Arizona School for the Arts
Budget Narrative

ASA's budget is based upon projected student enrollment and anticipated per pupil state funding formulas. The school is currently in a growth phase, and so budget projections are based upon planned growth. With the purchase (with bond monies) of two facilities adjacent to its current campus in 2008, the school is gradually increasing its enrollment over the next 5 years to a maximum capacity of 760-800 students in grades 5-12 (see facilities plan).

ASA bases its annual operating budget on the minimum projected number of students it expects each year. The final 100-day student count is at or above the projected minimum.

Budget forecasts for the next three years also reflect the following:

- Increase in revenues corresponding to planned growth in student enrollment according to ASA's growth model (see table below).
- Revenue from leases held on newly purchased facilities that gradually decrease over time (see facilities plan).
- Expenses for additional staffing and materials to support growth.
- Salaries for existing faculty staff are held flat until 2012 due to anticipated budget cuts. The projections will be revised based upon final budget passed by the State Legislature.
- Payment for fulfillment of bond obligations used for the purchase and renovation of its new facilities. Bond monies are also held in reserve for FFE and technology for use as facilities are renovated.

ASA Growth Model

	FY10 Current	**FY11**	**FY12**	**FY13**
Enrollment	581	646	681	721
Enrollment (max anticipated)	N/A	665	708	753
FT Academic faculty	26	+2.25	+3.75	1.0
FT Arts Faculty	6	+3.00	0	0
PT Arts Faculty	13	-1.00 (.5)	+1.00 (.5)	+1.00 (.5)
Ballet/Drama Classes (contract services)	4 classes each	+1 Ballet Class	+1 Drama class	+ 1 Drama +1 Ballet

Budget Plan: ARIZONA SCHOOL FOR THE ARTS

		Actual	Projected Financial Information			
		FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
ADM:		392.44	570.00	646.00	681.00	721.00
REVENUE						
State Equalization Assistance	A	$2,531,594	$3,581,618	$4,008,517	$4,330,802	$4,699,656
Classroom Site Fund		$146,891	$132,539	$161,864	$184,317	$210,811
Instructional Improvement Fund		$16,141	$15,000	$16,999	$17,921	$18,973
Federal Funds/Grants		$31,766	$89,094	$101,942	$108,507	$116,006
Student Activities		$177,185	$78,237	$89,036	$94,691	$101,137
Tax Credit & Other Donations	B	$203,330	$391,020	$441,524	$476,476	$515,052
Lease Income	C	$484,625	$398,157	$333,521	$77,750	$0
Interest Income		$1,650	$3,919	$10,002	$11,690	$11,990
TOTAL REVENUE		$3,593,182	$4,689,584	$5,163,405	$5,302,154	$5,673,625
EXPENSES						
Instructional						
Salaries	A	$1,242,266	$1,577,882	$1,785,714	$1,999,603	$2,102,248
Payroll Taxes & ASRS	A	$193,579	$270,543	$306,042	$342,987	$360,395
Employee Benefits		$59,553	$128,583	$186,554	$250,771	$319,202
Purchased Services (Consultants)	D	$262,793	$251,000	$266,220	$275,298	$311,404
Purchased Services (Special Education)		$39,703	$88,350	$102,133	$109,819	$118,595
Technology		$8,385	$22,800	$36,357	$38,540	$41,009
Textbooks/Curriculum/Library		$2,850	$15,000	$16,624	$21,458	$20,816
Instructional Supplies		$45,990	$53,770	$56,104	$58,853	$61,193
Professional Development		$600	$4,125	$2,066	$1,872	$1,034
Travel		$105				
Dues and Fees		$247	$107	$107	$107	$107
Auditors AJE's	E	$200				
Total Instructional		$1,856,271	$2,412,160	$2,757,921	$3,099,308	$3,336,003
Non-Instructional						
Salaries	A	$396,562	$537,264	$581,900	$624,279	$668,121
Payroll Taxes & ASRS	A	$66,634	$94,021	$101,833	$109,249	$116,921
Employee Benefits		$32,933	$42,444	$45,970	$49,318	$52,782
Purchased Services	F	$65,987	$25,000			
Rent Payment	C	$285,395	$307,150	$313,590	$283,750	$181,103
Repairs and Maintenance	G	$61,922	$151,204	$145,758	$147,756	$149,794
Property, Casualty, Liability Insurance		$79,492	$53,466	$54,535	$42,540	$43,391
Property Taxes	H	$24,258	$63,851			
Internet		$5,340	$5,100	$5,202	$5,306	$5,412
Utilities		$58,974	$74,800	$76,296	$77,822	$79,378
Telephone		$12,986	$17,475	$17,825	$18,181	$18,545
Furniture and Other Equipment		$1,819	$3,831	$3,908	$3,986	$4,065
Equipment Rental		$32,993	$15,855	$16,172	$16,496	$16,825
Note/Loan/Non-Facility Lease Payments	J	$536,221	$616,208	$658,208	$579,146	$767,125
Audit		$12,450	$15,300	$15,606	$15,918	$16,236
Legal		$35,021	$10,000	$10,200	$10,404	$10,612
Advertising/Marketing/Website		$7,838	$20,000	$20,400	$20,808	$21,224
Dues and Fees		$11,576	$4,500			
Travel		$193				
Printing and Postage		$11,608	$11,750	$11,985	$12,225	$12,469
Student Activities		$65,759	$52,805	$60,318	$64,093	$68,404
Supplies		$21,785	$32,147	$32,790	$33,446	$34,115
Amortization and Depreciation	k	$94,435				
Transportation	L	$33,779	$25,000	$25,500	$2,000	
Bank Fees		$5,265	$13,087	$17,939	$18,298	$18,663
Fundraising Expense	M		$42,957	$43,816	$44,692	$45,586
Auditors AJEs	E	$26,881				
Total Non-Instructional		$1,988,106	$2,235,215	$2,259,751	$2,179,713	$2,330,771
TOTAL EXPENSES		$3,844,377	$4,647,375	$5,017,672	$5,279,021	$5,666,774
Increase (Decrease) in Net Assets		($251,195)	$42,209	$145,733	$23,133	$6,851
Net Assets, Beginning of Year		$388,119	$136,925	$179,134	$324,867	$348,000
Net Assets, End of Year		$136,925	$179,134	$324,867	$348,000	$354,851

NOTES/ASSUMPTIONS

[A] Additional amounts for staffing are reflected here to match the plan for growth.
[B] $/Student ratio plus 5% increase each year
[C] Amount descrease as leases end and ASA occupies buildings
[D] Amounts reflect payments to School of Ballet AZ and Phoenix Theatre for Arts Programs
[E] Auditors needed to create Journal Entries to account for errors made by outside consultant
[F] Amounts reflect payments to temporary finance staff and capital campaign
[G] Amount increases as more building costs and reserves for possible equipment as ASA occupies buildings
[H] Amount descreases as ASA has buildings and land re-classified as non-profit organization
[J] Amounts associated with net interest payments on Long Term Debt
k For purposes of operational budgeting, non-cash expenses such as depreciation are not projected
L Amount decreases as off campus classes end and ASA facilities accommodate these programs
M Includes amounts associated with increased fundraising expenses