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Spectrum Finance Committee Minutes

Date: Friday, June 17, 2022
Scheduled Time: 8:00 a.m.

NOTE: 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
Joe Thomas	Board Treasurer	Present
Annalise Marberg	Parent Committee Member	Present
Nick Taintor	BerganKDV/Financial Manager	Absent
Bridget Merrill-Myhre	BerganKDV	Present
Dan DeBruyn	Executive Director	Present
Mary Chaffin	Business Accounts Specialist	Present
Dawn Sorenson	Exec. Administrative Asst.	Present

I. Call to Order

The meeting was called to order at 8:00 am.

II. Old Business

None

III. On-Going Business.

A. 2021-2022 Finance Committee Goals

- *By January/February 2022, the Finance Committee will review current PSEO and concurrent/C@SH enrollment in order to accurately project budgetary impact and modify the 2021-2022 fiscal budget accordingly.* **Completed**

IV. New Business

A. May Financial Report

Ms. Merrill-Myhre provided an overview on ADM (Average Daily Membership). She noted that the school was originally budgeting 800 ADM; however, upon the revised midyear budget that was approved by the Board in February, the budget ADM is now 814. Actual enrollment at the time of this report is 813, which fluctuates throughout the year. She went on to note that currently the school's budgeting a surplus for the year at \$100,000, with a projected cumulative fund balance of \$2,437,380, or 24% of expenditures at fiscal year-end. In addition, the Projected Days Cash on Hand for the fiscal year-end is 82 days (minimum is 30 days) with a projected debt service coverage ratio of 1.30 (minimum of 1.10x).

As of month-end, 91.7% of the year is complete, with a cash balance as of the reporting period of \$2,259,865, which is slightly up from the previous month of \$2,248,967. State aids receivable shows a negative (\$339,828). This amount will be adjusted as MDE finalizes their year-end reviews. Ms. Merrill-Myhre stated that she and Mr. Taintor recently completed a deep dive into State Aids and has determined that the majority of this amount is related to Special Education funding – approximately \$200,000 – and the remainder will be added to the General Education fund. As anticipated, the deficit amount will actually be realized as surplus, again, once MDE has finalized its year-end review.

Ms. Merrill-Myhre went on to note that the current year holdback balance is \$783,652, which is approximately 10% of total state aids. The remaining holdback amount will be paid back to the school in fiscal year 2023 with the majority of the reimbursement coming in the fall. Revenues received at the end of the reporting period were at 86.9% as compared to expenditures at 85.6%, and all is on track when comparing budget to actual.

The Committee went on to review the Balance Sheet, Statement of Revenues and Expenditures, and Cash Flow reports. Nothing of significance was noted and all is on track when comparing budget to actual. Cash Flow is good.

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

B. May Management/Supplement Report

The Committee reviewed the May Management/Supplement Report. It was noted in the report that there was a sequencing skip of the following numbers: 202102007 and 202102055. This was due to vendor payments being entered and while doing so, a number was accidentally entered twice and the system does not go back and fill in a number that was skipped. No other discrepancies were noted.

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

C. May Contracted Services Report

The Committee reviewed the May Contracted Services Report. Ms. Merrill-Meyer shared that all line items are trending on budget. As noted in the Executive Summary of the May financials, some contracted services line items are over budget. Staff Development is over budget slightly due to staff tuition payments being made in May. Likewise, the Furniture and Other Equipment line is over due to a new scrubber (\$8,200) and field lazer (\$2,500) being purchased in May; however, there are plenty of other line items that are currently under budget which will absorb the overages. Overall, the school is on track when comparing budget to actual.

D. May Food Service Report

The Committee reviewed the May Food Services Report. The report indicates a current cumulative loss of (\$46,380.06) for the school year. Ms. Merrill-Myhre went on to share that in the FY23 long range budget, which will be looked at later in the meeting, it is forecasting a (\$50,000) loss. Mr. DeBruyn shared that the FY23 Premier Kitchen contract, which also will be addressed later in the meeting, calls for a 3% increase in cost, plus there will be an increase in cost to milk pricing as well. He went on to state that with the increased costs experienced by the school, the need to raise the school lunch price seems imminent. Currently, the price of a student lunch is \$3.60 per meal which results in a net loss to the school of approximately \$50,000. He is proposing an increase from \$3.60 to \$3.75 per meal. Lastly, Mr. DeBruyn reported commodities reimbursement has been pursued with Premier Kitchen and Spectrum will receive reimbursement in FY23. Mr. Thomas inquired about the average amount of reimbursement and Mr. DeBruyn shared that it usually amounts to approximately \$10,000-\$12,000 per year.

E. FY23 Insurance Coverages Review

Mr. DeBruyn and Ms. Chaffin presented the FY23 Insurance Coverages summary for the Committee. They noted that overall the proposal nets an approximate \$3,000 in savings to the school by increasing some of the deductible amounts, for example, on wind and hail damage, as well as moving some of the coverages from Philadelphia to Selective. Mr. DeBruyn is recommending approval of the proposal as provided by the insurance broker.

Following discussion, the Committee recommended approval of the FY23 Insurance Coverages proposal by the Board as presented.

F. Remaining FY23 Long Range Budget Review

Ms. Merrill-Myhre presented the remaining FY23 Long Range Budget. She noted that the budgeted enrollment ADM is at 840. Mr. DeBruyn shared that current enrollment numbers for the start of the FY23 school year is approximately 905; however, this number will fluctuate. More than likely, the average ADM for FY23 will more than likely fall out at around 850 ADM, which is 10 over the budgeted amount of 840.

Following discussion, Ms. Merrill-Myhre will make some minor adjustments to the budget as discussed and will forward an updated FY23 long range budget to Ms. Sorenson for inclusion in the June 23, 2022 Board meeting packet. The Committee is recommending approval by the Board of the FY23 long range budget as amended.

G. FY23 Premier Kitchen Contract

The Committee reviewed the proposed FY23 Premier Kitchen Contract. Mr. DeBruyn shared that the contract calls for a 3% increase in cost over FY22, which is down from the originally proposed increase of 7.7%. Mr. DeBruyn shared again that the school is pursuing commodities reimbursement with Premier for FY23. He also reiterated the need to increase the cost of school lunch from \$3.60 per meal to that of \$3.75 per meal as a means to help offset the deficit.

Following discussion, the Committee recommended approval by the Board of the FY23 Premier Kitchen contract, which includes a 3% increase in cost over FY22, as presented.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

None

VIII. Next Meeting Agenda Input – Friday, August 12, 2022 – 8:00 a.m.

The Committee discussed the June and July financials, which will be presented to the Committee and Board for approval at the August meetings. June financials will be preliminary and yet unaudited at that time. For July, the June Management/Supplement report will be disseminated to the Committee prior to the July 21, 2022 Board meeting. The Board will consider approval of the June Management/Supplement report at this meeting.

IX. Adjournment

The meeting was adjourned at 8:54 am

Respectfully submitted,
Dawn Sorenson