BUDGET NARRATIVE

Valley Academy's accounting procedures conform to Generally Accepted Accounting Standards, and administration and staff maintain a separation of duties when handling funds and purchasing. Although the school is exempt from USFRC requirements, many accounting processes prescribed by the USFRCS still remain in use. With input from the staff, the Board of Directors and administration sets an annual budget and reviews budget performance monthly. The C.E.O. is tasked with ensuring optimal financial performance and compliance to all rules and regulations. The Board of Directors approves all account signers and card holders. Strict adherence to accounting policies is evidenced by the school's annual audits.

In addition to thoroughly reviewing monthly financial statements, the Board of Directors and administration review a 'dashboard' report to ensure the continued financial and operational health of the organization. A copy of this report is provided below. The Board also reviews the performance of all investments.

The school works closely with the Valley Academy Parents' Organization (VAPO) and enjoys financial and operation support from over 1,500 members of VAPO each year. This group regularly logs over 10,000 hours of volunteer time annually and raises approximately $50,000 annually in support of the school.

Although Valley Academy, Inc. is considering replicating in the future, the school currently has no firm replication plans, so this possible change to operations is not reflected in the attached three-year budget plan.

Budget Plan: Valley Academy, Inc.

		Actual	Projected Financial Information		
		FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
ADM:		701	790	790	790
REVENUE					
State Equalization Assistance	D	$3,974,980	$3,934,306	$4,277,000	$4,362,540
Classroom Site Fund	D	$210,598	$251,439	$250,000	$255,000
Instructional Improvement Fund	D	$28,849	$30,729	$31,000	$31,620
Federal Funds/Grants	C	$86,657	$480,314	$90,000	$90,000
Other State Funds/Grants		$0	$0	$0	$0
Food Service (e.g., NSLP, food sales)	D	$86,574	$94,000	$95,000	$100,000
Other	A	$278,887	$260,700	$251,000	$251,000
TOTAL REVENUE		$4,666,545	$5,051,488	$4,994,000	$5,090,160
EXPENSES	B				
Instructional					
Salaries	E	$1,476,654	$1,627,616	$1,676,444	$1,726,738
Payroll Taxes		$106,319	$128,250	$134,116	$138,139
Employee Benefits	F	$251,346	$357,608	$368,818	$379,882
Purchased Services (Consultants)		$0	$0	$0	$0
Purchased Services (Special Education)	G	$161,741	$200,595	$162,000	$162,000
Technology		$0	$0	$0	$0
Textbooks/Curriculum/Library		$41,091	$55,500	$55,000	$55,000
Instructional Supplies		$24,600	$44,500	$45,000	$45,000
Professional Development		$3,880	$3,500	$3,500	$3,500
Travel		$0	$500	$0	$0
Other	A	$29,355	$31,200	$31,200	$31,200
Total Instructional		$2,094,986	$2,449,269	$2,476,078	$2,541,459
Non-Instructional					
Salaries	E	$605,222	$673,663	$693,873	$714,689
Payroll Taxes		$43,620	$48,471	$55,510	$57,175
Employee Benefits		$128,773	$143,773	$152,652	$157,232
Purchased Services		$34,164	$23,650	$24,125	$25,000
Rent/Bond Payment		$59,093	$58,000	$59,000	$60,000
Repairs and Maintenance	H	$44,771	$63,800	$65,000	$66,500
Property, Casualty, Liability Insurance		$27,833	$35,000	$36,000	$36,750
Interest/Property Taxes		$483,545	$630,000	$625,000	$617,500
Internet		$1,200	$3,000	$3,500	$4,000
Utilities		$109,031	$106,000	$108,200	$110,500
Telephone		$4,416	$10,000	$10,500	$11,000
Furniture and Other Equipment		$0	$0	$0	$0
Note/Loan/Non-Facility Lease Payments		$0	$0	$0	$0
Audit		$15,150	$13,900	$14,250	$14,750
Legal		$3,281	$5,000	$5,000	$5,000
Advertising/Marketing		$4,097	$7,500	$7,500	$7,500
Travel		$1,380	$2,725	$3,000	$3,000
Printing and Postage		$10,282	$11,800	$12,000	$12,000
Supplies		$22,455	$33,600	$35,000	$37,500
Food Service		$72,729	$71,000	$75,000	$80,000
Transportation		$5,390	$8,500	$8,500	$8,500
Other	A	$320,057	$382,715	$384,500	$384,500
Total Non-Instructional		$1,996,490	$2,332,097	$2,378,110	$2,413,096
TOTAL EXPENSES		$4,091,476	$4,781,366	$4,854,188	$4,954,555
Increase (Decrease) in Net Assets		$575,069	$270,122	$139,812	$135,605
Net Assets, Beginning of Year		$3,807,324	$4,382,393	$4,652,515	$4,792,327
Net Assets, End of Year		$4,382,393	$4,652,515	$4,792,327	$4,927,932

NOTES/ASSUMPTIONS

Please include in this section the assumptions used in developing the charter holder's budget plan and, if applicable, any notes that help clarify for the Board the information found above.

[A] Please specify what is included in "Other". Please explain each "Other" line item used in its own note.

[B] Any expenses associated with the charter holder's "Facilities Plan" should be reported in the appropriate section of this document with "Notes" incorporated as appropriate.