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ACTION MEMORANDUM

TO: SPCSA Board
FROM: Katie Broughton, Director of Authorizing
SUBJECT: Financial Performance Framework Recommendations: Sage Collegiate Public Charter School
DATE: October 10, 2025

Background:

At the April 18, 2025, SPCSA board meeting, Sage Collegiate Public Charter School's FY2024 financial performance was reviewed. SPCSA staff recommended elevating the school's FY2023 financial Notice of Concern to a Notice of Breach for FY2024, and that memo is included in the October 10, 2025, meeting materials. Following discussion, the board requested additional FY2025 and FY2026 information before taking further action. The school submitted a board approved final budget, PERS repayment plan, and a Letter of Intent from Raymond James for bond financing. They also indicated that they were in conversation with a potential donor. On May 20, 2025, Sage Collegiate Public Charter School also participated in an enrollment audit to verify FY2026 enrollment.

SPCSA staff analyzed all submitted information and brought it to the SPCSA board for action on May 30, 2025; that memo is also included in the October 10, 2025, meeting materials. The school stated that issuance of a financial Notice of Breach would jeopardize its eligibility for potential bond financing, though they did not yet have a specific timeline for when that may occur. The school asserted that bond financing could support efforts to improve its financial position. The SPCSA board voted to continue the financial Notice of Concern with heightened monitoring. This monitoring included various financial tasks, which the SPCSA has collected for June 2025, July 2025, and August 2025. A detailed list of requested items and when they were submitted is included as an attachment to this memo. To date, the bond financing has not materialized, and the school's financial condition continues to deteriorate.

Analysis:

As a result of the ongoing financial monitoring, SPSCA staff has significant concerns regarding the current financial position of the school, which is detailed below.

Ending Fund Balance (EFB): The Ending Fund Balance is the amount of money left in a fund at the close of a fiscal year after accounting for all revenues, expenditures, transfers, and other financial activity. In simple terms, it's like the savings account balance at year-end and shows how much remains that can be carried over into the next fiscal year to help cover future expenses, emergencies, or reserves.

Based on the June 8 Final Budget submitted to NDE, Sage Collegiate Public Charter School projected a 55% decrease in its Ending Fund Balance, from \$277,000 in FY2025 to \$125,000 in FY2026. This projection assumed an enrollment of 375 students; however, actual enrollment was 276 students as of September 11, 2025. The lower-than-expected enrollment further strains the school's financial position, exacerbating cash flow pressures and limiting resources available for instructional programs and operational needs.

Outstanding Current Debt: As of July 31, the school reported outstanding obligations of approximately \$998,000, all of which are projected to come due within the next 12 months. Based on current enrollment, this liability is equivalent to more than three months of revenue from State, Local, and Federal sources.

This figure does not include a possible repayment to the Nevada Department of Education (NDE) for Quarter 1. The school is currently being funded for 288.75 students, though it reports an actual enrollment of 276 as of September 11, 2025, potentially creating overpayment under the Pupil-Centered Funding Plan (PCFP) adjusted base funding that the school may be required to return.

In addition, the school owes NDE a true-up payment of \$66,158.03 for FY2025, and their PERS balance increased from \$57,481.18 as of September 1 to \$74,496.75 as of October 1. The school indicated that they did not pay PERS in August.

Capital Lease: Based on the school's August 31 financials, the long-term capital lease consumes approximately 20% of total gross revenue. This figure does not account for the school's lower-than-budgeted enrollment, which could increase the lease burden to nearly 30% of total resources. Industry best practice suggests lease costs should be closer to 15%, meaning the current obligation significantly constrains the school's ability to allocate adequate resources to educational programs and student outcomes.

Declining Enrollment: The school's declining enrollment over the past several years has reduced revenue. Enrollment for Validation Day (typically October 1) is below. It is important to note that the school's enrollment has decreased throughout each of the school years. Combined with its outstanding debt obligations, this has resulted in negative trends in both cash flow and fund balance.

- 2022-23 Enrollment as of Validation Day: 205

- 2023-24 Enrollment as of Validation Day: 241
- 2024-25 Enrollment as of Validation Day: 312
- 2025-26 Enrollment as of September 11, 2025: 276

Cash Flow: The school's budget projects that nearly all available cash will be depleted by year-end, leaving only \$5,000 in reserves, compared to a beginning balance of more than \$500,000. This represents a decline of over 98% in available cash within a single fiscal year. Such a reduction significantly limits the school's financial flexibility, increases vulnerability to unanticipated expenses, and raises concerns about the school's ability to meet obligations without additional financing or adjustments to operations.

