



Spectrum High School Finance Committee Minutes

Date: October 22, 2018
Scheduled Time: 9:00 a.m.

Position	Committee Member	Attendance
Kathy Reed	Board Treasurer	Present
Nick Taintor	BerganKDV/Financial Advisor	Present
Dan DeBruyn	Executive Director	Present
Dawn Sorenson	Exec. Asst.	Present

I. Call to Order

The meeting was called to order at 9:05 a.m.

II. Old Business

None

III. On-Going Business.

A. 2018-2019 Finance Committee Goals

- Develop an all-encompassing Fundraising Policy/Separate 501(c)(3) entity.
- In concert with BerganKDV, work to maximize investment income as an additional and ongoing revenue stream for the School.

With regard to the second goal of the Committee, as noted above, Mr. Taintor shared that he has another school who has chosen to work with Schwab Investments as a means of capitalizing on investment income through low risk instruments, such as treasury bonds and/or certificates of deposit. He stated that he will be looking into this further and will bring back more information at the next meeting of the Committee.

The Committee then went on to discuss the overall investment strategy for the School. In the process of reviewing the Finance Policy, it was noted that the Finance Policy has been amended and is being submitted for consideration of approval by the Board at its meeting on October 25, 2018. Mr. DeBruyn shared the suggested changes, reporting that there has been an increased need for additional petty cash on hand with the addition of the 7/8 building. As a result, the petty cash section of the policy has been increased to \$1,500 instead of \$1,000. The Committee is recommending approval of the amended Finance Policy to the Board.

The Committee then went on to discuss investments as a whole for the School. It noted that currently the School has \$450,000 invested in a Money Market account, as well as a couple of CD's. Currently, the School has just over \$2,000,000 cash on hand. In accordance with the Finance Policy, Mr. DeBruyn asked that we transfer an additional \$450,000 from our checking/savings account into the investment account in order to capitalize on our investment income. As noted, these investment funds are liquid and can be withdrawn without penalty at any time.

IV. New Business

A. September Financials

The Committee reviewed the September financials in detail. Mr. Taintor presented the Executive Summary noting that the working budget for 2018-2019 projects an annual surplus of revenues over expenditures in all

funds in the amount of \$34,632. The School is currently budgeting 740 Average Daily Membership (ADM). Overall, the school is right on track with 20.3% of expenditures spent year to date, as compared to 25% of the fiscal year completed.

Mr. Taintor then went on to explain the Balance Sheet noting that beginning balances shown are based on the un-audited ending information as of June 30, 2018. Due from the Building Company, in the amount of \$38,041, represents funds that have been paid for by the School on behalf of the Building Company. Mr. Taintor shared that the Building Company has the funds available to pay the School back; however, he recommends waiting until the building projects are complete before doing so.

The School will receive the State Holdback for FY 2017-2018 of \$227,266 over the next several months. State holdback for 2018-2019 fiscal year is estimated to be a receivable of \$471,843 at the time of the report. The holdback amount is approximately 10% of total state aids as well as an additional receivable for lease aid. Lease aid will be paid retroactive from July 1 to the date it is approved by MDE. The remaining holdback will be paid back to the School in fiscal year 2020.

On the Statement of Revenue and Expenditures, Mr. Taintor shared that the following changes to the working budget are worth noting:

- There is another round of the expansion grant that continues into FY19. This resulted in an additional revenue and expense of \$225,000 and there is no impact to the annual surplus.
- The REAP grant was carried over from the previous year. This resulted in additional revenue and expenditures of over \$50,000. There was no impact to the annual surplus.
- The School did not spend any of the allotted budget for capital improvements that were budgeted in FY18. The college and career center started construction in FY19 and the School will recognize those expenditures in FY19. This resulted in an additional \$50,000 of expenditures, which decreased the surplus by that same amount.

Following review, the Committee recommends approval of the September financials as presented.

B. September Management Report

The Committee reviewed the August management report and is recommending full approval by the Board at its upcoming meeting.

There was no check numbering gap sequence noted.

C. Review of VOA School Finance Contract Renewal Report Points with Revised Standards

The Committee reviewed the VOA School Finance Contract Renewal Report rubric sent out by Ms. Manders of VOA. It noted that item #4, point system 0 and 1, seem to reflect the same measurement. Mr. DeBruyn will reach out to Ms. Manders for additional information and report back his findings.

D. 501(c)(3) Update

The Committee reviewed in detail the draft amended Articles of Incorporation and Bylaws. Mr. DeBruyn shared that he and Ms. Sorenson have a phone meeting scheduled with the attorney today to address ongoing concerns and questions surrounding the organizational documents and the requirements the attorney feels are necessary. He and Ms. Sorenson will update the Committee following the phone meeting with the attorney.

V. Previously Tabled Items

None



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VI. Miscellaneous

None

VII. New Meeting Agenda Input – Friday, November 9, 2018 at 1:00 p.m. (due to Thanksgiving)

- Preliminary FY19 Revised Budget
- FY18 Audit Report
- Friends of Spectrum, Inc. Articles of Incorporation and Bylaws

Mr. Taintor shared that due to the necessity of having the Finance and Board meetings earlier in the month because of the Thanksgiving holiday, the October financials will not be ready for review by the Committee at its November meeting; however, they will be ready in time for dissemination to the full Board the following week.

VIII. Adjournment

The meeting was adjourned at 11:00 am

Respectfully submitted,
Dawn Sorenson