

**Fiscal Year 2007-2008 Budget Summary**  
Menlo Park Elementary School District  
San Mateo County, California

Keith DeMartini

PA730: Managing Budgets  
San Francisco State University  
Professor Suho Bae  
December 14, 2007

# Budget Letter of Transmittal

**To:** Menlo Park Elementary School District Board of Directors  
**From:** Keith DeMartini, Menlo Park Elementary School District Chief Business Official  
**Date:** December 14, 2007  
**Re:** Submission of FY2007-2008 Financial Budget

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It gives me great pleasure to submit the financial budget for Menlo Park Elementary School District for the fiscal year of 2007-2008.

## Highlights:

- Revenues (including transfers in from other funds) are expected to top \$26.3 Million in FY07-08 while expenditures are expected be \$26.0 Million, adding nearly \$300K to the ending fund balance.
- Revenue Limit funding sources makes up roughly 65% of total revenue.
- Salary and benefit expenses continue to drive expenditures accounting for more than 85% of total expenditures.
- Per Pupil performance measures continue to improve for Menlo Park and exceed the averages for San Mateo County and California as a whole.

## Assumptions:

The following details the various budget assumptions built into the Fiscal Year 2007-2008 budget projections:

- 4.53%: Cost of Living Adjustment (COLA) assumption. This guidance comes directly from Governor Schwarzenegger during his budget address to the California Assembly. This cost has been comprehended for most revenue and expenditure projects.
- Secured Property taxes, the largest funding source, assumes a 5.6% increase. These revenues have been comprehended at 2% less than the forecast from the County Office as to be conservative.
- This budget anticipates enrollment growth of 3.5%. This is reflected by adding 5 additional classroom teachers and 3.5 full-time equivalent certificated support staff.
- 5.00%: Negotiated Salary increase for Classified and Certificated employees. Due to annual end of the fiscal year labor union contract negotiations, a 5.00% salary step

increase has been comprehended on most salaries positions for classified and certificated employees.

- Most payroll benefit expenditures will increase proportionately to the 5.00% salary increase to most employees.
- Straight-Line depreciation assumptions and methodology have remained constant.
- Slight increases, no more than 3%, have occurred in various state-funded grant programs, such as instructional materials and supplemental school counseling programs due to a higher expectation from program administrators.
- Materials and supplies expenditures are expected to decrease by roughly \$600K due to one-time expenditures during the 2006-2007 fiscal year.
- Subagreement of services expenditures (roughly \$232K) will occur for the first time this fiscal year due to implementing a new strategy of bringing training in-house as opposed to sending employees to conferences. We anticipate a cost savings if this strategy proves to be successful.
- The General Fund continues to rely on roughly \$4 Million of transfer IN funding from other funds and revenue sources to fund restricted programs.
- The General Fund final fund balance is expected to increase by more than \$285K year on year.

I hope you find the information reported in the Fiscal Year 2007-2008 budget to be satisfactory and detailed enough to understand the financial status of the school district.

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Keith DeMartini  
Menlo Park School District Chief Business Official

### **Overview of Jurisdiction:**

Menlo Park Elementary School district is one of twenty-four public school districts in San Mateo County. Menlo Park Elementary School District serves parts of Menlo Park, Atherton, and unincorporated San Mateo County. Menlo Park and Atherton are located 27 miles south of San Francisco and 20 miles northwest of San Jose, on the edge of Silicon Valley, two miles from Stanford University. (MPESD, 2007) The four elementary schools feed into Sequoia Union High School District, which runs 9-12 grade high schools.

### **Mission Statement:**

“We are a community of educators, scholars, parents and staff working together to inspire high academic achievement among all students, serve their needs, challenge their minds, and enrich their lives, laying a foundation for success and participation in a democratic society.”

### **Menlo Park District Office Contact Information:**

Website: [www.mpcsd.k12.ca.us](http://www.mpcsd.k12.ca.us)

District Office Location: 181 Encinal Avenue, Atherton, California 94027

Phone Number: 650-321-7140

### **District Schools:**

School	Grades	Street	City	Principal
Laurel School	K-2	95 Edge Road	Atherton	Nancy Hendry
Hillview Middle School	6-8	1100 Elder Avenue	Menlo Park	Mike Moore
Encinal School	3-5	195 Encinal Avenue	Atherton	Allison Liner
Oak Knoll School	K-5	1895 Oak Knoll Lane	Menlo Park	David Ackerman

### **School District Profile:**

During the 2005-2006 school year, student enrollment was roughly 2,140 students. The school district employed over 152 certificated teachers and 85 teachers aides and support staff. Test scores consistently rank among the top 5% of schools in all of California year after year.

And class size averages less than 20 students in K-3, and is approximately 24 in grades 4-8.  
(MPESD, 2007)

**School District Objectives:**

The District created a five-year Strategic Plan in 2003. This effort brought together teachers, staff, administration, and parents to define strategic directions and supporting actions. Five “Strategic Directions” resulted from this strategic planning meeting and have been a driving vision for the success of Menlo Park in the past few years and in the years to come:

*Direction #1 – Committing to Highly Qualified and Inspired Educators and Staff*

The Menlo Park City School District will recruit, retain, develop, and support the highest quality of staff who are knowledgeable, skillful, innovative, and who can inspire and motivate students and each other. (MPESD, 2007)

*Direction #2 – Sustaining and Refining a Comprehensive Educational Program*

The Menlo Park City School District will continuously plan, implement, and assess a coordinated, articulated and comprehensive educational program of high academic standards that extends and expands student learning, using interesting and relevant textbooks and instructional materials. (MPESD, 2007)

*Direction #3 – Promoting the Best Instructional Strategies*

The Menlo Park City School District will promote among each educational program and individual teacher the capability to use the best practices of instruction not only to build the academic skills of each learner whether remedial or accelerated, but also to foster among all students an intellectual curiosity, critical thinking and the love of learning. (MPESD, 2007)

*Direction #4 – Supporting an Enhanced Educational Environment*

The Menlo Park City School District will promote and ensure the environmental conditions at its schools that optimize student success and well-being. (MPESD, 2007)

*Direction #5 – Securing Long-Term Financial Stability*

The Menlo Park City School District, working with the broader educational community and parent organizations, will maximize state, federal, and local revenue to ensure a financial stability for the allocation of necessary resources to its schools. (MPESD, 2007)

**School Programs and Priorities:**

Menlo Park has had success in educating the youth of Atherton and Menlo Park in grades Kindergarten through 5<sup>th</sup> by adhering to the following curriculum plans:

*Kindergarten*: developing individual and social intelligence, teaching sharing, symbols, understanding roles in society, physical education, developing body coordination, and visual and performing arts. (MPESD, 2007)

*1<sup>st</sup> Grade*: developing visual and performing arts, musical skills, physical education including running, jumping and skipping, using playground equipment, examining geographic and economic issues in life, reading, and mathematics. (MPESD, 2007)

