

Spectrum High School Finance Committee Minutes

Date: October 16, 2019
 Scheduled Time: 9:00 a.m.

Position	Committee Member	Attendance
Kathy Reed	Board Treasurer	Absent
Annalise Marberg	Parent Committee Member	Present
Nick Taintor	BerganKDV/Financial Advisor	Present
Tyler Dehne	BerganKDV	Present
Dan DeBruyn	Executive Director	Present
Dawn Sorenson	Exec. Administrative 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. 2019-2020 Finance Committee Goals

- **Work with administration to monitor the transition of fundraising efforts and oversite to FoS, Inc.**

Mr. DeBruyn reported that Amy White in the Business Office has moved forward with purchasing a version of Quickbooks which includes training. The cost is more expensive; however, once she has been trained on its usage and knows the reports that Quickbooks is able to produce, then a lower subscription may be purchased.

- **Work with administration to explore options to contain or lower the deficit in the school lunch program.**

Mr. DeBruyn shared that he continues to work with the Lunch Services Manager in an effort to reduce the loss associated with the school lunch program. He went on to report that he'll have the Manager complete further analysis within the Infinite Campus system to determine the number of school lunches ordered vs. the number of lunches that are actually purchased. Mr. DeBruyn will continue to provide information as it becomes available.

- **Work with administration and Bergan KDV to create, input (into Skyward), and implement a detailed internal budget plan.**

Mr. Taintor stated that Bergan KDV could begin implementing budget items into the system on their end to get the process moving forward.

IV. New Business

A. **September Financials**

Mr. Taintor reported that the 2019-2020 working budget projects an annual deficit (expenditures to exceed revenues) in all funds in the amount of (\$3,976), with a projected cumulative fund balance of \$2,132,727, which is 22% of total budgeted expenditures. The School is currently budgeting 775 Average Daily Membership (ADM), whereas the actual membership as of October 1st is 788, with a current ADM of 792.

This includes all fulltime PSEO students attending other institutions for which the School does not get reimbursed from the State. Mr. DeBruyn stated that he has been working with Spectrum's MARRS Coordinator in regards to coding PSEO students in relation to reimbursement from the State of Minnesota. The process requires the Coordinator to look at each PSEO student's schedule to determine accurate coding, which has proven to be a lengthy and laborious process. In doing so, MARRS coding retroactive to FY19 shows a decrease in 5 ADM, which equates to approximately \$35,000 that will need to be accounted for in the FY20 budget. Mr. Taintor made note and will include it in the revised budget that he is planning to present to the Committee at the November meeting.

Overall, the School is right on track with 17% of expenditures spent year to date, as compared to 25% of the fiscal year completed.

Mr. Taintor then went on to report on the Balance Sheet. He stated that the beginning balances shown are based on the audited ending information of June 30, 2019. Due from the Building Company, in the amount of \$263,718, represents funds that have been paid for by the School on behalf of the Building Company. He stated that the final draw has been approved for the 2017 bonds (approximately \$102,000) which, once received, will lower the amount due from the Building Company. Mr. DeBruyn then shared regarding the money remaining in the construction fund and how it has been approved by the Spectrum Board to be allocated. He stated that the Board approved \$99,000 for lighting of the football fields, including two lights for the proposed hockey rink. He stated that the bid for lighting actually came in at \$110,000, which was \$11,000 over what had originally been thought. However, the School remains in a positive cash savings of approximately \$60,000 had it not been able to take advantage of the used lighting. The lighting is scheduled to be installed in November.

Mr. DeBruyn then reported on the Shared Use Agreement with the City of Elk River for the proposed hockey rink. He reported that the Elk River Youth Hockey Association chose to remove themselves from the agreement; however, the agreement has been approved by both Spectrum and the City of Elk River and is being moved forward to the Elk River City Council for approval at its next meeting the week of October 21st. In addition, the City of Elk River has agreed to help with the installation associated with installing the boards for the rink, which will be around a \$15,000 savings. Spectrum is in the process of searching for boards to construct a full-size rink.

Lastly, Mr. Taintor stated that the State holdback for 2019-2020 fiscal year is estimated to be a receivable of \$217,184, and the holdback amount is approximately 10% of total state aids. The remaining holdback amount will be paid back to the School in fiscal year 2021.

The Committee then went on to review the dashboard information provided in the financials, paying special attention to the fund balance and bond covenant history with regard to the current debt service coverage vs. the required debt service coverage, as well as the days cash on hand. As noted previously, the School is within its fund balance requirements as stated in its Finance Policy of 20-25%.

Following discussion, the Committee recommended approval of the September financials as presented.

B. September Management Report

The Committee reviewed the September Management Report. As requested, a standing notation has been added to the report when there is a number skip in the sequential order. This month's report states, "Wires entered go in sequential order. Accounts Payable entered a wire twice in the middle of the batch and had to delete one. The system doesn't go back and fill in that wire number, so 20190075 was skipped."

Following discussion, the Committee recommended approval of the September Management Report by the Board as presented.

C. September Contracted Services Report

The Committee reviewed the September Contracted Services Report. Nothing of significance was noted.

D. September Food Service Report

The Committee reviewed the September Food Services Report.

E. Credit Card, Finance, and Procurement Policy Updates

Mr. DeBruyn began with explaining (based on guidance received from the Minnesota Department of Revenue) the updates necessary to the School's Finance Policy with regard to reimbursing expenses which include sales tax to employees. He shared that purchases are only exempt from sales tax when billed to and paid for directly by the School. To date, the Finance Policy has not stated that these expenses are not reimbursable when paid for by the employee themselves and as such, the policy is in need of updating. The Finance Policy references both the Credit Card and Procurement Policies as well. As a result, both of those policies were review for recommended changes in order to provide for consistency across all three.

Following discussion, it was determined that there was further work needed in all three policies with regard to when a Purchase Order must be utilized. Therefore, additional edits will be made to the policies and they will be brought back to the Committee at the November meeting for consideration of recommending approval by the full Board.

V. Previously Tabled Items

None

VI. Miscellaneous

None

VII. New Meeting Agenda Input – Friday, November 22nd at 9:00 a.m.

VIII. Adjournment

The meeting was adjourned at 10:05 a.m.

Respectfully submitted,
Dawn Sorenson