



Spectrum High School Finance Committee Minutes

Date: April 17, 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
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 oversight to FoS, Inc.**

Mr. DeBruyn reported that he updated the Friends of Spectrum, Inc. Board of Directors on the status of the planned Spectrum Sting Swing golf tournament. It has been cancelled for the planned May 29, 2020 date and it is hoped that it may take place sometime in the fall.

Mr. DeBruyn also shared that it has been planned to move all fundraising activity/monies over to the Friends of Spectrum, Inc. entity sometime in June as originally planned.

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

Mr. DeBruyn shared that work continues on this endeavor.

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

No report at this time.

IV. New Business

A. March Financials

Mr. Taintor presented the Executive Summary of the February financials. He shared that the School is currently budgeting 775 Average Daily Membership (ADM), whereas actual membership as of March 31st is 770, with a current ADM of 780 year-to-date, and includes all full time PSEO students attending other institutions for which the School does not get reimbursed from the State. He went on to state that the 2019-

2020 working budget projects an annual surplus (revenues to exceed expenditures) in all funds in the amount of \$144,738 with a projected cumulative fund balance of \$2,277,459 or 24% of total budgeted expenditures.

Overall, the School is right on track with 71% of expenditures spent year to date as compared to 75% of the fiscal year completed. Projected Days Cash on Hand is 61 days (minimum requirement is 30 days) and the Projected Debt Service Coverage is 1.27x (minimum of 1.10x).

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 \$286,669, represents funds that have been paid for by the School on behalf of the Building Company. Mr. Taintor went on to state that he and Mr. Dehn are working on finalizing these numbers and expect to have a final report for May.

Mr. Taintor went on to share regarding the State holdback amount for 2019-2020, which is estimated to be a receivable of \$587,976 and is approximately 10% of total state aids. The remaining holdback amount will be paid back to the School in fiscal year 2021.

Mr. DeBruyn shared that Spectrum's enrollment remains steady during this time of Distance Learning. He feels that this is due in large part to the overall effective Distance Learning Plan that Spectrum's Leadership Team has put in place. He shared that the plan includes many safety nets and supports for students and parents.

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

B. March Management Report

The Committee reviewed the March Management Report. A permanent notation has been added to the report to clarify sequencing skips, if any. None were noted, nor was there any skipped sequencing in the manual check entry either.

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

C. March Contracted Services Report

The Committee reviewed the March Contracted Services Report. There was nothing of significance to report. There are a couple of areas, such as HAS/FSA fees, which are slightly over budget; however, the Program Related line item is also significantly under budget (at 2.7% spent to date), which helps to balance the contracted services portion of the budget.

D. March Food Service Report

The Committee reviewed the March Food Services Report with a current deficit of \$10,735.60. With the current COVID-19 pandemic, it is anticipated that the fund will realize a loss of approximately \$15,000 - \$20,000 for the school year, as compared to the anticipated loss of \$30,000. Mr. DeBruyn shared that the School is currently in negotiations with its food service provider for the 20-21 school year. The provider is currently proposing a 4% increase in cost, whereas the contractual cost increase for the 2019-2020 school year was 1%. Mr. DeBruyn shared that the provider has furloughed many of its employees at this time due to the COVID pandemic. Mr. DeBruyn will continue to keep the Committee and Board apprised of the negotiations as information becomes available. It was noted that a 4% increase in the cost of lunches may require the Board to consider an increase in what is charged to families.

E. 2020-2021 Budget

Mr. Taintor reported that he, Mr. Dehne, and Mr. DeBruyn met on 04.16.20 to discuss the FY21 budget and nothing of significance was noted to be changed from the original draft. He went on to state that a more in-depth analysis will be completed on the draft budget and will be submitted to the Finance Committee and Board of Directors in May for consideration of adoption.

Mr. DeBruyn stated that Northstar Transportation has set up a meeting for the week of April 20th to discuss a possible tiered system of transportation with another school, which may help to lower Spectrum's transportation costs overall. Mr. DeBruyn went on to state that Spectrum will entertain a tiered system of transporting Spectrum students provided that it decreases ride times for students and that Spectrum students do not have to ride with students from another district. A cost/benefit analysis will be considered as well. Mr. DeBruyn will provide the Committee and School Board with additional information in May.

F. Smart Finance

Mr. Taintor reminded the Committee about conversations that had been taking place with moving the School's finances over to Smart Finance from Skyward. He shared that originally it was planned to have this change take place for FY21; however, in light of the COVID pandemic, it is recommended that the School begin making preparations in FY21 to be implemented in FY22. In the meantime, though, the School could implement the payroll portion of K-Pay to potentially be up and running in January 2021.

G. S&P Bond Rating Call

Mr. Taintor and Mr. DeBruyn were on the call with Standard & Poors on Thursday, April 16, 2020, for the annual report. As anticipated, S&P has chosen to downgrade the School's bonds from a ratable rating of BBB- to that of BB+. Mr. Taintor does not anticipate any negative implications with current bonds as a result of their decision. One possible consequence would be, if or when the School decides to either refinance and/or go out for another bond deal, the downgrade may impact future transactions and interest rates. Mr. Taintor and Mr. DeBruyn inquired with S&P as to what it would take for the School to have its bonds re-rated at some point to BBB- and both indicated that the Board would have to weigh the potential financial implications and whether it would be worth pursuing. Mr. Taintor shared that it's very easy for S&P to downgrade bonds and extremely difficult for bonds to be upgraded.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

None

VIII. Next Meeting Agenda Input – Friday, May 22, 2020 at 9:00 a.m. *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 9:55 a.m.

Respectfully submitted,
Dawn Sorenson