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Spectrum Finance Committee Minutes

Date: Friday, May 14, 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 9:05 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.
Mr. DeBruyn shared the updated PSEO numbers (20 FT and 19PT) and the impact these have to the overall budgeting process. They were previously all listed as FT PSEO. He went on to share that the majority are through ARCC with who Spectrum has an agreement to pay directly. All other colleges are paid directly through the state for PSEO students.

IV. New Business

A. April Financial Report

Mr. Taintor presented the April 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 April 30th was 786, with a current ADM of 797, 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 77% of expenditures spent year to date as compared to 83.3% of the fiscal year completed. Mr. Taintor stated that the projected days cash on hand is 63 (minimum is 30 days) and a projected debt service coverage ratio of 1.28x (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. 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 \$673,362, 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.

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

B. April Management Report

The Committee reviewed the April Management Report. Mr. Taintor shared that wire numbers 20200264 & 202000280 were voided and reissued as wire numbers 202000608 and 202000609. In addition, wire numbers 202000450-202000492 were skipped due to a wire being entered twice. Mr. Taintor will reach out to Ms. White in Spectrum's business office to discuss entries from the Bill.com system into Skyward.

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

C. April Contracted Services Report

The Committee reviewed the April Contracted Services Report. It was noted that there was an overage in the Program Related line item; however, there are cost savings in other areas of the report. Nothing of significance to report.

D. April Food Service Report

The Committee reviewed the April Food Services Report. Mr. Taintor will be contacting Ms. Jorris for additional information on lunch personnel to ensure that their salaries are being aptly coded to the correct budget area; however, Mr. Taintor stated that even when done, it will result in a net/net change for the fund. Currently, the fund is projected to have a net loss of \$26,549.73.

E. Remainder of FY22 Long Range Budget

The Committee reviewed the remainder of the FY22 Long Range Budget in detail. Mr. DeBruyn shared several areas of suggested change, as well as the rationale. Mr. DeBruyn stated that he would compile a comprehensive list and that he and Mr. Taintor will meet to discuss and finalize prior to the June Committee meeting. The final FY22 Long Range Budget will be submitted to the Spectrum Board for consideration of approval at its meeting in June.

F. FY22-24 BerganKDV Financial Consultant Contracts Renewal – Spectrum School and Spectrum Building Company

Mr. Taintor shared in detail the changes within the contracts. He stated that the contracts call for a 1% increase in cost in FY22, followed by 2% for years FY23 and FY24. He went on to note that the contracts also call for the continuation of virtual monthly Finance Committee meetings, as well as moving to attending Board meetings on a quarterly basis rather than monthly. Mr. Taintor shared that based on their experience and expertise, the majority of their schools feel that BerganKDV presence at monthly Board meetings isn't necessary. Mr. DeBruyn shared that he, along with the Treasurer, feel comfortable presenting the monthly financials. BerganKDV will continue to be present at key meetings such as the Annual Meeting, in addition to when mid-year adjusted budgets are presented for approval. Mr. Taintor went on to state that BerganKDV will provide the Treasurer with a monthly summary document, which will be helpful in their presentation of the financials to the Board. Lastly, Mr. Taintor shared that the contract now calls for things such as Board Training, IRS Form 990 preparation, and the servicing of non-recurring grants to be billed as extra fees instead of being included in the contract as covered services as before. Mr. DeBruyn stated that it is possible

the cumulative fees for the items that are no longer provided in the contracts could amount to a higher percent increase than the stated 1% and 2%. Mr. Taintor stated that it is the intent of BerganKDV to pass along any realized cost savings to their clients.

Following discussion, the Committee was comfortable in making a recommendation that the Spectrum Board and the Spectrum Building Company to consider approval of the contracts as presented.

V. Old Business

None

VI. Previously Tabled Items

None

VII. Miscellaneous

None

VIII. Next Meeting Agenda Input – Tuesday, June 15, 2021

IX. Adjournment

The meeting was adjourned at 10:20 a.m.

Respectfully submitted,
Dawn Sorenson