

Section 3. Financial Plan

Financial Overview

1. Describe a comprehensive plan to establish a uniform system of double entry bookkeeping in accordance with generally accepted accounting principles (GAAP) organized on a fund basis. Include the name and description of the key features of the accounting system being used.

Ocean Academy Charter School will ensure that the School Business Administrator establishes a double entry self-balancing set of accounts in conformity with Generally Accepted Accounting Principles (GAAP) through the installation of an accounting software package, such as the package offered by CDK Systems, Inc. for use by New Jersey schools. This package will be purchased and installed during the Start Up Planning Period and will be fully operational prior to the preparedness visit prior to receiving final approval. The person selected as to fill the position of the School Business Administrator will be responsible for recommending to the board of trustees the selection of the appropriate software package and for the installation and set up of the system. This software package will enable the school finances to be organized and operated on a fund basis. In addition the accounting system will permit the following: establish, maintain and report governmental proprietary and fiduciary funds required by law; use the modified accrual or accrual basis of accounting as appropriate in measuring financial position and operating results in conformity with Generally Accepted Accounting Principles (GAAP) and regulatory provisions; and recognize transfers in the accounting period in which the inter-fund accounts receivable and payable arise.

2. Provide a plan detailing the process used by the Board of Trustees to appoint a licensed public school accountant to perform an independent and objective annual audit of school-level financial and administrative operations.

By the beginning of June of each full school year the board of trustees will have selected and approved a fully qualified and licensed public school accountant audit firm/person to conduct the Comprehensive Annual Financial Report (CAFRA) or audit required pursuant to the provisions of N.J.S.A. 18A:23-1 et seq.

This selection, especially in year one, will take place after interviewing potential auditors recommended by other charter schools and other possible referrals. In year two and in future years the re-appointment of an auditor will depend on board satisfaction with the auditor and their exhibited professionalism and competency from the previous year.

The selected auditor will have full access to the GAAP system and other required material including the charter and will prepare a complete audit with recommendations and present these to the board of trustees no later than the October board meeting. The board will review the results and recommendations, ensure appropriate action is taken to address all identified recommendations. The School Business Administrator will provide whatever assistance and information that is requested/required by the auditor.

The audit results will be approved and accepted by the board through a resolution of the board and submitted to the Office of School Finance with a copy of the resolution.

3. Provide a description of internal controls that will be developed to support general accounting practices. Examples include (but not limited to) purchasing, check signatory authority, bank reconciliation, bidding, overall segregation of duties and reporting to the board.

In conjunction with instituting a uniform system of double-entry accounting, Ocean Academy Charter School will develop guidelines for financial procedures and establish internal controls over all aspects of the accounting process. All financial procedures will meet all elements of N.J.A.C. 6A:23A. Some examples of internal controls to be implemented in the Accounts Payable /Purchase Order System will include the following:

- multiple review and approval of purchase orders prior to payment,
- presentation to the board of trustees the completed purchase orders with supporting documentation,
- designating two Board of Trustee members as signatories on checks and for contracts, the School Business Administrator/Board Secretary and the Board President,
- attaching supporting documentation to all vouchers prior to submission for Board of Trustees approval.

In addition, there will be the creation of a system of checks and balances for:

- purchase orders,
- petty cash,
- signatures,
- cash flow reports, and
- monthly reports.

Assets will be safeguarded through:

- the audit report,
- bonding of employees
- petty cash system,
- purchase order process,
- bidding process,
- reports to the Board of Trustees,
- chart of accounts,
- double entry bookkeeping, and
- fixed asset inventory,

The SBA will also provide monthly cash flow reports to the Ocean County Superintendent of Schools Office; as well as monthly financial reports and quarterly financial reports.

4. Provide a detailed plan describing the school's fundraising goals including sources, anticipated amounts, terms and conditions. Discuss plans if fundraising goals are not achieved including its budgetary impact. Please note that fundraising dollars cannot be included in the budget unless there is documentation that confirms funds have already been received.

The budget estimates for years 2-4 of operation included in this document are developed solely utilizing monies generated through local and state Categorical Aid. In year one of operations the school will utilize the Categorical Aid. Additionally, Ocean Academy Charter School has secured a letter of intent for a loan of \$180,000.00 from Grand Bank of Hamilton, NJ to provide cash flow monies for the start up operations of the school. (See enclosed letter in this section) The budget and cash flow for year one of operation includes the payment of \$11,000.00 in interest and full repayment of the loan prior to the end of the 2017-2018 school year.

Upon receipt of approval, the founders/board of trustees will immediately begin the search for and application for grant funds that are available to public schools. These monies, if received, will pay for additional equipment for the classrooms and other staff (e.g. whiteboards and projectors for classrooms, laptops for all teachers, etc.) Additional outside professional development resources will be identified and secured through grants.

