

# Cash Balance Discussion

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# Summary of Points

- Types of accounting (i.e. Cash, Modified Accrual and Full Accrual) will produce different cash balances.
- Cash Balance estimates can vary significantly from estimated to actual cash balances.
- The current methodology of reporting cash balances does not provide detailed data of how cash balances are being utilized by LEAs.
- Many LEAs have liabilities, obligations, and/or long-term planning tied to their cash balances, including but not limited to:
  - Loans, Payroll Liabilities, Carryover PO's, Revenue Bond Payments, Cash flow concerns, long-term planning and emergency reserves.

# Current Guidance

- Manual of [Procedures for Budgeting](#) from NM PED was last updated in 2011 and references a different NMAC than the actual one that exists now (substance is the same):
  - NMAC 6.20.2.13 - D. Basis of accounting: In accordance with GASB 34, school districts shall use a full accrual basis of accounting in preparation of annual financial statements and cash basis of accounting for budgeting and reporting.
- Cash vs. Full Accrual
  - Cash basis: Records revenue when cash is received and expenses when cash is paid out.
  - Full accrual: Records revenue when it's earned and expenses when they're incurred, regardless of when cash is received or paid out.

NM PED only receives detailed reports on revenue and expenditures. LEAs do not report detailed liabilities in the current reporting structure.

# Uniform Chart of Accounts (UCOA) Restrictions

- We utilize the [Uniform Chart of Accounts](#) – it is a numeric language for budgeting purposes.
- Cash can be restricted or unrestricted
  - 11111 Unrestricted Cash. Cash balances that have no restrictions associated with its use.
  - 11112 Restricted Cash. Cash balances that have specific restrictions associated with its use. Used in 41000 (Debt Service Fund), and 43000 (Educational Technology), all grant funds.
  - 11113 Reserved Cash – Special Revenue Bonds. Cash set aside and reserved, relating specifically to Special Revenue Bonds. Restricted Example – Debt Service Cash is collected from Taxpayers by the county, given to the District for the repayment of outstanding bonds.

This only tells you the restrictions on the initial source of funding, not if the funds are currently obligated to another purpose.

Unrestricted does not equal Unobligated.

# OBMS

## Reporting Limits

OBMS does not allow us to designate funds like 11000 Cash as “Obligated”

Example:

- We have carryover PO’s that are multiyear (i.e. Construction) where we have issued a contract for these services, but we will not pay for all the services in one year. We must keep in mind that cash going forward must be aligned to those multi-year obligations to ensure we do not obligate that cash to another initiative.
- Permanent cash transfers from 11000 to 41100 for Revenue Bond Payments for Teacherages. Bond payments are often made in 12-year cycles in our district.

**CASH POSITION SEARCH**

Budget Year:    
 Entity:    
 Fund / Sub-Fund:    
Retrieve

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**ESTIMATED CASH CALCULATOR BASED ON JUNE 30 FY24 AUDIT**

**Assets:**

FY24 Audited Cash:  Comment:    
 Investments:  Comment:    
 Due from other Funds:  Comment:    
 Cash on Deposit:  Comment:    
Save Assets    New Asset

**Total Assets: \$0.00**

**Liabilities:**

Accrued Liabilities:  Comment:    
 Due to other Funds:  Comment:    
Save Liabilities    New Liability

**Total Liabilities: \$0.00**

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Final Cash Estimate: \$0.00   
 PED Zero Out:    
 Final Estimated Cash OpBuds: \$0.00

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	<b>Estimated Budget Amount:</b>	\$0.00
	<b>Total of Objects:</b>	\$0.00
	<b>Difference:</b>	\$0.00

11111-Unrestricted Cash:  Audit Uploaded to FTS:    
Save Budget

Status: Pending Cash Position

Audit Upload not checked

Event	Date	User	Comment
Create Cash Position	09/16/2024 01:24 PM	jvannahanks	

**PERMANENT CASH TRANSFER OR REVERSIONS FY25**

No Cash Transfers to Show. New Cash Transfer Or Reversion

# Categories of Funds

- 10000 – General Funds (Operational, HB 6, Teacherage, Transportation)
- 20000 – Special Revenue Funds (Food Services, Athletics, Student Activity, Federal Flow Through, Federal Direct, Local, State Flowthrough, State Direct, Combined State/Local)
- 30000 – Capital Outlay
- 40000 – Debt Service
- 60000 – Enterprise Funds
- Not all Cash is equal – many have specific requirements to restrict uses/expenditures.

