



Spectrum High School Finance Committee Minutes

Date: October 14, 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 Charter Schools	Present
Chuck Herdegen	BerganKDV	Absent
Nick Taintor	BerganKDV/Senior Financial Manager Charter Schools	Present
Dan DeBruyn	Executive Director	Present
Dawn Sorenson	Exec. Administrative Asst.	Present

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. September Financial Report

Mr. Dehne presented the September financials. He stated that the School is currently budgeting 775 Average Daily Membership (ADM). Actual membership as of the October 1 count date is 812, with a current ADM of 811, which includes full time PSEO students attending other institutions for which the School does not get reimbursed from the State. Mr. Dehne went on to report that the 2020-2021 working budget projects an annual deficit (expenditures to exceed revenues) in all funds in the amount of (\$95,431) with a projected cumulative fund balance of \$2,069,143, which is 21% of total budgeted expenditures.

Overall, the School is right on track with 16.5% of expenditures spent year to date as compared to 25% of the fiscal year completed. Mr. Dehne stated that the projected days cash on hand is 53 (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. Mr. Dehne reported that the FY20 audit field work has been completed and no findings have been reported. He stated that CliftonLarsonAllen will present the final audit at the November meetings of the Finance Committee and full

Board. 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 will receive the State holdback for FY20 of \$219,377 over the next several months and once FY20 has been finalized. 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.

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

B. September Management Report

The Committee reviewed the September Management Report. Mr. Dehne noted that there was a sequencing skip, as noted in the report, of wire numbers 202000063 – 202000078, 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 September Management Report by the Board as presented.

C. September Contracted Services Report

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

D. September Food Service Report

The Committee reviewed the September Food Services Report. Mr. Dehne presented the report. Mr. DeBruyn gave a brief update on food service offerings and department staffing. He stated that there may be some coding changes to expenditures currently being charged to Food Service for employee time that is being utilized outside of the lunch program. In addition, Mr. DeBruyn stated that he recently learned that the free lunch program through the federal government may have been extended through the remainder of the FY21 school year. He stated that Jennifer Russel, Spectrum's Lunch Services Manager, is looking into the program to see if it will work for Spectrum. Typically, with federal funds, there are specific restrictions on how the funds may and may not be utilized and it is possible that it simply may not work for Spectrum. Mr. DeBruyn will continue to apprise the Committee and the Board as more information becomes available.

E. Employee Insurance Rate for Calendar Year 2021

Mr. DeBruyn provided an overview of the School's decision to move to the PEIP (Public Employees Insurance Plan) insurance coverage for its employees in July 2018. The School committed to the required 2-year time frame as required – which we extend to 2 ½ years when we switched to the calendar year for insurance. We just received the renewal rate for January 2021, which has been quoted at an increase of 9.7%; however, the school would only realize an increase of approximately 5% from the months of January through June, 2021. This cost increase would likely be split between employees and the school. He went on to share that PEIP is basing this rate increase on, “projected use and the on-going COVID pandemic”. For purposes of due diligence, Spectrum is seeking bids for other insurance companies to ensure that the School is receiving the most competitive bid and least-cost increase as possible. Mr. DeBruyn went on to share that he will be coming back to the Finance Committee in November with the final recommendation.

F. October 22, 2020 – Annual Meeting

Ms. Sorenson stated that this item was placed on the agenda to remind all to anticipate a financial presentation at Spectrum's upcoming Annual Meeting, which is scheduled for Thursday, October 22, 2020. Mr. Taintor said either he or Mr. Herdegen will conduct the presentation as Mr. Dehne is unable to do so.

V. Old Business

A. Follow up on Board Approved Budget

Mr. DeBruyn gave a brief report on enrollment as it relates to budget. He stated that he anticipates communicating with families early next week on what the learning program will be for 2nd quarter. He anticipates that Spectrum will continue to offer a hybrid option as the COVID numbers for Sherburne county remain consistent with what the MN Department of Education recommends for hybrid learning. Mr. DeBruyn went on to describe anticipated challenges in keeping with the 50% building capacity and 6-foot distancing requirements. The School is committed to fairness with its families and students in choosing a learning program for 2nd quarter, and at the same time, must also work within the confines of COVID restrictions, which could become quite complicated.

B. Federal COVID Funds

Mr. DeBruyn reported that the School applied and was approved for \$171,719 from the Federal COVID Relief Fund (CRF). He shared that these dollars will go toward paying off Chromebook computers purchased this summer in addition to the purchase of approximately 100 more. Mr. Dehne will account for these dollars within the budget and will present it at the November meeting of the Committee. It is anticipated that the current projected budget deficit of \$95,431 will be eliminated once these dollars are accounted for.

VI. Previously Tabled Items

None

VII. Miscellaneous

None

VIII. Next Meeting Agenda Input – Friday, November 13, 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 9:5 a.m.

Respectfully submitted,
Dawn Sorenson