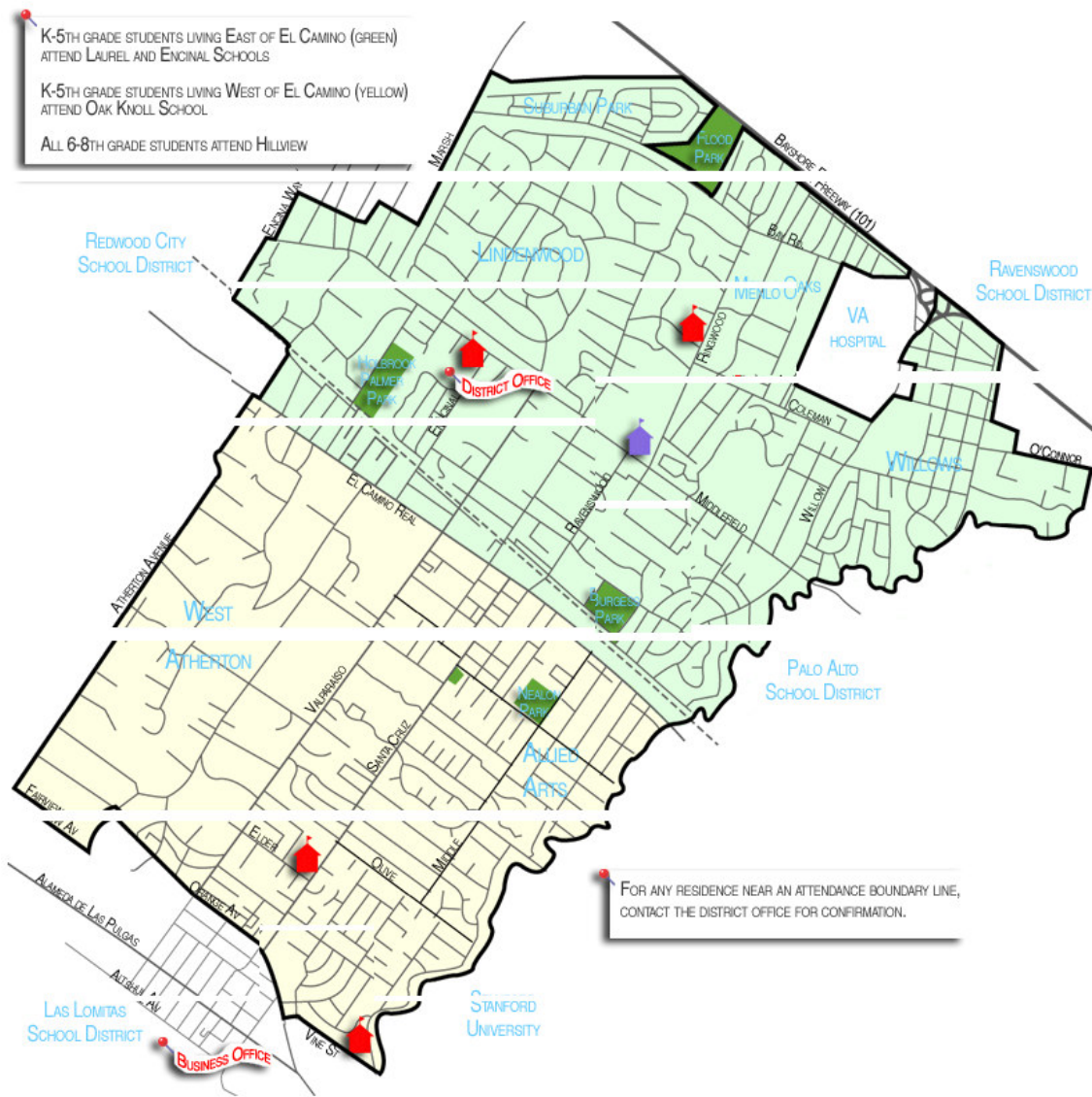
*2<sup>nd</sup> Grade*: developing music skills, continued physical education, basic historical and economic concepts, reading maps, introduction to the sciences, reading, language arts, writing, speaking, and mathematics. (MPESD, 2007)

*3<sup>rd</sup> Grade*: developing mathematical skills, including ordered numbers, solving word problems, understanding decimals and fractions, using art vocabulary, predict science outcomes, collect, record, and analyze data, and physical education. (MPESD, 2007)

4<sup>th</sup> Grade: developing reading skills, understanding vocabulary, distinguish structural differences in sentences, speaking, listening, learning life sciences, exploring new art techniques, and examining California's geography. (MPESD, 2007)

5<sup>th</sup> Grade: developing mathematical skills including computing very large numbers, using variables, measuring units, exploring United States history, learning music through playing an instrument, and physical education. (MPESD, 2007)

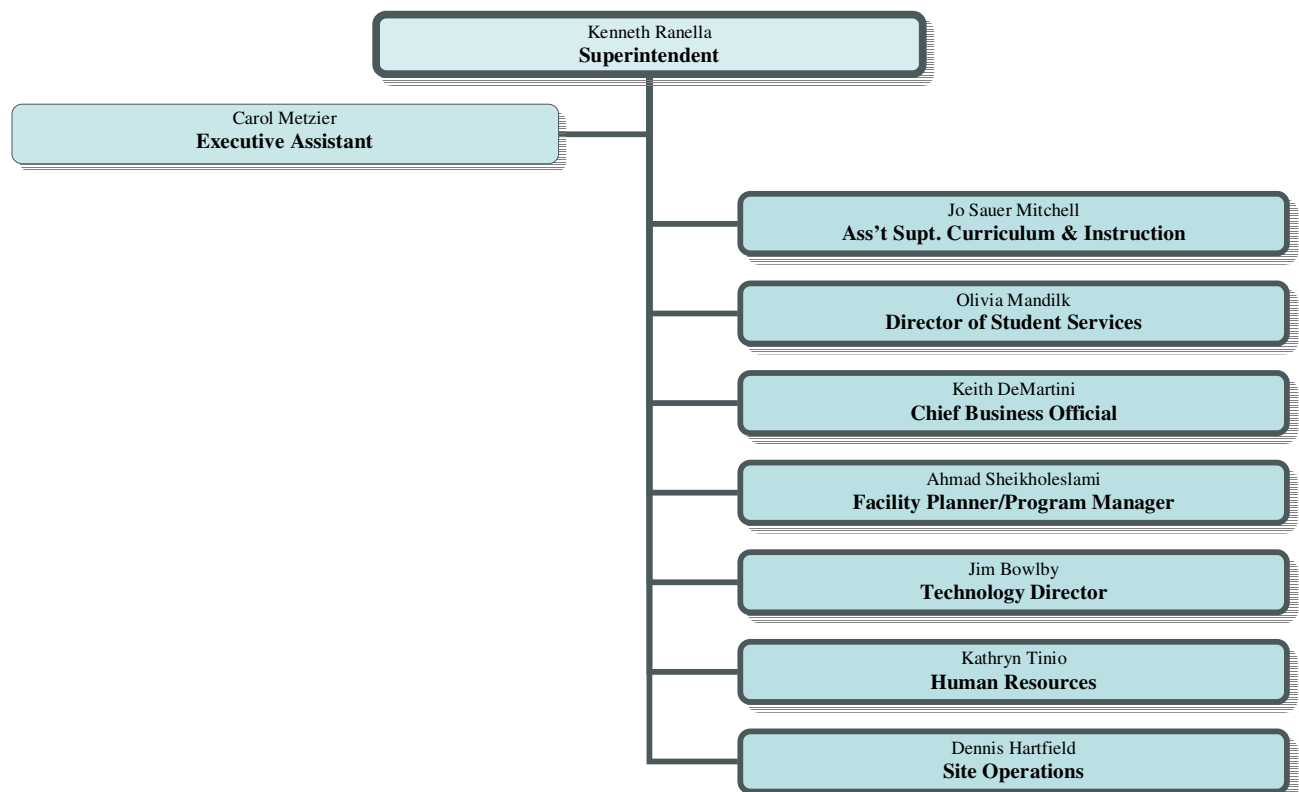
### School District Map:



Source: Menlo Park Elementary School District Official Website ([www.mpcsd.k12.ca.us](http://www.mpcsd.k12.ca.us))

As you can see by the above map, the four district schools are scattered throughout the region. These schools are strategically located in Menlo Park and Atherton and allow for easy access for students, parents, and all those who work and volunteer at the school sites. The district office is also located in a fairly central location as to provide services to the schools whenever necessary. For those few students who have to travel to one of Menlo Park district schools from part of unincorporated San Mateo County, they may have to travel greater distances than others. We do provide some minimal means of transportation support for those students in particular. Also, three other San Mateo County school districts surround Menlo Park: Las Lomas, Redwood City, and Ravenswood. Palo Alto school district, although located in the region of San Mateo County, is actually under the jurisdiction of Santa Clara County.

