

Spectrum High School Finance Committee Minutes

Date: May 19, 2017
Scheduled Time: 9:00 a.m.

Position	Committee Member	Attendance
Paula Bernard	Board Treasurer	Absent
Nick Taintor	BKDA/Financial Advisor	Present
Vanessta Spark	Executive Director	Absent
Josh Anderson	Principal	Present
Dan DeBruyn	Incoming Executive Director	Present
Robin Schelske	Parent Member	Present
Dawn Sorenson	Exec. Asst.	Present

I. Call to Order

The meeting was called to order at 9:00 a.m.

II. Old Business

None

III. On-Going Business.

A. 2016-2017 Finance Committee Goals

- Analyze the SCRIP program in detail. Participation rate and financial implications. .
 Completed
- Analyze all bond documents for the purpose of determining rental opportunities, if any.
 Completed
- Analyze all on-line fees for the purpose of determining the financial impact to budget.
 Completed

IV. New Business

A. **April, 2017 Financials**

The Committee reviewed the April 2017 financials in detail.

Mr. Taintor presented the executive summary of the April 2017 financials. He noted that the working budget projects revenues exceeding expenditures in all funds by \$170,491. The budgeted state revenues are based on 655 students, with average daily membership as of May 1st being reported to MDE at 663. Year to date, 79% of expenditures have been spent, which is normal for this time of year, and the School is 83.3% of the way through its fiscal year.

Mr. Taintor went on to note that the beginning balances shown on the Balance Sheet are based on the audited ending information as of June 30, 2016. Due from the Building Company, in the amount of \$205,331, represents the funds that have been paid for by the School on behalf of the Building Company. Reimbursements to the School in the amount of \$177,748.71 have been processed in May, which will leave \$27,582 yet to be collected. Mr. DeBruyn inquired whether there were still outstanding invoices needing to be paid out of the \$27,582 to which Mr. Taintor acknowledged that there are.

The State holdback for 2016-2017 fiscal year is estimated to be a receivable of \$591,477 at the time of the report. The holdback amount is approximately 10% of total state aids. This amount will be paid back to the School in the fiscal year 2018.

Mr. DeBruyn shared that there are CSP grant monies in the amount of \$18,750 for curriculum and text books for 6-8th grade students. Mr. Anderson will work with Mr. Leland to determine what is needed and will get curriculum ordered.

Finally, the Committee inquired about the REAP grant money and what length of time Mr. Taintor felt that that the School would have access to the funds. Mr. Taintor shared that the School fits the criteria yet for this year and possibly next; however, beyond that, the School will outgrow the maximum enrollment.

Following discussion, the Committee recommends that the Spectrum High School Board of Directors approve the April 2017 financials as presented.

B. 17-18 Long Range Budget

The Committee discussed the proposed FY18 Long Range Budget at length. Mr. Taintor reported to anticipate a reduced amount of money available to the School through e-rate. Currently, the School is able to reduce telephone and internet costs by approximately 50% through reimbursements from the e-rate program; however, the School has recently learned that this program will be changing and no longer covering telephone and internet expenditures.

The Committee discussed transportation costs. Mr. Taintor reported that he budgeted for a 5% increase in transportation costs; however, Mr. DeBruyn shared that the new provider for student transportation has a 2.5% increase in cost, which is less than what Vision Transportation was proposing had the School continued to contract with them. Mr. Taintor will adjust the LRB to account for a 2.5% increase instead of the 5% increase as originally thought.

Following discussion, the Committee recommends approval by the full Board of the FY18 Long Range Budget as amended.

C. Food Service Overview

- a. The Committee reviewed the FY18 food service contract with Lancer. It was noted that the School will keep the student lunch prices the same as FY17 as it was just recently increased.
- b. The Committee reviewed Commodity Revenues that are available through the provider, Lancer. It was noted that, with the commodity reimbursements (approximately \$12,000 in FY17), the School lunch program will for the most part break even on costs versus expenditures.
- c. Student breakfast was discussed. It was reported that, based on food service surveys, the School is now required to serve breakfast on a six week trial basis. This is required to be in compliance with the Free and Reduced Lunch Program. There are some logistics yet to be determined, especially in the case of a late bus; however, breakfast will be served beginning with the start of the FY18 school year. The charge for breakfast will be \$2.10 per student.
- d. Staff lunch charges will increase for the FY18 school year from \$3.50 to \$3.85 based on federal regulations.

Following discussion, the Committee recommends approvable by the full Board of the FY18 Lancer food contract as presented.

D. FY18 Insurance Benefits

Mr. DeBruyn shared his apologies for not being able to follow the normal approval process with this year's employee insurance benefits. The timeframe was just too short between when we received the information from the broker and when the benefit paperwork needs to be completed by employees prior to their leaving for the summer. As such, the Board held a special meeting on Wednesday, May 10th and approved the FY18 benefits package as presented. In short, Mr. DeBruyn reported that there won't be any increase to employees (employee only coverage) and the School will now be able to offer both short and long-term disability insurance to its employees. The ability to offer the additional insurances was a result of some cost savings realized through a switch in providers.

E. Arbitrage Earnings – Letter of Engagement

Mr. Taintor reported that within the bond documents there is a requirement that every five years a calculation of arbitrage earnings must take place to ensure that the School isn't earning more interest than what it is paying on the bonds. Mr. Taintor stated that The Arbitrage Group, Inc. has provided a letter of engagement for these services to complete a true-up from the past five years on the 2012A bonds. The cost to do so is \$4,000, which will be paid by the Spectrum Building Company. The 2014 bonds arbitrage does not need to be completed until May 31, 2019; however, again, the arbitrage on the 2012A bonds is due May 31, 2017. Mr. DeBruyn shared that because the fee would be paid for by the Spectrum Building Company, he feels that the Board needs to be made aware and will do so at the soon to be called joint SBC and SHS Board meeting which will take place on Thursday, May 25, 2017. In the meantime, the Committee recommends that the letter of engagement for The Arbitrage Group, Inc. be signed by Mr. DeBruyn so that The Arbitrage Group, Inc. may begin its work to ensure that the May 31, 2017 due date is met.

Following discussion, the Committee recommends that the Spectrum Building Company Board of Directors approve the signing of the letter of engagement for The Arbitrage Group, Inc. as presented along with the coinciding fee of \$4,000 to do so.

V. Previously Tabled Items

None

VI. Miscellaneous

None

VII. New Meeting Agenda Input

VIII. Adjournment

The meeting was adjourned at 10:45 am

Respectfully submitted,
Dawn Sorenson