

SRVUSD PARCEL TAX OVERSIGHT COMMITTEE

2012 – 2013 Fiscal Year Annual Report

Presented by: Parcel Tax Oversight Committee

February 25, 2014

Parcel Tax Oversight Committee (PTOC) Members

- Daniela Ballif
- Jill Birnbaum
- Peter Hoefs
- Alicia Moore
- Jennifer Ottley
- Dan Parnas
- Steven Minchen
- Carl Nichols
- **Toni Taylor
- **Scott Anderson
- Mark Jewett – SRVUSD Board Member Liaison

**SRVUSD staff assisting PTOC

In May 2009 SRVUSD voters approved a \$144 per year parcel tax

- The parcel tax revenue is a “bridge” to supplement the SRVUSD budget because of deficient state funding
- The parcel tax generated \$6,763,177 for 2012-2013 fiscal year
- The 7 year parcel tax expires in 2015 – 2016 fiscal year

The responsibilities of the PTOC

- Provide oversight for the SRVUSD School Board on the expenditures funded by the parcel tax in order to ensure that the funds are spent for the purposes approved by the voters
- PTOC will monitor the expenditures of the parcel tax by the District and will report on an annual basis to the Board and Community on how the parcel tax funds have been spent

Source: SRVUSD Resolution 02/09-10

Measure C communication to the voting community emphasized use of parcel tax dollars

- Parcel Tax Funds Will:
 - Address the impact of cuts in the State's education budget on teachers, classroom programs and student services;
 - Maintain academic excellence;
 - Retain qualified and experienced teachers;
 - Prepare students for college and careers for a global economy;
 - Maintain math, science, literacy and other academic programs; and
 - Provide other financial support such as the purchase of instructional equipment, materials and supplies
- Parcel Tax Funds Will Not:
 - Pay for Administrators' salaries

SRVUSD API scores continue to remain strong

- 2012 – 2013 = 923
- 2011 – 2012 = 927
- 2010 – 2011 = 922
- 2009 – 2010 = 916
- 2008 – 2009 = 914
- 2007 – 2008 = 904

Source: California Department of Education, "Accountability Progress Reporting"

PTOC has presented annual parcel tax fund expenditures analysis to SRVUSD Board in January 2011, January 2012 & January 2013

- The PTOC was confident that the parcel tax funds were spent within the purpose of the parcel tax measure for fiscal years ending June 30, 2010, 2011 & 2012

How can the PTOC track the parcel tax funds from the General Fund while allowing the SRVUSD to maintain spending discretion within the purpose of the parcel tax measure?

- Since all parcel tax revenues are recorded in the general fund, the PTOC could not specifically identify parcel tax-related expenditures
- The PTOC used this as an opportunity to conduct a high-level review of the entire district wide use of unrestricted funds to gain confidence that all unrestricted funds (including the parcel tax) were used in a prudent manner