### Organizational Chart:



The organizational structure of Menlo Park School district is relatively flat in nature. Dr. Ranella reports to the Menlo Park Board of Education. Under him, he has seven direct reports that run each department in the county office. This organization structure is an efficient and effective structure in administering the programs necessary to education students that attend our schools. We all have the ability of understanding the “details” of what goes on in our particular organizations as well as provide Dr. Ranella with the high-level information he needs to provide to the Board.

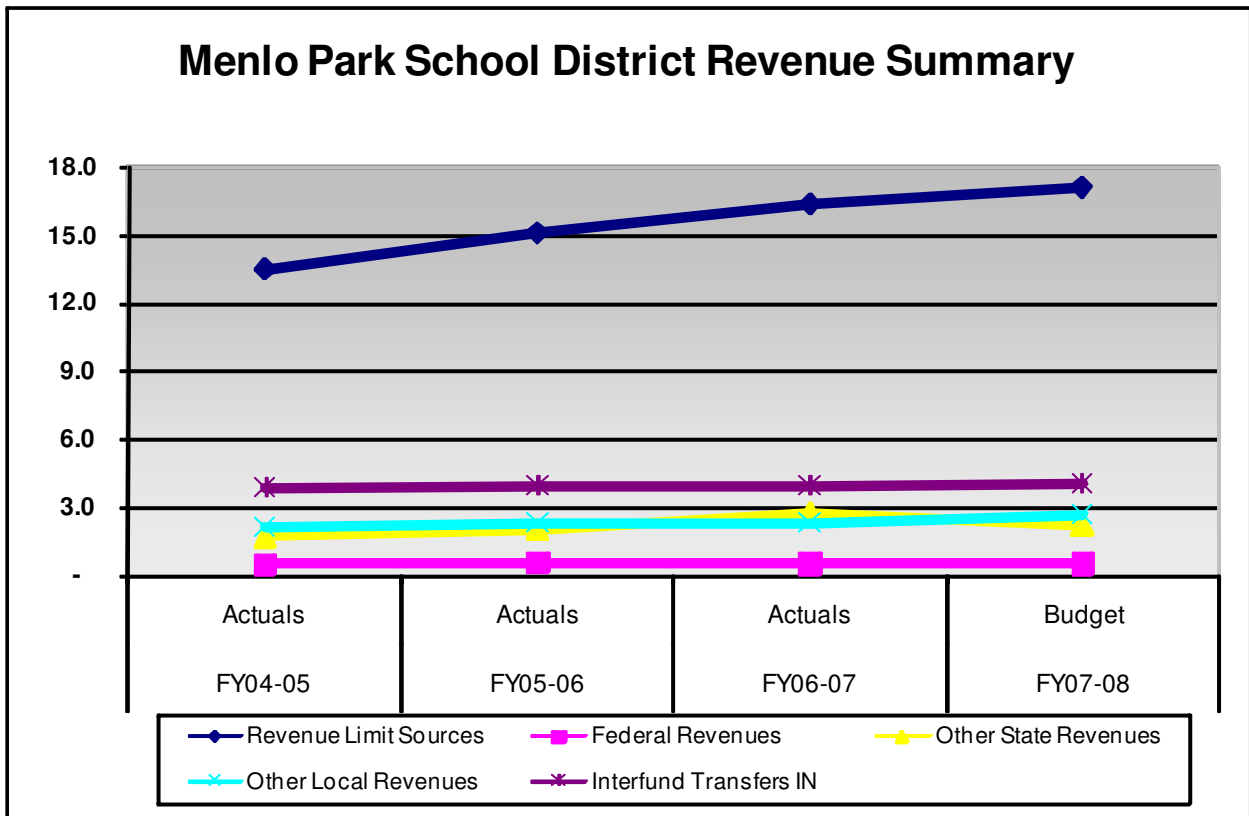
### **Overview of Proposed Budget:**

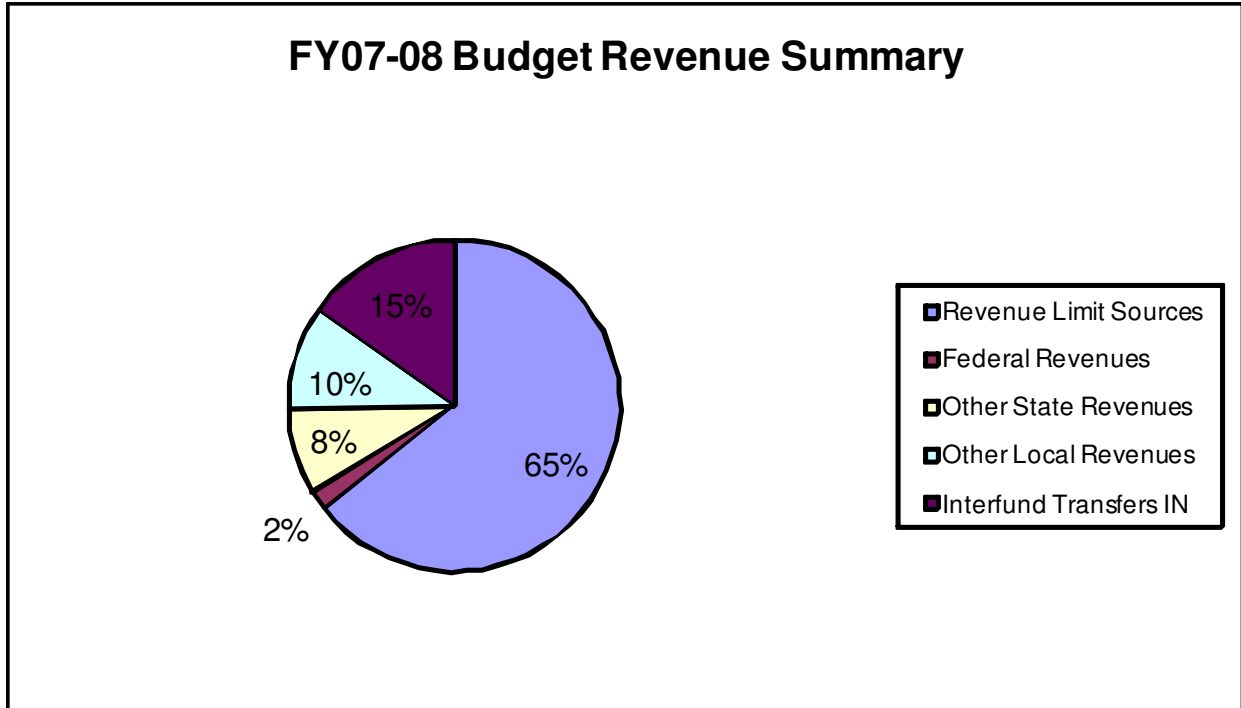
- **Highlights:**
  - Total Revenues are expected to increase by 2.7% from 2006-07 to 2007-08 from \$21,897,949 to \$22,488,587. A majority of funding will continue to come through Revenue Limit Sources.
  - Total Expenditures are expected to increase by 3.1% from 2006-07 to 2007-08 from \$25,231,809 to \$26,016,124. More than 56% of all expenditures come from teacher’s salaries alone. Total salary and benefit expenditures for all school district employees represent 85.7% of total expenditures.
  - Overall, final ending fund balance at the end of the year will exceed \$3 Million for the third fiscal year in a row, representing a substantial reserve of over 17% of total revenues.

