

Appendix 13- Budget Narrative

Year 0- Current Fiscal Year- 2018

Both the revenues and expenses included on the 3 worksheets of the Year 0 budget are based on a preliminary budget drafted and approved by the Sussex Academy Board in May 2017.

The revenue numbers projected at that time were very conservative because of uncertainties related to anticipated budget cuts at the State, Local, and Federal levels and due to three pending (other) grant applications. In addition, State and District (local) revenues were estimated based on the May 1 unit count when the school had an enrollment of 749 students or 42.73 units. As of September 29, 2017, there are 759 students enrolled and we have 43.93 Division I units inclusive of CTE units. Transportation funding is also an estimated \$52,887 higher than what was projected in the Preliminary Budget based on information from the DOE on 9/20/17. Final Federal allocations are \$42,905 more than was projected in May and Sussex Academy has been awarded two grants in the amounts of \$50,000 (Calder- Appendix 13A) and \$40,000 (Discover- Appendix 13B). Additionally, aquatics center revenue (other) has averaged over \$12,000 per month.

Our year-to-date expenses are consistent with and/or favorable to the amounts included in the preliminary budget. In fact, the anticipated year-to-date expenses at this point in the fiscal year should be around 16.7% and our actual overall expenses are currently totaling 14.1%. Additionally, our Foundation is currently retro-fitting the school with LED light fixtures because a recent energy audit estimated an annual savings of \$40,000. Please note that rental expenses are equal to the annual obligations on three long term (40 year), low interest (3.5%, 2.75%, and 2.375%) USDA loans held by Sussex Academy Foundation, the Foundation supporting our school. Two of these are currently interest only and will transition to P&I loans in Year 2- FY20.

In summary, all three revenue sources (State and Local, Federal, and Other) are currently generating more income than had been projected in the school's preliminary budget approved at the May 2017 Board meeting and year-to-date expenses are well within those anticipated at that time. And while our preliminary budget included carryover funds in the amount of \$144,000, all indicators suggest that this will not be necessary and that there may well be a surplus at year's end.

Year 1-Fiscal Year 2019

Our anticipated enrollment is expected to increase to the authorized level of 776 students thus further increasing our Division I units. And, the average COLA for the most recent 10-year period is 1.66%. For these reasons, the State and Local revenues for FY19 have been increased by this amount. Federal revenues have been included at the FY19 levels because these are based on student population and

demographics and it is expected to remain relatively constant. Other revenues have also been consistent, with the exception of Foundation Funds, because of the patterns discussed in the narrative for FY18.

Personnel expenses have been increased by 1.66% in FY19 to account for anticipated salary increases. The majority of the other expenses have been kept at the Year 0 levels since there are no major or additional facility or curricular changes anticipated at this time other than modifications to our mathematics program as discussed in the application and the implementation of the IB Middle Years Programme (MYP), which is being financially supported during FY19 by a grant from the Calder Foundation (Appendix 13A).

Years 2 through 4- Fiscal Years 2020 through 2022

As in Year 1, FY19, the State and Local (district) revenue amounts for FY20 have been increased by the 10-year average COLA of 1.66%. Federal revenues have been included at the FY18 and FY19 levels due to the reasons discussed above about expectations related to student population. The cafeteria funds and miscellaneous revenues included on the other revenues worksheet is at the same levels as FY 19. Foundation funds, however have been removed since there are no commitments nor pending applications for Foundation support at this time for years beyond budget year 1.

With the exceptions of a 1.66% increase in personnel expenses to support staff salary increases and an increase in rent, due to long term, low interest USDA loans held by our Foundation changing from interest only to P&I payments, all other expenses have been included at the same levels as in Year 1, FY19.