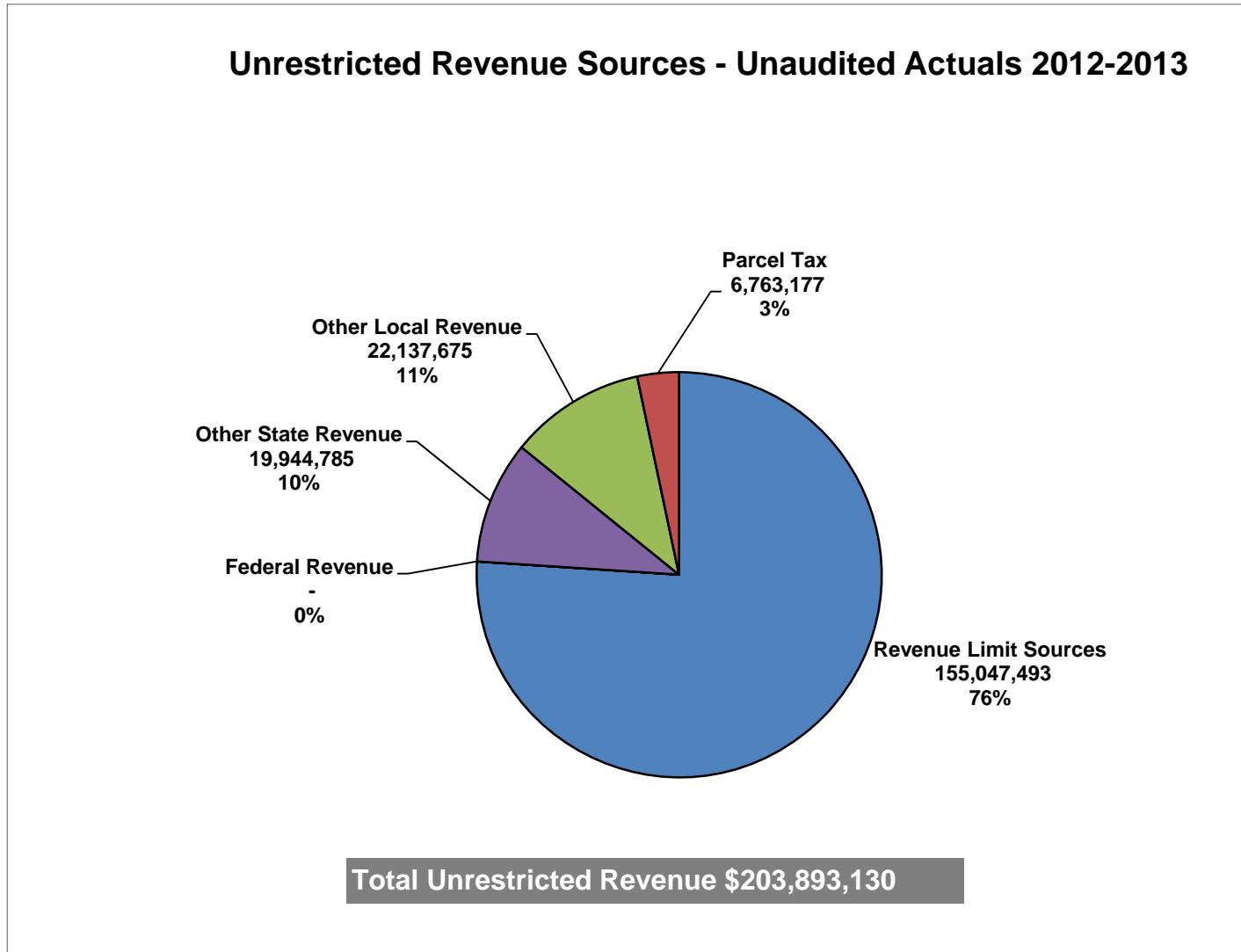
For the fiscal year ended June 30, 2013, the PTOC continued to analyze expenditure trends and variances as the basis of its quantitative analysis

- The committee analyzed expenditure trend variances to overall unrestricted revenue per student trends over the 6 year period ending June 30, 2013 (our “Base Line”)
- The committee has also expanded the methodology to include evaluation of material changes in expenditures per student Year over Year (YOY) to ensure reasonable explanation

