



Spectrum Finance Committee Minutes

Date: Friday, April 22, 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).

Position	Committee Member	Attendance
Joe Thomas	Board Treasurer	Present
Annalise Marberg	Parent Committee Member	Present
Nick Taintor	BerganKDV/Financial Manager	Absent
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. **Completed**

IV. New Business

A. March Financial Report

Ms. Merrill-Myhre provided an overview on ADM (Average Daily Membership). She noted that the school was originally budgeting 800 ADM; however, upon the revised midyear budget that was approved by the Board in February, the budget ADM is now 814. Actual enrollment at the time of this report is 813, which fluctuates throughout the year. She went on to note that currently the school's budgeting a surplus for the year at \$100,000, with a projected cumulative fund balance of \$2,437,380, or 24% of expenditures at fiscal year-end. In addition, the Projected Days Cash on Hand for the fiscal year-end is 86 days (minimum is 30 days) with a projected debt service coverage ratio of 1.30 (minimum of 1.10x).

As of month-end, 75% of the year is complete, with a cash balance as of the reporting period of \$2,428,689, which is up from the previous month of \$2,380,856. State aids receivable shows a negative (\$112,976). This amount will be adjusted as MDE finalizes their year-end reviews. It was clarified that this will be a revenue increase for Spectrum once MDE finalizes their reconciling on FY21. Ms. Merrill-Myhre went on to note that the current year holdback balance is \$446,407, which is approximately 10% of total state aids. The remaining holdback amount will be paid back to the school in fiscal year 2023 with the majority of the reimbursement coming in the fall. Revenues received at the end of the reporting period were at 71.1% as compared to expenditures at 68%, and all is on track when comparing budget to actual.

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 March Financial Report by the Board as presented.

B. March Management Report

The Committee reviewed the March Management Report. Prior to the start of the meeting, Spectrum's Business Accounts Specialist, Mary Chaffin, reviewed the report and noted the following:

- Manual check #5281 was outstanding in the month of March; Vendor was MN State High School League for the choir contest amount of \$165.00.
- Check Numbers 202100857-202100863; Vendor DVS would not accept a check from Bill.com so manual check #5275 was issued for payment.
- Check Number 2021887 was voided. Vendor did not receive the check through the United States Postal System and so the check was reissued.
- Check Number 202101455 was voided. Vendor did not receive the check through the United States Postal System and so the check was reissued.

Ms. Chaffin's pre-meeting analysis of the Cash Receipts Report noted the following:

- Batch 21-00209 – February, 2022 Charles Schwab – correction made
- Batch 21-00212 and 00213 – Correcting entries on February, 2022 bankcard deposits which resulted in a net wash.

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. Ms. Merrill-Meyer shared that all line items are trending on budget. It is anticipated that both Attorney Services and Concurrent Enrollment/PSEO will increase. Mr. DeBruyn shared that the school has had several recent events for which required access to legal services.

D. March Food Service Report

The Committee reviewed the March Food Services Report. The report indicates a current cumulative loss of (\$33,697.41) for the school year. Mr. DeBruyn reported that the school has learned that Premier Kitchens did not submit the necessary paperwork in order for the school to receive commodities reimbursement. Previously, the school's food service providers have submitted the necessary paperwork on our behalf. Spectrum's Lunch Services Manager was unaware that it was up to the school to submit the necessary paperwork and was not informed about the need to do so. As a result, it appears that the school will not be receiving a commodities reimbursement for FY22.

E. Draft 2020 Spectrum High School Form 990

Ms. Merrill-Myhre shared that both Mr. DeBruyn and Ms. Sorenson reviewed the document at length.

Following discussion, the Committee is recommending approval of the 2020 Spectrum High School Form 990 as presented.

