31-60 day category - \$66,593.16 was received from Sarasota County Health & Human Services on April 3rd. The amount in the 1-30 day category - \$5,367.60 was received from the Sarasota Partnership for Children's Mental Health on April 16th.

- b. James stated we are now three-fourths through our fiscal year – the only budget line item (other than child care slots) that we are 10% over budgeted was in our “Postage” category. This was because we incurred two postal rate increases of 1 cent & 2 cent respectively that was not taken into account when the budget was completed last year. Laura asked what specifically does the Coalition mail out each month – Linda replied that approximately 200 Redetermination letters are sent. Also mailed are 10 day termination notices which are sent to parents. Janet stated that attendance sheets are sent out to the Providers each month (this is our highest reoccurring mail expense). There has been talk in the past about automating the attendance processing at the state level through the new system ELIS, but due to budget reductions at the state, this process is on hold. The last item James brought up was that we received our second installment check in the amount of \$301,000 from the Gulf Coast Community Foundation of Venice for our QIS program and we had \$50k of disbursements in Private dollars. Eric Fontana (our Accountant) will provide a list of the disbursements and we will have to move \$50k from our Private money market account into our Operating bank account to cover these payments.

5. DISCUSSION.

- a. Janet informed the committee that as planned we have moved our Private money market account from Wachovia to Regions Bank. Not only did we need to separate the private funds from the state funds but also Regions is currently offering us a higher interest rate (2%) for these dollars. We are allowed to keep the interest earned on the private funds. Interest on the state funds must be returned to AWI. Once we performed this transfer, Scott Iverson (our relationship banker at Wachovia) called and informed us that the Service Fees on our Operating account would be waived. Since January, and since Wachovia merged with Well Fargo, there have been additional fees place on the account (EFT's, ACH originated items, Checks paid etc...).

- b. In April, James received three banking proposals in regards to our Operating account. They were from Regions, M&I and Wachovia bank. He also stated that at the present time, since Wachovia is now waiving our fees, we should probably forgo moving our account. This would require substantial changes at the state level (AWI) on changing our Operating bank account number which could delay payments and affect our monthly reimbursement process. Janet and Eric agreed and so for now we will keep our operating bank account at Wachovia. Since Wachovia has merged with Wells Fargo, any concern for the stability of those funds is set to rest at this time.

- c. The other item was brought up by James who informed the committee that our current auditor “Florida CPA Services” will not continue for the 3rd year of our contract. Larry Kraujalis (our auditor) stated that since our audit is a “Single Audit” this requires him to take additional courses during the year so he could continue to perform our audit. Since he had no other clients requiring

this, he informed us of his decision. He wants to do only small non profits under the 500k single audit threshold. We have already started the procurement process for a new firm. On April 14th – James sent our “Invitation to Bid” for Audit Services to six accounting firms along with it being publicly noticed by being posted on our web site. The bid is open until May 14th – James will report to the board in May how many firms have responded. Steve stated that we should be prepared to pay more to have audit completed going forward.

6. ADJOURN. The meeting was adjourned at 8:34 am. The next meeting is tentatively scheduled for 29 May.

James Pawlak