Charter School Application Budget Worksheet

Sussex Academy

	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	
						FTE
State & Local Revenue						
1 State Appropriations	\$5,764,789	\$6,071,744	\$6,172,535	\$6,274,999	\$6,379,164	
2 School District Local Fund Transfers	\$1,637,272	\$1,724,451	\$1,753,077	\$1,782,178	\$1,811,762	
3 Prior Year Carryover Funds	\$2,030,414	\$2,071,641	\$2,321,119	\$2,645,117	\$2,819,457	
TOTAL STATE & LOCAL REVENUE	\$9,432,475	\$9,867,835	\$10,246,731	\$10,602,294	\$11,010,383	
State & Local Expenses						
Personnel Salaries / Other Employer Costs						
4 Classroom Teachers	\$2,060,191	\$2,155,386	\$2,191,166	\$2,227,539	\$2,264,516	34.00
5 Special Education Teachers	\$0	\$0	\$0	\$0	\$0	0.00
6 Special Teachers (Phys Ed, Art, Music)	\$264,654	\$269,047	\$273,513	\$278,054	\$282,669	5.00
7 Counselors	\$82,445	\$83,814	\$85,205	\$86,619	\$88,057	1.00
8 Principal/Administrative	\$385,777	\$392,181	\$398,691	\$405,309	\$412,038	4.00
9 Nurse	\$69,500	\$70,654	\$71,827	\$73,019	\$74,231	1.00
10 Clerical	\$182,000	\$185,021	\$188,093	\$191,215	\$194,389	4.00
11 Custodial	\$267,029	\$271,462	\$275,968	\$280,549	\$285,206	8.00
12 Substitutes	\$70,000	\$71,162	\$72,343	\$73,544	\$74,765	0.00
13 Other- Hourly- coaches, lifeguards, etc.	\$172,714	\$175,581	\$178,486	\$181,459	\$184,471	0.00
14 Other Employer Costs (30.98% of Salaries)	\$1,101,125	\$1,061,859	\$1,079,486	\$1,097,406	\$1,115,623	0.00
15 Health Insurance	\$653,572	\$670,072	\$670,072	\$670,072	\$670,072	
16 Other Benefits	\$11,114	\$0	\$0	\$0	\$0	
SUBTOTAL SALARIES / OTHER EMPLOYER COSTS	\$5,320,121	\$5,406,239	\$5,484,859	\$5,564,785	\$5,646,037	57.00
Student Support						
17 Transportation	\$512,601	\$512,601	\$512,601	\$512,601	\$512,601	
18 Extra Curricular Transportation	\$0	\$0	\$0	\$0	\$0	
19 Cafeteria	\$56,000	\$57,500	\$57,500	\$57,500	\$57,500	
20 Extra Curricular	\$0	\$0	\$0	\$0	\$0	
21 Supplies and Materials	\$92,306	\$107,500	\$107,500	\$107,500	\$107,500	
22 Textbooks	\$0	\$0	\$0	\$0	\$0	
23 Curriculum	\$0	\$0	\$0	\$0	\$0	
24 Professional Development	\$0	\$0	\$0	\$0	\$0	
25 Assessments	\$0	\$0	\$0	\$0	\$0	
26 Other Educational Program	\$0	\$0	\$0	\$0	\$0	
27 Therapists (Occupational, Speech)	\$22,500	\$25,000	\$25,000	\$25,000	\$25,000	
28 Classroom Technology	\$99,194	\$99,194	\$99,194	\$99,194	\$99,194	
29 School Climate	\$0	\$0	\$0	\$0	\$0	
30 Computers	\$0	\$0	\$0	\$0	\$0	
31 Contracted Services	\$176,816	\$180,000	\$180,000	\$180,000	\$180,000	
32 Other	\$9,250	\$9,250	\$9,250	\$9,250	\$9,250	
SUBTOTAL STUDENT SUPPORT	\$968,667	\$991,045	\$991,045	\$991,045	\$991,045	
Operations and Maintenance of Facilities						

