



Spectrum Finance Committee Minutes

Date: Wednesday, October 19, 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
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 8:03 am.

II. Old Business

None

III. On-Going Business.

A. 2022-2023 Finance Committee Goals

- *The Finance Committee will work with the Business Account Specialist to research, apply for, and track the food commodities application with Premier Kitchen to ensure it is completed by the required timeline and the refund obtained by June 2023.*
- *The Finance Committee will work with administration and BerganKDV to ensure the detailed budget for FY24 is keyed into Skyward by July 2023 leading to more current internal reports for improved and timely decision-making.*

IV. New Business

A. FY23 September Financials

Ms. Merrill-Myhre provided an overview of the Executive Summary of the FY23 September financials. She reported that the FY23 budget is based on 840 Average Daily Membership (ADM) and actual ADM is currently 881.65. Ms. Merrill-Myhre then went on to note that currently the school's budgeting a surplus for the year at \$7,983, with a projected cumulative fund balance of \$2,621,541 or 25% of expenditures at fiscal year-end. In addition, the Projected Days Cash on Hand for the fiscal year-end is 95 days (minimum is 30 days) with a projected debt service coverage ratio of 1.18 (minimum of 1.10x).

As of month-end, 25% of the year is complete, with a cash balance as of the reporting period of \$2,650,179, which is slightly up from the previous month of \$2,273,923. Current state holdback balance is \$254,451 as of the reporting period. The holdback amount is approximately 10% of total state aids. The remaining holdback amount will be paid back to the school in fiscal year 2024. Revenues received at end of the reporting period were 24.4% as compared to expenditures disbursed at 17%. Ms. Merrill-Myhre went on to state that there is nothing of significance to report with regard to revenues and expenditures and that all is on track currently when comparing budget to actual.

Ms. Merrill-Myhre shared that Cash Flow will be looked at in detail sometime in the fall, and an update will be forthcoming as enrollment and spending become more consistent. Lastly, she shared that the FY22 audit is underway and drafts should be available in November for the Finance Committee to review.

The Committee then went on to review the Balance Sheet and Statement of Revenues and Expenditures.

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

B. September Management/Supplement Report

The Committee reviewed the September Management/Supplement Report. Sequencing skips were noted as follows: 202200351. This may be 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, or the items had not yet posted for the month and therefore are not noted in the report. It is possible that they will be posted and reported in the subsequent month. No other discrepancies were noted.

Mr. DeBruyn inquired about further detail when a skip in sequence takes place could be provided other than the blanket statement within the report. Ms. Merrill-Myhre stated that she has inquired and was told that when the person who is entering data into the Skyward financial program is pulled away from the task for whatever reason, the system does not go back and pick up the numbering sequence. According to Skyward, it is for internal control purposes and therefore the reason behind sequencing skips. Ms. Merrill-Myhre offered to forward the email thread from Skyward explaining the rationale, if needed.

Following discussion, the Committee recommends the Board consider approval of the September Management/Supplement Report as presented.

C. September Contracted Services Report

The Committee reviewed the September Contracted Services Report. It was noted that the State Development & Staff Training line item has been 95% spent as compared to budget due to the following expenses - \$1200 Cognitive Coaching Seminar and \$2366 for Staff Tuition. This budget line will be adjusted as the budget is revised. In addition, Furniture and Other Equipment is over budget due to a \$17,000 bleacher purchase and the purchase of a \$5,000 ice machine. This line item will also be adjusted at the time the budget is revised. It was noted that the bleachers were intended to be purchased in FY22. However, due to supply chain issues, they were delayed until FY23. This will also apply to the digital sign at the athletic complex, which was originally scheduled for June, was moved to September, and we are still awaiting a final install date.

D. September Food Service Report

The Committee reviewed the September Food Service Report for which it was noted that currently the report is showing \$6,625.66 to the good (due to families loading funds into student lunch accounts at the beginning of the school year); however, as the year goes on, the fund will report a negative balance. It is anticipated, though, that through the raising of the cost of student lunches, plus the commodities reimbursement, the loss in the fund will be less than the previous fiscal year of approximately \$50,000.

E. Preliminary FY22 Audit Results

Ms. Merrill-Myhre stated that the audit is all going well and anticipates initial drafts shortly. The audit is in its final high-level secondary review, and to date, she has not been informed of any material findings. Ms. Merrill-Myhre went on to state that drafts will be available for the Finance Committee to review at its meeting in November.

