



Spectrum High School Finance Committee Minutes

Date: September 18, 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	Absent
Tyler Dehne	BerganKDV/Financial Manager Charter Schools	Present
Chuck Herdegen	BerganKDV	Present
Nick Taintor	BerganKDV/Senior Financial Manager Charter Schools	Absent
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. 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. July Financials

Mr. Dehne presented the July financials, noting that the most current, up-to-date, and relevant information for the Committee will be found in the August financials.

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

B. August Financial Report

Mr. Dehne presented the August financials. He stated that later on in the meeting the Committee would be addressing an amended FY21 Long Range Budget, which will likely result in some adjustments to the August financials.

Mr. Dehne stated that the School is currently budgeting 810 Average Daily Membership (ADM). Actual Membership will be added to the report each month beginning after the October 1st enrollment submission. He went on to note that the 2020-2021 working budget projects an annual surplus (revenues to exceed expenditures) in all funds in the amount of \$224,227 with a projected cumulative fund balance of \$2,420,785 or 25% of total budgeted expenditures.

Overall, the School is right on track with 9% of expenditures spent year to date as compared to 17% of the fiscal year completed. Mr. Dehne stated that the projected days cash on hand is 67 (minimum is 30 days) and a projected debt service coverage ratio of 1.41x (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 is scheduled to begin shortly and is anticipated to be completed in time for presentation at either the October or November meetings of the Committee/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. Mr. Dehne reported that the School will receive its State holdback for FY20 of \$528,715 over the course of 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 \$194,263, 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 fiscal year FY22.

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

C. August Management Report

The Committee reviewed the August Management Report. Mr. Dehne noted that there was a sequencing skip, as noted in the report, of wire numbers 202000060 – 202000062.

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

D. August Contracted Services Report

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

E. August Food Service Report

The Committee reviewed the August Food Services Report. Mr. Dehne presented the report. Mr. DeBruyn gave a brief update on food service offerings and department staffing. Currently only cold lunches are being offered and only approximately 30-40 lunches are being served per day. Lunches for synchronous students are being prepared and delivered on Mondays (for Tuesday and Wednesday) and Wednesdays (for Thursday and Friday). Overall, staffing hours have been reduced due to demand; however, the School has been able to keep the employees working and it is planned that, whenever full in-person learning can begin again, the employee hours will be restored.

F. Adjusted FY21 Long Range Budget

The Committee reviewed in detail the recommended adjusted FY21 Long Range Budget. Mr. DeBruyn reported that Spectrum is experiencing a reduction in enrollment similar to the surrounding traditional school districts. A number of families are opting for full distance learning through online programs, home schooling, or private schools. As a result, the original FY21 Long Range Budget that was approved with an anticipated Average Daily Membership (ADM) of 810 needs to be reduced to account for the reduction in enrollment, as well as the usual attrition that takes place over the course of the school year. In addition, Mr. DeBruyn explained the accounting of junior and senior students who are enrolled in Spectrum's C@SH (College at Spectrum High) classes, sharing that currently the Minnesota Department of Education is not fully reimbursing the School for these students in the same way they would if they were in college taking the same classes. Therefore, in a proactive and conservative approach, it is recommended that the FY21 Long Range

Budget be amended to reflect an ADM of 785, plus an additional 10 students to account for the C@SH concurrent enrollment adjustment that will be made through MARSS reporting at the end of FY21. With the above-noted adjustments made, the School is still projecting a 22.3% fund balance, as well as a debt service coverage ratio of 1.14x. Both the fund balance percentage and debt service coverage ratio are within compliance of the School's bond covenants.

Following discussion, the Committee recommends approval of the adjusted FY21 Long Range Budget by the Board.

G. Ongoing Financial Board Training

Ms. Sorenson stated that this item was placed on the agenda simply as a reminder of formal financial training for both Spectrum's Finance Committee and Board of Directors. Ms. Marberg will be invited to attend the January 28, 2021 School Board meeting so that she, along with the full Board, will be trained in the area of finance. Mr. Herdegen reminded the group that each time the Committee and/or Board are in receipt of and reviewing financial reporting, they are, in fact, receiving ongoing Financial training.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

None

VIII. Next Meeting Agenda Input – Wednesday, October 14, 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 9:57 a.m.

Respectfully submitted,
Dawn Sorenson