

THE SCHOOL BOARD OF ALACHUA COUNTY, FLORIDA
APPROVED MINUTES OF SPECIAL BOARD MEETING
MARCH 1, 2005

The School Board of Alachua County, Florida, met in special session duly called at 5 p.m. in the Boardroom, 620 East University Avenue, Gainesville, Florida. Present were: Tina Pinkoson, chairman; F. Wesley Eubank, vice-chairman; Virginia S. Childs, Eileen F. Roy and Janie S. Williams, members; W. Daniel Boyd, Jr., superintendent; and James F. Lang, attorney for the Board.

The meeting was called to order by Chairman Pinkoson, followed by the Pledge of Allegiance to the Flag.

ADOPTION OF AGENDA Motion by Mrs. Williams Seconded by Mr. Eubank

Moved to adopt the agenda for the special meeting of March 1, 2005, as presented.

The question was called. Upon Vote: Motion passed 5-0

ALACHUA LEARNING
CENTER, INC.,
CHARTER SCHOOL

An informal hearing was scheduled and duly noticed for 5 p.m., Tuesday, March 1, 2005, for consideration and action on proposed termination of the Charter School Contract, dated March 2, 2004, by reason of the Charter School's material weaknesses in its fiscal management practices, as noted in the Alachua Learning Center Audit Report for the fiscal year ended June 30, 2004.

Presentation of Grounds for Termination of the Charter School Contract

Mr. Jim Robinson, staff attorney, noted for the record the following documents:

- 90-day notice of Proposed Termination of Charter, dated February 4, 2005, to Alachua Learning Center, Inc., Attn: Mr. Tom Allin, School Managing Director -- this notice sets forth the material weaknesses as noted in the two audits for 2003 and 2004 and advises the school of its procedural rights under statute.
- Charter School's response to the 90-day notice, received February 10, 2005, which was timely filed, requesting an informal hearing before the School Board.
- Copy of Charter School's response to audit findings faxed to staff attorney's office by Mr. Alan Nast, Davis Monk & Company.
- Auditor's response to proposed curing of deficiencies by Charter School, dated February 25, 2005.

Mr. Robinson also noted this is an informal hearing to allow the Charter School the opportunity to show good cause why the School Board should not proceed with termination.

It should be pointed out that the weaknesses cited by the auditor do not indicate or evidence any wrong doing on the part of the Charter School; rather these deficiencies indicate unsatisfactory record keeping practices.

Mr. Scott Ward, director, Finance, stated that material weaknesses noted are defined as a condition in which the design or operation of one or more of the internal control components do not reduce the relatively low risk that material statements to the financial statements may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. This is a design of internal control, and the material weaknesses noted were the lack of control.

There are a few bullet points cited in the audit but nothing specific that were material to the financial statements. There were no misappropriations of assets or money noted in the audit. A concern about the credit card was addressed with Mr. Nast, and staff was assured this was not something that happened often but did on one or two occasions, which combined with other lack of documentations, warranted a material weakness. Another material weakness noted was lack of an adequate system for documenting miscellaneous cash receipts as they come in. Mr. Allin informed staff that they were designing a new policy and procedures to address these audit concerns and would be forwarding these to Mr. Nast.

Mr. Ward continued that Mr. Nast's letter noted if the policies and procedures described in the school's response are appropriately implemented, the unfavorable conditions reported in the 2004 audit report would be adequately addressed. In conversations with Mr. Nast, he stated that at this time he could not test the procedures but can only look at the design of the new controls and feels they will work. These conditions will be addressed in the 2005 audit of the school.

Charter School's Response and Proposal for Curing Noted Default

Mr. Allin clarified that unfortunately this discussion has appeared in the press and even some persons have decided, on their own, to represent the school in the press, none of which is valid. The school represents itself, and his communication via e-mail to the Board is the only statement of record that should matter.

They recognize that the School Board has the right and duty of overseeing their operation and they welcome this, which will lead to them doing a better job.

Mr. Allin referred to an opening letter to the Board from him basically stating three points--a list of administrative steps they will take and policies and procedures which will address the issues. These have been presented to the auditor and he says they are adequate. To be sure that they are put into practice, they have engaged Mrs. Tracie Maunder, certified bookkeeper. Her responsibilities correspond carefully with the new changes in the adopted procedures. They hope their good faith attempt represents an adequate response to the concerns of the School Board.

Mrs. Childs appreciated Mr. Allin's opening response to the comments in the newspapers. She asked if it was safe to assume the Board could expect not to see these inadequacies again.

Mr. Allin stated that he cannot promise that they will not get any findings at all as findings are typical of all operations. He will say that they will engage in the process as outlined and feels they will be successful. He expressed assurance there will be no substantial findings that will put the financial structure of the school in jeopardy.

Mr. Eubank noted his concerns were there were so many findings, but feels like the issues have been thoroughly addressed or resolved. He expressed appreciation to Mr. Allin on hiring a certified bookkeeper.

Mr. Ward responded to Mr. Eubank that it would be appropriate for Mr. Allin to ask auditors when they come back to note in the audit when there has been a correction in procedure.

Mrs. Roy wondered why the religious persecution aspect was raised in an e-mail and a letter in the paper.

Mr. Allin stated he had no idea and that he immediately responded to the e-mail asking the person to please speak for themselves and distinguish themselves. The school doesn't have that attitude in any way. It was inappropriate in every sense.

Mrs. Roy asked that they make sure it is not reflected in the curriculum. Mr. Allin noted that it is not and anyone is invited to come and scrutinize. They are proud of what they do.

The chairman noted that the Board has gone through the same process with the public schools and addressed concerns with Mr. Ward, who is following up with the administration of the schools to make changes. The Board takes its job as the holder of the taxpayers' money seriously.

Chairman Pinkoson expressed appreciation to Mr. Allin with the way this issue is being addressed and the school setting it straight at the beginning.

Mr. Allin stated he can only suggest the faults found were rare, and he can only suggest that they were not in any way shedding doubt on the integrity of the staff's motive—there were no missing funds or misappropriation of funds.

Reply to Charter School's Response and Proposal

Mr. Robinson asked that the Board receive into the record the Charter School's response as presented to the Board in the form of a written packet by Mr. Allin. (See Supplementary Minutes.)

Motion by Mr. Eubank

Seconded by Mrs. Childs

Moved that based upon the Charter School's representations and the commitment evidenced in its submittal to the Board that the Charter School has shown good cause why the School Board should not proceed with notice of termination.

The question was called.

Upon Vote: Motion passed 5-0

ADJOURNMENT

The meeting was adjourned at 5:20 p.m.