C.5 Operational Expenditures/Overhead

Table 1 below highlights the Operational Expenditures/Overhead section of the budget and gives a narrative for each aspect. Increases for years 2 and 3 are included and are accounted for by the increases in the projected enrollment of students as well as increases of service providers' costs. Timelines for purchases and/or acquiring these items is also noted. The budgeted amounts in the table are either direct quotes from reputable service providers or are from reputable sources of data such as the Department of Education.

Table 1: Operational Expenditures/Overheads and Descriptions

Operational Expenditures/Overhead	*Year 1*	*Year 2*	*Year 3*
Employee Benefits (Required Employer Contributions)	**$76,050**	**$93,750**	**$109,650**
Figured at 15% of salaries. Includes Medicare, SS, SUI and workers compensation. These payments will commence 8/1/12 and will increase each year as the number of employees grows. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Employee Insurance (if applicable)	**$21,600**	**$27,000**	**$30,600**
Based on current rates of $225 per month with SCDS paying 2/3 of this which is equal to $150 per employee per month. SCDS Health Insurance will commence 8/1/12, increasing each year as the number of employees grows. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Office Supplies (Paper, Postage, etc.)	**$6,000**	**$8,000**	**$9,000**
Office supplies will be ordered on a monthly basis. Office supplies will range from $450-$500 per month. SCDS will begin to order supplies in 7/12 and will increase each year as the number of SCDS students grows. Supplies will be purchased on 8/1/2012. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Start Up and Three-Year Budget.			
Instructional Supplies	**$16,000**	**$5,000**	**$5,000**
The budgeted amount is for 2 SmartBoards, 3 overhead projectors, teacher supplemental materials, assessment materials (easyCMB assessments and Teach for Success materials, DIBELS-6, IXLmath) (from PM Plan A.6.), decorative materials, teacher training (from PM Plan A.6.), and manipulatives needed to sufficiently prepare the classrooms for instruction. The budget for years 2 and 3 are lower due to much of this inventory still being used from year 1. Supplies will be purchased on 8/1/2012. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			

Membership Dues, Registrations, & Travel	**$3,000**	**$4,000**	**$5,000**
The costs will be paid at the time the expense is incurred. Mileage reimbursement or per diems will be provided as necessary. The budgeted amount is $3,000/year. This category includes activities such as ACSA conferences, local workshops, national charter conference, etc. Years 2 and 3 are slightly higher to allow additional SCDS staff members will be able to attend. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Start Up and Three-Year Budget.			
Purchased Services (Contracted Services, Accounting Services, Legal, Consultants, etc.)	**$8,000**	**$9,000**	**$10,000**
SCDS will utilize experts in the fields of law, accounting, and other areas of expertise to provide support and guidance for the effective and successful operation of a charter school. Substitute teachers will also be paid for in this section to cover SCDS staff when absent. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Purchased Services (Special Education)	**$22,150**	**$25,251**	**$29,039**
SCDS's budget assumes a SPED student population of 10% which will be served by the SPED teacher in year 1 and the SPED assistant in years 2 and 3. The amount of $17,150 ($65.00 x 245 ancillary hours) has been budgeted for. An additional $5,000 has been calculated towards any evaluations need to be done for the SPED students. An increase has been budgeted for in years 2 and 3 due to the SPED population of students increasing to 16 and 18 respectively. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Curriculum & Resource Materials	**$21,000**	**$15,000**	**$15,000**
SCDS will use the textbooks for English Language Arts which will be left over from the private SCDS. There will be no charge for these books. SCDS has received written quotes from Houghton Mifflin Harcourt for the Science Fusion, Saxon math, and Social Studies curricula, each at approximately $7,000. Curricula costs decrease for years 2 and 3 as the same curricula will be being used, although some might need replacing and/or updating. Supplies will be purchased on 8/1/2012 and will arrive before school starts. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Library Resources/Software	**$5,000**	**$5,500**	**$6,500**
Covers basic software needed to run the PC's and the school network with an incremental cost each year for revisions to this software. Supplies will be purchased on 8/1/2012. The source of funds for this line item is from the			

revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
SAIS Software	**$5,000**	**$5,500**	**$6,500**
Schoolmaster or equivalent program needed for recording and submitting to state, with an increase each year to cover increased charges. Supplies will be purchased on 8/1/2012. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Auditor Fees	**$5,000**	**$11,000**	**$12,000**
SCDS will use a reputable company in Klecka, Wilkins & Klecka, CPA's to conduct its required yearly audit. A price increase from year 2 to year 3 in the budget represents potential increases in service charges. For more details on this, please see the letter from Klecka, Wilkins & Klecka in section B4.2 Contracted services which highlights the intent to provide services and the costs for this. The $5,000 budgeted for year 1 is to cover initial accounting set up costs and down payments. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Professional Development Classes	**$8,000**	**$8,000**	**$10,000**
To ensure teachers and staff at SCDS are provided exceptional professional development opportunities, and per the professional development plan outlined in section A.5, the above budgeted amounts are for year 1, 2, and 3 respectively. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Purchased Services Hearing & Vision Screenings	**$1,173**	**$1,337**	**$1,537**
Community Wellness & Safety of Arizona will provide these services with estimated testing of 70 SCDS students for hearing and 35 SCDS students for hearing and vision in year 1. Costs increase by 14% and 15% for years 2 and 3 respectively which are proportional to the increase in students from year 1 to year 2 and 2 to 3. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Supplies	**$10,000**	**$11,000**	**$12,000**
This budgeted amount will cover supplies needed for teaching including paper, art supplies, P.E. equipment, science lab equipment and supplies, and other miscellaneous items. The cost increase is to match the increased number of students per year. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as			

indicated in the Three-Year Budget.			
Marketing/Advertising	**$10,130**	**$11,000**	**$12,000**
Arizona Parenting Magazine, Raising Arizona Kids Magazine, Postcard Mailers, and Road Sign/Sandwich Boards will all be utilized to achieve enrollment projections at a cost of $10,130. The year 2 and year 3 budgeted amounts for this increases to cover vendor's potential increases. This advertising will commence upon successful approval of the SCDS charter in January. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Start Up Three-Year Budget.			
Purchased Services (Contracted Services, Custodial/Maintenance)	**$8,000**	**$9,000**	**$10,000**
SCDS will use experts in the areas of grant writing and other areas of expertise not covered by the salaried SCDS staff to provide advice, guidance, and services to support the running and operation of a successful charter school. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Building Rent/Lease/Loan	**$132,000**	**$144,000**	**$156,000**
SCDS is planning to lease the building they currently reside in for its private school for the first three years of operation as a charter school, and possibly beyond. Please see section C.1 facilities Acquisition of this application for more details. Year 1 = $11,000 per month, Year 2 = $12,000, and Year 3 = $13,000. Please see attached letter from SCDS's current landlord for the lease of the building for the SCDS Charter School. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Building & Improvements	**$2,000**	**$3,000**	**$4,000**
SCDS will make technology changes throughout the school including new wiring systems. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Land & Improvements	**$3,000**	**$2,000**	**$1,000**
SCDS intends to improve the recess field with new playground equipment for students to use during recess periods. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Fees/Permits	**$750**	**$750**	**$1,000**

Includes building permit and Arizona Charter Association membership fees. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Property/Casualty Insurance	**$6,000**	**$6840**	**$7866**
Based on quotes provided by Wells Fargo Insurance Services USA Inc. Increased costs by 14% and 15% for years 2 and 3 respectively which are proportional to the increase in students from year 1 to year 2 and 2 to 3. This money will come from the income highlighted in the 3 year budget. This will commence on 8/1/2012. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Liability Insurance	**$5,000**	**$5,700**	**$6,555**
Based on quotes provided by Wells Fargo Insurance Services USA Inc. Increased costs by 14% and 15% for years 2 and 3 respectively which are proportional to the increase in students from year 1 to year 2 and 2 to 3. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget. This will commence on 8/1/2012.			
Utilities (Electric, Gas, Water, Waste)	**$2,400**	**$2,600**	**$2,800**
Almost all utilities are included in the rent amount as per our school's lease agreement with the landlord organization. The only utility SCDS is responsible to cover outside of the rent payment amounts is the water usage at the recess field, which is approximately $200 per month ($2,400 per year), with a slight increase in years 2 and 3 for increase in water charges. Electricity, water & sewer charges, and all other utilities in the facility are included in the lease and responsibility of the landlord once the rent is paid by the school. For more details on this arrangement, please see the attached letter from SCDS's landlord. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Phone/Communications/Internet Connectivity	**$3,000**	**$3,500**	**$4,000**
Budgeted amounts are for phone and internet service with Qwest Communications, calculated at $250 per month, with a slight increase in years 2 and 3 for increase in communication charges. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Start Up and Three-Year Budget.			
Transportation	**$0**	**$0**	**$0**
Any transportation for field trips (if applicable) would be paid for by the families or through fundraising with zero cost to SCDS. The school will not offer a transportation service to/from school, as our research indicates that			