Example: You cannot use 25145 Impact Aid Special Education to fund general education.

# Timeline Issue

- Cash balances are estimated in April-June and then trued up once the final audit is released in January/February. Cash reports from OBMS prior to February/March is typically not accurate.
  - If you underestimate Cash Carryover, you will have issues paying for your commitments without budget authority.
    - Example: You estimate you will have \$1,000 cash at 6/30 in your April Budget submittal. However, you have \$1,500. You had anticipated a \$500 vendor payment in June, which did not happen. You now do not have enough budget to payout the full \$1,500. You will have to wait until your audit is complete to “true-up” your budget.
  - If you overestimate Cash Carryover, you need to be very careful not to over-expend/overextend your position. If you do, operational will need to cover the error.

# Loans (Reported on Cash Report)



- Temporary Cash Transfers (Loans)
  - When we receive budget authorization, we typically do not receive cash. We budget funds and then start spending in accordance with the approved budget. However, when we start making payments (i.e. spending actual cash to pay employees, vendors, etc....) we have to use Operational Funds to cover those payments.
- Example
  - Title I has a budget of \$100,000 – (you have no cash)
    - You start paying a Literacy Coach in August. You must pay that literacy coach according to NMSA (1978) 50-4-2. So you borrow cash from 11000 to pay the teacher. You then submit a request for reimbursement to get the 11000 funds back. In the meantime, you loan funds from operation to Title I and wait for reimbursement.

Accounting		DR.	CR
11000.0000.14100 (Receivable)		3,000	
11000.0000.11011 (Cash)			3,000
24101.0000.24100 (Payable)		3,000	
24101.0000.11011 (Cash)			3,000

- If NMPED does not reimburse you, you must have 11000 cover the cost (the above JE becomes a permanent cash transfer).
- If you don't have enough money in 11000, you have to start scheduling payments in a structured way to be sure all your checks clear the bank.



# OBMS – RFR Loans

- You can see dashboard reports on aging RFRs 
- You can see individual detail 

Invoice 24-114 Lesson Plan.pdf	<a href="#">Open</a>
JE 2732 Supporting Documentation.pdf	<a href="#">Open</a>
JE 2740 Supporting Documentation.pdf	<a href="#">Open</a>

**RfR INFORMATION REQUESTS**

Response	Requestor	Request Description	Request Date	Due Date	Closeout Date	Responses
<a href="#">View</a>	Josephine Quintana	"Greetings, *] Student travel Ref #24-102 \$270.00, 24-114 \$258.00 NM Museum of Natural History & Science: please upload student lesson plan. *] Adjusment Ref #2732 \$1,226.72: please upload invoices and PO. *] Adjustment REF #2740 \$263,472.00: please upload invoices and PO. *] Student travel to zoo, aquarium & garden, explora, and meal at Golden Corral: please upload a JE for all chaperones' admission fees and lunch buffet. Can only reimburse for students and employees. A revised expenditure report is necessary to show the JE has come through. Thanks!"	06/13/2024	06/17/2024	08/15/2024	1




**RfR GRANT ALLOCATION**

<b>Warrant Amount :</b>	\$908,509.55
<b>Allocated Amount:</b>	\$908,509.55
<b>Difference:</b>	\$0.00

Grant Year	Current Allocation	Claims paid by PED	O/S Claims	Balance Available	Maximum Allocation	RfR Allocation	Resulting Balance
GY23	\$8,741,132.63	\$7,680,050.12	\$0.00	\$1,061,082.51	\$908,509.55	\$908,509.55	\$152,572.96