F. Loan with First Bank Elk River

The Committee reviewed the First Bank Elk River loan documents. Mr. DeBruyn and Ms. Merrill-Myhre shared that the first \$200,000 of the high school parking lot project is being funded by the Spectrum Building

Company. The remaining amount of the \$419,500 project bid, plus \$30,000 contingency funds, has been secured through a loan in the amount of \$250,000. *Mr. DeBruyn noted that construction projects typically hold a 10% contingency, which would be \$41,950 in this case.* The percentage rate is at 5.750% and the maturity date is that of November 1, 2027; however, it is anticipated that the loan will be paid off early, and perhaps as soon as the end of fiscal FY23. Mr. DeBruyn went on to share that the school is waiting on some additional bid costs for the following items: (1) a raised median in the new entrance/exit for the high school building; (2) the removal of remaining grass areas between the new and old parking lots, which includes the laying of fabric and fill of landscape rock; (3) the removal of a tree and repair of curb/blacktop at the southwest entrance to the new parking lot; and (4) the capping of the old irrigation system. It is hoped that the \$30,000 additional contingency funds will cover these costs. Currently, the school is waiting on the City of Elk River for final approval of plans for the entrance (including the catch basin drain).

Following discussion, the Committee recommends the Board consider approval of the \$250,000 loan, at 5.750%, from First Bank Elk River.

G. Health Insurance

Mr. DeBruyn provided a brief update on health insurance. He stated that the initial bid received called for a double digit increase in cost from the current provider. As a result, the school requested that its health insurance coverage be sent out for bid in an effort to reduce costs. It was hoped that the bids would be received in time for the October Finance and Board meetings; however, they will likely be received for the November meetings.

H. FY23 Annual Meeting – Thursday, October 27, 2022 – 5:30 p.m.

Ms. Sorenson reminded the Committee of the upcoming Annual Meeting, followed by the monthly Board meeting, on Thursday, October 27, 2022. The Annual Meeting will begin at 5:30 p.m. followed with the monthly Board meeting convening upon the adjournment of the Annual Meeting.

V. Old Business

A. High School Parking Lot

Mr. DeBruyn reiterated the work being doing on the new parking lot being constructed south of the high school building. The contractor has been extremely accommodating and easy to work with on the project. The dirt removal phase for the most part has been completed and they are now on to the laying and compacting of gravel. It is anticipated over the MEA break that all curbing and cement work will be completed, as well as the reconstruction of the entrance/exit for which a raised median will be included. Following the MEA break, the asphalt will be installed along with any remaining ancillary items, and it is anticipated that the project will be completed within the original timeframe allotted.

B. Land Donation Update

Mr. DeBruyn provided a brief update. He stated that the idea of doing a carve-out of the donated land will not work as there wouldn't be enough space to construct a play field. As a result, the project has returned to the original proposal of providing the current land owners the 60' road frontage access as is required; however, it will require going to the school's bond holders and seeking approval to do so. The agreements are currently being drawn and it is anticipated that they will be ready for the November meetings of the Finance Committee and Board for consideration of approval.

VI. Previously Tabled Items

None

VII. Miscellaneous

A. Traffic Safety Issues

Mr. DeBruyn provide an update on the work to address traffic safety. He shared that Spectrum has had ongoing conversations, both internally and with the City, about safety on its properties, around its

buildings (Industrial Circle), and on the roads that run adjacent to school property (Twin Lakes Road and 181st Ave NW). He shared, for example, the conversation the school had with the City and Sherburne County, which resulted in the installation of the walkway on the north side of 181st, as well as the roundabout at the entrance of Spectrum's sports complex. While it took some time, the end result is a much safer route for students, pedestrians, vehicles, etc.

He went on to share that the City recognized the need for a flashing signal at the crosswalk on Twin Lakes Road for both the neighborhood across the street and Spectrum proceeded with its installation.

In addition, Spectrum is adding a new parking lot at the high school building to partly lessen the congestion at the middle school buildings and improve safety for student drivers. Mr. DeBruyn went on to share that the school is also looking at timing of student drivers exiting to further lessen congestion and improve safety.

Administration and the School Board have also been making plans to add sidewalks around the 7/8 building to improve safety for walkers, student drop off, etc., which will likely happen in the next year or so. This would also include an additional crosswalk on Industrial Circle by the 7/8 building.

Mr. DeBruyn went on to share that he spoke with the City Manager prior to the City Council meeting to let him know that Spectrum's administration would like to coordinate a conversation about how it may work together with the City moving forward on making improvements to Twin Lakes Road to address safety concerns. Mr. DeBruyn stated that the City Manager, City staff, and City Council have been supportive of the school on other matters and is confident that a mutually beneficial solution will be found.

Finally, it is planned that this item will be on the agenda of the October Board meeting for discussion. In preparation, Mr. DeBruyn will be putting together a summary and will likely propose a resolution for the Board to consider for approval that would give administration direction to work with the City to collaborate on a solution to improve student and vehicle safety.

VIII. Next Meeting Agenda Input – Monday, November 14, 2022 – 8:00 a.m. – Due to Thanksgiving Break

IX. Adjournment

The meeting was adjourned at 9:00 a.m.

Respectfully submitted,
Dawn Sorenson