

Portola Valley School District First Interim Budget Report

Revenue

Significant changes in revenue since the adoption of the budget in June include:

- A reduction of \$91,292 in property tax revenue as a result of an increased level of refunds to property owners that has been projected by the County Assessor.
- An increase of \$7172 in revenue limit funding for Voluntary Transfer Program students as a result of the finalization of the State of California budget.
- A decrease of \$6639 in Federal funding primarily a result of PVSD receiving a reduced percentage of the overall funding distribution within San Mateo county as a result of flat local enrollment versus enrollment growth county-wide.
- An increase of \$119,674 in State categorical funding that was held in reserve in the Adopted Budget for possible additional “Fair Share” reductions that with the adoption of the State budget, did not materialize.
- An increase of \$6819 in other State revenue primarily a result of the continuation of a special education funding stream that was expected to be eliminated.
- A decrease of \$24,475 in Foundation funding, primarily a result of the District modifying its grant request for strategic plan initiatives over a two year period. Expenses that were aligned with the original grant request have been reduced in this budget to align with actual funding. This action does not have a direct impact on the bottom line.
- Local revenue has increased by \$54,302 primarily as a result of the inclusion of the interest earning line item for the tax revenue

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Revenue continued

anticipation note (TRAN). In the past, an amount that netted the fees associated with the TRAN was listed, but on the recommendation of the District's external auditor, listing the full interest earnings as revenue and the total fee amount as an expenditure, is the correct approach.

- A transfer of \$100,000 from the Board Special Reserve (Fund 17) is necessary to balance the budget.
- An increase of \$30,000 in developer fees is projected based on final revenue for the 2010-11 year and current year trending.
- ✓ **Overall, total external revenue has increased by \$94,889 from the amount that was projected in the Adopted Budget. With the inclusion of the \$100,000 transfer from Fund 17, the bottom line revenue amount has increased by \$194,889.**

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Expenses

Significant changes in personnel expenses since the adoption of the budget in June include:

- An increase of \$1,135 in the teacher salary line item which reflects actual salaries for newly-hired staff rather than projections that were included in the adopted budget.
 - An increase of \$29,997 in teacher extra duty assignment that primarily reflects the reallocation of site council funds from a non-personnel categorization to cover a personnel cost. This action did not result in an increase to the bottom line expenditure amount.
 - An increase of \$6591 for additional teacher curriculum planning time primarily associated with the new 6th grade core program, the implementation of universal design and the single gender program.
 - An increase of \$20,551 in the school and district office support staff line item to cover the cost of replacement personnel as a result of maternity leave.
 - An increase of \$21,453 in the facility maintenance staff line item to cover the cost of an overnight security guard for the Corte Madera campus as a result of multiple break-ins during the summer and fall.
 - An increase of \$51,712 in the cost statutory payroll taxes as a result in the aforementioned increases in various personnel line items.
 - An increase of \$39,148 in the cost of health and welfare benefits for active employees and retirees primarily as a result of a 15% Kaiser rate increase when only a 10% increase had been forecast.
- ✓ **Overall personnel expenses have increased by \$184,830 from the amount that was projected in the Adopted Budget.**

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Non-personnel expenses

- Significant changes in non-personnel expenses since the adoption of the budget in June include:
- An increase of \$14,881 in the classroom instructional materials line item primarily as a result of additional items for the new 6th grade program and course re-alignment in 7th and 8th grades.
- A reduction of \$15,000 in the free and reduced lunch line item as a result of the District fulfilling all of the requirements to obtain reimbursement funding from the State for meals provided to certain students. This reduction does not reflect any sort of reduction in the quality of lunch meals provided to students who qualify for a free or reduced cost lunch.
- An increase of \$7702 in the testing services and materials line item that reflects actual prior year expenses for mandated general education and special education testing program and assessments.
- An increase of \$3500 in the technology consultant line item to reflect costs associated with the development of the district's student data management system.
- A decrease of \$20,625 in the technology curriculum consultant line item to reflect the use of the consultant in other curriculum capacities outside of educational technology. This decrease does not have an impact on the expenditure bottom line.
- An increase of \$6121 in the equipment lease line item to reflect the addition of a classroom set of iPads for the new 6th grade program.
- A decrease of \$3040 in the costs associated with MarinIT as a result of contract finalization.

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Non-personnel expenses continued

- The addition of a \$5000 line item for technology supplies that was omitted in error in the adopted budget.
- An increase of \$2000 in special education services line items to reflect additional needs since the budget was adopted in June.
- The addition of a \$15,000 line item to reflect the cost of a researcher for the single gender program. The cost of this contracted position is off-set by a grant from the PVSF Endowment.
- A reduction of \$6000 in the line item for Professional Learning Community mini-grants to reflect actual needs based upon the actual PLC configuration. This line item is offset by a revenue line item that reflect the grant funding.
- A reduction of \$173 in utility costs to reflect actual prior year costs.
- An increase of \$1534 in facility service and repair costs to reflect actual prior year costs.
- A reduction of \$1000 in the School Board operations line item to reflect actual prior year costs.

In addition to adjustments to reflect prior year actual costs, significant changes to contracted and professional services line items include:

- An increase of \$14,000 the services of a teacher coach.
- A reduction of \$44,635 to reflect the actual cost of legal services from the Office of San Mateo County Counsel based on their unique multi-year cost averaging formula.

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Non-personnel expenses continued

- A \$25,000 reduction in the cost of contracted nursing services as a result of the grant award from the Sequoia Healthcare District that covers this position being reduced from \$50,000 to \$25,000.
- The addition of a new line item in the amount of \$40,000 that reflects the previously-referenced fees associated with the tax revenue anticipation note.
- The addition of a new line item in the amount of \$12,032 to reflect the cost of summer school transportation by the Sequoia High School District. Previously, such costs were included in the cost associated with the Voluntary Transfer Program. This change is being disputed by PVSD.

The First Interim Budget reflects a slight surplus of \$2428. This represents an immaterial change from the surplus that was projected in the Adopted Budget.

The current District Reserve is \$1,162,776. This reflects a reserve level of 10.2%.

It is expected that additional mid-year funding reductions by the State of California could result in the reserve being reduced by \$200,000 before the end of the current school year.