SELECT REPORT  
Dashboards Reports | RFR Dashboard

**RFR DASHBOARD**

3 of 10 | 100% |   

### RfR Open Request Status Aging

District	Fund	Waiting On	Days	Days	Next Action Access List
RIO GRANDE ACADEMY OF FINE ARTS 2022-	24146-A005	SHARE Entry	404	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
GALLUP-MCKINLEY COUNTY SCHOOLS 2022-	24154-A012	SHARE Entry	404	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
GALLUP-MCKINLEY COUNTY SCHOOLS 2022-	24330-A012	SHARE Entry	404	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
LAS CRUCES SCHOOL DISTRICT 2022-2023	24174-A006	SHARE Entry	403	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
LAS CRUCES SCHOOL DISTRICT 2022-2023	24189-A009	SHARE Entry	403	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
LAS CRUCES SCHOOL DISTRICT 2022-2023	24308-A008	SHARE Entry	403	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
LAS CRUCES SCHOOL DISTRICT 2022-2023	24330-A010	SHARE Entry	403	390	Gabriela Flores, Valerie Padilla, Josephine Quintana
CLOVIS MUNICIPAL SCHOOLS 2022-2023	24330-A013	SHARE Entry	396	382	Gabriela Flores, Valerie Padilla, Josephine Quintana
SILVER CITY CONSOLIDATED	24106-0015	SHARE Entry	77	56	Thomas Griego, Valerie Padilla, Josephine Quintana
TAOS INTERNATIONAL SCHOOL 2023-2024	24106-0010	SHARE Entry	118	55	Thomas Griego, Valerie Padilla, Josephine Quintana
GADSDEN INDEPENDENT SCHOOLS 2024-2025	24153-0001	PM Approval (info request)	45	45	Carlos Contreras, Leah Jimenez, Marvin Nogueta, Mayra Valtierrez
LAS CRUCES SCHOOL DISTRICT 2024-2025	24103-0001	PM Approval (info request)	39	39	Carlos Contreras, Leah Jimenez, Julianna Montoya, Marvin Nogueta, Clarissa Perea, Mayra Valtierrez
SOCORRO	24106-0001	SHARE Entry	46	34	Valerie Padilla, Josephine Quintana, Cameron Vigil
CARLSBAD MUNICIPAL SCHOOLS 2024-2025	27149-0001	PM Approval (info request)	32	32	Pauline Baca, Regina Baca, Holly Bacon, Lucietta Begay, Caroline Broussard, Casandra Carrazco, David Craig, Mathew Hernandez, Cecilia Hunter, Holly Meyer, Consuelo Mondragon, Meredith Montano, Crystal Patton, Josephine Salas, Beth Sommer, Beth Somner, Joanha Strelow
ROSWELL INDEPENDENT SCHOOL DISTRICT 2023-	24101-A009	SHARE Entry	41	28	Thomas Griego, Valerie Padilla, Josephine Quintana
SILVER CITY	24154-0001	SHARE Entry	33	28	Valerie Padilla, Josephine Quintana, Cameron Vigil
MAXWELL MUNICIPAL SCHOOL 2024-2025	24174-0001	SHARE Entry	33	28	Thomas Griego, Valerie Padilla, Josephine Quintana
GALLUP-MCKINLEY	24106-0001	SHARE Entry	29	28	Valerie Padilla, Josephine Quintana, Cameron Vigil
GADSDEN INDEPENDENT SCHOOLS 2024-2025	24153-0002	PM Approval	28	28	Carlos Contreras, Leah Jimenez, Marvin Nogueta, Mayra Valtierrez

# Payroll Liabilities (Reported on Cash Report)

- Payroll Liabilities exist month to month all year long.
- In the month of June, we have “lump sum” payrolls. This cash sits temporarily until it is paid out. It is not available; it is just pending payout to other entities.
  - We pay “12 Month employees” equivalent of one month – 2 checks.
  - We pay “10 Month employees” equivalent of two months – 4 checks.
  - We pay “9 Month employees” equivalent of three months – 6 checks.
    - Liabilities
      - We deduct ERB, State Taxes, and NMPSIA benefits from these checks.
        - ERB is due not later than the 15<sup>th</sup> of the Subsequent Month
          - June Deductions paid in July
        - State Taxes are due not later than the 25<sup>th</sup> of the Subsequent Month
          - June Deduction Paid in July
        - NMPSIA is pay as billed by the 10<sup>th</sup> of the Month (or a 1.5% penalty)
          - June Deductions Paid in July, August, September (September Deductions pay for October Bill)

# Carryover PO's (Not Reported)

- Purchase Orders (PO's) are legally binding contracts between the LEA and the vendor.
- We cannot issue partial PO's. Even though we know we will likely not complete a project fully within one year, we must issue PO's for the full amount of the project.
- Example:
  - Construction PO for \$12Million, with 18 Month Timeline. PO issued 7/1/2024. Cash will show for each fiscal year until completed and closed.
    - 1<sup>st</sup> year progress payments estimated to be \$4Million (FY25) - \$8 Million Cash
    - 2<sup>nd</sup> year progress payments estimated to be \$7Million (FY26)- \$1 Million Cash
    - 3<sup>rd</sup> year Final Year Closeout estimated to be \$1Million (FY27) - \$0 Cash

