Resources

Financial Accountability System Resource Guide (FASRG) version 15:
   Module 10 - Special Supplement - Charter Schools
   Module 11 - Special Supplement – Nonprofit Charter School Chart of Accounts
   http://tea.texas.gov/index2.aspx?id=25769817568

Student Attendance Accounting Handbook (SAAH):
   http://tea.texas.gov/index2.aspx?id=25769817607

Texas Administrative Code (TAC) Chapter 100 - Charters:
   http://ritter.tea.state.tx.us/rules/tac/chapter100/index.html
Financial Plan

• Provide a detailed narrative start-up plan, specifying tasks and timelines

• Describe systems, policies, and processes for financial planning, accounting, purchasing, and payroll
  – Internal controls
  – Compliance with Generally Accepted Accounting Principals (GAAP)

• Specify roles and responsibilities of school administration and governing board

• Describe the segregation of duties as well as financial fraud and theft prevention

• Align with the start-up budget
Financial Plan

• Include plans and procedures for annual audits of financial and administrative operations

• Provide financial transparency
  – Plans for public adoption of budget
  – Plans for disseminating annual financial and compliance report (AFR)

• Discuss outsourcing business services
  – Which services to be outsourced
  – Anticipated costs
  – Timelines
  – Criteria for selecting vendor(s)
Financial Plan

• Include the most Recent Financial Audit Report
  – Copy of most recent unmodified audit report
  – Copy of unaudited financial report that includes a statement of financial position, a statement of activities, and a cash flow statement from inception to date for organizations less than one year old

• Include the Credit Report of the Sponsoring Entity
  – Entities incorporated prior to January 1, 2017 with no credit history must provide a response from one of the credit rating agencies to indicate the entity has no credit history
  – Entities incorporated after January 1, 2017 are not required to provide a credit report (Provide a statement attesting that no credit report is provided because the sponsoring entity was incorporated after January 1, 2017)

• Include the most recently filed IRS form 990, 990-N, or 990EZ
  – Provide an explanation if no IRS form has been filed
## Financial Plan Workbook

### Unlocked Tabs
- School Info
- Data Entry
- Enrollment
- Personnel
- Assumptions
- Start-Up Budget
- Budget

### Locked Tabs
- Financial Plan Workbook Summary
- SOF (Summary of Finance)
- ASATR (Additional State Aid for Tax Reduction)
- Payment Formula Example
Financial Plan Workbook

- **General Instructions Tab**
  - Green and yellow tabs are for entering data
  - Blue and red tabs are for informational purposes
  - Blue words are links to the tab and instructions are listed below the links
  - Pay attention to warnings indicated in the instructions

- **School Info Tab**
  - General information entered here will be used to populate data throughout the workbook

- **Data Entry Tab**
  - First year information
  - Pre-Kindergarten enrollment is based on ½ of a day, not the full day for other grades
Financial Plan Workbook

• **Data Entry Tab** (Continued)
  – Red triangles on spreadsheet carry special comments
  – Include extended year services and advanced CTE FTEs

• **Enrollment Tab**
  – The first year populates from the Data Entry tab
  – The following years must be based on reasonable estimates and projections
  – Percent change year over year (Y.O.Y) indicates changes in: Average Daily Attendance (ADA), Special Education Student FTEs, Career & Technology FTEs, and Transportation Costs
  – Percent change Y.O.Y may be useful for data entry in the Assumptions tab
• **Personnel Tab**
  – Assists in developing detailed payroll costs in later tabs
  – Enter the employee position description and select the position category that best matches the position description from a drop down menu in column D
  – Use gross annual salary data only (no hourly rate or payroll taxes)
  – Enter the number of FTEs (full time equivalents), for example two clerical staff employees working an average of 20 hours would be considered one FTE
  – Enter an estimate of across the board yearly raises as a percentage
  – Enter any notes
Financial Plan Workbook

- **Assumptions Tab**
  - Enter expected changes in revenue
    * You should expect revenue to change with your enrollment
  - Enter information in grey cells as needed
    * Business and contracted expenses can also be entered and adjusted with percentage changes if necessary

- **Start-Up Budget Tab**
  - Enter start-up costs only in this tab
  - Enter a detailed description of assumptions to assist TEA in their review
Financial Plan Workbook

• **Budget Tab**
  – Based on Enrollment, Personnel, Assumptions, and Start-Up Budget tabs
  – Enter a detailed description of assumptions

• **Financial Plan Workbook Summary**
  – Populates based on the information entered from the Data Entry tab
  – Informational only (do not enter anything in this tab)
Financial Plan Workbook

- **SOF & ASATR Tabs**
  - Numbers are calculated from formulas based on data pulled from the Data Entry tab
  - State averages are used in the calculations

- **Payment Formula Example**
  - Shows an example of how TEA state aid payments are usually calculated

- **Final Note**
  - We will review all items submitted
  - Any questions will need to be resolved by you for the application to proceed
  - Notes, comments, and explanations will reduce questions
Budget Narrative

• Detailed Assumptions
• Revenue Estimates
• Documentation of Sources of Income
• Contingencies
  – What happens if revenues are lower than expected
  – Provide detailed year one cash flow contingency
• Business Management
  – Financial Management
  – Fundraising
  – Accounting and Internal Controls
• Sponsor’s ability and experience acquiring and managing facilities
• Budget Narrative agrees to the Budget
Contact Information

Robin Aldridge
Financial Accountability

Robin.Aldridge@tea.state.tx.us

(512) 463-3940