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from Policy D, Finance and Accounting Policy:

### **Budget Setting Process**

The fiscal year starts on July 1st. The budget setting process will commence on Jan. 1st of the preceding fiscal year. The Director will develop the annual budget and update the 5-year budget with input from BAAC. The initial budget will be submitted to the Academy Council at the first Academy Council meeting in February. The Academy Council will approve the budget by April 30th, the day the budget is due to District 50.

The Academy Board Treasurer is responsible to oversee the formation, adoption and maintenance of the formal budget. The budget will meet all state spending requirements, such as the amount spent on instructional supplies, materials and equipment and capital and insurance reserve spending requirements. The budget will meet all spending limitations or required reserve amounts established by statute or contract. The budget will be in sufficient detail to provide meaningful comparison with actual expenditures. Budget categories will conform to the general accounting procedures

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### **Monthly Reports**

A financial report will be presented to the Board each month containing the following:

- Balance Sheet
- Statement of Revenue & Expenditure by Fund
- Statement of Operating Budget versus Expenditures
- Challenge Grant Report
- Building Fund Report
- Statement of Budget Adjustments
- Check Ledger

### **Types of Funds**

CPA uses the following fund categories to track money

Operating Fund: Normal expenses for operating the school

Challenge Grant: Grant received in 19xx from xxxx to be spent in various specific areas. The money remaining in this fund are to be spent on library books, MS science and PE.

Building Fund: This fund includes money received from donations to the buy a brick fundraising campaign and interest earned from CPA bank accounts. The buy a brick campaign was a donation program to raise money during the expansion of the school building. Funds are to be spent on Capital Construction on the building and FF&E (??).

Reserve Fund:

Tabor Reserve: required by state law, requires x% of budget to be set aside, how it can be spent isn't clear should be spend

5% Working Capital Reserve: good business concept, there is no definition as to how it

1% Reserve: required by the Bond contract, a safeguard to pay the bond payment.

Capital Reserve: capital reserve and insurance reserve portion of the PPR that the school receives. This can be spend on Capital construction or insurance for the school.

Repair & Replacement Reserve: this is money set aside for major repair expenses.

## Sources of Income

Crown Pointe derives its income from the following sources: PPR (per pupil revenue Per the charter contract CPA receives 95% or the District 50 PPR. PPR consist of PPOR (per pupil operating revenue) plus CR&IR (capital reserve and insurance reserve). The remaining 5% of PPR remains with the district to pay for administrative support of the school. The 5% must be justified annually. The state legislature set the amount by which the PPR will increase each year. In 2003/2004 the PPR was \$xxx time xxx or \$xxxxx. This broke out as a PPOR of \$xxxx and CR&IR of \$xxxx.

Some of the PPR is restricted as follows:

Instructional Supplies and Material: \$xxx/student must be spent on instructional supplies.

Capital Reserve and/or Insurance Reserve - Each school must spend certain amount per pupil for capital expenditures\_ Most schools must budget a minimum of \$262 per pupil, not to exceed \$800 per pupil for capital reserves or for insurance reserves/other risk management activities. This amount is set annually by the legislature.

At-Risk Funding- At-risk funding may be available to charter schools on a per pupil basis. Determination of amount is driven by eligibility for the federal fee and reduced lunch program. This should be worked out with the school district. Please note, this is included in PPR. In 2003/2004 CPA received \$xx.

Textbook Funds - An amount per pupil has been available for the last two years out of Amendment 23 funds. This can change. Current information is available at the CDE website. In 2003/2004 CPA received \$xx.

Capital Construction Funds - During the last two years a significant amount of money per pupil has been available to charter schools that are not in a school district provided facility rent free. The amount is determined after the number of eligible students is calculated (probably in December). This can change. Current information can be found at the CDE website. In 2003/2004 CPA received \$xx.

SPED Funds - This is \$xxx/SPED student paid in Dec for the previous year. In 2003/2004 CPA received \$xx.

Other - This includes vending machine profits, milk money profits, xxx. In 2003/2004 CPA received \$xx.

## Liabilities

CPA liabilities are

· Bond -This was a \$1M, 20 year bond issued for construction of the add-on building (K-8 classroom and library). The gymnasium was paid by City of Westminster donated funds.

Leave Bank Liability: This is employee accrued vacation time.

Accrued Salaries Benefits: The fiscal year ends June 30th, but salaries are paid September 1 through August 30. This Item reflects the amount of salary and benefits still owed during July and August.

Encumbrances: These are expenses from the previous fiscal year that have not yet been billed.

## Expenses

CPA expenses are divided into the following categories (approx % of Operating Budget): Salaries & Benefits (75%)  
Purchased Services (6%) Materials & Supplies (6%) Staff Development (1%) Dues & Fees (.5%) Facilities Expenses (8%) Contingencies (2%) Reserves

## **Budgeting Guidelines -**

Planning the budget is an inexact science, so the following must be taken into account

Our budget is due to the district by April 30<sup>th</sup>, but often the legislature does not confirm the PPR increase until May when their session closes. Estimates must be used and the budget amended in May/June when actual numbers are available.

The budget is based on actual enrolment on the Oct 1st student count date. Since this is long after the budget needs to be established, it is good business practice to assume 95% enrollment. The budget then is amended in Oct/Nov when accurate enrollment numbers are known.

A role of BAAC is to work with the Director to set the budget line items to meet the CPA Blue Print.

Written: August 9, 2004  
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