F. Draft 2020 Spectrum Building Company Form 990

Again, Ms. Merrill-Myhre stated that the Draft 2020 Spectrum Building Company Form 990 was thoroughly reviewed by Mr. DeBruyn and Ms. Sorenson. Mr. DeBruyn shared that Spectrum's Building Company Board

of Directors will be meeting just prior to the Spectrum Board of Directors meeting on Thursday, April 28 to consider approval of the document.

Following discussion, the Committee is recommending approval of the 2020 Spectrum Building Company Form 990 as presented.

G. Updates on Capital Expenditures – Athletic Complex Signage

Mr. DeBruyn shared the planned capital expenditure of approximately \$40,000 for digital signage at Spectrum’s Athletic Complex. He stated that the company retained to create the signage is running into supply chain issues. He went on to share that they are reporting delays in securing the necessary electronic components for the sign. As such, the capital expenditure may not be realized until after the FY22 June 30th fiscal year end, which results in the capital expenditure needing to be accounted for in the FY23 budget. Carrying funds over from one budget year to the next creates auditing issues, as well as issues with explaining to bond holders and S & P that the school is not in a deficit spending mode. The school continues to strive to expend the capital improvement expenditures within the budget year they have been assigned; however, again, is experiencing issues outside of its control in doing so.

H. Update on FY23 Northstar Bus Contract

Mr. DeBruyn provided an in-depth update on anticipated increased transportation costs for FY23. He shared that Northstar had proposed a 34% increase in cost to Spectrum’s current tiered busing for the 2022-2023 school year. He stated that this would amount to an approximate \$92,000 increase from Spectrum’s general fund beyond transportation funds received from MDE.

Mr. DeBruyn went on to share that administration has been working with Northstar to discuss potential cost savings. In the process, it became known that the current tiered arrangement with other charter schools may no longer be available due to factors associated with the other schools; namely, the school’s needing to close or move. As a result, the cost for non-tiered routes would increase Spectrum’s cost by approximately 82% in FY23 or \$300,000 over the current rates.

Given this additional variable, Northstar proposed to both Spectrum and PACT Charter School that the schools tier their bus routes together, which would result in cost savings to both schools. In doing so, both schools would need to modify their school hours to allow time for buses to drop off at one school and get to the first pick-up at the next. Mr. DeBruyn went on to share that PACT is in the process of gathering information and plans to make a decision at their May 5th school board meeting. Administration at both schools is favorable to working together in the hopes to create a win-win-win for Northstar, PACT, and Spectrum. Spectrum has indicated its desire to retain the first tier, which would require Spectrum to adjust school hours by approximately 15 minutes (i.e., 7:25 a.m.-2:25 p.m., instead of the current 7:40 a.m. – 2:40 p.m.).

Mr. DeBruyn then went on to state the administrative recommendation, which will be considered for approval at Spectrum’s May 19 school Board meeting, to do the following:

1. Approve the FY23 contract with Northstar (approximately \$417,500)
2. Approve adjusted school hours as necessary to accommodate tiered busing (currently anticipated to shift from 7:40 a.m. – 2:40 p.m. to 7:25 a.m. – 2:25 p.m.)

Mr. DeBruyn stated that prior to the May 19th Board meeting, information would be sent to the Spectrum community laying out the details and making them aware of the potential shift in school hours for the next school year. They would be invited to share comments in advance through a questionnaire, which would be compiled for the Board, or in person at the May Board meeting.

Mr. DeBruyn will continue to keep the Committee informed as more information becomes available.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

A. S&P Bond Rating Outcome from March 25, 2022

Mr. DeBruyn shared the results of the annual S&P bond rating call that took place on Friday, March 25, 2022. He stated that S&P reported on Monday, April 18, 2022 that they plan to maintain Spectrum's rating of BB+ with a stable outlook.

VIII. Next Meeting Agenda Input – Monday, May 16, 2022 – 8:00 a.m.

None

IX. Adjournment

The meeting was adjourned at 8:52 am

Respectfully submitted,

Dawn Sorenson