



## Spectrum High School Finance Committee Minutes

Date: November 13, 2020  
Scheduled Time: 9:00 a.m.

*NOTE: Due to current health pandemic of COVID-19, the Spectrum Finance Committee meeting was conducted via electronic means (using Zoom) as is allowed under the auspices of Minnesota State Statute, 13D.021, Subdivision 1(4).*

Position	Committee Member	Attendance
Kathy Reed	Board Treasurer	Present
Annalise Marberg	Parent Committee Member	Present
Tyler Dehne	BerganKDV/Financial Manager	Present
Chuck Herdegen	BerganKDV/Financial Manager	Present
Dan DeBruyn	Executive Director	Present
Dawn Sorenson	Exec. Administrative Asst.	Present
Patty Jorris	Human Resources and Office Manager	Present for FY21 Employee Insurance

### I. Call to Order

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

### II. Old Business

None

### III. On-Going Business.

#### A. 2020-2021 Finance Committee Goals

- Will train and educate on concurrent enrollment and the affects to budget for the purpose of achieving awareness and understanding by January 2021.

### IV. New Business

#### A. October Financial Report

Mr. Dehne presented the October financials. He state that the school is currently budgeting 775 Average Daily Membership (ADM) and the actual membership as of October 30<sup>th</sup> was 804, with a current ADM of 810. This does include the full time PSEO students attending other institutions for which the school does not get reimbursed from the State; however, the expense has been accounted for in the overall budget. Mr. Dehne went on to note that the working budget projects an annual surplus (revenues to exceed expenditures) in all funds in the amount of \$76,288, with a projected cumulative fund balance of \$2,240,862, which is 23% of total budgeted expenditures.

Overall, the School is right on track with 26.2% of expenditures spent year to date as compared to 33% of the fiscal year completed. Mr. Dehne stated that the projected days cash on hand is 61 (minimum is 30 days) and a projected debt service coverage ratio of 1.14x (minimum of 1.10x).

Mr. Dehne then went on to report on the Balance Sheet. He stated that the beginning balances shown on the Balance Sheet are based on the unaudited ending information as of June 30, 2020. He went on to note that due from the Building Company, in the amount of \$209,849, represents funds that have been paid for by the School on behalf of the Building Company. The School will get a portion of this paid back this fiscal year. The School has received the entire holdback for FY2019-2020. Currently, the State holdback for FY21 fiscal year is estimated to be a receivable of \$192,790, which is approximately 10% of total state aids at the time of

this report. Finally, Mr. Dehne stated that the remaining holdback amount will be paid back to the School in FY22. Both Mr. Herdegen and Mr. Dehne shared regarding the projected state budget deficit and how the Legislature may choose to balance its budget going into the next two-year budget cycle. They both felt it wise to anticipate a 0% increase in state aids, and also stated that it is possible that the Legislature will change its holdback amount from the current 10% up to as much as 40%, which has been done in the past. Spectrum is positioned well to weather this type of an adjustment as it already has a great relationship and line of credit in place with 1<sup>st</sup> Bank Elk River.

Finally, Mr. Dehne noted that the school recently reinvested \$750,000 in US Treasury Bills with the expectation to yield 0.10% in 6 months.

Following discussion, the Committee recommended approval of the October Financial Report by the Board as presented.

**B. October Management Report**

The Committee reviewed the October Management Report. Mr. Dehne noted that there was a sequencing skip, as noted in the report, of wire numbers 202000136 – 202000139, due to when Accounts Payable accidentally enters a wire twice in the middle of the batch and had to delete one, the system does not go back and fill in the wire number, and therefore the resultant sequencing skip.

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

**C. October Contracted Services Report**

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

**D. October Food Service Report**

The Committee reviewed the October Food Services Report. Mr. Dehne presented the report. A \$5,685.64 deficit was noted.

**E. FY20 CliftonLarsonAllen Audit Report/Update**

Mr. Dehne presented the preliminary FY20 Audit. He shared that so far it is a clean unmodified opinion and there are no findings. The audit is in its final stages and it is anticipated that it will be ready for presentation at the Board meeting on Thursday, November 19, 2020. All in all, Mr. Dehne reported that it was a good audit.

**F. Employee Insurance Rate for Calendar Year 2021**

Mr. DeBruyn and Ms. Jorris provided an in-depth and detailed review of the various options for employee health insurance, which included both the cost to the school and employee. Mr. DeBruyn began by providing a historical review of the School's decision to move to the PEIP (Public Employees Insurance Plan) insurance coverage for its employees back in July 2018. The School committed to the required 2-year time frame – which was extended to 2 ½ years when the school switched to a calendar year for insurance coverage. Mr. DeBruyn shared that Spectrum has received the renewal rate beginning January 2021 from PEIP and it is proposed to be an increase of 9.5%. If Spectrum elects to remain with PEIP, the 9.5% increase is not negotiable and the school must commit for another 2-year cycle. If Spectrum decides to not continue with PEIP, the school may not go back to them for pricing for another 2 years.