	2004-05 Actuals	2005-06 Actuals	2006-07 Est Actuals	2007-08 Budget
<b>A. Revenues</b>				
Revenue Limit Sources	13,445,165	15,054,991	16,316,885	17,081,809
Federal Revenues	510,211	561,941	535,970	523,630
Other State Revenues	1,691,100	2,014,404	2,766,306	2,219,012
Other Local Revenues	2,075,086	2,254,519	2,278,788	2,664,136
<b>Total Revenues</b>	<b>\$17,721,562</b>	<b>\$19,885,856</b>	<b>\$21,897,949</b>	<b>\$22,488,587</b>
<b>B. Expenditures</b>				
Certificated Salaries	11,584,816	12,659,956	13,837,811	14,765,741
Classified Salaries	2,388,905	2,675,887	3,229,241	3,585,695
Employee Benefits	3,141,165	3,387,661	3,660,352	3,946,437
Books & Supplies	872,780	1,077,111	2,159,371	1,359,363
Svcs & Oth Oper Exp	3,077,749	2,509,414	2,115,034	2,358,888
Capital Outlay	265,429	61,276	0	0
Other Outgo	283,614	342,082	230,000	0
Direct Support/Indirect Costs	0	0	0	0
<b>Total Expenditures</b>	<b>\$21,614,458</b>	<b>\$22,713,387</b>	<b>\$25,231,809</b>	<b>\$26,016,124</b>
<b>C. Revenues less Expenditures</b>	<b>(\$3,892,896)</b>	<b>(\$2,827,532)</b>	<b>(\$3,333,860)</b>	<b>(\$3,527,537)</b>
<b>D. Other Sources &amp; Uses</b>				
Interfnd Transfers In	3,832,607	3,905,604	3,958,603	4,041,211
Interfnd Transfers Out	70,000	100,000	212,625	228,373
Other Sources	0	0	0	0
Other Uses	0	0	0	0
Contrib to Restr Prog	0	0	0	0
<b>Total Other Sources &amp; Uses</b>	<b>\$3,762,607</b>	<b>\$3,805,604</b>	<b>\$3,745,978</b>	<b>\$3,812,838</b>
<b>E. Change in Fund Balance</b>	<b>(\$130,289)</b>	<b>\$978,072</b>	<b>\$412,118</b>	<b>\$285,301</b>
<b>F1) Beginning Fund Balance</b>				
a) As of July 1 - Unaudited	2,309,273	2,178,984	3,157,056	3,569,174
b) Aud Adj/Restatements	0	0	0	0
<b>F2) Ending Fund Balance, June 30</b>	<b>\$2,178,984</b>	<b>\$3,157,056</b>	<b>\$3,569,174</b>	<b>\$3,854,475</b>
<b>Componentes of Ending Fund Balance</b>				
Restricted	408,470	773,214	762,886	762,886
Unrestricted	1,770,514	2,383,841	2,806,287	3,091,588
<b>Total Balance</b>	<b>\$ 2,178,984</b>	<b>\$ 3,157,056</b>	<b>\$ 3,569,174</b>	<b>\$ 3,854,475</b>

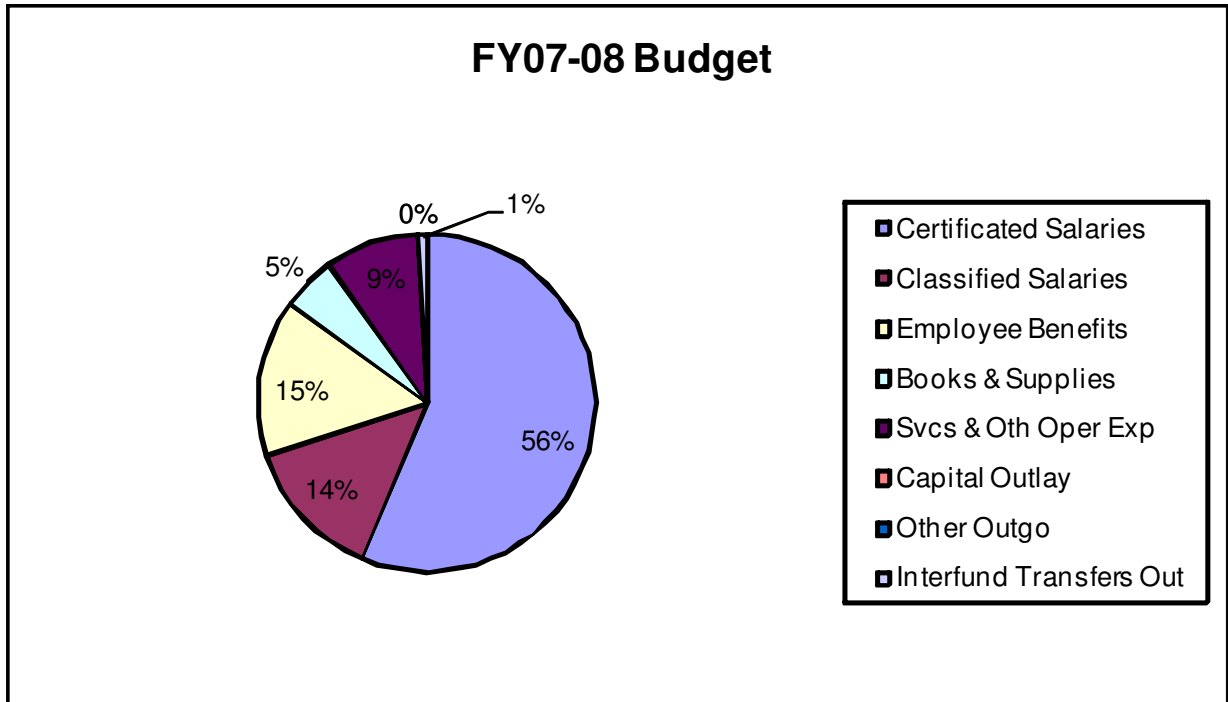
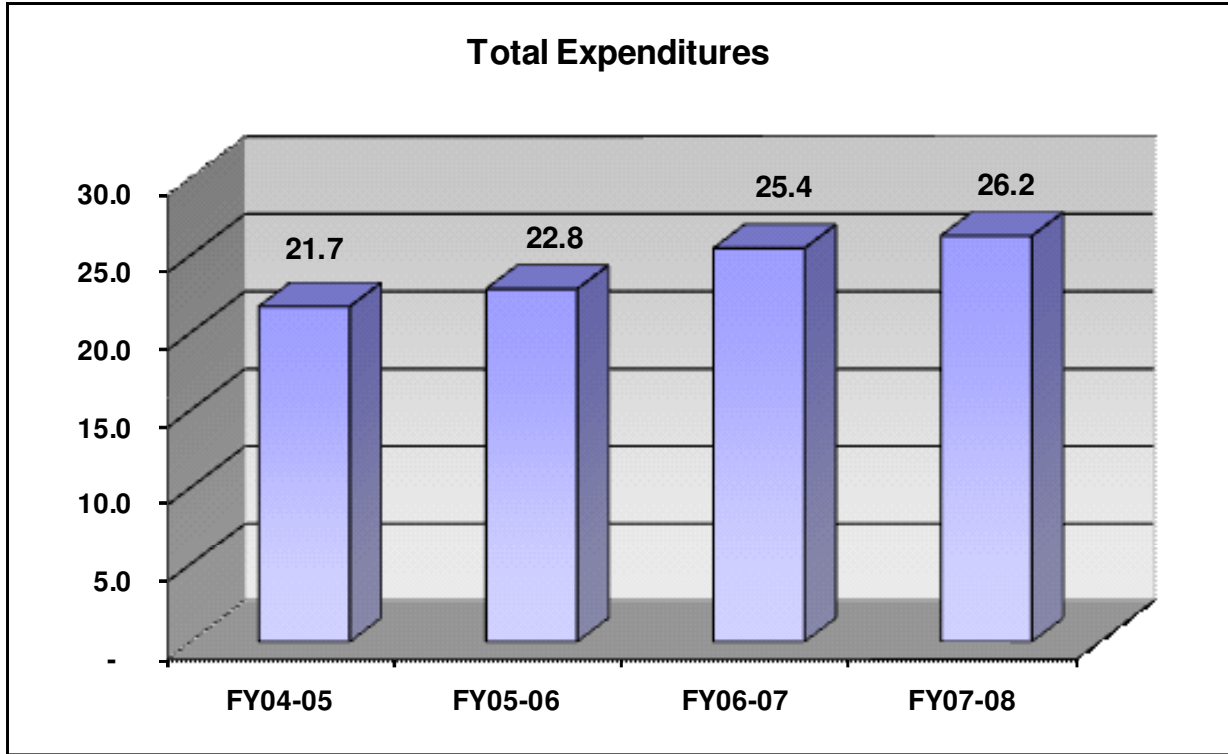
- Revenues:
  - School district revenue will continue to rise this coming fiscal year, in line with the COLA communicated from the Governor and the California Department of Education and also special education programs anticipated to receive restricted funding in the year.