Leadership and Governing Board: There is no evidence of a strategic plan to address the school's declining enrollment or its deteriorating financial condition. Despite receiving monthly financial reports that clearly highlight the school's precarious financial position, there is no indication that the board or school leadership has implemented long term measures to mitigate the declining resources. This lack of action signals insufficient oversight by the board and a failure to adhere to the school's financial policies. Without immediate corrective measures, the school's financial stability and its ability to sustain operations remain at significant risk.

Proposed Motion:

SPCSA staff recommends the SPCSA board elevate Sage Collegiate Public Charter School to a financial Notice of Breach and continue to require heightened monitoring.

Motion to elevate Sage Collegiate Public Charter School under the Financial Performance Framework to a Notice of Breach. As part of this Notice of Breach, the school will be required to continue 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*
- *Provide 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 possible escalation to a Notice of Intent to Revoke under the Financial Performance Framework.

Attachment 1: Sage Collegiate Financial Monitoring Details

June 2025 Financials	Due	Submitted
Income Statement	August 10, 2025	August 9, 2025
Cash Flow	August 10, 2025	August 9, 2025
Accounts Receivable and Accounts Payable	August 10, 2025	August 9, 2025
ADE Report	August 10, 2025	August 9, 2025
Bank Statements and Reconciliations	August 10, 2025	August 9, 2025
PERS Monthly Filing Reports	August 10, 2025	August 9, 2025
Debt Payments	August 10, 2025	August 9, 2025
Evidence of unbudgeted new or revised revenue	N/A	
Evidence of new or revised debt	N/A	

June 2025 Follow-Up	Sent	Due	Submitted
PERS 503 form	August 19, 2025	August 29, 2025	August 22, 2025
Payroll register	August 19, 2025	August 29, 2025	August 28, 2025
Explanation of Accounts Payable aging amounts greater than 60 days	August 19, 2025	August 29, 2025	August 22, 2025
Explanation of Other Current Liabilities and Loans Payable	August 19, 2025	August 29, 2025	August 22, 2025
Explanation of a revenue entry and reversal	August 19, 2025	August 29, 2025	August 22, 2025
Explanation for changes in salary costs	August 19, 2025	August 29, 2025	August 22, 2025
Explanation of payroll process	August 19, 2025	August 29, 2025	August 22, 2025
Lease payment coding information	August 19, 2025	August 29, 2025	August 22, 2025

July 2025 Financials	Due	Submitted
Income Statement	August 31, 2025	August 29, 2025
Cash Flow	August 31, 2025	August 29, 2025
Accounts Receivable and Accounts Payable	August 31, 2025	August 29, 2025
ADE Report	August 31, 2025	August 29, 2025
Bank Statements and Reconciliations	August 31, 2025	August 29, 2025
PERS Monthly Filing Reports	August 31, 2025	August 29, 2025
Debt Payments	August 31, 2025	August 29, 2025
Evidence of unbudgeted new or revised revenue	N/A	
Evidence of new or revised debt	N/A	

July 2025 Follow-Up	Sent	Due	Submitted
Revised Financial Plan with updated enrollment projections and fund balances	September 11, 2025	September 18, 2025	Not Submitted
Plan for potential PCFP overpayment for Quarter 1	September 11, 2025	September 18, 2025	Not Submitted
Prop Services expense changes explanation	September 11, 2025	September 18, 2025	Not Submitted
Explanation of deficit spending and cash flow plan	September 11, 2025	September 18, 2025	Not Submitted
Request for credit card records	September 11, 2025	September 18, 2025	Not Submitted
Finance committee schedule, agendas, and minutes	September 11, 2025	September 18, 2025	Not Submitted

August 2025 Financials	Due	Submitted
Income Statement	September 30, 2025	October 1, 2025
Cash Flow	September 30, 2025	October 1, 2025
Accounts Receivable and Accounts Payable	September 30, 2025	October 1, 2025
ADE Report	September 30, 2025	October 1, 2025
Bank Statements and Reconciliations	September 30, 2025	October 1, 2025
PERS Monthly Filing Reports	September 30, 2025	October 1, 2025
Debt Payments	September 30, 2025	October 1, 2025
Evidence of unbudgeted new or revised revenue	N/A	
Evidence of new or revised debt	N/A	

August 2025 Follow-Up	Sent	Due	Submitted
Not yet reviewed.			