

The background of the slide is a golden-yellow color with a dense, repeating pattern of various currency symbols (dollar, euro, yen, pound) in a 3D, embossed style. The symbols are arranged in a way that creates a sense of depth and texture.

Business and Operations Plan: Budget & Finances

Sections of the Application

A decorative vertical bar on the left side of the slide, featuring a golden-yellow background with various 3D-rendered financial symbols such as the dollar sign (\$), pound sign (£), yen sign (¥), and Euro sign (€).

Should provide an understanding of how the applicants intend to develop and manage the school's infrastructure and finances

- Should present a clear picture of:
 - revenue projections
 - expenditure requirements
 - facility needs
 - transportation and food service plans
 - pre-opening plan

School Financing Basics



- Separate, discrete operations
- Closely interrelated
- Money is organized and spent according to a standardized system

<https://schools.utah.gov/financialoperations>

Budgeting

- Budgets
 - Working tool
 - Aligned to mission and educational objectives
 - Estimate of resources needed to carry out your program
 - Board approved in an open meeting
 - Submitted to USBE & State Auditor



Revenue Streams



State

- MSP = Minimum School Program
 - 52 MSP Programs
 - You will not be eligible for them all
 - Some are flexible and some are restricted

Flexible Allocation -- WPU Distribution

A flexible source of funds for LEAs.

Special Education - Add On (RESTRICTED)

To provide educational services for students with disabilities as required by federal law.

Federal (RESTRICTED!!)

- SPED – IDEA
- Title Funds
 - I & II are most common
 - III (ELL)
- NSLP

Major Program	Program	District Pgm/Rev	Budget	Current Month	Year-to-Date	Remaining Balance
84027 SPED-IDEA Disabilities Educ Act	17FTD Flow-through Discretionary FFY2017	7524/4524	0.00	161.37	161.37	-161.37
	17FTFL Flow-through Formula FFY2017	7524/4524	161.37	0.00	0.00	161.37
	17STAC Special Ed State Level Activity FFY2017	7524/4524	45,000.00	0.00	45,000.00	0.00
	18FTFL Flow-through Formula FFY2018	7524/4524	83,327.46	30,692.13	83,327.46	0.00
84027 SPED-IDEA Disabilities Educ Act - Total			128,488.83	30,853.50	128,488.83	0.00
84173 SPED-Preschool Special Educ IDEA	17PRE Preschool SPED Flow-through FFY2017	7522/4522	3.18	3.18	3.18	0.00
	18PRE Preschool SPED Flow-through FFY2018	7522/4522	1,235.81	1,235.81	1,235.81	0.00
84173 SPED-Preschool Special Educ IDEA - Total			1,238.99	1,238.99	1,238.99	0.00
84367 T&L-Improving Teacher Quality-State	172FT Formula Flow Through FFY2017	7860/4800	117.86	117.86	117.86	0.00
	182FT Formula Flow Through FFY2018	7860/4800	3,218.41	3,218.41	3,218.41	0.00
84367 T&L-Improving Teacher Quality-State - Total			3,336.27	3,336.27	3,336.27	0.00
MSPB MSPB-Minimum School Programs Basic	17PPP Special Education-Extended Yr Special Educators SFY2017	1278/3100	5,968.00	0.00	5,968.00	0.00
	18PPA Kindergarten SFY2018	VAR/3005	115,232.00	9,515.10	115,232.00	0.00
	18PPB Grades 1-12 SFY2018	VAR/3010	1,604,017.26	133,223.84	1,604,017.26	0.00
	18PPD Professional Staff SFY2018	VAR/3020	109,545.40	8,676.76	109,545.40	0.00
	18PPF Special Education - Add-on SFY2018	1205/3100	183,849.80	15,320.81	183,849.80	0.00
	18PPH Special Education - Self-contained SFY2018	1210/3100	23,121.82	1,926.81	23,121.82	0.00
	18PPI Special Education - Extended Year SFY2018	1220/3100	3,115.34	259.61	3,115.34	0.00
	18PPL Class Size Reduction SFY2018	5201/3100	175,875.83	14,628.79	175,875.83	0.00
	18PPN Special Education - Impact Aid SFY2018	1225/3100	4,584.76	382.06	4,584.76	0.00
MSPB MSPB-Minimum School Programs Basic - Total			2,225,310.21	183,933.78	2,225,310.21	0.00
MSPRB MSPRB-Minimum School Programs Related to Basic	17PUO Digital Teaching and Learning-Ongoing SFY2017	5655/3400	22,806.67	0.00	22,806.67	0.00
	18PQHG Enhancement for Accelerated Students Program-GT SFY2018	5331/3300	2,600.07	216.26	2,600.07	0.00
	18PQM School Land Trust Program SFY2018	5420/3400	55,372.43	0.00	55,372.43	0.00
	18PQN Charter School Local Replacement SFY2018	5619/3400	1,303,640.00	107,092.50	1,303,640.00	0.00
	18PQO Charter School Administration SFY2018	5625/3400	59,800.00	4,912.50	59,800.00	0.00
	18PQP K-3 Reading Improvement SFY2018	5805/3400	14,193.73	1,157.32	14,193.73	0.00
	18PQR Educator Salary Adjustments SFY2018	5876/3400	189,387.46	15,782.28	189,387.46	0.00
	18PQT Library Books & Electronic Resources SFY2018	5810/3400	800.68	66.72	800.68	0.00
	18PQY Flexible Allocation - WPU Distribution SFY2018	5310/3200	6,070.71	498.10	6,070.71	0.00
	18PUA Teacher Supplies & Materials SFY2018	5868/3400	5,681.89	0.00	5,681.89	0.00
	18PUB Beverley Taylor Sorenson Elementary Arts SFY2018	5882/3400	15,681.00	0.00	15,681.00	0.00
	18PUH Civics Educ State Capitol Field Trips SFY2018	5808/3400	1,360.00	0.00	605.00	755.00
	18PUJ Enhancement for At-Risk Students SFY2018	5336/3300	19,333.11	1,611.09	19,333.11	0.00
	18PUO Digital Teaching and Learning-Ongoing SFY2018	5655/3400	24,174.64	0.00	24,174.64	0.00
MSPRB MSPRB-Minimum School Programs Related to Basic - Total			1,720,902.39	131,336.77	1,720,147.39	755.00
SAS SAS-Student Advocacy Services	18SUPV Suicide Prevention SFY2018	5674/3800	500.00	500.00	500.00	0.00
SAS SAS-Student Advocacy Services - Total			500.00	500.00	500.00	0.00
T&L T&L-Teaching & Learning	18PCA School Readiness (HQSR) SFY2018	7350/4700	330.36	0.00	165.00	165.36
T&L T&L-Teaching & Learning - Total			330.36	0.00	165.00	165.36
6G0 Weilenmann School of Discovery, Inc - Total			4,080,107.05	351,199.31	4,079,186.69	920.36

