

Joe Lombardo
Governor

STATE OF NEVADA

Melissa Mackedon
Executive Director



STATE PUBLIC CHARTER SCHOOL AUTHORITY

3427 Goni Road, Suite 103
Carson City, Nevada 89706-7972
(775) 687-9174 · Fax (775) 684-8020

500 East Warm Springs Rd., Suite 116
Las Vegas, Nevada 89119-4344
(702) 486-8895 · Fax (702) 486-5543

MEMORANDUM

TO: SPCSA Board
FROM: Katie Broughton, Director of Authorizing
SUBJECT: Financial Performance Framework Recommendations for Fiscal Year 2024:
Sage Collegiate Public Charter School Follow-Up
DATE: May 30, 2025

Background:

At the SPCSA board meeting on April 18, 2025, Sage Collegiate Public Charter School's financial performance was considered for FY2024. SPCSA staff recommended the board elevate Sage Collegiate's current financial Notice of Concern from FY2023 to a financial Notice of Breach for FY2024. April's SPCSA staff memo is included as part of the meeting materials for today's May 30, 2025, meeting. After extensive discussion between the school and the SPCSA board, the board moved to request additional information for FY2025 and FY2026 to consider before taking further action.

The school submitted one of the two outstanding evidence of PERS payment and indicated they were planning to submit a repayment plan to PERS by the end of May for approval of the PERS board in June. Additionally, on May 15, 2025, the school submitted a final, board approved budget for FY2026 and letter from Raymond James. Finally, the school participated in an enrollment audit on May 20, 2025, so that SPCSA staff could verify the enrollment for FY2026.

SPCSA staff analyzed the information provided by the school, and that analysis is included in this memo. However, SPCSA staff cautions the board from creating a precedent in which a decision related to FY2024 is significantly impacted by FY2025 and projections for FY2026. The SPCSA board has adopted a financial performance framework that should serve as the foundation and basis for any decision related to the financial performance of a school.

Additional Analysis:

Enrollment

The final, board approved budget includes an enrollment of 375 students. However, during the enrollment audit, the school indicated there were 254 returning students and 28 new students, totaling 282 students for FY2026. Based on this enrollment number, the school's budgeted revenue would decrease by \$875,688.

Additionally, of those 282 students, only 82 could be verified by staff as having all of the required documentation for enrollment. Based on this enrollment number, the school's budgeted revenue would decrease by \$2,758,888.

Either way, the school is currently significantly underenrolled for FY2026, making it difficult to analyze the submitted budget documents. The school's board will have to make determinations related to expenses to account for lower revenue than is currently included in the budget scenarios. Lower than budgeted enrollment would also continue to impact the school in future years.

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|--|-------------|-------------|-----------|
| Enrollment: | 375 | 282 | 82 |
| Base State Funding:¹ | \$3,531,000 | \$2,655,312 | \$772,112 |

Sage Collegiate also had declining enrollment for FY2025. The school adopted a final budget for FY2025 with an enrollment of 325 students. Their first quarter Average Daily Enrollment (ADE), the student count payment is based upon, was 327.69 students. Quarter 2 ADE declined to 308.65 students, and Quarter 3 saw a further dip to 300.11 students. This means the school received approximately \$90,728 less than they budgeted for from November 2024 through July 2025.

Bond Financing

The letter from Raymond James is a Letter of Intent for Underwriting or Placement Agent Services. However, at this time, no preliminary amounts or terms have been provided.

Philanthropic Donation

Sage Collegiate staff indicated that they are in conversation with a potential donor but do not have any additional awards at this time.

FY2026 Budget

The submitted budget shows Sage Collegiate paying off the majority of their short-term borrowing and ending with a positive end fund balance. However, due to the enrollment information above, the school's board will likely have to amend the budget and determine how to cut costs based on actual enrollment, which appears to be significantly lower than what is included in the budget.

¹ Based on \$9,416 per pupil allocation included in the final budget.

The school is operating on razor thin margins and is not budgeting for contingency. This leaves them financially vulnerable should they not meet their enrollment targets and/or unexpected expenses arise.

Proposed Motion:

SPCSA staff recommends the SPCSA board continue the financial Notice of Concern and require additional financial monitoring, based upon the school's financial performance, as determined in the annual audit, for FY2024. As outlined in the [SPCSA's Performance Framework](#), correcting the financial deficiencies as identified through the Financial Performance Framework is ultimately the school's responsibility. This is inherent to the charter school bargain, as schools are afforded a high degree of local decision-making control in exchange for strong accountability. This financial Notice of Concern will require additional communication, monitoring, and reporting, especially related to the school's current and future budgets and monthly financial statements. A proposed motion can be found below:

Motion to continue the Notice of Concern under the Financial Performance Framework for Sage Collegiate Public Charter School. As part of this Notice of Concern, the school will be required to participate in heightened monitoring, directed by SPCSA Staff, including but not limited to:

- ***Submitting and amending budgets;***
- ***Submitting of monthly budget to actual reporting;***
- ***Providing monthly evidence of payment to PERS; and***
- ***Providing ongoing access to accounting and financial records, as requested by SPCSA staff, as part of the heightened financial monitoring.***

Failure to provide requested documentation by the deadline set by SPCSA staff, or failure to respond to SPCSA inquiries within three (3) business days, will result in a subsequent appearance before the Board and a possible escalation to a Notice of Breach under the Financial Performance Framework.