

Spectrum High School Finance Committee Minutes

Date: May 22, 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.**
No report at this time.
- **Work with administration to explore options to contain or lower the deficit in the school lunch program.**
No report at this time.
- **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. April Financials

Mr. Taintor presented the Executive Summary of the April financials. He shared that the School is currently budgeting 775 Average Daily Membership (ADM), whereas actual membership as of April 30th is 768, with a current ADM of 778 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 79% of expenditures spent year to date as compared to 83% 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 worked on reimbursement from the Building Company to the School in the amount of approximately \$30,000.

Mr. Taintor went on to share regarding the State holdback amount for 2019-2020, which is estimated to be a receivable of \$626,837 and is approximately 10% of total state aids. The remaining holdback amount will be paid back to the School in fiscal year 2021. He went on to share that the amount of holdback received from the State of Minnesota is coming in slightly higher than what has been estimated.

Mr. DeBruyn shared that the School has reimbursed families for spring athletic fees paid, and is considering other areas where reimbursements may be necessary. He then went on to state that, in this process, it has caused the School to reconsider how it is handling payments. The school is in the process of researching systems that could handle credit card payments and reimbursements, if needed, but is seeking to find one that won't charge an additional processing fee for reimbursements. Mr. Taintor stated that the School may choose one of two ways in which to handle reimbursements. Either it may choose to refund or credit for the following year. He went on to advise that, whichever method is chosen, it should remain consistent; meaning, either refund all or credit all. It is planned that this work will be completed by fiscal year's end.

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

B. April Management Report

The Committee reviewed the April Management Report. A permanent notation has been added to the report to clarify sequencing skips, if any. It was noted that wire #20190269 had been skipped. Nothing else of significance was noted.

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

C. April Contracted Services Report

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

D. April Food Service Report

The Committee reviewed the April Food Services Report with a current deficit of \$12,288.68. 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 stated that he would comment on the School's food service provider later in the agenda. Mr. Taintor stated that the report does not account for the commodities reimbursement and the amount is unknown at this time.

E. FY21 Long Range Budget

Mr. DeBruyn shared that the Spectrum Board of Directors originally approved a 3% increase in salaries for the FY21 school year back in March. However, given the state of the economy in light of the COVID-19 pandemic, the Board felt that it would be wise to reduce the amount to 2% and if the State Legislature continues with the 2% education funding as planned, and does not change the percent of withholding,

currently 10%, the Board has authorized Mr. DeBruyn to increase the salary amount by 1% retroactively, back to 3%.

Mr. Taintor noted that there is a special session of the Legislature planned for June, which more than likely will be focused on the State budget.

Following discussion, the Spectrum Finance Committee recommended approval of the FY21 Long Range Budget by the Board as presented.

F. Arbitrage

Mr. Taintor shared that Spectrum has secured the services of The Arbitrage Group, Inc. in the past to service its bonds to ensure that they remain in compliance with the Internal Revenue Service (IRS) rules, which state that the bond accounts may not earn more interest than what is being paid out. Previously, The Arbitrage Group worked on the 2012 series bonds; however, now it needs to determine the arbitrage earnings on the bonds for the periods of June 5, 2014 through June 1, 2020. The total cost to do so will not exceed \$5,000 as per the signed agreement. Mr. DeBruyn wanted to keep the Committee abreast of the expenditure and will do so at the planned monthly Spectrum Board meeting on Thursday, May 28, 2020 as well.

G. FY21 Food Service

Mr. DeBruyn shared that the School's current food service provider, Lancer, quoted a 2.8% increase for the FY21 school year, which would raise the cost of a student meal to \$2.97 and an additional loss of \$2,500 in the food service budget. As such, the School decided to issue a Request for Proposal (RFP). He reported that Premiere Kitchen's bid came in at 9 cents less per meal, or \$2.80 (17 cents lower than Lancers bid for 2020-2021). This will result in an approximate \$3,500 cost savings and will allow for the School to maintain current pricing for families.

Following discussion, the Spectrum Finance Committee recommended approval of switching food service providers from Lancer to Premiere Kitchens.

H. FY21 Transportation

Mr. DeBruyn reported on the work done with the School's bus transportation company, Northstar, to come up with a creative solution to reduce ride times for students, which are currently out of compliance with the School's Transportation Policy of no longer than 1 hour. As such, he shared that Northstar has developed a plan that will add two additional routes (an increase from 7 to 9), which will reduce ride times much closer to 60 minutes, and will save the School approximately \$60,000 in transportation costs to its general education budget. In order to facilitate the plan, Northstar will tier Spectrum with another school, an elementary, which will require that Spectrum consider changing its school start and end times. Currently, the school day begins at 7:55 a.m. and ends at 3:05 p.m. Moving to the tiered bus system would require Spectrum to begin at 7:40 a.m. and the day would then end at 2:40 p.m. Having an earlier end to the school day would be especially beneficial for students who participate in athletics as they won't miss as much class time. Mr. DeBruyn is proposing that the Spectrum Board hear the transportation plan at the May 28th meeting and consider approval at the meeting in June. In the meantime, Mr. DeBruyn feels that it would be important to solicit feedback from stake holders prior to the Board making its final decision in June.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

Ms. Sorenson shared that the Spectrum Board may be considering moving the date of its meeting in June from the 25th to the 18th. If so, it would then require the Finance Committee to move its meeting date from June 19th to the 12th. It was noted that all members of the Committee would be available to meeting on 6/12, and Ms. Sorenson will keep the members apprised of the decision to move the Board meeting date.

VIII. Next Meeting Agenda Input – Friday, June 12th or 19th, 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 10:05 a.m.

Respectfully submitted,
Dawn Sorenson