## C.5 THREE YEAR OPERATIONAL BUDGET WITH ASSUMPTIONS

This is the narrative with assumptions for the three-year operational budget, which runs from August 1, 2014, through July 31, 2017. This document describes the calculations and assumptions for the first 3 years of operations including the source for assumptions made. The costs included in the budget cover the Education Plan, Organizational Plan, and Business Plan.

**Enrollment Counts**

The enrollment count that is being requested is: 375 year one, 535 year two, and 690 in year three. The budget will be based on 80% the first year, 79% the second year, and 80% the third year: 300, 425 & 550 respectively. Copper Point is not making an estimate of special education students, although we have planned appropriately for a Special Education teacher to have in place and appropriate resources to identify special education needs. Depending on special education student counts Copper Point will hire the appropriate amount of special education instructional assistants to both meet the needs of the students and stay within the additional funding for those students.

**Carryover**

The carryover will be as follows:

The balance of available funds at the end of the startup year will be $500. At the end of each the first three years of operations will be as follows, respectively: $96,383, $231,634, $595,047. All years of operations account for at least a 5% safety margin.

**Revenue**

Using the Revenue Worksheets provided by the Arizona State Board for Charter Schools, the school is anticipating the following funding levels: $1,899,593 year one, $2,730,131 year two, $3,531,913 year three.

Total Revenue

Adding carryover revenue to the current year funding level will make available the following amounts: year one: $1,900,093, year two: $2,826,514, year three: $3,763,547.

**Expenses**

**Administration, Instruction & Support (AIS) Expenditures**

Director/Principal – Year one we will have 1 administrator at $65,000, Year two we will add an Assistant principal at $50,000, and increase the pay of the principal to $70,000, year three we will be the same as year 2 and include a $5,000 increase in salary for each administrator.

Teacher-Regular Education/Teacher-Special Education – We have set the average salary at $38,000. We believe budgeting conservatively will benefit us in planning for raises each year and to recruit and keep

the best possible teachers. The school anticipates hiring the teaching staff for less than the $38,000 per teacher.

Instructional Assistants-Regular Education – The school is planning for each of the aides to work up to 29 hours week and will be excluded from the benefits package the school will be offering to the full-time salaried staff.

Clerical – The school will start with 2 full-time secretaries who will be paid a salary and receive the school's benefit package. The second year we will add a 3 secretary to help with the additional work load that an additional 100 students will add.

Custodial/Maintenance – The school will employee a full-time custodian who will receive a salary and the school's benefit package.

Curriculum Coach – The school will employee a full-time Curriculum Coach who will receive the school's benefit package.

Substitutes – At approximately $114/per school day substitutes will cost the school $10,000, assuming 8 days missed per teacher per year.

Employee Benefits:

1. Social security and Medicare 7.65%
2. Unemployment and Worker's Comp 2.35%
3. 401k employer contribution 6%

All taxes and contributions total 16% per eligible employee.

Employee Insurances:

1. Health - $6,654 per eligible employee – per year, after consulting several charter schools, the amount listed is slightly above the 2-party plan premium which was the average for the organization.
2. We will also offer an HRA for employees who have coverage through a spouse or family member and who opt out of the school's plan. This will save money for the school and be a nice alternative for those employees that already have coverage. The budget is based on all employees needing the school's insurance.
3. Dental - $800 per eligible employee – per year
4. Life - $46 per eligible employee – per year – this is the pricing per employee for a $20,000 Group life insurance plan.

Office Supplies - $11,000, $12,000 & $15,000 will provide the basic office supplies such as paper, file folders, hanging files, and other base supplies.

Instructional Consumables - $10,000, $15,000 & $20,000 will provide Math workbooks and other consumables.

Membership Dues, Registrations & Travel – The school will have an agreement with Expeditionary Learning (A Nationally Professional Development Organization) for a school designer to spend a set amount of days on site to work with the teacher as well as have the staff attend the EL National Conference and other institutes as needed. For all of this there will be an agreement amount for the school year with Expeditionary Learning as well as additional registration and travel costs. In addition to EL the school will join the Arizona Charter Schools Association.