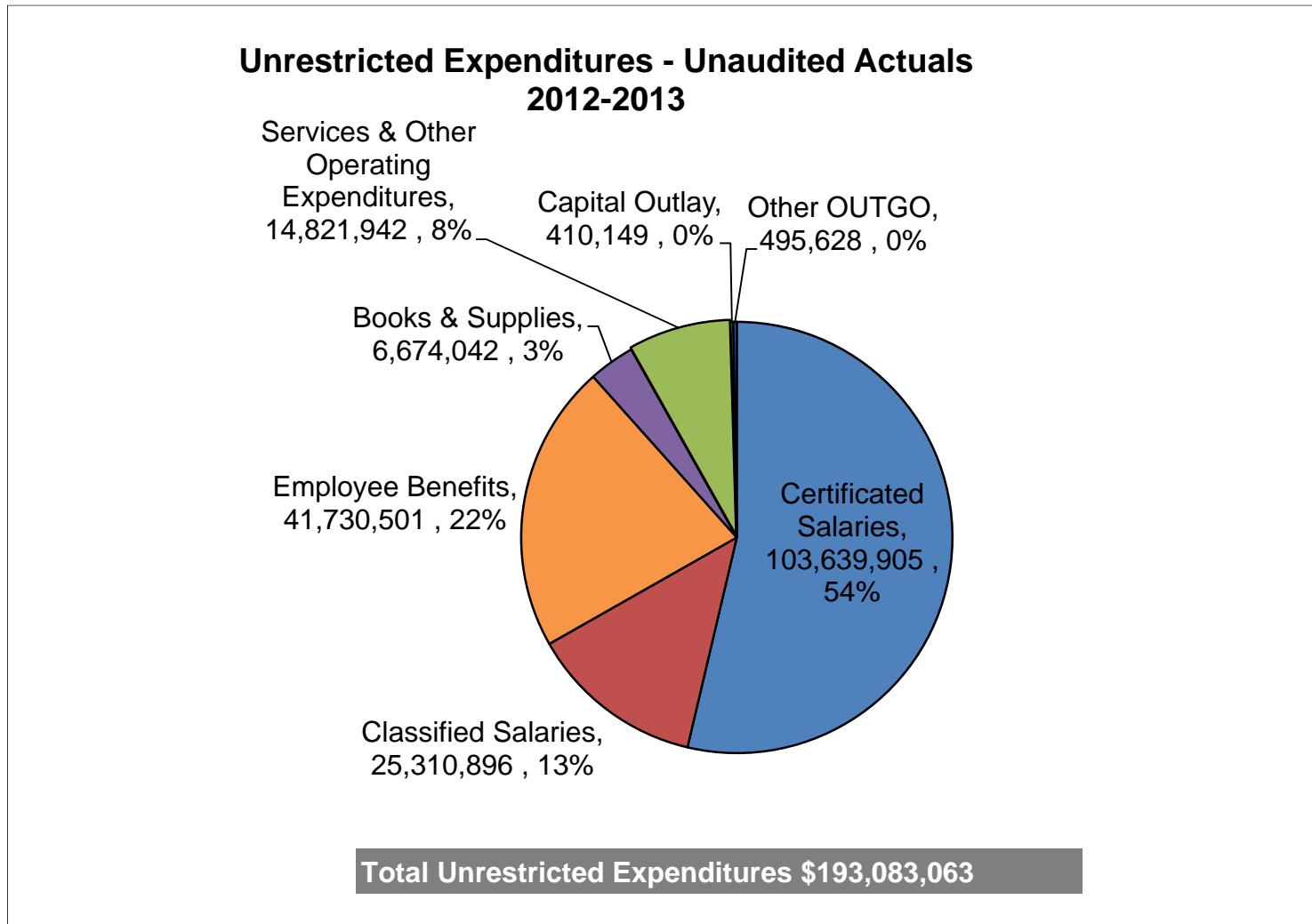
Major expenditure categories analyzed

	UNAUDITED ACTUALS - UNRESTRICTED					
	2012-2013	2011-2012	2010 – 2011	2009 – 2010	2008 – 2009	2007 - 2008
Certificated Salaries	\$103,639,905	\$97,454,608	\$87,412,540	\$90,149,232	\$92,147,201	\$88,945,774
Classified Salaries	25,310,896	23,955,962	22,867,394	21,884,707	21,766,799	21,157,484
Employee Benefits	41,730,501	38,883,887	34,249,395	33,156,942	30,893,939	31,112,218
Books & Supplies	6,674,042	7,943,174	7,222,009	6,707,151	4,306,084	5,052,457
Services & Other Operating Exp	14,821,942	14,389,210	14,721,366	14,964,746	14,039,283	13,340,708
Capital Outlay	410,149	508,611	73,700	86,142	332,507	400,269
Other OUTGO	495,628	297,173	255,806	(462,885)	(872,605)	(913,258)
TOTAL EXPENDITURES	\$193,083,063	\$183,432,624	\$166,802,210	\$166,486,035	\$162,613,208	\$159,095,652