- 65% of all revenue sources in 2007-08 will come from Revenue Limit Sources, which is a combination of state and local revenues.
- Being that Menlo Park School District receives a substantial portion of its revenue from local property taxes (mainly due to the high property values relative to other districts in San Mateo County), this revenue source is mainly funded through these property tax revenues.
- The remaining 35% of revenue comes from a combination of other state, local, federal and interfund transfers.

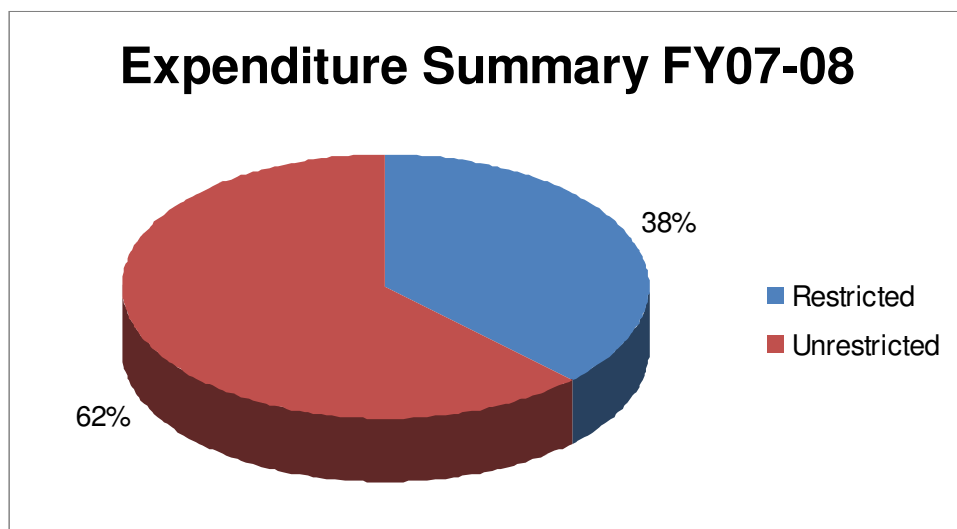
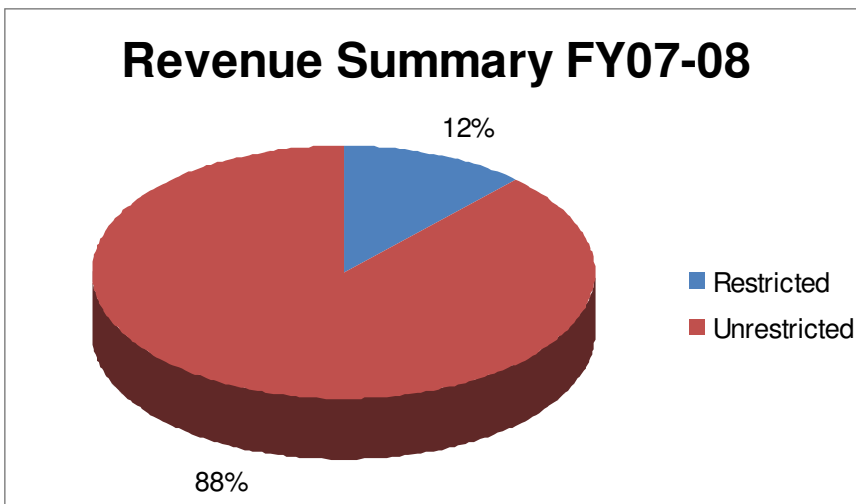




- Expenditures
  - Total school district expenditures are expected to top \$26 Million this year, the most in the history of Menlo Park School district. The cost of providing public education to all students continues to rise throughout the county, especially in the Bay Area.
  - More than 85% of all expenditures come from payroll and benefit costs of all employees, a majority of which comes from certificated staff. Overall, total payroll and benefit expenditures are expected to increase 7.6% from last year, mainly due to the COLA and the additional costs associated to negotiated labor union contracts.
  - Books and supplies expenditures are expected to decrease 37% year on year due to one-time expenditures in 2006-07.



- **Restricted & Unrestricted Funding**
  - Roughly 88% of expected revenues will be coming from unrestricted sources while 12% of revenues will be coming from restricted sources. The restricted revenues will be used for programs such as special education services.
  - Roughly 62% of expenditures will be coming from unrestricted areas while 38% of expenditures will be coming from restricted sources.
  - Because of this difference, Menlo Park continues to rely on revenue sources from other funds to finance the restricted activities of the school district.



