

Application for an Open-Enrollment Charter School - Eighteenth Generation
Estimated Revenues and Expenses - Years 1–5 Budget Projections
Instructions to Complete Budget Worksheet and Templates

Please print instructions.

(A) Introduction

1. Begin the budget process by reading these instructions in their entirety.

Read and follow the instructions in (B) and (C) for completing the budget worksheet and the budget templates for years 1–5.

Once you have completed the budget worksheet, use the applicable amounts from that sheet's tables to complete the budget templates.

*The worksheet does not include tables for determining every item in the budget templates. It includes tables for only those items that have proved particularly difficult to estimate in the past.

2. *** Please refer to 19 Texas Administrative Code (TAC) §100.1015

If there are any inconsistencies between the body of the application and the budget, *neither the application nor the budget* will be accepted, per 19 TAC §100.1015 (4)(A).

3. Enter data in **only** the yellow-highlighted areas. The file's other cells are locked. The terms "rows" and "columns" will be used as reference points.
4. As a reminder, for those new to the application process, Year 0 is the plan year with **no** students.
5. If your budget template estimates and projections do not come from the budget worksheet, you **must** provide a detailed explanation of how you derived the estimates and projections, per 19 TAC §100.1015 (1)–(3).
6. Consider the following requirements and guidance in preparing the budget. The following list is not all inclusive.
 - (a) The budget **must** adhere to Texas Education Code (TEC), §44.004.
 - (b) The effectiveness of the budget as a financial control tool depends on adherence to the following basic principles:
 - > Ensure that revenues are closely linked to expenses for consistent assumptions, and explain the assumptions used, as applicable.
 - > Avoid overly optimistic revenue and expense projections (use conservative projections).
 - > Use a budget process that provides periodic (monthly or quarterly) comparisons of budget to actual results so that differences can be acted on in a timely manner when necessary. Include in the periodic review processes to adjust for changes such as those related to inventories, bad debt expense, etc.
 - > Put in place a reasonable process to allow the charter school to modify its budget.
 - (c) Capital assets and investment projections should be considered using the accrual basis of accounting.For further information, visit the following web page, and select *Financial Accountability System Resource Guide (FASRG) Module 2, Budgeting* .

<http://www.tea.state.tx.us/index4.aspx?id=1222>

7. Refer to FASRG Module 10, *Special Supplement to Financial Accounting and Reporting, Nonprofit Charter School Chart of Accounts* , to ensure that the appropriate account codes are used. Module 10 is available on the following web page.

<http://www.tea.state.tx.us/index4.aspx?id=1222>

(B) Budget Worksheet Instructions

Click the "Budget_Worksheet" tab to open the worksheet.

The purpose of the worksheet tables is to provide help with calculating those budget template items that have proved the most difficult to calculate in the past. Therefore, tables are provided for calculating several, but not all, budget template items.

1. Name of Sponsoring Entity, Proposed Charter School, and School Period

row 4 **Enter the name of the sponsoring entity/charter holder in the following cell.** Once you have entered the name here, it will automatically appear in the cell in row 4 of the worksheet and all Budget templates.

Name of Sponsoring Entity/Charter Holder

row 5 **Enter the name of the proposed charter school in the following cell.** Once you have entered the name here, it will automatically appear in the cell in row 5 of the worksheet and all Budget templates.

Name of Proposed Charter School

row 6 **Enter the date range for the proposed charter school's years 1, 2, 3, 4, and 5 budgets in cells D6 and F6 of the worksheet.** (For example, for year 1, enter 09/01/15 to 08/31/16.)

2. ADA Revenue Table

rows 8–30 The purpose of the ADA (students in average daily attendance) revenue table is to determine the potential funding for student enrollment per budget year. The per-ADA funding amount provided in row 29 has been calculated conservatively using state averages.

As stated in item (A)3, year 0 is the plan year with **no** students. Therefore, for the year 0 column of the table, no entries are needed or required.

