

DAVID Y. IGE
GOVERNOR



CATHERINE PAYNE
CHAIRPERSON

STATE OF HAWAII
STATE PUBLIC CHARTER SCHOOL COMMISSION
('AHA KULA HO'ĀMANA)

1111 Bishop Street, Suite 516, Honolulu, Hawaii 96813
Tel: (808) 586-3775 Fax: (808) 586-3776

INFORMATIONAL SUBMITTAL

DATE OF SUBMITTAL: August 8, 2016

MEETING DATE: August 11, 2016

TO: Catherine Payne, Chairperson

FROM: Yvonne Lau, Acting Executive Director

AGENDA ITEM: XVII. Update on Ka'u Learning Academy's June 2016 Monthly Financial Report

I. DESCRIPTION

Review of the financial reports of Ka'u Learning Academy (KLA) for the month ended June 30, 2016.

II. BACKGROUND

As a school in its first operating school year, KLA is required to submit to the Commission monthly information regarding the status of the school's finances, until such time the Commission deems such additional financial monitoring no longer necessary.

III. PRESENTATION

Staff has reviewed the most recent monthly financial reports submitted by the school. The financial statements will be made available to the Commissioners for their further review, if desired.

Highlights of the information include:

1. Operating performance for month ended June 30, 2016

The school did not provide a financial report showing the operations for the month of June. Instead, the statement provided was for the fiscal year ended June 30, 2016.

Year to date, the school posted operating income for the year \$66,268. Receipts for the year of \$835,528 are largely comprised of the per pupil funds of \$677,754.

Personnel costs of \$426,834 account for 55% of the school’s annual expenses. Annual facility cost of \$139,559 comprised 18% of the school’s annual operating costs.

2. Cash balance as of June 30, 2016: \$66,267.70

As of June 30, 2016, KLA had approximately 31 days’ cash on hand. The balance sheet provide by the school has been inserted below:

**Kau Learning Academy
Balance Sheet
As of June 30, 2016**

	Total
ASSETS	
Current Assets	
Bank Accounts	
1101 CASH AND CASH EQUIVALENTS	66,267.70
Total Bank Accounts	66,267.70
Total Current Assets	66,267.70
TOTAL ASSETS	66,267.70
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
32000 Unrestricted Net Assets	
Net Income	66,267.70
Total Equity	66,267.70
TOTAL LIABILITIES AND EQUITY	66,267.70

The balance sheet lists the school’s cash and equity only. It is not evident to staff if the school is accurately and comprehensively reporting its financial operations. As required by the charter contract, §9.1 :

9.1. The School shall maintain accurate and comprehensive financial records, operate in accordance with Generally Accepted Accounting Principles, and use public funds in a fiscally responsible manner.

The school does not list any liabilities or obligations of the school as of June 30, 2016. For example, at the end of June, the last staff payroll has not been paid out since pay day is July 5, 2016. In addition, eligible staff accrues vacation each month. If staff has earned vacation but not yet taken it, it should be reflected as an obligation of the school as it would be payable to staff upon separation from the school. The school’s balance sheet should at least reflect these obligations as a current liability.

3. Cash Flow Forecast

As of this writing staff has not received the cash flow forecast from the school.

At its general meeting on April 16, a Commissioner requested all schools providing monthly financial reports submit monthly cash flow forecasts. In addition to providing pertinent information to the Commission, this would make the reporting requirements of all schools providing monthly informational reports consistent.

KLA was asked to provide this requested information going forward on April 19, 2016. As of this writing, this report has not yet been received from the school.

Staff was informed by school leadership the school has hired a part-time business person. Staff has offered to provide some training and orientation for this person, and although the school leadership said they would accept this offer for training and orientation, staff has not heard from the school or business person to schedule this training and orientation.

IV. RECOMMENDATION

None; for informational purposes only.