



## Spectrum Finance Committee Minutes

Date: Friday, January 21, 2022

Scheduled Time: 8:30 a.m.

*NOTE: 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).*

<b>Position</b>	<b>Committee Member</b>	<b>Attendance</b>
Joe Thomas	Board Treasurer	Present
Annalise Marberg	Parent Committee Member	Present
Nick Taintor	BerganKDV/Financial Manager	Present
Bridget Merrill-Myhre	BerganKDV	Present
Dan DeBruyn	Executive Director	Present
Mary Chaffin	Business Accounts Specialist	Present
Dawn Sorenson	Exec. Administrative Asst.	Present

### I. Call to Order

The meeting was called to order at 8:30 am.

### II. Old Business

None

### III. On-Going Business.

#### A. 2021-2022 Finance Committee Goals

- *By January/February 2022, the Finance Committee will review current PSEO and concurrent/C@SH enrollment in order to accurately project budgetary impact and modify the 2021-2022 fiscal budget accordingly.*

Mr. DeBruyn reported that work was in process in this area. He shared that Cathy Durkot, Spectrum's MARSS Coordinator, is working to define the number of students who are PSEO and enrolled in concurrent/C@SH enrollment, which will provide for a more accurate accounting of actual costs. In addition, Mary reported that not all of the billing invoices for 1<sup>st</sup> semester have been received from the partnering colleges and universities. It is anticipated that by the February meeting of the Committee all of the invoices will be have received and Ms. Durkot will have completed her accounting, which in turn will provide the detailed information necessary to accurately project impact to budget.

### IV. New Business

#### A. December Financial Report

Ms. Merrill-Myhre provided an overview on ADM (Average Daily Membership). She noted that the school is budgeting 800 ADM. Actual enrollment is at 820, which fluctuates throughout the year. She went on to note that currently the school's budgeting a surplus for the year at \$45,084, with a projected cumulative fund balance of \$2,382,464, or 24% of expenditures at fiscal year-end. In addition, the Projected Days Cash on Hand for the fiscal year-end is 75 days (minimum is 30 days) with a projected debt service coverage ratio of 1.21 (minimum of 1.10x).

As of month-end, 50% of the year is complete, with a cash balance as of the reporting period of \$2,388,185, which is down from the previous month of \$2,602,024. State aids receivable shows a negative (\$62,476). This amount will be adjusted as MDE finalizes their year-end reviews. Mr. Taintor explained that the state aids receivable amount at the time of audit, which takes place in August/September, has to be estimated as MDE does not finalize the amount until sometime in March or April following the audit. As such, the amount estimated was under by (\$62,476), but following MDE adjustments, this amount will be recorded as revenue. Ms. Merrill-Myhre went on to note that the current year holdback balance is \$305,652, which is approximately 10% of total state aids. The remaining holdback amount will be paid back to the school in fiscal year 2023. Revenues received at the end of the reporting period were at 48.7% as compared to expenditures at 44.8%, and all is on track when comparing budget to actual.

Ms. Merrill-Myhre went on to share that she and Mr. DeBruyn will be working on the mid-year budget adjustment beginning next week. It is anticipated that an amended budget will be ready for review at the February meeting of the Committee.

The Committee went on to review the Balance Sheet, Statement of Revenues and Expenditures, and Cash Flow reports. Nothing of significance was noted and all is on track when comparing budget to actual. Cash Flow is good.

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

#### **B. December Management Report**

The Committee reviewed the December Management Report. It was noted that there was a gap in sequencing of #202101025, as well as the numbers of #202101036-202101055. Ms. Merrill-Myhre reported that when accounts payable is entering vendor payments, if a wire is accidentally entered twice in the middle of the batch, the system is unable to go back and fill in the wire number(s) and therefore some wire numbers are skipped.

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

#### **C. December Contracted Services Report**

The Committee reviewed the December Contracted Services Report. Ms. Merrill-Meyer shared that when the mid-year budget review has been conducted, some of the overages currently being reported will be adjusted accordingly, which will bring them in line with budget to actual. Mr. Taintor inquired with Mr. DeBruyn to see if some of the Emergency Connectivity Funding (ECF) grant monies could be used to help cover some of the administrative fee for Dakota Consulting. Mr. DeBruyn will inquire and report back his findings to the Committee.

#### **D. December Food Service Report**

The Committee reviewed the December Food Services Report. The report indicates a cumulative loss of \$24,001.38 for the school year, so far. Ms. Merrill-Myhre and Ms. Chaffin will be working with Spectrum's Food Services Manager, as well as the State of Minnesota, to ensure that the school has maximized reimbursements and receiving the proper reimbursement rates. Mr. DeBruyn inquired about the reimbursement rate between summer and regular, and Mr. Taintor stated that the difference is significant, although he didn't have access to the exact amount at that time. Ms. Chaffin is working on an in-depth analysis for the food services program and will report back her findings at the February meeting. Mr. Taintor went on to share that MDE is behind in its reimbursements to schools. Lastly, Mr. Taintor reported that, in a recent meeting he attended, it is being found that a number of food service providers are charging an increase in shipping and handling fees to help offset increased costs they are incurring as a result of supply chain issues. He recommended that Ms. Chaffin look at recent vendor invoices to see if the school is being charged

increased fees. Mr. Taintor reported that MDE is aware that food service providers are charging schools for increased shipping and handling costs. Mr. DeBruyn clarified this would be outside of the agreed upon pricing and would need to be discussed with the vendor if it is happening.

## **V. Old Business**

### **A. Follow-up On Bank Fees**

As was requested by the Committee in November and December, Ms. Chaffin has been researching the increase to bank fees. She reported that the school is being charged a 3.5% credit card fee each time a person chooses to use a card (Visa, MasterCard, and/or Discover) to conduct respective school-related purchases in Infinite Campus. Infinite Campus changed 3<sup>rd</sup> party providers from Vanco to Payrix. Vanco reported its transactions on a net basis. Prior to reporting, the transaction fee was deducted and only net reported. Payrix, alternatively, reports the full transaction, minus the 3.5% fee, and then reports the net amount to the school. In doing so, at first glance, it appears that the school was incurring new fees; however, in reality, the fees have always been in place and accounted for within the budget. Mrs. Chaffin is working with our Tech Department to revise our process and potentially distinguish purchase prices based on use of a credit card or bank check. This would be implemented in FY23.

## **VI. Previously Tabled Items**

None

## **VII. Miscellaneous**

### **A. UFARS Requirement of an Annual Fundraising Report for Board Acceptance/Approval.**

Mr. DeBruyn shared that, according to UFARS accounting requirements, the Spectrum Board should be accepting and/or approving an annual fundraising report, which has not been done up to this point. He went on to share that the Spectrum Board has made this item one of its annual goals for FY22, and as such, an amended fundraising policy and fund raising summary report is being readied for consideration of approval at the January 27, 2022 meeting. Ms. Chaffin will reach out to Ms. Merrill-Myhre for assistance in creating a fundraising report that will, again, be submitted to the full Board for acceptance/approval at least on an annual basis.

## **VIII. Next Meeting Agenda Input – Wednesday, February 16, 2022 at 8:00 a.m.**

## **IX. Adjournment**

The meeting was adjourned at 9:30 am

Respectfully submitted,  
Dawn Sorenson