33	Insurance (Property/Liability)	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000	\$55,000
34	Rent	\$500,000	\$500,000	\$580,000	\$580,000	\$580,000	\$580,000	\$580,000
35	Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0
36	Utilities	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000	\$222,000
37	Maintenance	\$202,000	\$202,000	\$202,000	\$202,000	\$202,000	\$202,000	\$202,000
38	Telephone/Communications	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
39	Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0
40	Renovation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
41	Other	\$30,856	\$30,856	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
	SUBTOTAL OPERATIONS AND MAINTENANCE OF FACILITIES	\$1,024,856	\$1,009,000	\$1,084,000	\$1,084,000	\$1,084,000	\$1,084,000	\$1,084,000
	Administrative/Operations Support							
42	Equipment Lease/Maintenance	\$21,500	\$21,500	\$21,500	\$21,500	\$21,500	\$21,500	\$21,500
43	Equipment Purchase	\$9,190	\$9,190	\$9,190	\$9,190	\$9,190	\$9,190	\$9,190
44	Supplies and Materials	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
45	Printing and Copying	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
46	Postage and Shipping	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
47	Enrollment / Recruitment	\$0	\$0	\$0	\$0	\$0	\$0	\$0
48	Staffing (recruitment and assessment)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
49	Technology Plan	\$0	\$0	\$0	\$0	\$0	\$0	\$0
50	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	SUBTOTAL ADMINISTRATIVE/ OPERATIONS SUPPORT	\$47,190	\$47,190	\$47,190	\$47,190	\$47,190	\$47,190	\$47,190
	Management Company							
51	Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0
52	Salaries/Other Employee Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
53	Curriculum	\$0	\$0	\$0	\$0	\$0	\$0	\$0
54	Accounting and Payroll	\$0	\$0	\$0	\$0	\$0	\$0	\$0
55	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	SUBTOTAL MANAGEMENT COMPANY	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	STATE & LOCAL EXPENDITURES	\$7,360,834	\$7,453,474	\$7,607,094	\$7,687,020	\$7,687,020	\$7,687,020	\$7,687,020
56	# Students	749	776	776	776	776	776	776
	REVENUE LESS EXPENDITURES	\$2,071,641	\$2,414,361	\$2,639,636	\$2,915,274	\$2,915,274	\$3,242,111	\$3,242,111
	2 % CONTINGENCY CHECK	\$188,649.50	\$197,356.71	\$204,934.61	\$212,045.88	\$212,045.88	\$220,207.65	\$220,207.65