Mr. DeBruyn went on to share that a proposal was received from Blue Cross Blue Shield; however, their pricing is significantly higher and therefore is no longer being considered.

Mr. DeBruyn also shared that the school is waiting on a proposal from Bind Benefits; however, since it was supposed to have been received earlier in the week, it is looking less and less likely that Bind will be a viable option.

Lastly, Mr. DeBruyn shared the proposal that was received from HealthPartners, Inc. (see addendum on last page). He stated that it is an embedded and open access plan. Embedded allows individuals to meet the individual deductible prior to reaching the family deductible. Open access allows employees to choose any clinics, including those in their current plan. While it contains a higher deductible amount than PEIP, the maximum out-of-pocket cost is the same. The biggest benefit of the Health Partners proposal is that monthly premium amounts for employees will be significantly lower than those proposed by PEIP.

He reminded the Committee of the school's annual deposit into employee Health Savings Accounts (HSA) for those who elect health insurance coverage through the school (\$1,000, \$1,500, or \$2,000). This amount helps offset deductible costs to employees (as it accumulates from year to year). He went on to state that this is a benefit that is only realized for those employees who elect the school's health insurance coverage.

Mr. DeBruyn then went on to share about the resolution that the Board approved back in May regarding the 2% increase to salaries for the FY21 school year. He stated that, at that time, the Board authorized the Executive Director to implement an additional 1% increase retroactive to July 1, 2020 if the state continued to provide the previously approved 2% increase for schools for FY21 and the holdback for FY 21 remained at 10%, which it has. He shared that there is currently one FTE in the budget that will not be filled which will cover the 1% increase in salary. In addition, the budget currently contains a projected increase in employee insurance cost of approximately \$20,000, which would cover the school increasing its premium contribution from \$425 to \$450 per employee participant.

Following discussion, Mr. DeBruyn proposes, and the Finance Committee concurs, the following:

- (1) the Board proceed with a 1% increase to staff salaries retroactive back to the start of the FY21 school year;
- (2) the school increase its employee premium contribution from \$425 to \$450/participant (not to exceed the individual employee premium cost); and
- (3) the school proceed with the HealthPartners, Inc. embedded open access proposal for calendar year 2021.

*Note: The Finance Committee recognizes that this recommendation will go forward to the School Board pending the final proposal from Bind Insurance. If Bind Insurance proposes a better value for a comparable plan, both options would be presented to the School Board for consideration.*

**V. Old Business**

None

**VI. Previously Tabled Items**

None

**VII. Miscellaneous**

None

**VIII. Next Meeting Agenda Input – Friday, December 11, 2020 at 9:00 a.m.**



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*If the school continues with distance learning and/or the recommendation from the Governor is to continue social distancing, this meeting may also be held via Zoom/Online.*

**IX. Adjournment**

The meeting was adjourned at 9:5 a.m.

Respectfully submitted,  
Dawn Sorenson

PLAN	# of Employee Participants	CURRENT PEIP Plan Monthly Employee Premiums	CURRENT PEIP Plan Annual Employee Premiums	PROPOSED PEIP Plan Monthly Employee Premiums	PROPOSED PEIP Plan Annual Employee Premiums	DIFF. in Premiums from Current PEIP Plan	PROPOSED HP Plan Monthly Employee Premiums	PROPOSED D HP Plan Annual Employee Premiums	DIFF. in Premiums from Current PEIP Plan
Employee Premium	52	\$36,20/m	\$434,40/y	\$54,54/m	\$654.48	+\$18,04/m or +\$216,48/y	\$32.07/m	\$384.84/y	-\$4,13/m or -\$49,56/y
Employee +1 Premium	3	\$542.68/m	\$6,512.16/y	\$610.66/m	\$7,327.92	+\$67.98/m or +\$815,76/y	\$561.47/m	\$6,737.64/y	+\$18,79/m or +\$225,48/y
Family Premium (11 total)	11	\$809.84/m	\$9,718.08/y	\$904/m	\$10,848	\$94,16/m or +\$1,129.92/y	\$840.72/m	\$9,656.64/y	+\$30,88/m or +370,56/y
<b>CURRENT Employee Premium Contributions</b>	<b>Total 66 participants</b>			<b>PROPOSED Employee Premium Contribution</b>			<b>DIFF. in Premium Contributions from Current PEIP Plan</b>		
Employer Contribution	\$425/m	\$5,100/y	\$336,600/y	\$450/m	\$5,400/year	\$356,400	+\$19,800/y		
Employee	Current Employee Health Savings Account (HSA) Contributions – No proposed changes			# of Participants	Totals by Category				
Employee +1			\$1,000/y	52	\$52,000				
Family			\$1,500/y	3	\$4,500				
Total HSA Employer Contributions			\$2,000/y	11	\$22,000				
				66	\$78,500				