



**FINANCE AND AUDIT COMMITTEE MEETING MINUTES**  
**Friday, January 16, 2009 at 8:30 a.m.**  
**15506 County Line Road**  
**Spring Hill, FL 34610**

**Committee Members Present: Jim Cook, Chair; Susan Arnett, Curt Bromund**

**Committee Members Excused: Sister Roberta Bailey, Elizabeth Callaghan,  
Dr. Burt Harres**

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

**Others Present: None**

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

Mr. Jim Cook, Chair, called the Finance and Audit Committee meeting to order at 8:40 a.m. Roll call and introductions were made. Mr. Cook requested a motion to adopt the agenda. Ms. Arnett moved to approve and Mr. Cook seconded the motion. All were in favor with no abstentions and the motion carried.

Mr. Cook requested a motion to approve the minutes from the December 16, 2008 meeting. Ms. Arnett moved to accept the minutes and Mr. Cook seconded. All were in favor with no abstentions and the motion carried.

**II. Review/Discussion of State Budget Reductions**

Mr. Farrelly informed the Committee that the legislature’s special session had ended Monday, but the Coalition has no new information at this time on the extent of the reductions. He stated the Office of Early Learning (OEL) is working diligently to keep the coalitions apprised of reductions for fiscal year 2008/2009 dollars.

The good news, Mr. Farrelly continued, was the Board had created a wait list in November that will help to prevent dis-enrollment if any further reductions are enforced. Currently, the wait list consists of approximately 600 children. Mr. Farrelly has asked CDS to provide projection reports for November and December with a 5% decrease in funds. This represents \$622,000 that may have to be returned to the State and would potentially dis-enroll 30 children. However, by the time we would have to dis-enroll, because of the loss of children due to CDS’ 3-month re-certification process, with a 5% cut, the Coalition would not have to dis-enroll any children.

Mr. Farrelly explained that at a 10% decrease, the “give back” would be \$1,250,000 and 80 children would be dis-enrolled. However, he believes there would be no dis-enrollment because the Coalition has five (5) more months in the current year, but there

would be no children off the wait list in either situation. Until we receive notification from the State we will not know what the actual cuts will be. Mr. Farrelly stated he believed that the cut will be a number the Coalition is able to sustain and the wait list should re-open in the spring. Ms. Arnett reminded the Committee that additional cuts may come in March.

Ms. Wersan stated that the Coalition received an amended contract on 12/29/08 for School Readiness and having the Board agree to hold \$197,000 in unallocated funds helped dramatically because the Coalition's award was reduced by approximately \$137,000.

Discussion ensued on other coalitions not being prepared and now having to dis-enroll children and reduce their staff.

Mr. Farrelly stated that he has met with providers and they are hurting badly; the dis-enrollment would hurt them even more.

Mr. Farrelly announced that Monesia Brown of AWI has resigned from her position as Director to return to the private practice of law.

### **III. Final Review, Amended Fiscal and Accounting Policies**

Ms. Wersan informed the Committee that the recommended revisions have been completed and she has received no other comments or suggestions for any further changes. Ms. Arnett made a motion to approve the Amended Fiscal and Accounting Policies and Mr. Cook seconded the motion. All were in favor with no abstentions and the motion carried.

The policies will now be placed on this month's agenda for approval by the Board of Directors.

### **IV. Update/Discussion of Bank Account FDIC Limits**

Ms. Wersan reported that she has been working with the Coalition's SunTrust banking representative as stated in the email that had been sent to the Committee regarding her discussion with the State. She has been instructed to keep the account as is; the State will not allow the funds to be placed in a non-interest bearing account, and to set up a "sweep account" which the Coalition currently has. Based upon our auditor's recommendation, Ms. Wersan is currently working to determine if the sweep is being held in United State Treasury Bills. Discussion followed on sweep accounts and recommendations for additional resources. Mr. Cook encouraged staff to obtain a statement from the bank saying the Coalition funds are secure. Names of other financial advisors were provided to Mr. Farrelly.

## **V. Update/Discussion of Unemployment Tax Employer's Quarterly Reporting**

Ms. Wersan briefly gave the Committee an update on the delinquent unemployment tax situation. She reported that Paychex, the Coalition's payroll service, has now updated their system to reflect a "reimbursable" status and they have completed the 2008 reports for submission to the Florida Department of Revenue, before the end of the year. The delinquent reports from 2004-2007 need to be recreated manually. However, Ms. Arnett recommended a fiscal specialist who worked with Ms. Wersan enabling her to be able to complete the reports which will help save the Coalition thousands of dollars. Ms. Wersan indicated the Florida Department of Revenue is aware that the Coalition's deadline is next month for submitting the completed reports. The Coalition is not yet aware of the amount of penalties, but Ms. Wersan will also submit a request for waiver of penalties.

Mr. Farrelly informed the committee that staff has met with the auditors who would like to present the audit report to the Executive Committee and then to the Board in February. The report is due March 31, 2009. He indicated the Board will be pleased this year as all deficiencies reported last year are certified as being corrected. There were three findings this year, but they were expected. The first material weakness concerned Generally Accepted Accounting Principles (GAAP); the only way to avoid this is to have someone in position at a CPA level or higher. Discussion followed on the audit process and how auditors are being held to a higher standard. The second finding was the procurement of match; and third was the fiscal year end closeout process. Ms. Arnett stated that it has been a pleasure to watch Ms. Wersan evolve into her current position.

A discussion followed in regards to the protocol in presenting the audit to the Finance & Audit Committee before going to the Board. A combined meeting of the Executive and Finance & Audit Committees will be scheduled. Mr. Farrelly stated the Executive Committee has a standing meeting at 8:30 a.m. on the third Thursday prior to the monthly Board meeting and the Finance & Audit Committee could meet at 9:30 a.m. Ms. Arnett indicated she may not be available on that date.

A draft report from the auditor will be emailed to both Committees prior to the combined meeting.

## **VI. Schedule of Next Meeting Date**

The Committees will be polled to determine a date for the next meeting which will be a combination of both the Executive and the Finance & Audit.

## **VII. Public Input**

Ms. Arnett announced that Pasco County will be receiving \$317,000 from the McKinney Homeless Act which is a considerable increase from last year's award of \$77,000. Currently the unemployment rate in Pasco County is 6.34% and the poverty rate is 10.6%. Mr. Bromund stated that owners of small businesses that have had to close are

not included in these statistics. Owners of small businesses, if they are homeowners, do not qualify for unemployment assistance unless they have created a corporation.

### **VIII. Adjournment**

Ms. Arnett motioned to adjourn the meeting. The Finance & Audit Committee meeting was adjourned, without further discussion, at 9:35 a.m.

Respectfully submitted by,

Ramute "Jak" Jakubauskas  
Administrative Assistant