parents will be providing transportation for those students who do not live within a walking distance to the school.			
Food Service	**$1,000**	**$1,200**	**$1,500**
Snacks will be provided in the afterschool care program at a cost of approximately $30 per week. An increase in cost occurs for years 2 and 3 to compensate for additional students per the anticipated enrollment projections. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Student Furniture & Other Equipment	**$3,000**	**$3,000**	**$4,000**
Furniture/equipment for instruction such as tables, desks, and chairs and televisions/dvd players will be donated from the private Scottsdale Country Day School currently occupying the space where the SCDS charter school will be. However, $3000 has been budgeted in year 1 in case any furniture or equipment needs updating/replacing. The budgeted amounts for years 2 and 3 allows for additional furniture and equipment to be purchased to serve the additional students and to replace any such furniture/equipment as needed. Supplies will be purchased on 8/1/2012 and will arrive prior to school starting. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Office Furniture & Other Equipment	**$1,500**	**$1,000**	**$1,000**
The office will be furnished with furniture and equipment being carried over free of charge from the private SCDS. The $500 amount budgeted for year 1 allows for new equipment deemed necessary, with slight increases for years 2 and 3. Supplies will be purchased on 8/1/2012 and will arrive prior to school starting. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Student Technology Equipment	**$10,000**	**$10,000**	**$12,000**
SCDS will utilize the technology lab on campus for the first year of operation. This lab consists of 20 computers and desks. These computers and desks will be donated by the private SCDS, as well as an additional 20 laptops. Additional technology such as iPads, laptops, and projectors will be purchased for year 1 at $10,000 to help infuse technology into the classroom. Supplies will be purchased on 8/1/2012 and will arrive prior to school starting. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Office Technology Equipment	**$2,000**	**$3,000**	**$4,000**

Although there will be some office technology equipment which transfers from the private school to the charter school, the budgeted amounts allow for SCDS to update this equipment. Supplies will be purchased on 8/1/2012 and will arrive prior to school starting. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			
Other Leases/Loans (Security, Copiers, etc.)	**$4,800**	**$19,800**	**$18,008**
SCDS is working with Digital Imaging, to secure a lease on a photocopy machine, with a quote of $400 per month for 3 years, starting 6/1/2012. Also in this section for years 2 ($15,000) and 3 ($13,208) is the personal loan repayment to Steve and Kathy Prahcharov who loaned SCDS $25,000 for start up costs with a 5% interest charge. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Start Up and Three-Year Budget.			
Staff Technology	**$6,000**	**$2,000**	**$2,000**
A $6000 budget for purchasing technology equipment for year 1 will cover the purchase of staff laptops and 3 projectors which will enhance and allow for the infusion of technology within the classroom. Supplies will be purchased on 8/1/2012 and will arrive prior to school starting. The source of funds for this line item is from the revenues received by SCDS from state equalization payments, as indicated in the Three-Year Budget.			

Congregation Beth Israel

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RANDALL BUKKE
BITY President

December 14, 2011

To Whom It May Concern,

Beth Israel Congregation is currently leasing space to Scottsdale Country Day School at the 10460 N. 56th St. Scottsdale, AZ 85253 location. Congregation Beth Israel will have this rental space available in 2012 and would welcome Scottsdale Country Day School to submit an application to occupy the space.

For a 3 year lease, the lease cost would be $132,000 for year 1, $144,000 for year 2, and $156,000 for year 3. All utilities in the school building are included within this lease, as are general maintenance, custodial services, and building improvements.

SCDS would be responsible for paying for water and upkeep of the recess field in addition to their lease.

Congregation Beth Israel and its staff have had a good working relationship with Steve Prahcharov during the past 6 years and we are happy to continue working with him.

Please do not hesitate to contact us should you have any further questions.

Sincerely,

Terry Taubman
Executive Director