Accounting

- Assess the overall effectiveness of your plan (budget)
- Modified Accrual Method & Program Accounting are **REQUIRED!**
- Helps you budget moving forward
- Should receive monthly financial reports from your Finance Committee
 - Business Manager, Board Treasurer, and usually two other members



Finance Committee

Role of the Committee

- Provide financial oversight for the organization:
 - Budgeting and financial planning,
 - Financial reporting,
 - Monitoring of internal controls and accountability policies,
 - Reporting to the full board monthly
- May also serve as the audit committee
 - Recommend the auditor selection.
 - Review the draft audit and 990 as presented by the auditor.
 - Present the audit report to the full board of directors (if the auditor does not do this).
 - Review the management recommendation letter from the auditor and ensure follow up on any issues mentioned



Auditing



External

- Charter schools are public agencies, the raising and spending of money must be reviewed and audited yearly
 - Financial Compliance
 - Program Compliance
 - Performance Audit

Internal

- Internal reviews and audits on a continuous basis to ensure accuracy and prevent fraud
- Internal Controls
 - System of checks and balances
 - Built into the system

Quiz

What are the 3 essential aspects of education finance?



Provide a cash flow analysis for the preoperational year and first two years of operation (FY= July 1–June 30).

- Cash flow is the lifeblood of every organization – including a charter school!
- Cash flows from 3 sections:
 - Operating expenses: changes other than those reported in the investing & financing
 - Investing expenses: amounts spent to purchase long-term assets or from the sale of
 - Financing expenses: amounts received from borrowings and the repayments.



Include an explanation and discussion of key financial assumptions.

- Well educated guesses
- Connected to the rest of the plan
- Provided basis for all
 - variable costs
 - fixed costs
 - start up versus on going costs
- Costs of professional and operational services (phones, legal, accounting)
- *A response that meets the standard will: Present realistic, evidence-based revenue and expenditure assumptions for the first three fiscal years, including for any plan to incur and repay debt, for both full enrollment and breakeven enrollment scenarios.*



Explain how the fiscal priorities align with and support implementation of the educational program and other key elements in the charter agreement.

- Tech school? Do you have enough resources for the equipment, support, licenses, upgrades, etc.?
- Small class sizes? Do you have salary costs that reflect the number of teachers needed? Do you have competitive salaries & benefits for the level of teacher you plan to recruit?
- *A response that meets the standard will: Present financial priorities that are consistent with and support goals and key elements of the plan, including the school's mission, educational program, staffing, and facility.*

