

SHERWOOD MONTESSORI BUDGET UPDATE AUGUST 20, 2012

This update reflects known or strongly anticipated changes to the adopted Budget as of this date. The report is divided between Revenue, Expenditures, and Cash Flow.

Revenue

While the current enrollment of this date is slightly less than the predicted ADA, I feel it is premature to change the revenue amounts as it is only a few students and the beginning of the year tends to be volatile.

One significant change is the amount of the PCSGP Grant. The budget predicted \$75,000. However, we requested \$150,000 for the upcoming year. The agency is unsure of current funding so I believe it will lie somewhere between and closer to the \$150K value. All of the extra funding is slated for new costs. This could lead to an increase in reserves.

Expenditures

There has not been a significant shift in expenditures. The lease cost has increased from 0.75 to 1.00 per square foot and we increased by one classroom. We have not received a new cost yet, but I believe it will be close to the estimated amount.

Our medical insurance costs are significantly lower than anticipated (0.29% increase instead of 15%) but until we know which eligible employees choose insurance and the actual cost, it is difficult to assess the change.

Cash Flow

There are four items of concern regarding Cash Flow. First, I am not confident I have calculated a correct "Beginning Cash Amount." This is due to confusion on my part with correlating retirement Liabilities vs. Accrual accounting. I have kept the values conservative.

Second, the initial 2011-2012 funding is based on 2010-2011 P-2 attendance. In other words, the funding is calculated on 87.67 students, not on our estimate of 122.55. The calculation will change after our first attendance report (P-1) which will occur with the March payment. This will not affect the Budget, as the final values will be accurate, but we will have lowered cash flow during this period. However, Michelle filed the PENSEC which, if approved, will allow us to use the estimated 122.55 for funding. This could significantly impact our monthly cash flow but should still be able to be covered by our Line of Credit.

Third, while I am still finalizing my 2010-2011 year end reconciliations reports, I have already uncovered overcharges that should be coming back to us. The following are approximate: STRS \$7,000 and CUSD Oversight \$1,640. The reason for the 'estimation' is that I have not come to an agreement with the other parties.

Finally, our P-2 attendance was higher than the P-1 report so our 2010-2011 total revenues are higher than budgeted. That means, we will receive checks for additional funds on last year's budget. This will positively affect this year's cash flow. Already, we received an additional \$4,431 in In Lieu Property tax.

Summation

At this point, there are no clear changes in Revenue or Expenditures but we are hopeful to have a significant increase in grant funds. Our monthly Cash Flow will be impacted negatively but we have the resources to cover the differential and there may be no significant issue if we receive PENSEC funding.

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Sherwood Montessori