



Spectrum Finance Committee Minutes

Date: Friday, April 16, 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	Absent
Annalise Marberg	Parent Committee Member	Present
Nick Taintor	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 9:05 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.

No update at this time.

IV. New Business

A. March Financial Report

Mr. Taintor presented the March financials. He stated that the school is currently budgeting 785 Average Daily Membership (ADM) for all students. State revenues are based on 775 ADM (to include a buffer for PSEO/Concurrent Enrollment Students). Actual membership as of March 31st was 787, with a current ADM of 799, which includes 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. Taintor 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 68.4% of expenditures spent year to date as compared to 75% of the fiscal year completed. Mr. Taintor 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. Taintor 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. Taintor will provide a report to the Committee at the next meeting detailing the specifics of the \$209,849 for the purpose of greater understanding.

Mr. DeBruyn shared on the ratings call with Standard & Poors Global rating call, which took place on Wednesday, April 6th. Mr. DeBruyn shared that he felt the call went well and is looking forward to hearing back from them. It is anticipated that S&P will maintain its current rating of the school's bonds.

Mr. Taintor then 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 \$602,771, which is approximately 10% of total state aids at the time of this report. Finally, Mr. Taintor stated that the remaining holdback amount will be paid back to the School in FY22.

Mr. Taintor noted that Bergan KDV has prepared the draft 990 tax returns for both Spectrum, as well as the Spectrum Building Company. These two items will be addressed later in the agenda. In addition, the School is currently working on the FY22 budget, and a preliminary will be sent to the Board in May, which may be approved in either May or June. Lastly, Mr. Taintor reported on the CARES Act funding from the federal government by sharing that the ESSER I (\$12,946), ESSER II (\$54,325), and ESSER III (\$122,006) funds have been allocated to Spectrum. Mr. DeBruyn stated that the majority of this funding will be utilized to purchase technology.

Finally, Mr. Taintor reported that cash flow remains strong.

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

B. March Management Report

The Committee reviewed the February Management Report. Mr. Taintor shared that he, as well as Ms. Sorenson, reviewed the report for sequencing. It was reported that wire numbers 202000428-202000430 were skipped due to a wire being entered twice and the system doesn't allow to reuse the wire numbers and therefore they were skipped. In addition, wire numbers 202000439-202000449 were issued in April and therefore will be accounted for in the April Management Report. Lastly, wire numbers 202000486-202000487 were skipped due to a wire being entered twice. With the Bill.com system, Mr. Taintor shared that he will be reaching out to Ms. Manders from the School's authorizer, Volunteers of America, to fully explain the Bill.com system and its security features.

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. Nothing of significance was noted and the report reflects the changes to budget as noted above.

D. March Food Service Report

The Committee reviewed the March Food Services Report. Mr. Taintor will be contacting Ms. Jorris for additional information on lunch personnel to ensure that their salaries are being aptly coded to the correct budget area.

E. Proposed Fundraising Policy

Mr. DeBruyn reported on the proposed fundraising policy. He stated that the purpose of the policy is to regulate fundraising activities by Spectrum-sponsored co-curricular activities, which consists of student groups and organizations, and outside organizations raising funds on behalf of or for the purpose of supporting Spectrum. He went on to share that it is extremely important to ensure clear separation between

the Friends of Spectrum, Inc. and Spectrum school funds in order to maintain compliance with the UFARS Chapter 14 coding requirements. He stated that Spectrum recognizes the desire by school-sponsored co-curricular activities to raise funds to meet their needs and goals, and to fund activities. He went on to state that Spectrum also recognizes a need for limitations to prevent fundraising activities from becoming too numerous and overly demanding on students, employees, and the community.

Following discussion, the Committee recommended approval of the proposed Fundraising Policy as presented.

F. Employee Longevity Pay Proposal

The Committee reviewed the proposed Employee Longevity Pay proposal. Mr. DeBruyn shared that the school has not had a formal process in place for recognizing years of service and feels that it is the right thing to do. He shared that it helps to convey to employees their value as a part of the team and that their contributions to the success of the school matter. In addition, it also contributes to a sense of security and motivation for continued quality performance. Approval of the proposal will recognize all employees beginning at 5 through 15 years of service (through 2021). Beyond 2021, only those reaching the specific designated years of service (in five-year increments) will be recognized.

Each time a qualifying employee completes the following years of service (including any part of a year), the employee will receive a longevity payment (which will not be added to their base salary).

- a. 5 Years = \$500
- b. 10 Years = \$1,000
- c. 15 Years = \$1,500
- d. 20 Years = \$2,000
- e. 25 Years = \$2,500
- f. 30 Years = \$3,000

The Committee then went on to review the rest of the recommendations of the Longevity Pay Proposal. Following discussion, it recommended that it be moved forward for consideration of the Board at its April meeting.

G. Draft Spectrum 990

Mr. Taintor presented the draft Spectrum 990. He shared the review process of the document prior to it being filed with the Internal Revenue Service and the Minnesota Attorney General's office. It was recommended that the draft be moved forward to the full Board for consideration of acceptance at the April meeting.

H. Draft Spectrum Building Company 990

Mr. Taintor presented the draft Spectrum Building Company 990. The Committee also recommends that the draft be moved forward to the full Board for consideration of acceptance at the April meeting. In addition, Mr. DeBruyn shared that a meeting of the Spectrum Building Company (SBC) Board of Directors will be called for in June and that at that time, the SBC may retroactively accept the document at that meeting.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

None

VIII. Next Meeting Agenda Input – Friday, May 14, 2021

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 10:25 a.m.

Respectfully submitted,
Dawn Sorenson