## Trend Analysis:

	2004-05 Actuals	2005-06 Actuals	2006-07 Est Actuals	2007-08 Budget	04-05/05-06 % Diff	05-06/06-07 % Diff	06-07/07-08 % Diff
<b>A. Revenues</b>							
Revenue Limit Sources	13,445,165	15,054,991	16,316,885	17,081,809	12.0%	8.4%	4.7%
Federal Revenues	510,211	561,941	535,970	523,630	10.1%	-4.6%	-2.3%
Other State Revenues	1,691,100	2,014,404	2,766,306	2,219,012	19.1%	37.3%	-19.8%
Other Local Revenues	2,075,086	2,254,519	2,278,788	2,664,136	8.6%	1.1%	16.9%
<b>Total Revenues</b>	<b>\$17,721,562</b>	<b>\$19,885,856</b>	<b>\$21,897,949</b>	<b>\$22,488,587</b>	<b>12.2%</b>	<b>10.1%</b>	<b>2.7%</b>
<b>B. Expenditures</b>							
Certificated Salaries	11,584,816	12,659,956	13,837,811	14,765,741	9.3%	9.3%	6.7%
Classified Salaries	2,388,905	2,675,887	3,229,241	3,585,695	12.0%	20.7%	11.0%
Employee Benefits	3,141,165	3,387,661	3,660,352	3,946,437	7.8%	8.0%	7.8%
Books & Supplies	872,780	1,077,111	2,159,371	1,359,363	23.4%	100.5%	-37.0%
Svcs & Oth Oper Exp	3,077,749	2,509,414	2,115,034	2,358,888	-18.5%	-15.7%	11.5%
Capital Outlay	265,429	61,276	0	0	-76.9%	-100.0%	0.0%
Other Outgo	283,614	342,082	230,000	0	20.6%	-32.8%	-100.0%
Direct Support/Indirect Costs	0	0	0	0	0.0%	0.0%	0.0%
<b>Total Expenditures</b>	<b>\$21,614,458</b>	<b>\$22,713,387</b>	<b>\$25,231,809</b>	<b>\$26,016,124</b>	<b>5.1%</b>	<b>11.1%</b>	<b>3.1%</b>
<b>C. Revenues less Expenditures</b>	<b>(\$3,892,896)</b>	<b>(\$2,827,532)</b>	<b>(\$3,333,860)</b>	<b>(\$3,527,537)</b>	<b>-27.4%</b>	<b>17.9%</b>	<b>5.8%</b>
<b>D. Other Sources &amp; Uses</b>							
Interfnd Transfers In	3,832,607	3,905,604	3,958,603	4,041,211	1.9%	1.4%	2.1%
Interfnd Transfers Out	70,000	100,000	212,625	228,373	42.9%	112.6%	7.4%
Other Sources	0	0	0	0	0.0%	0.0%	0.0%
Other Uses	0	0	0	0	0.0%	0.0%	0.0%
Contrib to Restr Prog	0	0	0	0	0.0%	0.0%	0.0%
<b>Total Other Sources &amp; Uses</b>	<b>\$3,762,607</b>	<b>\$3,805,604</b>	<b>\$3,745,978</b>	<b>\$3,812,838</b>	<b>1.1%</b>	<b>-1.6%</b>	<b>1.8%</b>
<b>E. Change in Fund Balance</b>	<b>(\$130,289)</b>	<b>\$978,072</b>	<b>\$412,118</b>	<b>\$285,301</b>	<b>-850.7%</b>	<b>-57.9%</b>	<b>-30.8%</b>
<b>F1) Beginning Fund Balance</b>							
a) As of July 1 - Unaudited	2,309,273	2,178,984	3,157,056	3,569,174	-5.6%	44.9%	13.1%
b) Aud Adj/Restatements	0	0	0	0	0.0%	0.0%	0.0%
<b>F2) Ending Fund Balance, June 30</b>	<b>\$2,178,984</b>	<b>\$3,157,056</b>	<b>\$3,569,174</b>	<b>\$3,854,475</b>	<b>44.9%</b>	<b>13.1%</b>	<b>8.0%</b>
<b>Componentes of Ending Fund Balance</b>							
Restricted	408,470	773,214	762,886	762,886	89.3%	-1.3%	0.0%
Unrestricted	1,770,514	2,383,841	2,806,287	3,091,588	34.6%	17.7%	10.2%
<b>Total Balance</b>	<b>\$ 2,178,984</b>	<b>\$ 3,157,056</b>	<b>\$ 3,569,174</b>	<b>\$ 3,854,475</b>	<b>44.9%</b>	<b>13.1%</b>	<b>8.0%</b>

- Revenues are expected to increase by 2.7% from last year, a dramatic decrease from the prior years.
- Other State Revenues are expected to decrease by nearly 20% due to the elimination of state-funded programs. This revenue will now come through the Revenue Limit.
- Expenditures are expected to increase by 3.1% from last year, also representing a substantial slow-down in expenditures from prior years.
- Books and supplies expenditures are expected to decrease by 37% due to one-time book expenses incurred in FY06-07 that will not occur in the coming fiscal year.
- Other Outgo expenses will no longer continue in FY07-08.

## Variance Analysis:

	2004-05 Actuals	2004-05 Budget	2005-06 Actuals	2005-06 Budget	2006-07 Est Actuals	2006-07 Budget	04-05 Act vs. Budg %	05-06 Act vs. Budg %	06-07 Act vs. Budg %
<b>A. Revenues</b>									
Revenue Limit Sources	13,445,165	12,253,535	15,054,991	13,802,007	16,316,885	15,444,916	8.9%	8.3%	5.3%
Federal Revenues	510,211	467,419	561,941	507,763	535,970	502,013	8.4%	9.6%	6.3%
Other State Revenues	1,691,100	2,040,334	2,014,404	1,750,612	2,766,306	1,761,953	-20.7%	13.1%	36.3%
Other Local Revenues	2,075,086	2,032,035	2,254,519	2,841,873	2,278,788	2,148,188	2.1%	-26.1%	5.7%
<b>Total Revenues</b>	<b>\$17,721,562</b>	<b>\$16,793,323</b>	<b>\$19,885,856</b>	<b>\$18,902,255</b>	<b>\$21,897,949</b>	<b>\$19,857,070</b>	<b>5.2%</b>	<b>4.9%</b>	<b>9.3%</b>
<b>B. Expenditures</b>									
Certificated Salaries	11,584,816	11,505,304	12,659,956	12,229,888	13,837,811	13,207,312	-0.7%	-3.4%	-4.6%
Classified Salaries	2,388,905	2,373,023	2,675,887	2,527,850	3,229,241	3,018,796	-0.7%	-5.5%	-6.5%
Employee Benefits	3,141,165	3,096,329	3,387,661	3,610,164	3,660,352	3,524,798	-1.4%	6.6%	-3.7%
Books & Supplies	872,780	780,496	1,077,111	1,043,826	2,159,371	1,162,922	-10.6%	-3.1%	-46.1%
Svcs & Oth Oper Exp	3,077,749	2,617,551	2,509,414	3,181,364	2,115,034	2,403,098	-15.0%	26.8%	13.6%
Capital Outlay	265,429	70,000	61,276	0	0	0	-73.6%	-100.0%	0.0%
Other Outgo	283,614	425,000	342,082	470,642	230,000	230,000	49.9%	37.6%	0.0%
Direct Support/Indirect Costs	0	0	0	0	0	0	0.0%	0.0%	0.0%
<b>Total Expenditures</b>	<b>\$21,614,458</b>	<b>\$20,867,703</b>	<b>\$22,713,387</b>	<b>\$23,063,734</b>	<b>\$25,231,809</b>	<b>\$23,546,926</b>	<b>-3.5%</b>	<b>1.5%</b>	<b>-6.7%</b>

- Actual revenues have continued to exceed budget expectations over the past three fiscal years, the most coming in 2006-07 (roughly 9% over budget). This is driven from higher than expected average daily attendance in many classrooms and few special programs receiving funding not originally captured in the budget.
- Actual expenditures were higher than budget in 2006-07 by 6.7%, mainly due to the one-time books and supplies expenses that are not expected to occur again this year.

