

September 17, 2019

**MEMORANDUM**

TO: Heidi Maier and Marion County School Board  
FROM: Tommy Turner, President, MAS Board of Directors  
SUBJECT: 2019-2020 Financial Corrective Action Plan

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1. The MAS Board of Directors has approved our 2019-2020 Financial Corrective Action Plan as required by Section 218.50s, F.S. and 1002.33(9)(g). Our plan addresses the Aug 12, 2019 audit's finding of a "deteriorating financial condition" due to a \$74,616 decrease in net position.
2. Though a direct result of decreased enrollment and a slow response to curb expenses, MAS was able to meet its financial obligations. However, without increased oversight, internal controls, training of staff, and expense reduction while maintaining enrollment it is unlikely that the School could sustain a similar decrease in the coming year.
3. Our Board and staff are committed to the Corrective Action Plan and to grow the enrollment of our school in order to provide more confidence in our ability to sustain this plan in the outyears. We have elected a new board and have a Treasurer in place who will focus our efforts to remain on track. Our financial review began earlier this summer but this CAP process has opened our eyes about what more we need to do and what adjustments we need to make as a team. The MAS Financial Corrective Action Plan includes the required elements as provided in the Technical Assistance Paper we received from your office.
4. Please find the plan and the required supporting documents attached. Our Vice Chair and Treasurer will review this plan with you at the MCPS Workshop on 19 September. I am confident we will correct course and welcome any feedback to strengthen our governance and the continued growth of our school. I am also happy to meet with you or discuss our plan with you and your staff at anytime. I can be reached at 352-220-8760.

Sincerely,

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Tommy Turner  
President, Board of Directors  
McIntosh Area School

## **McIntosh Area School Corrective Action Plan 2019-2020**

1. This Corrective Action Plan (CAP) has been generated due to the Aug 2019 Audit finding, 2019-001- Deteriorating Financial Condition and if not acted upon will result in a financial emergency in 2020. This plan outlines how this condition occurred, the financial status at the initiation of this plan, expenditure reductions, new internal controls, our timeline to recover and how we will keep our Sponsor informed of our progress. We are an active board and will make adjustments continually to this plan.

2. The 2018-2019 MAS budget was built and approved based on 74 students. In October 2018, the FTE for October dropped to 58 and a budget review by the board did not occur to modify expenses in light of this decrease in revenue. This action depleted our reserve leaving us with \$4,261 in the general fund at the end of the fiscal year, a 16% decrease.

3. The Director recommended to the Board in May that she not renew three (3) paraprofessionals contracts until at least the 2019 October count. Although this will reduce salary costs by \$47,000 it is not enough to cover the reserve pressures identified by the audit and our financial workshop. Other actions our Board has already taken are:

- ❖ Reclaimed unpaid invoices due to us recouping \$2400
- ❖ Renegotiated utility and telecommunications costs saving us \$4,000.
- ❖ Invested in marketing and met with local leaders, church congregations and families to boost enrollment. It now stands at 67. We continue these efforts.
- ❖ Negotiated with our landlord for increased office space at no cost to allow for more effective and efficient operations.
- ❖ In 2018-2019 Budget we made our last loan lease payment
- ❖ Elected 4 new officers to the board – and filled a 2-year gap in our Treasurer position. This new board is engaged and we intend to fully review our audit, budget, employee contracts and processes for cost savings and efficiencies.
- ❖ Inquired with two other schools about their costs and ways to improve.
- ❖ Completed a line by line review of every budget item prior to submitting this plan. We have identified vendor/service contracts that need to be recompeted to ensure fair market price as well as ensuring performance conditions are established.
- ❖ New approved 2019-2020 budget shows a general fund balance of \$37,767.