Contracted Services (AIS) – Copper Point has contracted with Red Apple Financial, an accounting and finance firm that specializes in charter schools. The school will have a MOU with Red Apple that has a 60-day cancellation policy. Red Apple will charge $4,000 per month the first year for 11 months (August-June), and $5,500 monthly for years 2 and 3.

Contracted Services (Special Education) – The school will contract with any needed special education contractors, such as speech pathologists, school psychologists, Occupational Therapists. At this time we have a base amount of $8,000, based on other schools of Copper Point's size and grade configuration we believe this is a good budget.

Curriculum & Resource Materials - $25,000 – Using the Expeditionary Learning model much of the curriculum is developed and created by the staff. This will decrease the need for normal textbook expenditures in year 1. Over time, Copper Point will increase this budget to build a collection of professional journals, pay for experts to visit the school and cover the cost of authentic fieldwork for students.

Library Resources / Software – The school will contract with one of the Library software management suites, such as Alexandria or Follett, also the school will purchase materials to label and prep books for long use. Each year we will add to our library offering for our students and build gradually.

SAIS Software – The school is currently researching and has been quoted pricing for a student records system that will satisfy the information needs of the state. Our budgeted amount is in line with those quotes, $5,000/annually.

Auditor Fees - $2,500, $11,500, $11,500 has been budgeted for the annual required audit. The first year we will be paying for the previous year, the start-up year will not require and full audit given the relatively small amount of revenue and transactions. Future years, the budgeted amount has been decided on by reviewing audits for schools of a similar size.

**Operations & Maintenance**

Supplies - $20,000, $30,000 & $35,000 these supplies will consist of paper products for the bathroom as well as liquids for cleaning as well as all the other items necessary to maintain the building and common spaces.

Marketing / Advertising - $17,000, $25,000 & $25,000 – The school will use these funds for social media communications, website and town meetings, flyers, events to create buzz and excitement for Copper Point.

Building Rent / Lease / Loan – The school has commissioned School House Development, a local experienced developer of charter schools, to build a 40,000 sq ft building for an annual lease payment of $605,000 per year, the developer will allow the school to delay its first lease payment until October of 2014, paying only 9 months of rent the first year.

Fees / Permits - $1,000 - The school has budgeted $1,000 for business license renewal, accreditation fees and any other necessary costs of doing business.

Property / Casualty Insurance - $5,000 per year is based on similar triple net lease agreements for similar size buildings and value in the Tucson area.

Liability Insurance - $5,400, $7,200 & $9,000, when looking for pricing on General Liability coverage for the school the factor of $18/per student is an industry standard. We will be obtaining quotes from the following providers: Philadelphia, Cincinnati & Hanover.

Utilities - $45,000, $48,000 & $52,000 for Gas, Electricity, Water, Sewage & Garbage pickup we have reviewed and estimated the given budget numbers from other schools our size.

Phone/Communications/Internet - $12,000, $14,000 & $16,000 – The school will have a phone system and internet provider, the school has compared similar size schools to determine what amount would be conservative for both phone and internet services and based our budget on this information.

Student Furniture & Equipment – The school will purchase all the necessary chairs and tables needed for the initial 11 classrooms along with all other needed equipment and furniture - $20,000 year 1, and $25,000 from the startup budget. $20,000 and $25,000 for years 2 and 3 to purchase tables and chairs for the additional students as well as classroom equipment.

Office Furniture & Other equipment - $2,000, $4,000 & $4,000 along with $2,500 from the startup year. The initial $4,000 will be spent on 4 desks and office chairs as well as several filing cabinets and front office furniture.

Student Technology Equipment – Copper Point will work to ensure an authentic and real-life technology environment for students. It will require a backbone of servers and large broadband width for connectivity. The technology plan outlines a long-term goal of providing loaner Google Chrome books for students from a lower socio economic status. The school will allocate $70,000 in year 1 and $90,000 and $100,000 in years 2 and 3.

Office Technology Equipment - $5,000, $10,000 and $15,000 the first three years will add to the technology plan a specifically cover front office technology needs.

Other Leases (Security, Copiers, etc) – $10,000, $15,000 and $20,000 for the first three years will cover needed copier and school security leases.