



Spectrum Finance Committee Minutes

Date: Tuesday, March 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	Present
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 9:03 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. February Financial Report

Mr. Taintor presented the February 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 February 28th was 791, with a current ADM of 800, 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 52% of expenditures spent year to date as compared to 58% 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. DeBruyn suggested that it would be helpful to see an accounting of the \$209,849 in expenditures. Mr.

Taintor will provide a report to the Committee at an upcoming meeting. In general, he stated that the amount includes expenditures for such things as bond trustee fees, fees association with Standard and Poors, audits, accounting fees, taxes, etc., and will, again, provide a detailed report of expenditures for the Committee.

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 \$548,151, 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 also noted that Bergan KDV is currently in the mist of preparing the 990 reports, and FY22 budgeted salaries are under review. A recommendation for approval will be considered later on in the Committee meeting.

The Committee then went on to review in detail the adjusted FY21 Working Budget.

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

B. February Management Report

The Committee reviewed the February Management Report. Mr. Taintor shared that he, as well as Ms. Sorenson, reviewed the report for sequencing skips between months and none were found. Within the report, it was noted that there was one sequence skip within the wires noted and that is wire number 202000247. In addition, Mr. Taintor reported that BerganKDV has moved to a new system, Bill.com, for the processing of accounts payable items. As such, the 548xx check numbers are no longer being used. The new AP system will now utilize the 2020xxxx number system to identify transactions.

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

C. February Contracted Services Report

The Committee reviewed the February Contracted Services Report. Nothing of significance was noted and the report reflects the changes to budget as noted above.

D. February Food Service Report

The Committee reviewed the February Food Services Report.

E. Proposed FY22 Long Range Budget Projection Model – Salary Line-only

Mr. Taintor shared, as is typical this time of year, the detailed proposed Long Range Budget Projection Model for the purpose of making a recommendation to the Board for an adjustment to staff salaries for the following year.

Following an in-depth discussion, the Committee recommends that the Board consider approval of a 3% increase to staff salaries for the FY22 year.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

A. Possible Refinance of Current Bonds

Mr. DeBruyn shared that, in light of the low interest rates, he asked Mr. Taintor to contact Mr. Hagen of Piper Sandler, formally PiperJaffray, to see if it would make good sense to refinance the current bonds to a lower interest rate and thereby possibly net some additional funding for ongoing capital improvements. In the process, it was learned that Spectrum is unable to refinance the bonds until at least 2025. In addition, the current bonds are tax exempt and if the school were to refinance prior to 2025, they would no longer retain this same status. Mr. DeBruyn wanted the Committee to be aware that this possibility had been considered and vetted; however, it is not advantageous for the school to refinance at this time.

VIII. Next Meeting Agenda Input – Friday, April 16, 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 10:15 a.m.

Respectfully submitted,
Dawn Sorenson