# Other

- Revenue Bonds
  - Permanent cash transfer from 11000 to Revenue Bond Debt Service
- Liability Payment 8/1
  - Our is ~ \$6.1 Million
- Restricted Funds with Personnel
  - Current year revenue becomes next year's budget in order to prevent funding shortfalls.
- Teacherage Deposits
  - Recorded as liabilities, show as cash. These only become revenue or expenses when tenant leaves.
- Districts saving funds multi-year to meet Phase 2 Formula Match for Capital Outlay
- Emergency Funding
  - When there is a substantial decline in student population suddenly, there needs to be some revenue stabilization to help an LEA right-size.
  - Lack of RFR repayment, exceptional year of loans
- Anomaly from 06/30/2021
  - We received a substantial payment from PED due to HB6 and the turnover of the 2020 Impact Aid.

# Cash Balance

LFC Label	Fund	Projected FY24 OBMS	Loans 06/30/2023 <sup>1</sup>	Payroll Liabilities <sup>1</sup>	Carry Over PO's	Revenue Bond Repayment	Reconciled	Notes
FY25	11000	\$50,394,156.15	(30,090,595.00)	(5,262,339.00)	(8,149,373.26)	(1,525,175.11)	\$5,366,673.78	Extraordinary Loans due to COVID Funding (include 2 year payment for FY22 Impact Aid and HB6 Changes and \$24M FY 2020 Settlement)
FY25	12000	\$238,357.00					\$238,357.00	These are Teacherage Deposits not available for expenditure
FY25	15100	\$42,241,461.00			(28,323,950.22)		\$13,917,510.78	Former State Credit as established by HB6 (Construction Related PO's will be multi-year)
FY25	15200	\$655,936.00					\$655,936.00	Smaller Maintenance/Construction Projects
FY25	21000	\$4,559,707.00		(33,267.00)	(397,028.00)		\$4,129,412.00	Food Service Fund
FY25	23000	\$1,628,184.00					\$1,628,184.00	Student Activity Funds & Transportation for Activities Funding
FY25	25145	\$2,835,073.00		(1,857.00)	(3,833.26)		\$2,829,382.74	Special Education Indian Ed. - Current Revenue Funds Subsequent Year Program (includes 2 year payment for FY22)
FY25	25147	\$10,489,494.00		(457,566.00)	(45,806.00)		\$9,986,122.00	Impact Aid Set-Aside (includes 2 year payment for FY22)
FY25	25153	\$5,075,364.00		(5,302.00)	(8,237.00)		\$5,061,825.00	Medicaid Reimbursements
FY25	31100	\$10,152,461.00			(7,539,993.76)		\$2,612,467.24	Bond Proceeds for Construction Projects
FY25	31120	\$25,556,355.00					\$25,556,355.00	Revenue Bond Proceeds for Teacherage Housing
FY25	31200	\$13,538,716.00			(658,731.21)		\$12,879,984.79	Forward Funded Outside of Adequacy & SB212
FY25	31500	\$1,551,436.00			(941,397.58)		\$610,038.42	Impact Aid Capital Outlay (District Utilizes for Design to maximize funding)
FY25	31701	\$335,224.00			(61,646.16)		\$273,577.84	2Mill Levy
FY25	31703	\$6,151,857.00			(5,793,240.89)		\$358,616.11	2Mill State Match
FY25	41000	\$9,064,546.00					\$9,064,546.00	Debt Service GO Bonds
FY25	41200	\$2,055,492.00					\$2,055,492.00	Debt Service Revenue Bonds
		<b>\$186,523,819.15</b>	<b>(30,090,595.00)</b>	<b>(5,760,331.00)</b>	<b>(51,923,237.34)</b>	<b>(1,525,175.11)</b>	<b>\$97,224,480.70</b>	

## Outstanding Capital Outlay

At the end of the third quarter of FY24, outstanding capital outlay balances totaled an estimated **\$4.5 billion across roughly 4,600 projects.**

Retrieved from: LFC Capital Outlay Quarterly Report, April 2024

Restricted Funds

1. Information retrieved from State Audit Report.

\*Loans Not Typical, anticipate future loans between \$8-\$13 Million per year.

# Operational Example

Type	Calculation
Projected Cash 6/30/2023	\$50,394,156.15
Loans 6/30/2023	-\$30,090,595.00
Payroll Liabilities	-5,262,339.00
Carryover PO's	-8,149,373.26
Revenue Bond Payment	-1,545,175.11
Reconciled Cash 6/30/2023	\$5,366,673.78

# Questions?

Jvanna Hanks

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