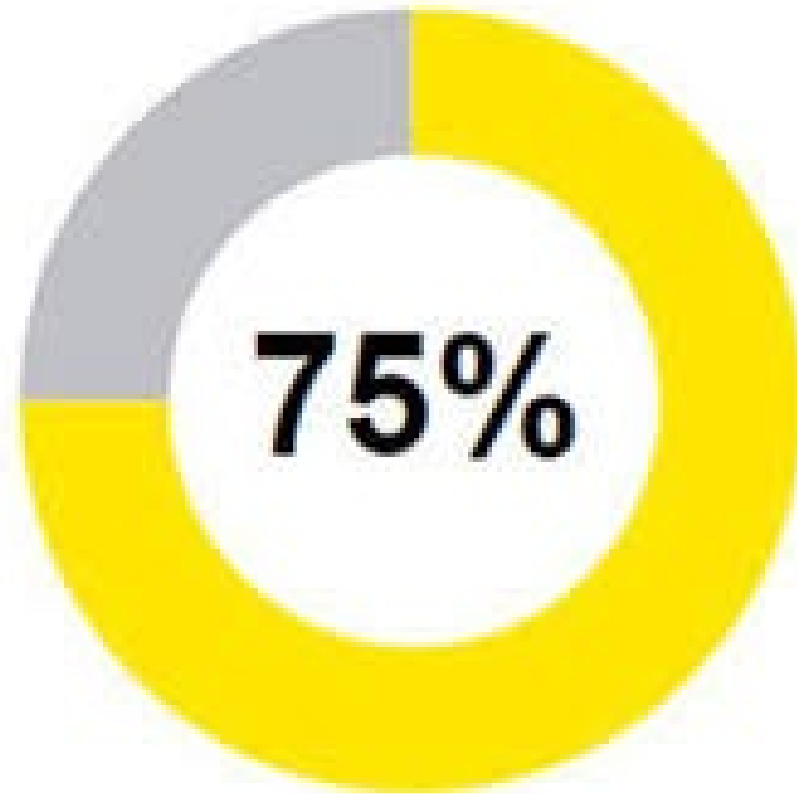
If the school anticipates incurring debt for any reason, such as for acquisition of its facility, address the schedule for debt repayment and elaborate on the repayment assumptions and plan.

- Look at other schools!!!
 - https://auditor.utah.gov/audit_reports/
- Are board members personally liable for the school's debt?
- “Limited liability” = organization's directors and officers have limited personal liability for debts basic duties are fulfilled. Creditors can only go after corporate assets and **insurance** to satisfy liabilities incurred by the corporation.
- Board members are legally bound to “exercise reasonable care” when deciding for the organization.
 - Reasonable care is what an 'ordinarily prudent' person in a similar situation would do.

Discuss the school's contingency plans for cash flow challenges, a budget shortfall, lower than expected student enrollment, or other financial challenges in the early years of operation.

- Cash Flow challenge = you've spent more than you "earned"
- Budget shortfall = you didn't guess very well
 - Solution to both - monthly review of financials and budget
 - Good process and controls for adjusting the budget
 - Strong finances = 5% variances from original to year end
- Lower enrollment = breakeven budget
- Other challenges = faulty roof, local district gives huge raises, change orders on building
- *A response that meets the standard will: present viable strategies for meeting potential budget and cash flow challenges, particularly for the first three fiscal years.*

How much of the budget do you think is spent on building & people?



Specify the school's break-even enrollment count and explain how this number was obtained.

- The **break-even** point represents the amount—in either unit (quantity) or revenue (sales) terms—that is required to cover total costs, consisting of both fixed and variable costs to the company.
- How does this work for a non-profit school?
- Fixed & Variable costs
 - Fixed = Not affected by enrollment
 - Variable = Affected by enrollment
 - Give Example





Qu
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Is it
boa
mat
exp

That moment you
realize
you're getting the
long answer....



someecards
user card



Use the *Charter School Budget Template* to detail the school's estimated revenues and expenditures for the first operational year, including a breakeven analysis.

- A response that meets the standard will: Budget must reflect at minimum the required percentage of reserve funds at the end of the fiscal year.
- [Budget Template](#)

Object Codes

<https://www.schools.utah.gov/file/2e8b4e68-b484-4f00-be86-df472c970c97>

- **100 Salaries** – On the payroll of the LEA
- **200 Employee Benefits** – Paid by the LEA on behalf of the employee
- **300 Purchased Professional & Technical Services** – Services which by their nature can be performed only by persons with specialized skill/knowledge
- **400 Purchased Property Services** – Operate, repair, maintain, insure, and rent property owned/used by the LEA
- **500 Other Purchased Services** – Other than 300 or 400
- **600 Supplies** – Expendable – consumed, worn out or deteriorated in use
- **700 Property** – Acquiring capital assets, including land, existing buildings & infrastructure, and equipment.
- **800 Other Objects** – Debt service & miscellaneous

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Describe how the school's finances will be managed and who will be responsible for the protection of student and financial records.

- Present evidence that the school will have or has capacity to develop adequate policies and processes for tracking enrollment and attendance, eligibility for free and reduced priced lunch, SWD, and ELs enrollment.
- Why would this be in the finance section?

Providing recommended liability insurance to indemnify the school, its board, staff and teachers against tort claims.

- Directors and Officers (D&O) Insurance
 - \$1 million
- Treasurer's Bond
 - Not very expensive
- Liability Insurance
 - \$2 million
- Property Insurance
 - Typically in the lease and based on the value of the building
- State Risk Management or Private or both



Now you get to quiz me...

