

Spectrum High School Finance Committee Minutes

Date: September 20, 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
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.**
Following discussion, the wording of this goal was changed to: Work with administration to monitor the transition of funds and fundraising to FoS, Inc.
- **Work with administration to explore options to contain or lower the deficit in the school lunch program.**
- **Work with administration and Bergan KDV to create, input (into Skyward), and implement a detailed internal budget plan.**

IV. New Business

A. **August Financials**

Mr. Taintor reported on the August 2019 financials. He stated 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 fund balance of \$2,132,727, which is 22% of total budgeted expenditures. Mr. Taintor went on to share that he anticipates there will be a mid-year budget adjustment presented to the Board for approval in December.

Mr. DeBruyn stated that he was recently made aware that the School is in need of replacing two of its vans as they will be 12 years old, which exceeds the allowable age for transporting students. He is anticipating it will cost the school approximately \$40,000 to replace the vans and the budget will need to be adjusted accordingly to allow for the purchase.

Mr. Taintor stated that the School is currently budgeting 775 Average Daily Membership (ADM). Actual membership as of August 30th was 795, with a current ADM of 795.4, 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 9% of expenditures spent to date, compared to 16% of the fiscal year being complete.

Mr. Taintor stated that the beginning balances shown on the Balance Sheet are based on the audited ending information as of June 30, 2019. Due from the Building Company, in the amount of \$260,183, represents funds that have been paid by the School on behalf of the Building Company. Mr. Taintor shared that there is approximately \$100,000 remaining in the construction account from the 2018 bonds which will be used to help pay for costs associated with the construction of the college and career center.

He then went on to talk about the State holdback for 2019-2020 fiscal year, noting that it is estimated to be a receivable of \$145,335 at the time of the report. The holdback amount will be approximately 10% of total state aids. The remaining holdback amount will be paid back to the School in fiscal year 2021.

Finally, the Committee reviewed the Financial Statements Dashboard that has been added to the monthly reports to provide additional visual information regarding the School's budget and year to date activity, as well as fund balance and bond covenant history.

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

Mr. Taintor then shared that the June financials that were presented at the Finance Committee in August, as well as approved by the Board at their August 29th meeting, were not accurate. He went on to share that while doing prep for the audit, it was noted that the June rent payment was accidentally coded as a pre-paid expense. In doing so, it was reported that the FY19 year ended with an approximate \$11,000 surplus; however, actuals show FY19 ending with an approximate \$100,000 deficit, which was in line with the FY19 Board approved budget. The June financials have been corrected and will be presented to the Board for approval at the September 29th Board meeting.

B. August Management Report

The Committee reviewed the August Management Report. It was noted that there were check sequencing gaps. Bergan KDV reported that when a "check number" is created for a wire and they need to change it to a check or delete it, the system does not go back and use the number – it simply gets skipped. Mr. Taintor and his team are going to look further into the issue to see if there is another way it can be handled to minimize the gap in sequencing. The gaps noted are as follows: 52474 – 52489; 201900037 missing, 201900044 to 201900046 are missing, and 20190055 is missing.

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

C. August Contracted Services Report

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

D. August Food Service Report

The Committee reviewed the August Food Services Report.

E. Finance Policy Update

Mr. DeBruyn stated that he will be bringing a draft of an amended Finance Policy for consideration at the next Finance Committee. He shared guidance from the Minnesota Department of Revenue regarding paying taxes and reimbursement of employees. Taxes are not exempt if an employee purchases items on behalf of

the school outside of an invoice or use of a school account/credit card. A recommended change in the Finance Policy will be proposed at the October Finance Committee meeting.

F. Ice Hockey Rink Update

Mr. DeBruyn provided a brief update for the Committee. He stated that the School is waiting on the City of Elk River to give approval of the agreement that was provided to them by the school. He shared that the Elk River Youth Hockey Association had a couple of minor edits to the agreement. The goal is to have all three entities approve the agreement in a timely manner so that construction can take place in late October and November.

Mr. DeBruyn then went on to share about the lighting of the proposed hockey rink and football field. He mentioned that two lights are needed to light the hockey rink and four lights for the football field. The School has the opportunity to save significant money by utilizing the lights being move from another school and installing all of the lights at this time. Mr. DeBruyn will be making a proposal to the Board at its meeting on September 26th to take advantage of the opportunity.

Mr. DeBruyn shared that there are currently a number of building projects to be considered. They will be prioritized, and the cost associated with each one so noted, and presented to the Board for consideration of approval. Funds for the projects will come from the bond sale and building company.

G. Friends of Spectrum, Inc. Update

Ms. Sorenson presented a brief update to the Committee on the progress of the Friends of Spectrum, Inc. Board. She reported that they last met on September 10th, and at that time completed a number of housekeeping items. In addition, they finalized the necessary paperwork for filing with the Internal Revenue Service, which was forwarded on to the attorney who we have been notified it has been received. The FoSI Board will meet again in January.

H. High School Remodel Project Update

Mr. DeBruyn shared that he has received a contract from the architect as well as the conceptual drawings for the project. They will be presented to the Board at their meeting on September 26th for consideration of approval. Project costs are unknown until the drawings can be sent out for bids, but is estimated to be at approximately \$300,000 given other like-size projects that have been recently completed. Mr. DeBruyn will continue to apprise the Committee as information becomes available.

V. Previously Tabled Items

None

VI. Miscellaneous

None

VII. New Meeting Agenda Input – Wednesday, October 16 at 9:00 a.m.

VIII. Adjournment

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

Respectfully submitted,
Dawn Sorenson