## Share Analysis:

	2004-05 Actuals	2005-06 Actuals	2006-07 Est Actuals	2007-08 Budget	2004-05 Share %	2005-06 Share %	2006-07 Share %	2007-08 Share %
<b>A. Revenues</b>								
Revenue Limit Sources	13,445,165	15,054,991	16,316,885	17,081,809	75.9%	75.7%	74.5%	76.0%
Federal Revenues	510,211	561,941	535,970	523,630	2.9%	2.8%	2.4%	2.3%
Other State Revenues	1,691,100	2,014,404	2,766,306	2,219,012	9.5%	10.1%	12.6%	9.9%
Other Local Revenues	2,075,086	2,254,519	2,278,788	2,664,136	11.7%	11.3%	10.4%	11.8%
<b>Total Revenues</b>	<b>\$17,721,562</b>	<b>\$19,885,856</b>	<b>\$21,897,949</b>	<b>\$22,488,587</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>B. Expenditures</b>								
Certificated Salaries	11,584,816	12,659,956	13,837,811	14,765,741	53.6%	55.7%	54.8%	56.8%
Classified Salaries	2,388,905	2,675,887	3,229,241	3,585,695	11.1%	11.8%	12.8%	13.8%
Employee Benefits	3,141,165	3,387,661	3,660,352	3,946,437	14.5%	14.9%	14.5%	15.2%
Books & Supplies	872,780	1,077,111	2,159,371	1,359,363	4.0%	4.7%	8.6%	5.2%
Svcs & Oth Oper Exp	3,077,749	2,509,414	2,115,034	2,358,888	14.2%	11.0%	8.4%	9.1%
Capital Outlay	265,429	61,276	0	0	1.2%	0.3%	0.0%	0.0%
Other Outgo	283,614	342,082	230,000	0	1.3%	1.5%	0.9%	0.0%
Direct Support/Indirect Costs	0	0	0	0	0.0%	0.0%	0.0%	0.0%
<b>Total Expenditures</b>	<b>\$21,614,458</b>	<b>\$22,713,387</b>	<b>\$25,231,809</b>	<b>\$26,016,124</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>C. Revenues less Expenditures</b>	<b>(\$3,892,896)</b>	<b>(\$2,827,532)</b>	<b>(\$3,333,860)</b>	<b>(\$3,527,537)</b>				

- Revenue Limit sources continues to be the main source of funding for the school district (roughly 76% of total revenues, not including Transfer IN funding from other fund accounts).
- Payroll costs, including certificated, classified, and benefit expenditures, continues to be the costs driving the increase in expenditures year after year.

### Balance Sheet Summary:

	June-05 Actual	June-06 Actual	June-07 Est Actual	June-08 Budget	% Change 07 vs. 08
<b>Assets</b>					
Current & Other Assets	\$10,642,510	\$12,136,502	\$13,856,238	\$14,986,521	7.5%
Capital Assets	16,212,195	16,204,863	16,200,189	16,548,789	2.1%
<b>Total Assets</b>	<b>\$26,854,705</b>	<b>\$28,341,365</b>	<b>\$30,056,427</b>	<b>\$31,535,310</b>	<b>5.5%</b>
<b>Liabilities</b>					
Other Liabilities	\$3,004,278	\$4,089,209	\$4,589,712	\$5,002,369	8.2%
Long-Term Liabilities	18,569,137	16,775,696	15,789,158	15,974,128	1.2%
<b>Total Liabilities</b>	<b>\$21,573,415</b>	<b>\$20,864,905</b>	<b>\$20,378,870</b>	<b>\$20,976,497</b>	<b>2.8%</b>
<b>Net Assets</b>					
Invested in Capital Assets, Net of Debt	(\$2,667,805)	(\$474,481)	(\$852,471)	(\$952,368)	10.5%
Restricted	2,591,370	1,802,460	1,754,892	1,874,587	6.4%
Unrestricted	5,357,725	6,148,481	6,815,893	7,125,950	4.4%
<b>Total Net Assets</b>	<b>\$5,281,290</b>	<b>\$7,476,460</b>	<b>\$7,718,314</b>	<b>\$8,048,169</b>	<b>6.2%</b>

Source: MPESD, 2006

- Menlo Park School District's budget continues to stay strong year after year. Current assets have risen by almost \$1.1 Million year on year, more than current liabilities.
- Total Net Assets continues to increase year after year, most recently increasing by 4.4% from FY06-07 to FY07-08.

Financial Measures:	June-05	June-06	June-07	June-08
Current Ratio	3.5	3.0	3.0	3.0
Asset/Liability Ratio	1.2	1.4	1.5	1.5

- After analyzing the current ratio and asset/liability ratio for both fiscal years, Menlo Park's ability to cover current and total liabilities with assets is evident. It is anticipated that these ratios will continue to improve throughout the coming years.

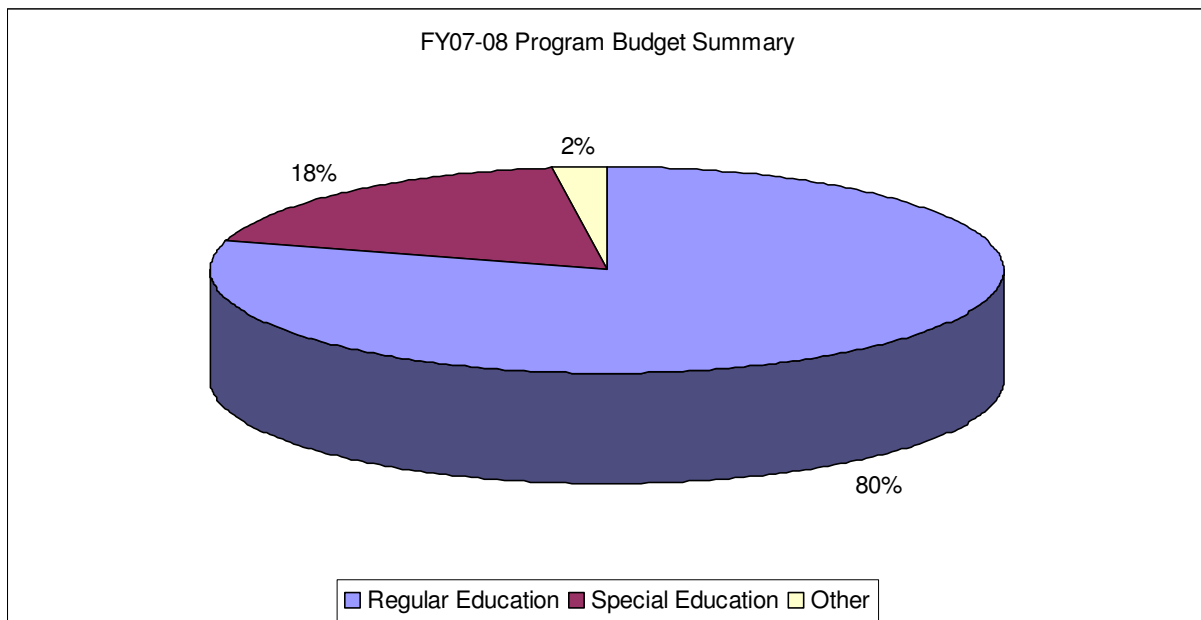
- Menlo Park is able to leverage its Basic Aid status of using much of its local property taxes to finance its liabilities.

**Program Budget:**

Program	03-04 Actuals	04-05 Actuals	05-06 Actuals	06-07 Est Actuals	07-08 Budget
<b>Instructional Costs</b>					
Regular Education	15,661,054	17,177,947	18,169,405	20,000,000	20,650,000
Special Education	3,249,641	3,645,001	4,073,344	4,700,000	4,780,000
<b>Subtotal Instructional Costs</b>	<b>18,910,695</b>	<b>20,822,948</b>	<b>22,242,749</b>	<b>24,700,000</b>	<b>25,430,000</b>
<b>Non-Program Costs</b>					
Community Services	200	0	0	0	0
Food Services	22,442	31,529	30,352	32,000	34,000
Facilities Acquisition & Construction	0	474,911	11,590	50,000	55,000
Other Outgo	2,368,713	353,614	526,882	448,000	495,000
Support Costs	1,256	1,456	1,814	1,809	2,124
<b>Subtotal Non-Program Costs</b>	<b>2,392,611</b>	<b>861,510</b>	<b>570,638</b>	<b>531,809</b>	<b>586,124</b>
<b>Total Program Costs</b>	<b>21,303,306</b>	<b>21,684,458</b>	<b>22,813,387</b>	<b>25,231,809</b>	<b>26,016,124</b>

*Note: FY2006-07 Est Actuals and FY2007-08 Budget have been extrapolated from the line item budget.*

*Source: www.ed-data.k12.ca.us*



- The Menlo Park City School District budget can be broken out into 3 basic categories: Regular Education, Special Education, and Other programs.
- For the FY2007-08 budget, Regular Education makes up roughly 80% of the entire budget. Regular Education costs are expected to increase by roughly 3.3% from FY06-07.
- Special Education expenditures have grown at a higher rate than Regular Education costs over the past four years, mainly due to higher teacher payroll costs and more expensive teaching equipment. These costs are expected to continue to rise throughout FY2007-08.

