



## Spectrum Finance Committee Minutes

Date: Wednesday, February 16, 2022

Scheduled Time: 8:00 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 8:00 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 Cathy Durkot, Spectrum's MARSS Coordinator, went through each PSEO and C@SH student schedules for first semester for the purpose of accurately projecting budgetary impact. Currently, the school has budgeted \$165,000 for concurrent enrollment, and based on Cathy's analysis, plus 2<sup>nd</sup> semester increase in the number of students taking PSEO classes, it is anticipated that the actual amount will need to be adjusted to \$180,000 to cover cost.

### IV. New Business

#### A. January Financial Report

Ms. Merrill-Myhre began by sharing that the team, Mr. DeBruyn, Mr. Taintor, Ms. Strain, and herself, met the previous day to discuss the mid-year budget review. She stated that the January financials before the Committee were prepared prior to the budget meeting and therefore do not contain the updated budgetary information. It is anticipated that the final mid-year budget revisions will be prepared and ready for consideration of approval by the full Board at its meeting on February 24, 2022.

Ms. Merrill-Myhre provided an overview on ADM (Average Daily Membership). She noted that the school is budgeting 800 ADM. Actual enrollment at the time of this report is at 822, 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 82 days (minimum is 30 days) with a projected debt service coverage ratio of 1.21 (minimum of 1.10x).

As of month-end, 58.3% of the year is complete, with a cash balance as of the reporting period of \$2,556,308, which is up from the previous month of \$2,388,185. State aids receivable shows a negative (\$86,744). 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 (\$86,744), 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 \$359,568, 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 56.7% as compared to expenditures at 51.8%, and all is on track when comparing budget to actual, with the exception that this month's payables seem lower than usual. Ms. Chaffin will review and report back her findings. In a separate communication, Ms. Chaffin reported, "The last set of payables were submitted on January 25<sup>th</sup>, approved on January 31<sup>st</sup>, and processed on February 1. The total for this batch of payables was \$102,070.28. Included in this batch was the Anoka-Ramsey Community College invoice in the amount of \$33,750.00, Premier Kitchen, Inc. invoice in the amount of \$4,662.72, and Reinhart Food Service invoice in the amount of \$1,561.34. I know the end of the month was a busy time for BKDV in getting 1099s out before the end of the month, which I assume pushed the payables out a bit."

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 January Financial Report by the Board as presented.

**B. January Management Report**

The Committee reviewed the January Management Report. It was noted that there were no gaps in sequencing.

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. Ms. Merrill-Meyer shared that the report does not yet reflect the mid-year budget review that was conducted, some of the overages currently being reported will be adjusted accordingly, which will bring them in line with budget to actual.

**D. January Food Service Report**

The Committee reviewed the January Food Services Report. The report indicates a current cumulative loss of (\$16,735.84) for the school year. For the month of January, the report is indicating a positive cash position of \$7,265.54; however, it is due to the fact that the Premier Kitchen, Inc. invoice in the amount of \$4,662.72 and the Reinhart Food Service invoice in the amount of \$1,561.34 did not post until February. It is anticipated that upon year's end, the School will realize a cash loss in the amount of \$40,000-45,000 in the food service program. Mr. DeBruyn reported that Ms. Chaffin and Ms. Russell, Spectrum's Food Service Manager, continue to work on a deep-dive analysis of the program in an effort to better understand where the losses are occurring. The primary losses are likely in the areas of personnel costs and unpurchased. Both Mr. Taintor and Ms. Merrill-Myhre stated that monetary losses in food service programs is in keeping with most other public school districts.

**E. FY22 Mid-Year Budget Review/Recommendation**

Mr. Taintor and Ms. Merrill-Myhre provided an in-depth report on the budget analysis completed the previous day. They went through each line item and indicated whether it should be increased or decreased based on analysis. Mr. DeBruyn shared that he recommends that the excess dollars identified, approximately \$150,000, be placed into the building/land improvements line item as there are several major capital improvement projects that need to be completed prior to year-end so that they do not carry over into the next fiscal year's budget. Namely, new score boards with shot clocks need to be installed at the high school gymnasium, and shot clocks need to be added to the 7/8 building score boards as required by the Minnesota State High School League. In addition, a digital sign needs to be installed at Spectrum's athletic fields as a means to better advertise the school, as well as upcoming athletic competitions.

Mr. Taintor and Ms. Merrill-Myhre will prepare the adjusted mid-year budget as discussed. The Committee is recommending the Board consider approval of the mid-year adjusted budget.

**F. First Bank Elk River Line of Credit Renewal – 2 year**

Mr. DeBruyn shared that the school has had a line of credit with First Bank Elk River for many years. Spectrum has a good working relationship with the bank. For the most part, the school never draws upon the line of credit; however, it is nice to have it in place in case there would ever be a time when it would be needed. He went on to state that First Bank Elk River would like to renew the line of credit for a period of 2 years as opposed to the previous annual renewal. In addition, First Bank Elk River is lowering the interest rate from 3% to 2%. Finally, Mr. DeBruyn stated that he would be asking the Board to approve him signing the 2-year renewal as presented.

**V. Old Business**

None

**VI. Previously Tabled Items**

None

**VII. Miscellaneous**

None

**VIII. Next Meeting Agenda Input – Monday, March 21, 2022 at 9:00 a.m.**

A. FY23 Budget, Salary Line-only – consider recommendation to full Board for approval

**IX. Adjournment**

The meeting was adjourned at 9:57 am

Respectfully submitted,  
Dawn Sorenson