

Spectrum High School Finance Committee Minutes

Date: April 19, 2019
 Scheduled Time: 9:00 a.m.

Position	Committee Member	Attendance
Kathy Reed	Board Treasurer	Present
Annalise Marberg	Parent Committee Member	Present
Nick Taintor	BerganKDV/Financial Advisor	Present
Dan DeBruyn	Executive Director	Present
Dawn Sorenson	Exec. Asst.	Present
Patty Jorris	Human Resources Manager	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. 2018-2019 Finance Committee Goals

- **Develop an all-encompassing Fundraising Policy/Separate 501(c)(3) entity.**

Slate of candidates have been appointed by the School Board and an initial meeting is in process of being scheduled.

- **In concert with BerganKDV, work to maximize investment income as an additional and ongoing revenue stream for the School.**

Completed. The Spectrum Board approved (February 28, 2019) the opening of a Charles Schwab investment account for the purpose of maximizing investment income.

IV. New Business

A. March Financials

Mr. Taintor reported on the March financials. The working budget 2018-2019 projects an annual deficit (expenditures to exceed revenues) in all funds in the amount of (\$114,948), a projected cumulative fund balance of \$2,144,361, and a 23% of total budgeted expenditures. Mr. Taintor shared that there were additional expenditures needed for the 7/8 building that had not been budgeted in the non-instructional supplies category, as well as additional expenditures to repairs and maintenance due to increased snow removal costs, resulting in an increased deficit. However, both Mr. DeBruyn and Mr. Taintor feel that there are still areas within the overall budget that will realize savings and therefore will reduce the deficit amount by years end.

The School is currently budgeting 721 Average Daily Membership (ADM). Actual membership as of April 1st is 726, with a current ADM of 738.29, which includes full time PSEO students attending other institutions

for which the School does not get reimbursed from the State. Overall, the School is right on track with 72.3% of expenditures spent year to date, as compared to 75% of the fiscal year completed.

Mr. Taintor went on to report that the beginning balances shown on the Balance Sheet are based on the audited ending information as of June 30, 2018. Due from the Building Company, in the amount of \$228,347, represents funds that have been paid for by the School on behalf of the Building Company. A portion of this will be paid back to the School this fiscal year.

The State holdback for 2018-2019 fiscal year is estimated to be a receivable of \$481,587 at the time of the report. The holdback amount is approximately 10% of total state aids. The remaining holdback amount will be paid back to the School in fiscal year 2020.

With regard to Cash Flow Projections, there is nothing of significance to note this month. Mr. Taintor shared that there is a new look to the cash flow projection, which should be easier to read and also track the activity of revenues and expenditures from previous months.

Following discussion, the Committee recommends approval of the March financials as presented.

B. March Management Report

The Committee reviewed the March Management Report. There was no noted gap in sequencing within the register.

Following discussion, the Committee recommends approval of the March Management Report by the Board as presented.

C. March Contracted Services Report

The Committee reviewed the March Contracted Services Report. There was nothing of significance to note.

D. March Food Service Report

The Committee reviewed the March Food Service Report. Adjustments to budget will be made for the Food Services account at the end of the year, as needed. Mr. DeBruyn shared that he has asked the Food Services Coordinator to look into the possibility of putting out an RFP for comparison purposes. He shared that he anticipates this item coming before the Board for consideration of approval at the May meeting.

E. Manual Check Report

The Committee reviewed the Manual Check Report provided. Ms. Marberg inquired about some of the reporting for which Mr. Taintor will seek additional information and report back to the Committee on his findings. Otherwise, there was nothing of significance to report.

F. IRS Form 990 Spectrum High School

The Committee reviewed the 2017 IRS Form 990 for Spectrum High School. It was noted that r. Taintor and Mr. DeBruyn have reviewed the document for changes and/or edits. Once approved, Bergan KDV will file the document with the IRS as is required.

Following discussion, the Committee recommends approval of the 2017 990 for Spectrum High School as presented.

G. IRS From 990 Spectrum Building Company

The Committee reviewed the 2017 IRS Form 990 for Spectrum Building Company. It was noted that Mr. Taintor and Mr. DeBruyn have reviewed the document for changes and/or edits. Once approved, Bergan KDV will file the document with the IRS as is required.

Following discussion, the Committee recommends approval of the 2017 990 for Spectrum Building Company as presented.

H. PEIP Insurance Renewal – 18 Month Renewal Through December, 2020

The Committee spent the majority of the meeting reviewing in detail the proposed employee insurance benefit renewal through Public Employee Insurance Program (PEIP). Mr. DeBruyn shared that the School signed a two-year contract with PEIP beginning with the FY19 school year. He went on to state that currently the renewal calendar is July 1 through June 30, and the deductible calendar is January 1 through December 31. In an effort to align both the renewal and deductible time frames, Kraus-Anderson was asked to provide the School with an 18-month renewal comparison, in addition to the typical 12 months. Mr. DeBruyn shared that PEIP for the 12-month renewal is quoting a 4% increase to cost, whereas the 18-month quote is at 5%, which again, will align the renewal and deductible cycles. Aligning the cycles will positively impact the school in many ways, the most notably is that the Human Resources Department will be working with staff on renewals in October as opposed to May, which is an extremely hectic and busy time of the school year.

Ms. Jorris commented that by having the renewal cycle beginning on January 1, there is the potential for employees to see an adjustment to salary midyear, depending upon the renewal quote. Both Ms. Reed and Ms. Marberg felt that through well executed communication, this potential challenge would be minimal. Mr. DeBruyn noted that another way of looking at it is that employees will be saving on any increase for the first 6 months of the fiscal year – thereby minimizing the impact of any midyear increase to 6 months.

Mr. DeBruyn went on to share about the possibility of offering full time school year hourly staff the option of continuing insurance coverage over the summer months. Currently, their coverage does not continue and therefore they have to pick up COBRA to cover themselves until the start of the following school. Mr. Taintor shared that many of his other schools make insurance coverage available over the summer months an option for their hourly employees. The employee would pay up front for the coverage over the summer during the previous school year. The Committee was favorable toward making this an option for the full time school year hourly employees. Mr. DeBruyn will compile a proposal in anticipation of submitting it for consideration of approval at an upcoming meeting.

Mr. DeBruyn then went on to note that in addition to the 18-month quote recommendation, all other coverages for insurance (e.g. short term disability, long term disability, dental), will be moved from Lincoln to MetLife. There are no increase to overall costs and coverage limits remain intact for all benefits. This includes medical. Spectrum will continue to contribute toward employees' HAS accounts.

Following discussion, the Committee recommends approval of the 18-month renewal quote by Kraus-Anderson through the Public Employees Insurance Program (PEIP) with a 5% increase to overall cost, running through December 2020. Spectrum would continue to pay 92% of the employees' individual premium costs, raising the employer contribution from \$404.78 to \$425/month.

The Committee is in agreement with this recommendation moving forward to the School Board.

I. FY19 MDE School Finance Award

The Committee acknowledged the recognition of the award, and thanked Mr. Taintor, Ms. Jorris, Ms. White, and Mr. DeBruyn for their excellent work.



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V. Previously Tabled Items

None

VI. Miscellaneous

None

VII. New Meeting Agenda Input – May 10 at 9:00 a.m.

VIII. Adjournment

The meeting was adjourned at 11:00 a.m.

Respectfully submitted,
Dawn Sorenson