Parcel Tax revenue represents only 3% of total unrestricted revenue fund sources

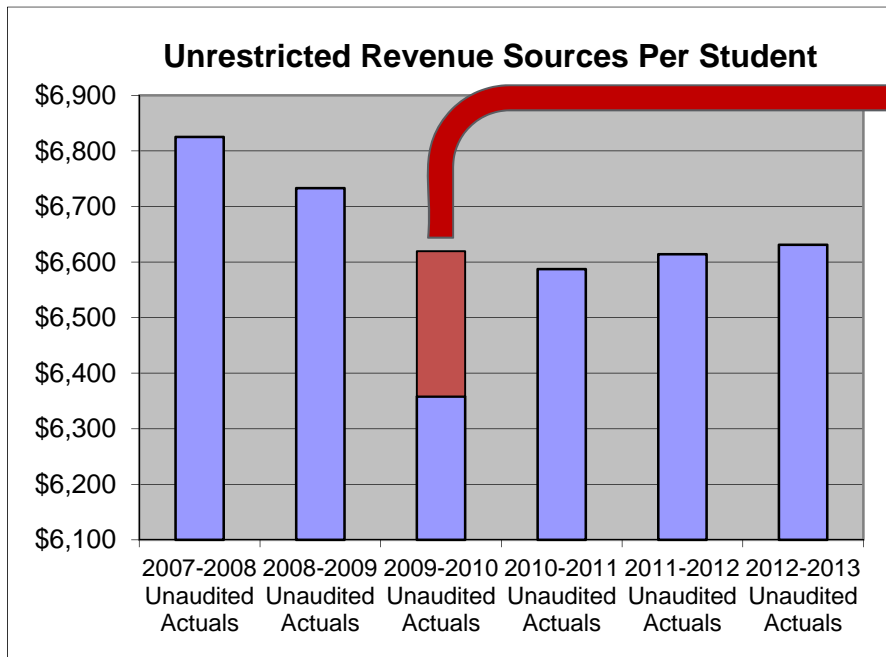


Salaries and Benefits represent 89% of total unrestricted expenditures

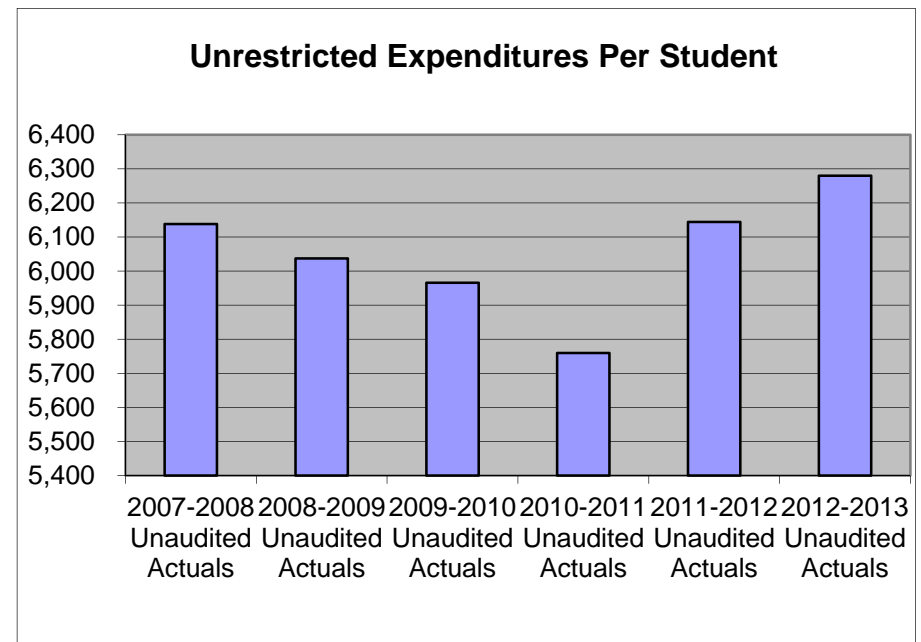


Unrestricted revenues per student is flat YoY while unrestricted expenditures are up 2% YoY

- This increase is primarily driven by 3.3% certificated salary increase, 2.6% classified salary increase and 4.2% employee benefit increase per student