Charter School Application Budget Worksheet

Federal Funds	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4
1	Entitlement Funding	\$150,000	\$191,228	\$191,228	\$191,228
2	Other Federal Grants	\$0	\$0	\$0	\$0
	TOTAL FEDERAL REVENUE	\$150,000	\$191,228	\$191,228	\$191,228
	Federal Expenses				
	Personnel Salaries / Other Employer Costs	\$50,000	\$54,375	\$54,375	\$54,375
3	Classroom Teachers	1.00	1.00	1.00	1.00
4	Special Education Teachers	\$50,000	\$70,650	\$70,650	\$70,650
4	Special Education Teachers (Phys Ed Art Music)	1.00	1.00	1.00	1.00
5	Counselors	\$0	\$0	\$0	\$0
6	Counselors	\$0	\$0	\$0	\$0
7	Principal/Administrative	\$0	\$0	\$0	\$0
8	Nurse	\$0	\$0	\$0	\$0
8	Clerical	\$0	\$0	\$0	\$0
9	Clerical	\$0	\$0	\$0	\$0
10	Custodial	\$0	\$0	\$0	\$0
10	Substitutes	\$0	\$0	\$0	\$0
11	Substitutes	\$0	\$0	\$0	\$0
12	Other	\$0	\$0	\$0	\$0
13	Other Employer Costs (30-98% of Salaries)	\$30,980	\$37,071	\$37,071	\$37,071
14	Health Insurance	\$0	\$0	\$0	\$0
15	Other Benefits	\$0	\$0	\$0	\$0
	SUBTOTAL SALARIES / OTHER EMPLOYER COSTS	\$130,980	\$162,096	\$162,096	\$162,096
	Student Support	\$0	\$0	\$0	\$0
16	Transportation	\$0	\$0	\$0	\$0
17	Extra Curricular Transportation	\$0	\$0	\$0	\$0
18	Cafeteria	\$0	\$0	\$0	\$0
19	Extra Curricular	\$0	\$0	\$0	\$0
20	Supplies and Materials	\$10,570	\$11,944	\$11,944	\$11,944
21	Textbooks	\$0	\$0	\$0	\$0
22	Curriculum	\$0	\$0	\$0	\$0
23	Professional Development	\$8,450	\$8,450	\$8,450	\$8,450
24	Assessments	\$0	\$0	\$0	\$0
25	Other Educational Program	\$0	\$0	\$0	\$0
26	Therapists (Occupational, Speech)	\$0	\$0	\$0	\$0
27	Classroom Technology	\$0	\$0	\$0	\$0
28	School Climate	\$0	\$0	\$0	\$0
29	Computers	\$0	\$0	\$0	\$0
30	Contracted Services	\$0	\$8,738	\$8,738	\$8,738
31	Other	\$0	\$0	\$0	\$0
	SUBTOTAL STUDENT SUPPORT	\$19,020	\$29,132	\$29,132	\$29,132
	Operations and Maintenance of Facilities	\$0	\$0	\$0	\$0
32	Insurance (Property/Liability)	\$0	\$0	\$0	\$0
33	Rent	\$0	\$0	\$0	\$0
34	Mortgage	\$0	\$0	\$0	\$0
35	Utilities	\$0	\$0	\$0	\$0
36	Maintenance	\$0	\$0	\$0	\$0
37	Telephon/Communications	\$0	\$0	\$0	\$0
38	Construction	\$0	\$0	\$0	\$0
39	Renovation	\$0	\$0	\$0	\$0
40	Other	\$0	\$0	\$0	\$0
	SUBTOTAL OPERATIONS AND MAINTENANCE OF FACILITIES	\$0	\$0	\$0	\$0
	Administrative/Operations Support	\$0	\$0	\$0	\$0
41	Equipment Purchase	\$0	\$0	\$0	\$0
42	Equipment Lease/Maintenance	\$0	\$0	\$0	\$0
43	Printing and Copying	\$0	\$0	\$0	\$0
44	Postage and Shipping	\$0	\$0	\$0	\$0
45	Enrollment / Recruitment	\$0	\$0	\$0	\$0
46	Staffing (recruitment and assessment)	\$0	\$0	\$0	\$0
47	Technology Plan	\$0	\$0	\$0	\$0
48	Other	\$0	\$0	\$0	\$0
	SUBTOTAL ADMINISTRATIVE/ OPERATIONS SUPPORT	\$0	\$0	\$0	\$0
	Management Company	\$0	\$0	\$0	\$0
49	Fees	\$0	\$0	\$0	\$0
50	Salaries/Other Employee Costs	\$0	\$0	\$0	\$0
51	Curriculum	\$0	\$0	\$0	\$0
52	Accounting and Payroll	\$0	\$0	\$0	\$0
53	Other	\$0	\$0	\$0	\$0
	SUBTOTAL MANAGEMENT COMPANY	\$0	\$0	\$0	\$0
	FEDERAL EXPENDITURES	\$150,000	\$191,228	\$191,228	\$191,228
54	# Students	748	776	776	776
	REVENUE LESS EXPENDITURES	\$0	\$0	\$0	\$0