The founders envision the set up of a parent association that will do separate fundraising to provide targeted, needed materials. For example, monies for school supplies and back packs for disadvantaged students.

5. Provide a list of the types of insurance coverage the school will secure, including a description of the levels of coverage. Provide estimated costs/premiums for the following categories: health, workers' compensation, general liability, property, indemnity, directors and officers, automobile, and other. I

COVERAGE:	Educators Errors and Omissions		
FORM:	Claims Made		
LIMITS:	\$1,000,000	Aggregate	\$1,000,000
	Each Occurrence		
	\$ 2,500	Retention	

COVERAGE:	Employment Practices Liability		
FORM:	Claims Made		
LIMITS:	\$1,000,000	Aggregate	
	\$1,000,000	Each Occurrence	
	\$ 5,000	Retention	

COVERAGE:	Supplementary Payments (IEP Claims)		
FORM:	Claims Made		
LIMITS:	\$ 100,000	Defense Expenses Aggregate	\$
50,000	Defense Expenses		

\$ 2,500 Retention

PROPERTY INSURANCE

COVERAGE: "ALL Risk"-subject to policy terms and conditions

LIMITS: \$ 250,000 Business Personal Property-Replacement Cos
\$ 1,000 Deductible
\$ 200,000 EDP (Computer)
\$ 1,000 Deductible
\$ 100,000 Equipment Breakdown
\$ 1,000 Deductible
\$ 25,000 Fire Department Service Charge
\$ 25,000 Pollutant Clean up & Removal/Debris Removal
\$ 5,000 Lease Cancellation Moving Expense
\$ 25,000 Accounts Receivable
\$ ALS Business Income and Extra Expense
\$ 2,500 Key Replacement
\$ 50,000 Outdoor property

GENERAL LIABILITY INSURANCE

FORM: Occurrence
LIMITS: \$3,000,000 Aggregate
\$3,000,000 Products/Completed Operations
Aggregate
\$1,000,000 Personal Injury and Advertising
Injury
\$1,000,000 Each Occurrence
\$2,000,000 Abuse Liability Aggregate
\$1,000,000 Abuse Liability Each Occurrence
\$2,000,000 Educators Legal Liability
Aggregate
\$1,000,000 Educators Legal Liability Each
Wrongful Act
\$ 100,000 Fire Damage
\$ 5,000 Medical Expense (Any One
Person)
TO INCLUDE: Premise/Operations
Products/Completed Operations

AUTOMOBILE LIABILITY INSURANCE

FORM: Occurrence
LIMITS: \$1,000,000 Each Occurrence
For Bodily Injury and Property Damage for Hired/Non Owned Automobiles

CRIME

FORM: Occurrence
LIMITS: \$115,000 Blanket Employee Theft
\$ 1,000 Deductible

UMBRELLA INSURANCE

FORM: Occurrence
LIMITS: \$1,000,000 Each Occurrence
\$ 10,000 Retention

WORKERS COMPENSATION

FORM: Workers Compensation Coverage A
LIMITS: Statutory for Medical Bills and Lost Wages

FORM: Workers Compensation Coverage B-Employers' Liability
LIMITS: \$1,000,000 Bodily Injury By Accident-Each Accident
\$1,000,000 Bodily Injury By Disease-Policy Limit
\$1,000,000 Bodily Injury By Disease- Each Employee

PREMIUM BASIS:

<u>State</u>	<u>Classification</u>	<u>Code</u>	<u>Rate</u>	<u>Payroll</u>
NJ	School Professional	8868	1.70	\$ 850,000
NJ	School Non-Professional	9106	11.69	\$ 30,000

PREMIUM SUMMARY

Educators Errors and Omissions	\$ 2,870.25
Employment Practice Liability	
<i>Darwin National Assurance Co</i>	
Package	\$ 11,774.00
<i>Markel Insurance Co</i>	
Commercial Property	
Commercial General Liability	
Educators Legal Liability	
Crime	
EDP	
Commercial Automobile-Non Owned/Hired Auto	
Umbrella	\$ 1,879.00
<i>Markel Insurance Co</i>	
Workers Compensation	\$ 17,576.00
<i>AmTrust North America</i>	
Student Accident	\$ 1,237.00
<i>Markel Insurance Co</i>	
TOTAL	\$ 35,336.25

6. Discuss in detail any planned affiliations with other entities that will have a significant impact on the budget.

The school leader, when hired, will research County Educational Services Commissions to contract with for the provision of consultants who will deliver needed special education services including Child Study Team services and IEP required services, nursing services, social work services for at least the first year of school operations. Ongoing use of the selected commission will be evaluated at the end of the first year of operation. For the purposes of this application the ongoing use of the commission is planned.

The founders will recommend to the board of trustees upon formation that the school business administrator, when hired, will research the use purchasing cooperatives focused on public schools to identify potential cost savings for school materials and supplies.