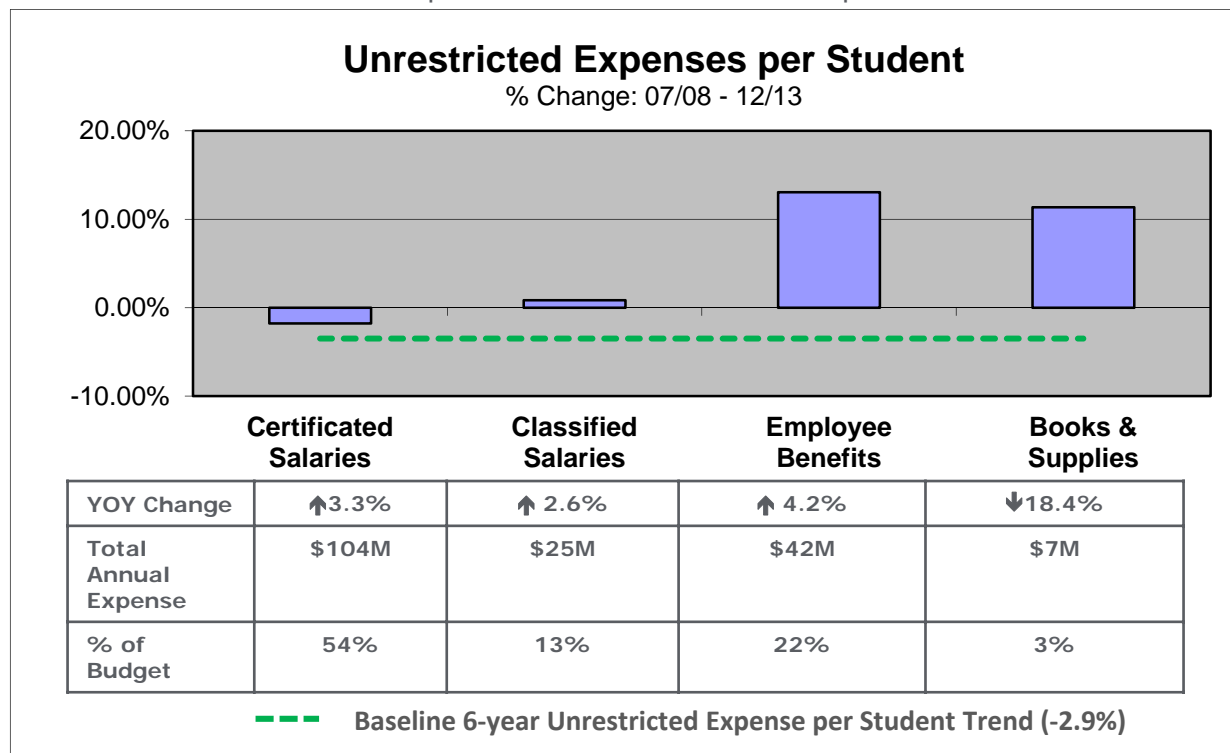


One time revenue limit take back in 2009-2010 of \$7.3M



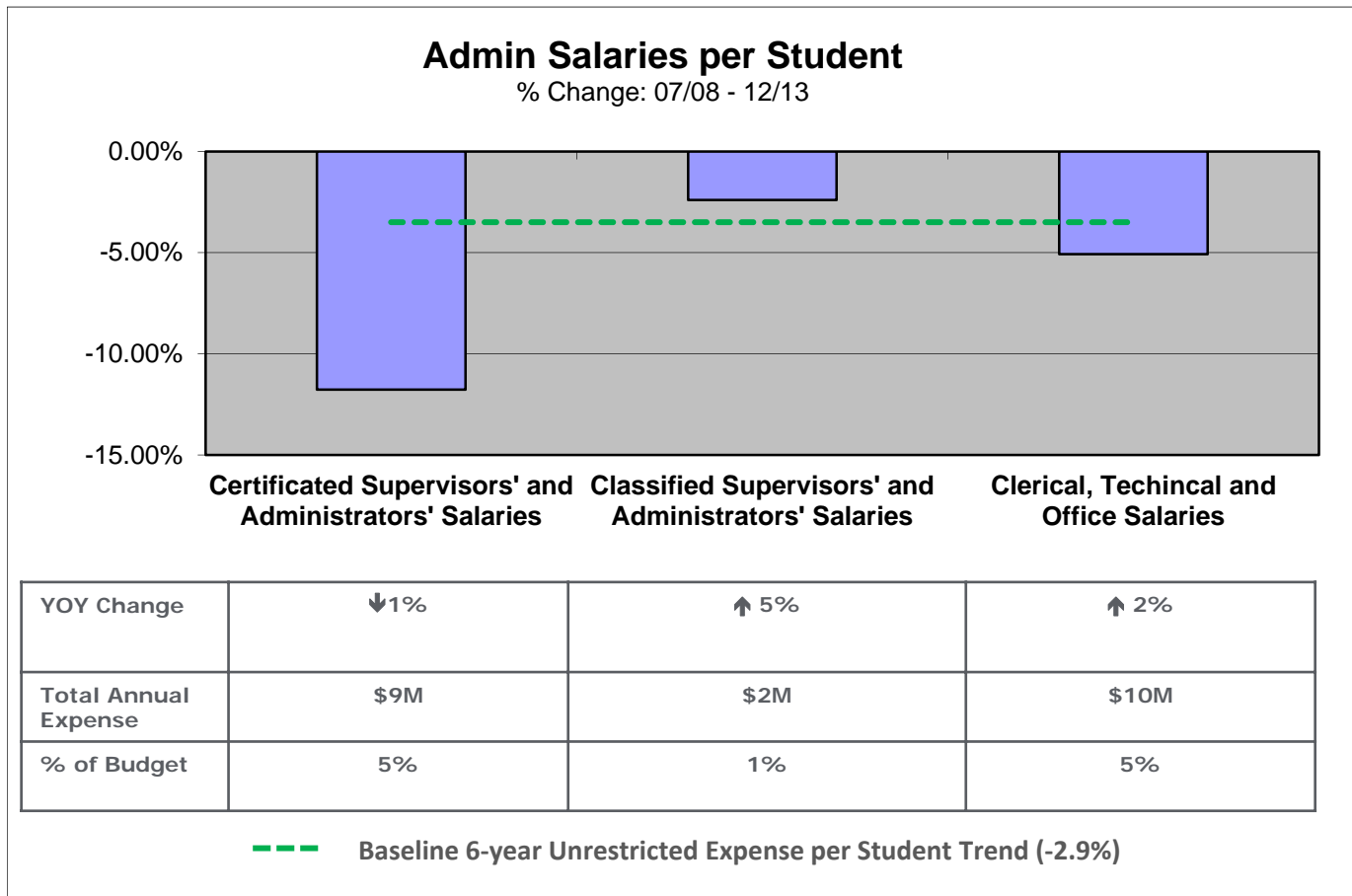
Total YoY increase generated by Certificated Salaries, Classified Salaries, Benefits, and Books & Supplies

- **Certificated Salary Increase net 3.3%:**
 - Step & Column increase for 2012-13
 - One-time payment of 4% negotiated with unions
- **Classified Salary Increase net 2.6%**
 - One-time payment of 4% negotiated with unions
- **Benefits Increase net 4.2%:**
 - Changes in tax rates and larger salary base
 - 5% Health and Welfare premium growth
- **Books & Supplies net 18.4%**
 - Textbook deferrals in 2012-13 in anticipation of Common Core adoption in 2013-14



