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Spectrum Finance Committee Minutes

Date: Friday, February 19, 2021
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	Present
Dan DeBruyn	Executive Director	Present
Dawn Sorenson	Exec. Administrative Asst.	Present

I. Call to Order

The meeting was called to order at 9:03 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.

No update at this time.

IV. New Business

A. January Financial Report

Mr. Dehne presented the January financials. He stated that the school is currently budgeting 775 Average Daily Membership (ADM) and the actual membership as of January 31st was 792, with a current ADM of 803. This does include the full time PSEO students attending other institutions for which the school does not get reimbursed from the State; however, the expense has been accounted for in the overall budget. Mr. Dehne went on to note that the working budget projects an annual surplus (revenues to exceed expenditures) in all funds in the amount of \$125,710, with a projected cumulative fund balance of \$2,290,284, which is 24% of total budgeted expenditures.

Overall, the School is right on track with 52% of expenditures spent year to date as compared to 58% of the fiscal year completed. Mr. Dehne stated that the projected days cash on hand is 65 (minimum is 30 days) and a projected debt service coverage ratio of 1.26x (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 audited ending information as of June 30, 2020. 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. Mr. DeBruyn and Ms. Reed suggested that it would be helpful to see an accounting of the \$209,849 in expenditures. Mr. Dehne will provide a report to the Committee at the March meeting. In general, he stated

that the amount includes expenditures for such things as bond trustee fees, fees association with Standard and Poors, etc., and will, again, provide a report for the Committee at the March meeting.

Mr. Dehne went on to report that the School has received the entire holdback for FY2019-2020. Currently, the State holdback for FY21 fiscal year is estimated to be a receivable of \$487,116, 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.

Mr. Dehne also noted that Bergan KDV is currently in the mist of preparing the 990 reports, which will be submitted to the Committee and Board within the next few months.

The Committee then went on to review in detail the adjusted FY21 Working Budget. It was noted that Mr. DeBruyn went through the budget in its entirety and is recommending changes for which Mr. Dehne has accounted for in the revised budget presented before the Committee. The revised budget provides for an additional \$161,150 in salaries and benefits to cover an anticipated increase in potential substitutes for spring due to unused leave time for staff who require substitute coverage, hiring the Activities Coordinator (add 1.0FTE) position, and to conduct a salary comparison and adjustment for non-teaching staff (salaried, hourly, and stipends). Mr. DeBruyn and Mr. Dehne detailed the areas of the budget that were decreased, and now more accurately align with actual anticipated expenditure, to account for the increase of \$161,150 to salaries and benefits.

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

B. January Management Report

The Committee reviewed the January Management Report. Mr. Dehne noted that at the beginning of the report, check number #54619 is noted as it was a voided check. Ms. Sorenson reported that she looked for registry and wire sequencing between months and no skips were noted. Mr. Dehne shared that wire #202000218 is missing, and was due to Accounts Payable accidentally entering 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 January Management Report by the Board as presented.

C. January Contracted Services Report

The Committee reviewed the January Contracted Services Report. Nothing of significance was noted, and the report reflects the changes to budget as noted above.

D. January Food Service Report

The Committee reviewed the January Food Services Report. Mr. Dehne presented the report and noted that there hadn't been a lot of activity in the account; however, as Mr. DeBruyn previously mentioned, food service staff salaries are being charged to this account even though these staff members have been working on other projects unrelated to the lunch program. Adjustments to food service staff salaries for the worked time not directly associated with this service will be charged to the general budget.

E. Proposed FY21 Mid-Year Budget Amendment

As was noted during the presentation of the January Financial Report, Mr. DeBruyn and Mr. Dehne are recommending an amendment to budget as an increase to salaries and benefits of \$161,150 for the purposes as stated above, by adjusting down other areas of the budget to more accurately reflect anticipated expenditure in the same amount.

Following discussion, the Committee recommended approval of the proposed FY2 mid-year amendment to budget as presented.

F. Bill.com System

Mr. DeBruyn shared that BerganKDV is moving to a new system titled Bill.com for the purpose of handling payments. The system does not replace Skyward, which is the accounting system utilized by Spectrum, as the Minnesota Department of Education requires that its schools use approved accounting systems for which Skyward is one. One advantage of utilizing the Bill.com system is that it more easily reimburses vendors in that payments may be made directly from Spectrum to vendor accounts rather than having to issue a direct check. There is an additional cost associated with Bill.com; however, BerganKDV will most likely be rolling that cost into its contract between Spectrum and BerganKDV in future years. Mr. DeBruyn went on to share that there may be a change in process for internal controls for approvals prior to payment; however, Mr. Dehne shared that he believes that it is possible for Bergan to issue a report of all expenditures to be paid prior to payment so that Ms. Reed, Mr. DeBruyn, and Amy White may view for accuracy prior to payment. Mr. Dehne will follow up with BerganKDV staff to make sure that this internal process remains in place (per Spectrum Finance Policy).

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

A. March Committee Meeting Date Change

It was requested to move the date of the regularly scheduled March Finance Committee meeting from Friday, March 19, 2021 at 9:00 a.m. to that of Tuesday, March 16, 2021, beginning at 9:00 a.m.

VIII. Next Meeting Agenda Input – Tuesday, March 16 at 9:00 a.m.

If the Governor continues requiring social distancing via Executive Order, this meeting may also be held via Zoom/Online.

IX. Adjournment

The meeting was adjourned at 9:55 a.m.

Respectfully submitted,
Dawn Sorenson