

AGENDA ITEM EXECUTIVE SUMMARY

- I. Public Education Commission Meeting Date: April 7, 2017
- II. Item Title: BUDGET REPORTING STATUS CHANGES AND BUDGET CONCERNS—DISCUSSION AND POSSIBLE ACTION
- III. Executive Summary and Proposed Motions:

Required financial quarterly reporting for Cariños de Los Niños Charter School has shown some encumbrances and expenditures that, when compared to budgeted amounts, could exceed total available revenues for the fiscal year. Much of this issue is related to the projected growth the school chose to budget during last year's Operating Budget development. When the growth in membership did not materialize, revenues were decreased, which is impacting cash flows.

The School Budget and Finance Analysis Bureau is moving Cariños de Los Niños Charter School to monthly reporting beginning with the month of April 2017 in order to ensure the school will close the year with a modest Operational fund cash balance.

Attached are the letter from the School Budget and Finance Analysis Bureau notifying the school of the change as well as budget projections from the school business manager.

A. Report on Governing Body Changes

1. SAMS Academy
2. North Valley Academy
3. New America School - Las Cruces
4. Dzil Ditl'ooi School of Empowerment, Action and Perseverance (DEAP)
5. Cesar Chavez Community School
6. Anthony Charter School

C. Report on School Closures

1. Uplift Community School
2. Sage Montessori Charter School



**STATE OF NEW MEXICO
PUBLIC EDUCATION DEPARTMENT
300 DON GASPAR
SANTA FE, NEW MEXICO 87501-2786
Telephone (505) 827-5800
www.ped.state.nm.us**

HANNA SKANDERA
SECRETARY OF EDUCATION

SUSANA MARTINEZ
GOVERNOR

March 22, 2017

Mr. Vernon Jaramillo, Head Administrator
Mr. Michael Vigil, School Business Official
Cariños de Los Niños Charter School
P.O. Box 130
Española, NM 87532

Dear Mr. Jaramillo and Ms. Vigil:

Required financial quarterly reporting for Cariños de Los Niños Charter School has shown some encumbrances and expenditures that, when compared to budgeted amounts, could exceed total available revenues for the fiscal year. Much of this issue is related to the projected growth the school chose to budget during last year's Operating Budget development. When the growth in membership did not materialize, revenues were decreased, which is impacting cash flows. We have instructed the school business official, as part of its financial reporting verification, to conduct all outstanding budget maintenance, including ensuring that budgeted encumbrances and expenditures are tied to the decreased revenue amount. The School Budget and Finance Analysis Bureau is moving Cariños de Los Niños Charter School to monthly reporting beginning with the month of April 2017 in order to ensure the school will close the year with a modest Operational fund cash balance.

The school will be required to submit each month the following reports: revenue report; expenditure report; tax levy receipt report (generally not applicable to charter schools such as yourself); and cash report. The focus of the school's monthly reporting for the rest of the fiscal year will be on ensuring cash flows allow for a net positive position at year end and on ending the year with a modest cash position. We strongly urge Cariños de Los Niños Charter School to adopt a more conservative approach to membership projections and the budgeting of growth units in the future to ensure that cash flows are not negatively impacted. At such time when we are satisfied that the school no longer needs the more frequent monitoring, the school's reporting status may change to submitting reports each quarter.

Sincerely,

David Craig
Director
School Budget and Finance Analysis Bureau
Public Education Department
O (505) 827-6537
C (505) 670-2608
David.Craig@state.nm.us

Cariños de los Niños Projected Payroll Expenditure Summary - March 2017 thru June 2017

Fund	Function	3/1/2017	3/15/2017	3/29/2017	4/12/2017	4/26/2017	5/10/2017	5/24/2017	6/7/2017	6/21/2017	Total
11000											
	1000	\$ 12,528.48	\$ 16,970.42	\$ 16,970.42	\$ 16,970.42	\$ 16,970.42	\$ 16,970.42	\$ 16,970.42	\$ 15,264.10	\$ 15,264.10	\$ 144,879.20
	2100	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 3,822.99	\$ 34,406.91
	2400	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 4,102.99	\$ 36,926.91
	2500	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 1,039.11	\$ 9,351.99
	2600	\$ 280.50	\$ 280.50	\$ 280.50	\$ 280.50	\$ 280.50	\$ 280.50	\$ 280.50	\$ 280.50	\$ 280.50	\$ 2,524.50
	3100	\$ 1,717.79	\$ 1,717.79	\$ 1,717.79	\$ 1,717.79	\$ 1,717.79	\$ 1,717.79	\$ 1,717.79	\$ 1,163.49	\$ 1,163.49	\$ 14,351.51
13000											
	2700	\$ 294.20	\$ 294.20	\$ 294.20	\$ 294.20	\$ 294.20	\$ 294.20	\$ 294.20	\$ 294.20	\$ 294.20	\$ 2,647.80
24101											
	1000	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 1,039.10	\$ 9,351.90
24106											
	2400	\$ 284.67	\$ 284.67	\$ 284.67	\$ 284.67	\$ 284.67	\$ 284.67	\$ 284.67	\$ 284.67	\$ 284.67	\$ 2,562.03
27114											
	2100	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 1,423.37	\$ 12,810.33
Total		\$ 26,533.20	\$ 30,975.14	\$ 30,975.14	\$ 30,975.14	\$ 30,975.14	\$ 30,975.14	\$ 30,975.14	\$ 28,714.52	\$ 28,714.52	\$ 269,813.08

March Total Actual + Projected Salary Expenditures	\$ 88,483.48
April Total Projected Salary Expenditures	\$ 61,950.28
May Total Projected Salary Expenditures	\$ 61,950.28
June Total Projected Salary Expenditures	\$ 57,429.04
Total	<u>\$ 269,813.08</u>