For years 1–5, the enrollment numbers should correspond to those on the application coversheet.

Enter the maximum (prekindergarten) or projected (all other grades) enrollment numbers according to grade and year in the applicable table cells (table rows 1–15, worksheet columns E, F, G, H, and I).

The amounts for row 30's cells will be calculated automatically. No entries are required.

Note the automatically calculated amounts shown for row 30 for years 1, 2, 3, 4, and 5. Enter each of these amounts in the state revenues row (row 42) of the applicable year's budget template.

3. Student:Teacher Ratios Table

rows 32–43 The purpose of the student:teacher ratios table is to assist potential charter schools in determining appropriate student:teacher ratios given their circumstances, in accordance with TEC, §25.111, Student/Teacher Ratios, and §25.112, Class Size.

rows 38–43 > For each year, enter in column (d) the total number of teachers that are required according to the student:teacher ratio specified in Section 4(i) of the application (Educational Plan).

rows 38–43 > For each year, enter in column (e) the total number of teachers that have been budgeted for.

rows 38–43 > For each year, enter in column (f) the number of the application page that corresponds to the information in that row.

*** The student teacher ratios should correspond to those in Section 4(i) of the application (Educational Plan).

4. Payroll Costs Table (see the application's Attachment D and I)

rows 45–66 The purpose of this table is to assist potential charter schools in determining reasonable salaries given those of other schools with similar enrollment and circumstances and in determining payroll costs based on those salaries.

> Enter the page number from the application associated with each position.

> Enter each comparable school's salary for each position (columns [b]–[d], rows 52–65). Column (e) will automatically calculate the average salary for each position.

> For each budget year (columns [g]–[I]), enter the average salary amount from column (e) for each position (or an amount reasonably close to that amount), multiplied by the number of individuals to be employed in that position [column f]. If the budget for years 1–5 will include cost-of-living or other percentage increases in salary amounts, factor those increases into the amounts entered in columns (h)–(I). Row 66, columns (g)–(I), will automatically calculate the total salary amounts.

> Use the salary amounts from columns (h)–(I) in determining the amounts to enter in the object code 6100 series cells (starting with row 56) in each year's budget template.

5. Number of Students Served at Comparable Schools (Year 1) Table

row 72 Enter each comparable school's number of students served (columns [b]–[d]). Column (e) will automatically calculate the average enrollment.

6. Proposed Charter School's Enrollment Cap Table

row 69 Enter the proposed charter school's enrollment cap for each year.

7. Professional and Contracted Services Table

rows 74–97 The purpose of the professional and contracted services (code 6200 series) table is to assist potential charter schools with calculations related to utilities and rentals/leasing. Enter the information asked for.

(C) Year 1–5 Budget Template Instructions

Click the "Yr1_Budget_Template" tab to open the budget template for year 1, and follow these instructions. Follow the same procedures to complete the budget templates for years 2–5. (The budget template instructions are the same for years 1–5.)

1. Name of Sponsoring Entity and Charter School, Period

row 4 Note that the name of the sponsoring entity/charter holder that you entered in the worksheet instructions in (B) automatically appears in cell (D4) of the template.

row 5 Note that the name of the proposed charter school that you entered in the worksheet instructions in (B) automatically appears in cell (D5) of the template.

row 6 **Enter the date range for the proposed charter school's year 1 budget in cells D6 and F6 of the year 1 budget template.** (For example, for year 1, enter 09/01/15 to 08/31/16.)