Charter School Application Budget Worksheet

Sussex Academy

Other Funds	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	FTE
1 Non Profit Grants	\$0	\$0	\$0	\$0	\$0	
2 Foundation Funds	\$90,000	\$50,000	\$0	\$0	\$0	
3 Donations	\$0	\$0	\$0	\$0	\$0	
4 Construction / Bank Loans	\$0	\$0	\$0	\$0	\$0	
5 Cafeteria Funds	\$45,000	\$50,000	\$50,000	\$50,000	\$50,000	
6 Miscellaneous Revenue	\$25,000	\$70,000	\$70,000	\$70,000	\$70,000	
7 Prior Year Carryover Funds	\$144,004	\$135,679	\$93,242	\$94,519	\$95,817	
TOTAL OTHER REVENUE	\$304,004	\$305,679	\$213,242	\$214,519	\$215,817	
Other Expenses	YEAR 0	YEAR 1	YEAR 2	YEAR 3	YEAR 4	FTE
Personnel Salaries / Other Employer Costs						
8 Classroom Teachers	\$0	\$0	\$0	\$0	\$0	0.00
9 Special Education Teachers	\$0	\$0	\$0	\$0	\$0	0.00
10 Special Teachers (Phys Ed, Art, Music)	\$26,482	\$26,922	\$0	\$0	\$0	0.50
11 Counselors	\$0	\$0	\$0	\$0	\$0	0.00
12 Principal/Administrative	\$44,460	\$45,198	\$45,948	\$46,711	\$47,486	1.00
13 Nurse	\$0	\$0	\$0	\$0	\$0	0.00
44 Renovation	\$0	\$0	\$0	\$0	\$0	0.00
45 Other	\$0	\$0	\$0	\$0	\$0	0.00
SUBTOTAL OPERATIONS AND MAINTENANCE OF FACILITIES	\$83,000	\$83,000	\$83,000	\$83,000	\$83,000	
Administrative/Operations Support						
46 Equipment Lease/Maintenance	\$0	\$0	\$0	\$0	\$0	
47 Equipment Purchase	\$7,560	\$7,560	\$7,560	\$7,560	\$7,560	
48 Supplies and Materials	\$500	\$500	\$500	\$500	\$500	
49 Printing and Copying	\$0	\$0	\$0	\$0	\$0	
50 Postage and Shipping	\$0	\$0	\$0	\$0	\$0	
51 Enrollment / Recruitment	\$0	\$0	\$0	\$0	\$0	
52 Staffing (recruitment and assessment)	\$0	\$0	\$0	\$0	\$0	
53 Technology Plan	\$0	\$0	\$0	\$0	\$0	
54 Other	\$0	\$0	\$0	\$0	\$0	
SUBTOTAL ADMINISTRATIVE/ OPERATIONS SUPPORT	\$8,060	\$8,060	\$8,060	\$8,060	\$8,060	
Management Company	Not Applicable					
SUBTOTAL MANAGEMENT COMPANY						
OTHER EXPENDITURES	\$304,004	\$305,679	\$213,242	\$214,519	\$215,817	
# Students	749	776	776	776	776	
REVENUE LESS EXPENDITURES	(\$0)	(\$0)	\$0	\$0	\$0	

The Louis Calder Foundation

999 18TH STREET, SUITE 2350S
DENVER, CO 80202

TRUSTEES

PETER D. CALDER
FRANK E. SHANLEY
JPMORGAN CHASE BANK, N.A.

July 14, 2017

Mr. Michael Rawl
Vice Chair
Sussex Academy Foundation
PO Box 693
Lewes, DE 19958

Grant Number: 20171845

Dear Mr. Rawl,

It is my pleasure to inform you that The Louis Calder Foundation (The Foundation) has approved a two-year grant of up to \$100,000 to Sussex Academy Foundation, Inc. (Sussex Academy) or (Grantee). This grant is subject to the following terms and conditions:

1) **Purpose:** The purpose of this grant is to support expanding the International Baccalaureate Middle Year Program in the Middle School at Sussex Academy during School Year 2017/18 and School Year 2018/19.

2) Amount: Up to One Hundred Thousand Dollars	(\$100,000).
First Installment, September 2017	\$50,000
Second Installment, September 2018	\$50,000

3) **Payable:** The first installment shall be payable after the receipt of a copy of this letter from Sussex Academy acknowledging the terms and conditions set forth herein.

4) **Reporting:** Sussex Academy will provide The Foundation with two narrative reports on the expenditure of this grant, as well as financial information detailing the expenditure of each installment. The report format can be accessed on The Foundation's website at www.louiscalderfoundation.org.

