

**CAPS Education Collaborative  
Finance Subcommittee Meeting Minutes  
School Street School, Gardner, MA  
February 24, 2014, 5:00 to 6:30 p.m.**

*In attendance:* Dr. Ralph Hicks, Sue Koehler, Pete Stephens, and Dr. Maureen Marshall, Chair;  
*CAPS Staff:* Ed McCaul and Justin Nussey.

Chairperson Maureen Marshall called the meeting to order at 5:05 p.m.

***Review of Minutes (1/22/2014).*** Subcommittee members reviewed the minutes from the last Subcommittee meeting on January 22, 2014. A motion to approve the minutes was made and seconded. The motion passed unanimously.

***YTD - Projected FY 14 – Back-up Details.*** Mr. Nussey distributed a handout displaying profit/loss statements for FY 12 and FY 13 actuals; FY 14 projected; and FY 15 draft budget figures. As of the date of the meeting, the projected profit was approximately \$170,400. Mr. Nussey and Dr. McCaul reviewed the assumptions behind the projections and discussed the master workbook that is used to track revenue and expenses. They indicated that the master is updated on a weekly basis and is used to revise the projected profit or loss for the year.

***Budget FY 15.*** The back-up for the FY 15 projections (included in the handout cited above) were distributed and discussed. These documents included (1) Projected Cost by Program; (2) Tuitions & Contracted Service Rates; and (3) Back-up detail for other expenses underlying the overall budget.

Mr. Nussey indicated that the budget reflected a 3 percent increase in tuition rates. Ms. Koehler questioned an “across the board” tuition hike when some of the programs for medically fragile students were showing a projected loss for FY 14. A discussion ensued over several issues including the elasticity of tuition rates, the difficulties in projecting enrollment for programs, and the advantage and disadvantages of differentiating tuition rates. Dr. McCaul indicated that the expenses for the programs for medically-fragile students were definitely increasing. After some discussion, the Subcommittee approved a 4 percent tuition increase for Kelly Day programs and a 3 percent increase for all other programs. With this change, the FY 15 proposed budget was approved for the public hearing and further discussion at the next Finance Subcommittee meeting.

A handout with a revised budget calendar was distributed. After some discussion, it was decided to hold the public hearing on the budget at 5:00 p.m. on March 24 and hold the next Finance Subcommittee meeting on the same date at 6:00 p.m.

***Space Considerations/RFPs.*** Dr. McCaul and Mr. Nussey distributed two draft RFPs and provided an update on their status. The two RFPs were the following: (1) a RFP for joint office space with FLLAC, and (2) a RFP for classroom space for the Gateway and Jr./Sr. High programs. They indicated that they were in continual discussions with the FLLAC director and

business manager and also with the business managers for other Central MA collaboratives. Dr. McCaul and Mr. Nussey reported that they hoped to issue the RFPs after the next Board meeting on March 12.

***Review of Aging Receivables.*** Mr. Nussey distributed a copy of an aging receivables report. Subcommittee members reviewed and discussed the handout. It was noted that considerable progress had been made in working with districts on receivables.

***Auditors for FY 14.*** Dr. McCaul indicated that he had contacted three auditors, including P.L. Jones & Associates, to assess interest in conducting the FY 14 audit. He indicated that he would proceed to solicit estimates for the audit if the Subcommittee approved. After some discussion, Subcommittee members directed Dr. McCaul to obtain at least three bids.

***Fiscal Policies.*** Dr. McCaul distributed two fiscal policies: (1) Issuance of credits, and (2) CAPS Investment Policy. He indicated that the Policy Subcommittee had approved both documents for review by the full Board but that he wanted the Finance Subcommittee to review and discuss the policies as well. After discussing the policies, Finance Subcommittee members agreed that the documents should go to the full Board of Directors for review and discussion.

***Subcommittee Meeting Schedule.*** The next meeting of the Finance Subcommittee was scheduled for March 24, 2014 at 6:00 p.m. *Note.* This meeting is after the public hearing on the budget at 5:00 p.m. Both meetings are at School Street.

***Adjournment.*** Dr. Marshall adjourned the meeting at approximately 6:00 p.m.

***Review of Aging Receivables.*** Mr. Nussey distributed a copy of an aging receivables report. Subcommittee members reviewed the handout.

***Fiscal Policies.*** Two fiscal policies (Issuance of Credits and Investments) had been reviewed by the Policy Subcommittee. Dr. McCaul indicated that he also wanted the Finance Subcommittee to review the policies since both policies pertained to finance. He also suggested postponing a discussion of the policies until the end of the meeting in order to allow time to discuss potential locations and the FY 15 budget.

**Potential Locations.** Dr. McCaul indicated that three properties were under consideration. First, he had discussed a purchase of acreage with a plan to build in Westminster Industrial Park. Second, he reported on a visit to an industrial building in a Fitchburg Industrial Park on Route 2A. (Dr. Hicks and Richard Murphy also toured the building.) Finally, he reported on a tour of an office and classroom space at Sonoma Park on the corner of Routes 2A and 140 South. He indicated that this property showed potential as a location for the remaining programs (Gateway and Jr./Sr. High) at School Street.

A discussion ensued regarding the wisdom of making decisions on space given the uncertainty over DESE changes and consolidation of collaboratives. It was noted that CAPS strategic planning indicated a rather turbulent environment; therefore, it might be difficult to determine what the Collaborative's space needs might be. In addition, the need to issue a RFP for potential space was discussed.

**Financial Status for FY 13 & FY 14.** Mr. Nussey indicated that they had done some research on what other central Massachusetts collaboratives had paid for the FY 13 audits. He reported that other collaboratives were paying less than CAPS had paid P.L. Jones. In addition, both Dr. McCaul and Mr. Nussey indicated that for each of the last two years the lead auditor doing the field work had left P.L. Jones & Associates. They further indicated that this had created some communication problems that had led to last-minute changes. They asked the Subcommittee to consider whether to remain with P.L. Jones & Associates or to investigate other possibilities. After some discussion, it was decided that Subcommittee member would investigate other possible auditors and report back to the Subcommittee.

Mr. Nussey distributed a handout displaying profit/loss statements for FY 12 and FY 13 actuals; FY 14 projected; and FY 15 draft budget figures. (This handout was included in the Subcommittee handouts sent out prior to the meeting.) A discussion ensued as to the format and of budget and financial reports. The discussion focused upon the level of detail of the FY 14 budget format voted on by the Board of Directors last year. The discussion also included questions regarding how to display the profit/loss of activities such as transportation, interpreting services as well as contracted and related services. In addition, the discussion included the environmental uncertainties (also discussed under space needs above), fluctuations in enrollment, and combining efforts with other collaboratives. As a result, Mr. Nussey and Dr. McCaul stated that they would contact other collaboratives regarding their financial reporting practices.

**Budget FY 15.** Mr. Nussey and Dr. McCaul distributed (a) a revised budget calendar and a FY 15 budget that included detail on staffing, facilities, programs, services, and tuition and contracted service rates. Because of time constraints, a discussion of these items was tabled.

**Fund Raising.** Because of time constraints, a discussion of fund raising was tabled.

**Subcommittee Meeting Schedule.** The next Subcommittee meeting was scheduled for February 24, 5:00 p.m., at School Street.

**Adjournment.** Dr. Marshall adjourned the meeting at approximately 6:35 p.m.