2. Summary of Estimated Net Assets and Expenses Report

rows 8–30 The Summary of Estimated Net Assets and Expenses report provides a brief summary of the data entered in the Estimated Net Assets and Revenue and Estimated Expenses tables. **The information in the Summary of Estimated Net Assets and Expenses report will be calculated automatically** once you complete the Estimated Net Assets and Revenue and Estimated Expenses tables. **No data entry is required, with the exception of the information in row 11** (Net Assets at the Beginning of the Year). Locate the amounts that appears in row 25 of the completed year 0 budget template (Net Assets at the End of Year 0), and enter those amounts in row 11 of this template.

row 30 Once you have completed the year 1 budget template, enter the amounts that appear in row 30 (Net Asset Amounts at the End of Year 1) of this template in row 11 of the year 2 budget template (Net Assets at the Beginning of the Year [Year 2]).

3. Estimated Net Assets and Revenue

* Enter data in the yellow-highlighted areas only. Totals and subtotals will be calculated automatically.

* Enter revenue amounts according to the account codes specified in Module 10 of the *FASRG* (link provided in [A]7 of these instructions).

rows 29–53 * Enter in the "Source Notes" column information on the source of funds, such as cross-references to or explanations or descriptions of verifiable documentation.

* Refer to the information in the budget worksheet in completing this part of the budget template.

rows 35–39 > Enter local support revenues.

rows 42–44 > Enter state program revenues.

rows 47–50 > Enter federal program revenues.

If there are any inconsistencies between the body of the application and the budget, ***neither the application nor the budget*** will be accepted, per 19 TAC §100.1015 (4)(A).

4. Estimated Expenses

* Enter data in the yellow-highlighted areas only. Totals and subtotals will be calculated automatically.

* Enter expense amounts according to the account codes specified in Module 10 of the *FASRG* (link provided in [A]7 of these instructions).

rows 54–116 * In the "Source Notes" column, enter information on documentation that can support the expense amounts entered.

* Refer to the information in the budget worksheet in completing this part of the budget template.

rows 56–67 > Enter payroll costs (refer to the information you entered in the budget worksheet).

rows 70–82 > Enter professional and contracted services expenses (refer to the information you entered in the budget worksheet).

rows 85–96 > Enter supplies and materials expenses (refer to the information you entered in the budget worksheet).

rows 99–107 > Enter other operating costs (refer to the information you entered in the budget worksheet).

rows 110–115 > Enter debt expenses (refer to the information you entered in the budget worksheet).

If there are any inconsistencies between the body of the application and the budget, ***neither the application nor the budget*** will be accepted, per 19 TAC §100.1015 (4)(A).

5. rows
8-30
- > After you have completed entering information, note that the amounts in the Summary of Net Assets and Expenses report at the beginning of the template have been automatically calculated. Double-check the amounts to ensure that they correspond to those in the application and the rest of the budget template.
 - > Print out the Summary of Net Assets and Expenses report to include with the application submission.

(D) Combined 5-Year Budget Template Instructions

Click the "Comb_5-Yr_Budget_Template" tab to open the Summary of Combined 5-Year Budget Projections template.

1. Name of Sponsoring Entity and Charter School, Period

row 4 Note that the name of the sponsoring entity/charter holder that you entered in the worksheet instructions in (B) automatically appears in cell (D4) of the template.

row 5 Note that the name of the proposed charter school that you entered in the worksheet instructions in (B) automatically appears in cell (D5) of the template.

row 6 **Enter the date range for the proposed charter school's years 1–5 budget in cells D6 and F6 of the template.** (For example, enter 09/01/15 to 08/31/20.)

2. Summary of Combined 5-Year Budgets

row 14 > Enter the estimated total revenues and resources from each of the year 0–5 budget templates in the applicable column. The total amount for all years will be calculated automatically in the last column.

row 16 > Enter the estimated total budgeted expenses from each of the year 0–5 budget templates in the applicable column. The total amount for all years will be calculated automatically in the last column.

3. *row 18* The annual operating surplus (deficit) amounts will be calculated automatically.

row 19 The percentage of expenses amounts will be calculated automatically.

row 22 The cumulative operating surplus (deficit) amounts will be calculated automatically.

row 25 The percentage of cumulative expenses amounts will be calculated automatically.