

Developing Your Budget and Making the Case for Fiscal Feasibility

Petitioner Boot Camp
December 15, 2016

Terence
Washington
Financial and
Operational
Accountability
Manager



Presentation Overview

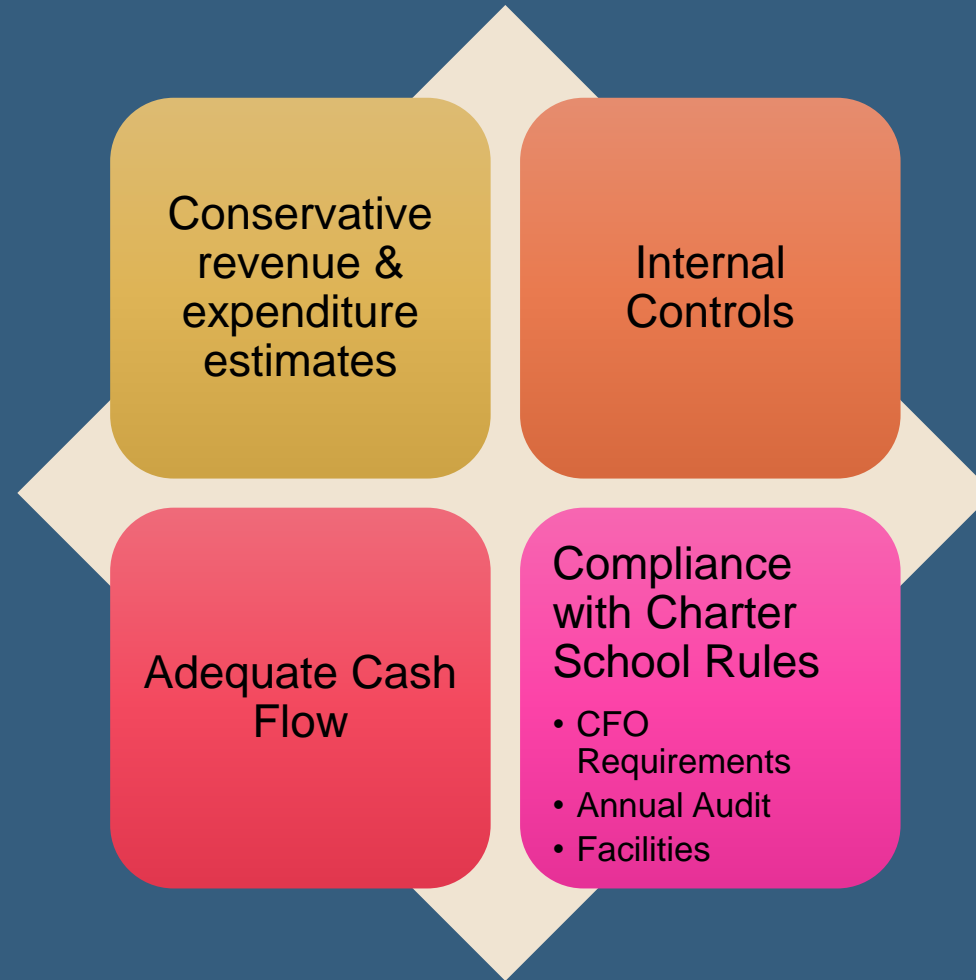
- SCSC School Budget Template Overview
 - Funding overview
 - Horizontal vs Vertical Growth
 - Common Budget Mistakes
- Petition Application-Fiscal Feasibility Section
 - Internal Controls
 - School CFO
 - Facility

Operational/ Financial Plan

What is a reasonable budget/financial plan?
How do we make accurate, conservative
revenue estimates?



REASONABLE FINANCIAL PLAN



FUNDING OVERVIEW

3 TYPES OF FUNDING

- State/QBE (automated)
 - Generated by the enrollment numbers entered into the budget
- SCSC Supplemental Funding (automated)
 - Generated by the enrollment numbers entered into the budget
- Federal (excluded)
 - Excluded because charters are open enrollment schools and there is no accurate way to predict.

HORIZONTAL VS. VERTICAL GROWTH

- New charters are funded based on a head count they provide prior to the beginning of their first operating year.
- After that the school is only funded ahead of their official enrollment count when they add a grade level.
 - Adding a grade level is Vertical Growth
- If you are adding classes within an existing grade level the funding generated by those additional students will be delayed a year.
 - This is called Horizontal Growth

HORIZONTAL VS. VERTICAL GROWTH

- Horizontal Growth Example: Campbell County Charter School

Grade	Year 1	Year 2	Year 3	Year 4	Year 5
K	50	50	50	50	50
1	50	50	50	50	50
2	50	50	50	50	50
3	50	50	50	50	50
4		50	50	50	50
5			50	50	50
Total	200	250	300	300	300

HORIZONTAL VS. VERTICAL GROWTH

■ Vertical Growth Example: Campbell County Charter School

Grade	Year 1	Year 2	Year 3	Year 4	Year 5
K	50	75	75	75	75
1	50	50	75	75	75
2	50	50	50	75	75
3	50	50	50	50	75
4		50	50	50	50
5			50	50	50
Total	200	275/250	350/325	375/350	400/375

