

EARLY LEARNING COALITION OF SARASOTA COUNTY
BUDGET AND FINANCE COMMITTEE MEETING

Cavanaugh & Company, LLP, Conference Room, 2381 Fruitville Road, Sarasota
11 December 2009

MINUTES

1. ATTENDANCE.

a. Members:

Linda Mason Janet Kahn Steve Spangler Nicole Parker

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.

a. *FY2010 CCC/Business Manager Reports.*

1. **SR & ARRA Enrollment & Provider Payments** – Reviewing the last full month's reports, In October our SR slot payment was \$259,263 with 854 children served and our ARRA slot payment was \$16,005 with 79 children served. Steve inquired why our total October SR/ARRA slot payment of \$275,268 with 933 children served would be less than the previous month (September) - \$280, 988 with 921 children served. Janet replied that it can often vary due to a timing issue with children being counted (in EFS) and certain Providers not submitting attendance for reimbursement, etc. James also stated that the majority of new SR/ARRA children enrolled came in the last two weeks of October and therefore their payment dollars are less than if they had been enrolled for the entire month.
2. **News's and Terms** – In October, we saw our first net increase of children being served – thirty-seven. However our numbers currently are low and we need to increase intake efforts. Linda stated we have just sent a letter out to an additional 200 children's parents. Assuming a normal response, we expect to be serving close to 1,000 children by year's end.
3. **BG1 SR Enrollment & Provider Payments** – Our BG1 costs after the first four months of FY2010 are currently running only \$1,500 above this year's budgeted amount of \$750,000. James states we are properly budgeted for this category for the remainder of FY2010.
4. **BG3 SR Enrollment & Provider Payments** – BG3 costs for October were \$26,150. We continue to be over budget (\$23k). James stated it is more than likely he will have to allocate additional funds in January or February next year to this category to put the BG3 budget in-line for the remainder of FY2010.
5. **SR Days Paid & Per Day "OEL" Cost** – OEL Cost per Child per Day came in at \$17.01 which is below the FY2009 average of \$17.43.
6. **Board Financial Indicators** – James stated our Admin and Non-Direct costs continue to be well contained (\$35k under Budget). Steve asked when you think we can move some dollars out of these Admin costs to our SR Provider payment slots. James replied he would look to move some of these dollars after completing the AWI January invoice. Moving on to the next three indicators (Quality, Gold Seal and Infant & Toddler) James stated we continue to be in line to spend what we had budgeted for in each of these

categories. SR Child care slots were discussed next, we decrease to 70.5% of total expenditures spent (the minimum required by AWI is 70%). James stated he is confident we turned the corner on "Intakes" having seen the first "Net" new number of thirty-seven in October. Assuming November and December show the same trend, James forecasts a utilization rate of 72.5% by year's end.

The last two indicators reviewed were our VPK and VPK ARRA slots. Our VPK admin slot expenditure percentage has now dropped below the Grant requirement of 4.8% - currently it is 4.5%. James reiterated that this % should settle in around 3.75% by February of next year and trend slightly higher the remainder of this Fiscal Year due to VPK enrollment costs for next year's program which occurs in April, 2010. For our VPK-ARRA slots, James continues to work with AWI to ensure that these dollars are either reverted back to our VPK grant or are utilized under the VPK-ARRA grant this year.

7. **SR Spending Plan** – As of October, our SR spending plan is \$82k underutilized. With additional children now being enrolled in the program, James states that these excess funds will be utilize by early next year. Janet stated in March of 2010 if needed, we will probably ask AWI for an additional \$88k in SR funds – which is what our carryover deficit from FY2009.
8. **VPK Spending Plan** – VPK slot payments for October were \$577,294 – a record amount. With record 1,852 children enrolled this year, we are looking at another \$100k deficit on top of the \$122k deficit we brought in from FY2009. This is assuming we are able to use our VPK-ARRA allocation of \$536,873. Steve asked - How we are going to address this deficit. Janet replied that the state is required to come up with money, she also stated that other ELC's in the state will probably use all their VPK allocation by March of 2010 so it will be interesting to see how Tallahassee will handle this issue. James thinks AWI will do what it did this past Fiscal Year – which is when all current year VPK allocation dollars have been spent, we will Invoice AWI for reimbursement using next year's VPK grant dollars. So Steve stated we will be in a yearly deficit situation just like our local, state and federal governments. Janet replied – Yes – for the foreseeable future it looks that way.

b. Accountant Reports.

James reviewed with the committee the outstanding items on the A/R and A/P aging summary reports. For the A/R report - we had one item in the 31-60 day category - \$3,127.35 – This is an invoice for the "Because it Matters" program – James stated we should receive this check from the Gulf Coast Community Foundation of Venice before year's end. We also had one item in the 61-90 day category - \$4,969.20 – James stated this was a VPK-ARRA invoice that we were reimbursed for, he has already contacted Eric and the entry to book it as income was made in QuickBooks. The only entry on the A/P report is in the over 90 day category - \$8,052.94. Janet stated that these dollars are Parents paying us back for Violating Eligibility rules. James added that we have sent these dollars back to AWI for reimbursement in late November and this dollar amount will be removed on next month's financials. When reviewing the Profit and Loss statement – Janet questioned why our ELC Coalition – Salary and Wages line would be \$14k over budget. She asked James to contact Eric and find out which employees wages are being counted under this line item. James will report back to the committee next month with his findings. The last report discussed was the "Deferred Revenue" sheet – Janet informed the committee that all of the Jane's Trust funds have been utilized. She also stated we will be receiving our second installment check of \$150k for this grant before year's end.

5. DISCUSSION.

James reported the results of our yearly financial monitoring which is conducted by KPMG, the firm that AWI contracts with to do the annual monitoring.. We had one finding, which we do not agree with and have challenged. The finding states that ELC did not properly demonstrate

how our property inventory reconciles to our General Ledger, which is not accurate. Eric does reconcile the fixed inventory to the GL, but AWI wants it documented on the inventory form maintained on site at the ELC fiscal offices, and wants additional ID numbers to cross reference (Note: we are talking about only 2 items on the listing so it is easy to identify the items). Additionally, they added we did not show the percentage of federal participation, although the funding source is clearly shown. Eric maintains the federal % information but again, AWI wants this information on the form maintained on site. James will update the form to be in full compliance and work with Eric to ensure that there is an explicit and clear linkage to the GL. There were also two observations noted in regards to our Travel and Paid Time Off policies that relate to wording. Janet stated that these will also be revised and will be completed before submitting our response letter to AWI. In this letter we will ask AWI to change the 'Finding' back to an "Observation". It should be noted that KPMG originally had put the inventory issue as an "Observation", however it was AWI that reclassified it as a "Finding".

The next item discussed was our Annual Audit of our Financial Statements report. Janet commented that Berman & Hopkins presented our Audit to the Board of Directors at our November meeting. Carter Lane and Ed Moss of Berman & Hopkins informed the Board that we have been designated as a "Low Risk Auditee" which is the highest rating that a firm can receive.

Last item presented was by James who stated that we were advised that upon receiving our ARRA stimulus dollars from AWI – we will be subject of a "Desk Audit" on this grant sometime in May 2010.

6. ADJOURN. The meeting was adjourned at 8:40 am.

James Pawlak