C.5 Three Year Operational Budget Assumptions

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*
Salaries	**$450,000**	**$502,500**	**$603,500**
The salaries are for 1 Principal, 1 Curriculum Director, 8 teachers 1 special education teacher, 1 office manager, and 1 part-time P.E. teacher. These payments will commence 8/1/13 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 Benefits (Required Employer Contributions)	**$67,500**	**$75,375**	**$90,525**
Figured at 15% of salaries. Includes Medicare, SS, SUI and workers compensation. These payments will commence 8/1/13 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)	**$23,040**	**$24,960**	**$28,800**
Based on current rates of $240 per month with SCDS paying 2/3 of this which is equal to $160 per employee per month. SCDS Health Insurance will commence 8/1/13, 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.)	**$4,500**	**$5,000**	**$5,500**
Office supplies will be ordered on a monthly basis. Office supplies will range from $350-$450 per month. SCDS will begin to order supplies in 7/13 and will increase each year as the number of SCDS students grows. Supplies will be purchased on 8/1/2013. 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	**$8,000**	**$9,000**	**$10,000**

The budgeted amount is for 2 SmartBoards, 2 keyboards, 2 guitars, 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 8/1/2013. 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	**$1,000**	**$1,000**	**$1,000**
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 $1,000/year which will cover basic registrations and memberships. 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.			
Contracted Services	**$34,982**	**$38,871**	**$42,803**
SCDS will use a financial management company (AIS) to oversee all of the financial aspects of running a charter school. The fee for this service is 3% of equalization monies, with an additional $5,000 budgeted for SCDS to utilize experts in the fields of law and other areas of expertise to provide support and guidance for the effective and successful operation of a 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. Community Wellness & Safety of Arizona will provide hearing and vision services with estimated testing of 70 SCDS students for hearing and 35 SCDS students for hearing and vision in year 1. Costs increase by 12% and 13% 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. Year 1 = $1173, Year 2 = $1314, Year 3 = $1485.			
Purchased Services (Special Education)	**$22,150**	**$24,750**	**$27,500**
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 18 and 20 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	**$20,000**	**$15,000**	**$10,000**
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 8/1/2013 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 8/1/2013. 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	**$6,000**	**$6,000**	**$6,000**
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 8/1/2013. 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	**$2,000**	**$12,000**	**$14,000**
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 B3.2 Contracted services which highlights the intent to provide services and the costs for this. The $2,000 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.6, 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.			
Supplies	**$5,000**	**$6,000**	**$7,000**

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	**$7,200**	**$8,000**	**$9,000**
Arizona Parenting Magazine, Raising Arizona Kids Magazine, and Postcard Mailers, will all be utilized to achieve enrollment. 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)	**$1,000**	**$1,000**	**$1,000**
SCDS will have this area covered as part of the lease with all costs being incurred by the landlord. A nominal $1,000 per year has been budgeted in case any work needs to be done and paid for by SCDS. 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**	**$132,000**	**$144,000**
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 = $11,000, and Year 3 = $12,000. 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	**$1,000**	**$1,000**	**$1,000**
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	**$1,000**	**$1,000**	**$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	**$500**	**$750**	**$750**
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	**$4,000**	**$4,500**	**$5,000**
Based on quotes provided by State Farm Insurance. Increased costs 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 8/1/2013. 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	**$3,000**	**$3,500**	**$4,000**
Based on quotes provided by State Farm Insurance. Increased costs 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 8/1/2013.			
Utilities (Electric, Gas, Water, Waste)	**$0**	**$0**	**$0**
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. 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	**$2,400**	**$2,500**	**$2,600**
Budgeted amounts are for phone and internet service with Cox Communications, calculated at $200 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	**$500**	**$500**	**$500**
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. A minimal amount has been budgeted for students ubable to afford to pay for transportation costs. 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.			

Food Service	**$1,000**	**$1,200**	**$1,400**
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**	**$2,000**	**$2,000**
Furniture/equipment for instruction such as tables, desks, and chairs and televisions/dvd players will be included for use as part of the lease agreement. 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 8/1/2013 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	**$250**	**$250**	**$500**
The office will be furnished with furniture and equipment being carried over free of charge from the private SCDS. The $250 amount budgeted for year 1 allows for new equipment deemed necessary. Supplies will be purchased on 8/1/2013 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	**$13,000**	**$5,000**	**$5,000**
Technology such as iPads, a SmartBoard, laptops, and projectors will be purchased for year 1 at $13,000 to help infuse technology into the classroom. Supplies will be purchased on 8/1/2013 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	**$1,000**	**$1,000**	**$1,000**
Although there will be some office technology equipment which transfers from the private school to the charter school free of charge, the budgeted amounts allow for SCDS to update this equipment. Supplies will be purchased on 8/1/2013 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 (Security, Copiers, etc.)	**$4,000**	**$5,000**	**$5,000**

SCDS is working with Future Digital Imaging, to secure a lease on a photocopy machine, with a quote of $400 per month for 3 years, starting 6/1/2013. 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.			
Loan Repayment	**$0**	**$8,423**	**$8,423**
For years 2 ($8,423) and 3 ($8,423) is the personal loan repayment to Steve and Katherine Prahcharov who loaned SCDS $16,000 for start-up costs with a 5% interest charge.			
Staff Technology	**$4,000**	**$2,000**	**$2,000**
A $4,000 budget for purchasing technology equipment for year 1 will cover the purchase of staff laptops/Ipads and 1 projectors which will enhance and allow for the infusion of technology within the classroom. Supplies will be purchased on 8/1/2013 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.			