4. The new board has identified that in 2017 a CAP was also submitted; however, it is clear those measures were either not enough or were not sustained. Therefore, we have adopted the following internal measures that will remain in place through the 2022 school year:

- ❖ The board will meet in a workshop with the Accountant or Auditor to ensure we fully understand the process, reporting, revenue sources and restrictions so that we can better ensure our fiscal oversight responsibilities and support for our Director.
- ❖ All employee contracts will be reviewed to ensure requirements for performance evaluations are defined in accordance with Florida requirements and any bonus considered will be based on the performance evaluations.
- ❖ Contract compensation will be approved by the Board before being offered to all employees (to include substitutes).
- ❖ Job Descriptions will be developed for every position and attached to the signed contracts.
- ❖ Standardized rules will be established for earning and use of compensatory time for all employees.
- ❖ All vendor/service contracts will be reviewed for best value/service and assessed for fair market price.
- ❖ All new contracts will have a minimum of three bids and be approved by the board
- ❖ The Aftercare program will be audited to ensure fees are set to cover costs, standardization of wages between employees to control costs, incentives for parents to pay (using credit cards instead of only cash/checks), efficiencies in processes to control accountability (attendance, snack accountability, billing and payment) as well as enforcing policies for non-payment or late fees
- ❖ The Director's spending authority will be capped at \$1,500 per expenditure to allow the Treasurer/Bookkeeper and Director to review prior to the Board's authorization of expenditures. This cap is for current expenses as well as moving money within the approved budget.
- ❖ No new hires will occur without the approval of the board. The Director will show credentials, certifications, and zero-sum offsets to support new hire spending before the Board approves compensation.
- ❖ All special revenues will be itemized to the board for the intended purpose of those resources (Title 1, Safe Schools, Lead Teacher, Supply, Capital Outlay, etc).
- ❖ Financial Accounting (Audit, Budgeting and Bookkeeping) training will be completed within 90 days of this plan's adoption by the Director and Bookkeeper.
- ❖ A consolidated list of training and certifications will be developed for all relevant requirements to ensure they are budgeted for and scheduled.
- ❖ The School Handbook of Policies will be reviewed by all staff and the Board and updated this school year to ensure continuity of operations.

5. The governing board's procedures for monitoring implementation of the plan are as follows:

- ❖ A treasurer has been elected for the 2019-2020 school year. She has been integral to the Corrective Action Plan formulation and will focus the monitoring of the plan.
- ❖ The Board of Directors will now receive the monthly financial and bank statements.

- ❖ Prior to the Board meeting, the Treasurer will meet with the Bookkeeper and Director to review and discuss revenues and expenditures.
- ❖ The Treasurer with the Director will review the month's fiscal report with the board and make any recommendations to adjust the budget.
- ❖ The Board will review and discuss the financial well-being of the school and make any recommended changes to the budget and this plan, quarterly.
- ❖ The Board with the Director will review all vendor contracts and put out for bid any that are low performing, not cost restricted/controlled or not current. This review will be completed before 15 Nov 2019.

6. The Board's schedule to provide progress reports to the sponsor:

- ❖ September 16, 2019: McIntosh Area School will, at the MAS board of directors' meeting, approve the Financial Corrective Action Plan.
- ❖ September 19, 2019: MAS Board and Director will present the Corrective Action Plan to the Marion County School Board's work session. The plan will be adjusted based on feedback from the MCPS workshop prior to its submission to the State Commissioner.
- ❖ The board will seek advice and training from the MCPS team, similar charter school leaders, and private organization charter school support services.
- ❖ Beginning December 2019, MAS Board and Director will provide a written quarterly report to the Marion County School Board outlining our progress of the Corrective Action Plan. We will continue to provide quarterly updates through the 2021 school year or until the sponsor decides they are no longer required.

7. The Weighted FTE, projected expenditures, and expected cost reductions for the current year and next year are attached (budgets 2019-2020 and 2020-2021). We have no expected significant increases in expenditures at this time.

8. We have kept the weighted FTE constant in the projection as maintaining our current enrollment levels is essential. This CAP must be supported with a complimentary strong parent engagement plan to retain our families and recruit more families for the next year. At the end of 2019-2020, if the weighted FTE (68) holds, we will be able to hire another teacher to round out our classrooms for the 2020-2021 year. If enrollment is raised by another 10 students to a weighted FTE of 78, we will be able to hire another staff member while still maintaining a reserve above 40,000. Further cost reductions identified in this plan will be used to grow our reserve before hiring more staff.

9. The MAS Board and staff are energized to work together to exceed the requirements of this plan and place our school on a solid financial footing moving forward. Our neighboring communities and parents depend on us to meet their needs academically; so, we must ensure we give them sound fiscal management to ensure our school is here for years to come.