**Performance Measures:**

- District Per Pupil Ratios
  - Per pupil support from Administrators, Pupil Service personnel, and teachers continues to be the most important performance measure of our district in terms of educational success and fiscal responsibility.
  - Over the past five years, Menlo Park School District has maintained high performance standards for all three categories relative to the averages for all San Mateo County school districts.
  - For Fiscal Year 2007-2008, Menlo Park is committed to achieving the lowest possible Per Pupil ratios in all three categories, consistent with the results of the past five years.

**District Per Pupil Ratio Summary**

	2002-03	2003-04	2004-05	2005-06	2006-07	5-Yr Avg
<b>Administrators</b>	226.6	206.0	219.9	224.5	225.6	220.5
<b>Pupil Services</b>	183.7	208.1	183.2	190.4	203.2	193.7
<b>Teachers</b>	15.7	16.6	16.8	16.2	17.1	16.5

**County Average Per Pupil Ratio Summary**

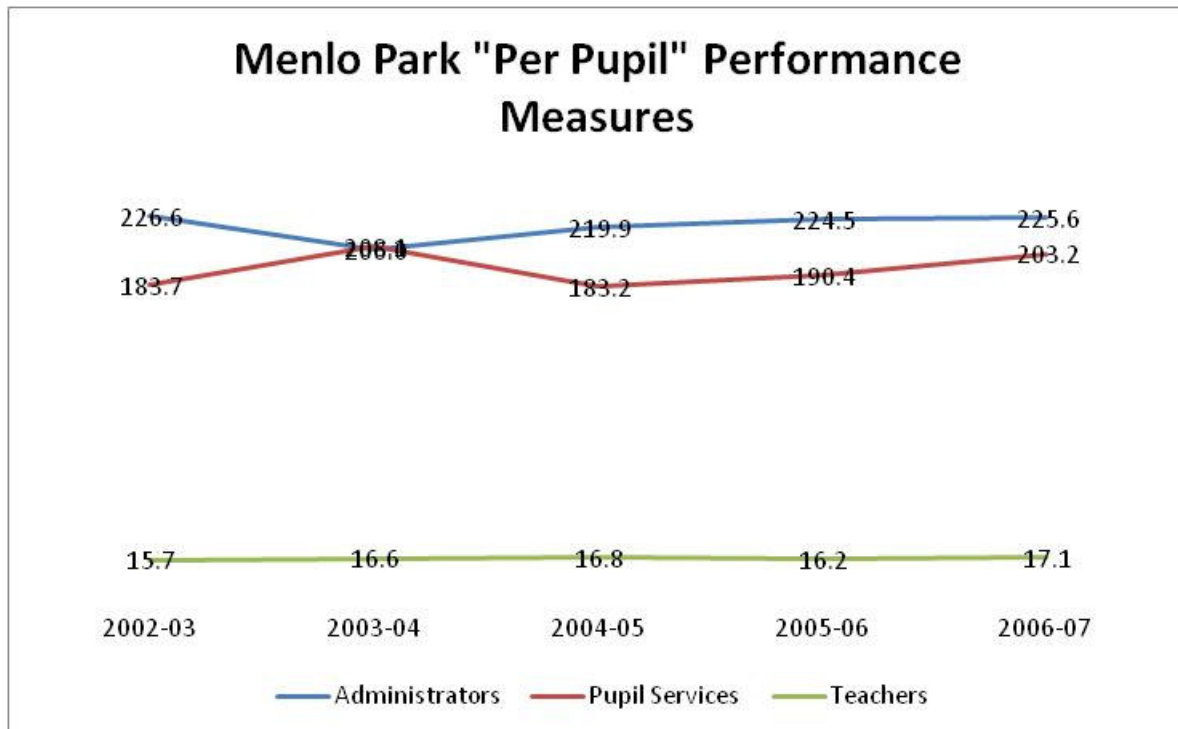
	2002-03	2003-04	2004-05	2005-06	2006-07	5-Yr Avg
<b>Administrators</b>	230.8	238.2	238.4	237.6	234.1	235.8
<b>Pupil Services</b>	226.6	226.3	224.8	214.9	216.8	221.9
<b>Teachers</b>	18.8	19.5	19.5	19.5	19.5	19.4

**Difference (District vs. County Average)**

	2002-03	2003-04	2004-05	2005-06	2006-07	5-Yr Avg
<b>Administrators</b>	4.20	32.20	18.50	13.10	8.50	15.30
<b>Pupil Services</b>	42.90	18.20	41.60	24.50	13.60	28.16
<b>Teachers</b>	3.10	2.90	2.70	3.30	2.40	2.88

**% Difference (District vs. County Average)**

	2002-03	2003-04	2004-05	2005-06	2006-07	5-Yr Avg
<b>Administrators</b>	1.8%	13.5%	7.8%	5.5%	3.6%	6.5%
<b>Pupil Services</b>	18.9%	8.0%	18.5%	11.4%	6.3%	12.7%
<b>Teachers</b>	16.5%	14.9%	13.8%	16.9%	12.3%	14.9%



Source: [www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us)

- Drop Out Rate
  - In Fiscal Year 2006-2007, Menlo Park did not have any students drop-out for any reason. Menlo Park continues to strive do whatever it takes to make sure every child stays in school.
  - This performance measure is better than the average for San Mateo County and superior for all K-12 public education institutions in California.

	FY06-07
Menlo Park	0%
San Mateo County	1.3%
California	3.5%

*Source: www.ed-data.k12.ca.us*

### **Recommendations:**

After completing the financial budget for Menlo Park School District for fiscal year 2007-2008, a few areas are of concern to the business office. First and foremost, with the rising costs of payroll and benefit related expenses, we must plan our revenues accordingly to ensure we continue to have the funding to pay for our teachers and classified staff. The trend of these expenses increasing has been occurring over the past few years with no end in sight. The teachers' union was able to negotiate a rather favorable contract for the coming year (at a 5% increase). At next year's negotiation, if the administrative staff is able to negotiate a lower salary increase and lock some additional funding, the effects of these rising costs can be minimal.

Supplementary, the business office will be engaging in cost containment and cutting analyses this year. We are going to develop analyses that will identify major expense items and justifications of those expenses. The intention is to identify those costs that could potentially be minimized or even eliminated in hopes of reducing total expenditures for the next fiscal year. Unfortunately, not much leverage exists on our part at reducing the expenses incurred through

payroll and benefits as most of those costs are driven from the salary negotiations. We hope to provide a list of cost containment items at next year's budget review.

**Closing Remarks:**

The fiscal strength of Menlo Park Elementary School District is shown through the many financial analyses shown above. Revenue sources are expected to increase to fund the increased expenditures due to the expected rise in enrollment and cost of living adjustments. The balance sheet will continue to strengthen as current assets can more than cover current liabilities. And the performance measures used to evaluate the effectiveness of our educational programs continue to stay strong compared to county and state standards. The outlook, both financially and programmatically, of Menlo Park Elementary School District looks promising.

*We at the Business Office are looking forward to another successful year at educating the youth who live in Menlo Park and Atherton!!!*

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