BRANDING & ENROLLMENT PROJECTIONS

Branding-Who You Are

- School Mission & Values
- School Services
- Target Families
- Competitive Edge

Marketing-How You Sell Your Vision

- Advertising
- Community Events
- Community Outreach

COMMON BUDGET MISTAKES

Overestimating
Funding

Underestimating
Expenses

Including Unsecured
Donations as a
Source of Revenue

Budget Deficits
w/o Eliminating
the Deficit in
Subsequent Years

Negative Ending
Cash Amounts

Amortizing
Expenses

COMMON BUDGET MISTAKES

Inconsistencies

Using the Wrong
Budget Template

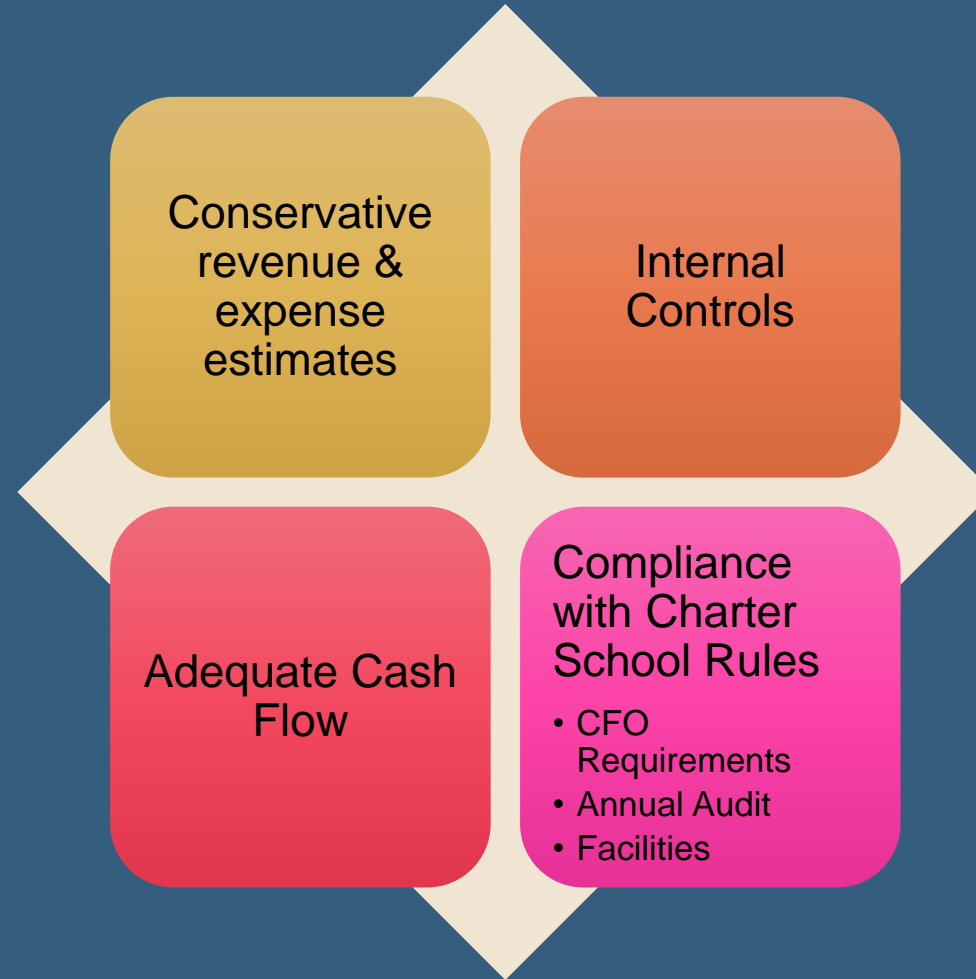
Not Including Notes

COMMON BUDGET MISTAKES

Example: Campbell County
Charter Budget Template

Petition Application-Fiscal Feasibility

REASONABLE FINANCIAL PLAN



BASIC INTERNAL CONTROLS

Performance
Reviews

Information
Processing
Controls

Physical
Controls

Segregation of
Duties

Authorization
and Document
Based Controls

BASIC INTERNAL CONTROLS

■ Resources

- <http://www.gao.gov/greenbook/overview>
- <http://www.coso.org/IC.htm>
- <http://www.gfoa.org/>
- https://register.cviog.uga.edu/ecsprod2/CourseListing.aspx?master_id=491&master_version=1&course_area=CHAR&course_number=103&course_subtitle=00

CONTROL ENVIRONMENT

- Control Environment-Green Book
 - The foundation for an internal control system
 - Provides the discipline and structure, which affect the overall quality of internal controls.
 - The Oversight body and management establish and maintain an environment throughout the entity that sets a positive attitude toward internal control.

CONTROL ENVIRONMENT

■ Principals

- The oversight body and management should demonstrate a commitment to integrity and ethical values.
- The oversight body should oversee the entity's internal control system.
- Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives.
- Management should demonstrate a commitment to recruit, develop, and retain competent individuals.
- Management should evaluate performance and hold individuals accountable for their internal control responsibilities.

CFO REQUIREMENT

At the time you submit your petition you should have a highly qualified CFO in mind

Name the person OR provide details of job qualifications and rigorous hiring process

List how their qualifications match state requirements

CFO REQUIREMENT

State Requirements

A baccalaureate or higher degree in business, accounting, or finance from an accredited college or university and a minimum of four years experience in a field related to business or finance; or

Documented experience of ten or more years in the field of business and financial management

FACILITIES

Make reasonable rent or mortgage estimates when a facility hasn't been secured

- Provide documentation to support your estimate

Provide all information requested on the application

- Geographic region
- Facility descriptions
- Permits, Certificate of Occupancy and documents of ownership/lease
- Etc.

Questions?
Visit SCSC.GEORGIA.GOV

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