- a. The report on the initial installment is due to The Foundation on or before August 1, 2018.
- b. Subject to our review of the expenditure report and payment of the second installment, the final report will be due September 3, 2019.
- c. Please note that, in addition to these reporting requirements, it is necessary to notify The Foundation of any program design or delivery modifications as well as any significant deviations from budgeted income and expense as may occur during the grant period.

5) **Representations:** Grantee represents and warrants to The Foundation that:

- a. Grantee is an organization in good standing, is an organization described in section 501(c)(3) of the Internal Revenue Code (the Code) and is not a "private foundation" described in section 509(a)(1) of the Code. Grantee will promptly notify The Foundation of any change in Grantee's tax status under the Code.

- b. In no event will Grantee use any grant funds:
- i. to carry on propaganda, or otherwise to attempt to influence legislation;
 - ii. to undertake any activity other than for a charitable, educational or other exempt purpose specified in section 170(b)(1)(A)(vi) of the Code.

6) **Repayment:** The Foundation may discontinue any further payments to Grantee, and may direct Grantee to repay any unexpended grant funds to The Foundation, if any of the following events occurs:

- a. Grantee ceases to maintain its tax-exempt status as described in the paragraph 5(a) above;
- b. Grantee fails to comply with the terms of this letter; or
- c. There is a material change in Grantee's key personnel that in the sole opinion of The Foundation adversely affects Grantee's management of the grant.

7) **Grant Publicity:** Grant publicity related to this grant consistent with Grantee's normal practice is permitted, subject to the following provisions. Recognition of The Foundation's role in funding the project is permitted, provided that the content of such publicity should be approved prior to release by The Foundation by sending a request to proposals@calderfdn.org.

The Foundation may ask the Grantee to provide photographs or other materials related to the grant for use in Foundation communications including The Foundation's website. The Grantee agrees, upon providing The Foundation with such materials, and grants to The Foundation the right and license to use, reproduce, display and distribute the materials in connection with The Foundation's charitable operations and activities.

We have enclosed two original grant letters. Please sign one copy as Grantee's acknowledgement of the terms and conditions herein stated and return it to the undersigned in the enclosed self-addressed envelope. If the signed acknowledgement of this letter is not received by September 1, 2017, The Foundation will consider the Grantee to have declined the grant.

The Foundation is pleased to have the opportunity to assist Sussex Academy in this manner and we wish you continued success in your endeavors.

Sincerely,



Peter D. Calder
Trustee

Acknowledged and Agreed

By: Michael Rawl 7-29-17
Mr. Michael Rawl, (Date)
Vice Chair
Sussex Academy Foundation, Inc.



August 30, 2017

Ms. Gina Derrickson
Sussex Academy Foundation
21150 Airport Rd.
Georgetown, DE 19947

Dear Ms. Derrickson,

Thank you for soliciting Discover Bank's support for your fundraising efforts. We have reviewed your recent grant request. Recognizing your organization's many worthwhile contributions to the community, we have approved a grant in the amount of \$40,000 to support programs low- and moderate-income students who need additional academic support.

By accepting this award, you agree to carry out the grant in accordance with the conditions and assurances contained in the grant application. You further acknowledge that this grant does not imply any subsequent funding. In addition, the following reporting requirements must be met.

- I. **Report on Deliverables:** Please provide to us the progress your organization was able to make on the objectives and deliverables in your grant application, at the end of the program period.
- II. **Completed Acknowledgement of Charitable Contribution:** The IRS requires that we have substantiation of all contributions in the amount of \$250 or more. Please complete the bold sections of the next page of this letter and sign it. Then please mail or fax it back to Discover Bank to acknowledge receipt of this donation.
- III. **Recognition:** We welcome and encourage public recognition of the grant and its impact on the community that we serve. Please provide us the opportunity to provide feedback on any press releases, editorials or articles that you write before publication and an approved bank logo, should you need one.

Discover Bank is very pleased to be able to provide these funds, and wishes you much success with your endeavors. Please keep us apprised of any future efforts in the community.

Sincerely,

Amy Walls
Assistant CRA Director

Enclosures