



Board members present at the meeting:

In person at HLA: Liesenfeld, B., Sperling, S., Ford, B.

On Zoom: Crapo, S.

Others in attendance: Suzanne Borganelli, Karen David, and Rebecca Carr, Sharon Fourakre (external – accounting).

Meeting convened at 4:09pm, ended 5:43 pm. Board actions in underline

By Agenda Items.

Old Business

- Meeting minutes from the Sept 19 2023 meeting were reviewed and approved. Sharon moved to approve, Sheila seconded – all approved.
 - Notes on Minutes: SB received some verbal comments to adapt minutes format to a style auditor prefers. Action item is to adapt per Agenda and follow agenda order.
- Additional Old Business. Financials discussion below.
- No Public registered or attended for comments.

New Business items

- Sharon Fourakre Q&A session. – on accounting and what is provided to the district.
 - Reviewed financials, CPA reports, Bank statements.
- On audit findings: discussion.
 - Deficiency finding 1). Budget vs. actual
 - HLA was deficient in updating the budget on website and during the year. In short, incomes that were expected but not ironclad certainties were not included in the projected budget. The expenses were updated over the months as incurred when extra funding arrived, but the submitted budget was not amended. This was due to confusion (not fully clarified as yet) about when the budget needs to be updated, because the submitted budget remains the submitted budget, and neither BOD nor management wanted to be revisionist in providing data. All parties are seeking complete clarity on which data are correct to amend, and which are to remain presented *as submitted*. The major decline in fund balance was largely due to timing of budget submission, funds being received and spending times, and the lack of a budget revision generated a large gap between expected spending and actual. One part of actionable items is moving BOD meetings back further in the month so that monthly statements can be reviewed and approved as timely as possible.
 - Deficiency finding 2). Capital Outlay funds.
 - Auditor Kattel cited unallowable expenses that HLA has been classifying as capital expenditures. Allowable capital expenditures are articulated by Section 1013.62(4), Florida Statutes. The specific items that auditor objected to were repairs and improvements such as lighting, flooring, and general maintenance and improvements to the facility. The HLA response to audit was to promise to revise procedures to ensure that HLA is compliant with state statutes. HOWEVER, reading the relevant statutes cites that capital outlay funds can be used for (excerpt below from statute cited):
 - (e) Renovation, repair, and maintenance of school facilities that the charter school owns or is purchasing through a lease-purchase....
 - The above identifies that renovation, repair and maintenance costs specifically are allowable under statute. At this stage HLA BOD has to resolve the correct use and reporting of funds use under capital outlays, because there is a clear discrepancy between the auditor findings and the

BOD's perceived reading of the statute. HLA BOD also now is forced to reconcile that the Kattel agency in previous years did not cite similar concerns over the same funds allocations as non-compliant. The only reasonable course of action for BOD is to request full clarification from Kattel to explain their interpretation of the statute and deficiency citation, and how it is possible to reconcile with previous audits. BOD instructed BL to write such request letter to Kattel.

- Deficiency finding #3). Afterschool fees controls
 - Auditors cited that there are inadequate controls for afterschool funds accounting and deposit and requested separation of duties so that any malfeasance would become apparent to other parties. Note that there is NO suggestion of actual malfeasance but rather a request for improved controls through separation of duties. HLA staff identified that the electronic system in use already provides most of the requested separation and controls, but an official policy and process is being implemented to assure complete transparency.
 - Deficiency #4 was a reporting note and was considered minor. HLA has responded already with compliant processes for reporting.
 - Additional conclusions from audit report:
 - Need a fund balance reporting policy / strategy because there are too many possible ways to present the data. SF detailed differences between the reporting that HLA and BOD receive, and what the district requests. Differences are in formatting – district largely wants to see expenditures by class rather than by category and line item.
 - How to amend our minutes for compliance. Using Agenda items as index points.
 - Need to adopt a policy (in response to audit) on how to correctly adapt budget to actual. No actionable conclusions reached immediately, but will adjust per district guidance.
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- **Budget and funding.** Have to figure out PECO and what items correctly qualify for capital outlays – clarify with auditor as noted above. Subject to that budgets can be approved.
 - **Additional New Business:** none at this time.
 - **Principal report.** BOD reviewed principal's report on current school activities, including FTE counts.
 - **Board Rep report.** No items were noted by staff.
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- **Board meetings scheduling update:** by Zoom / in person –Planning November meeting after Thanksgiving for 11/28/23. Will determine January – targeting to be 4th week of month so that financials will be available.