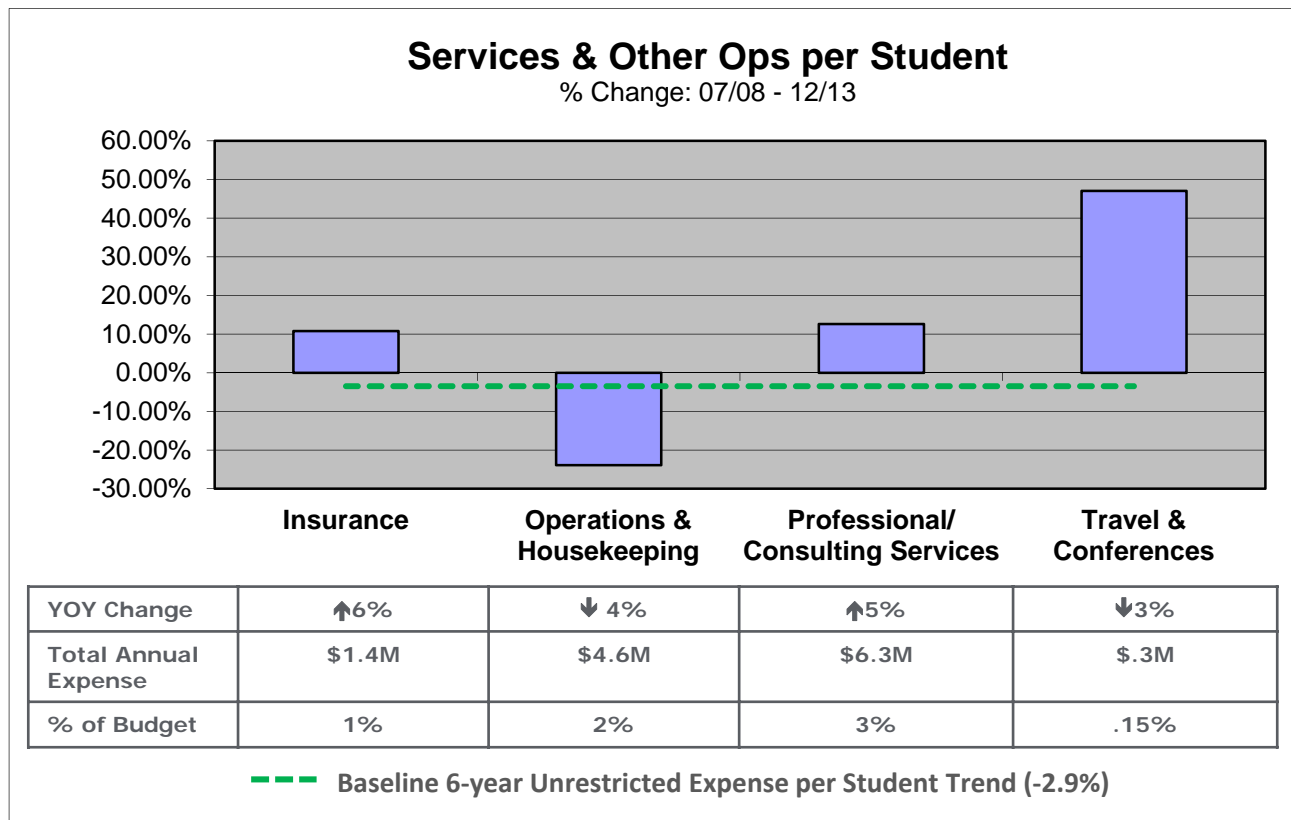
Administrative salaries decreased in line with expectations

- Reclassification of 1.5 FTEs from certificated to classified (Certificated would have been 0% and Classified would have been -6%)
- There was a 1 time payment of 4% to both Certificated and Classified employees in the past fiscal year that came from a draw down of the reserve funds within the general fund. The justification for this was that there had not been any salary increase or payment to these employees since the 2007/2008 fiscal year



Insurance and Professional Consulting increased slightly YoY

- Expanded District facilities increased insured value (study done every 5 years) and Average Daily Attendance increasing insurance liability premiums in 2012-13
- Professional and Consulting increased due to Parent and Community Donations driving local site expenditures and costs associated with Measure D General Obligation Bond election and School Board election



PTOC'S Summary for fiscal year ending June 30, 2013

- Revenue effects over last 6 years...
 - Total Cumulative state funding shortfall to SRVUSD (unrestricted) of \$167 Million (22%)
 - The aggregate per student reduction in unrestricted fund revenues was only 2.9%
 - Other one-time fund sources, solar rebates, Parent and Community donations (\$17M) and the parcel tax
- Unrestricted expenditures trended up 2.3% over last 6 years
 - 3.2% increase (YoY) for certificated salaries
 - 2.6% increase (YoY) for classified salaries
 - 4.2% increase (YoY) for Health & Welfare benefits
- Supervisor and Administrative Salaries for both Certificated and Classified employees trended downward consistent with the baseline
 - This is consistent with the Measure C campaign commitment - no funds to be spent on administrator's salaries

Conclusion

- The PTOC is confident that the parcel tax funds are being spent within the purpose of the parcel tax measure.

Appendix

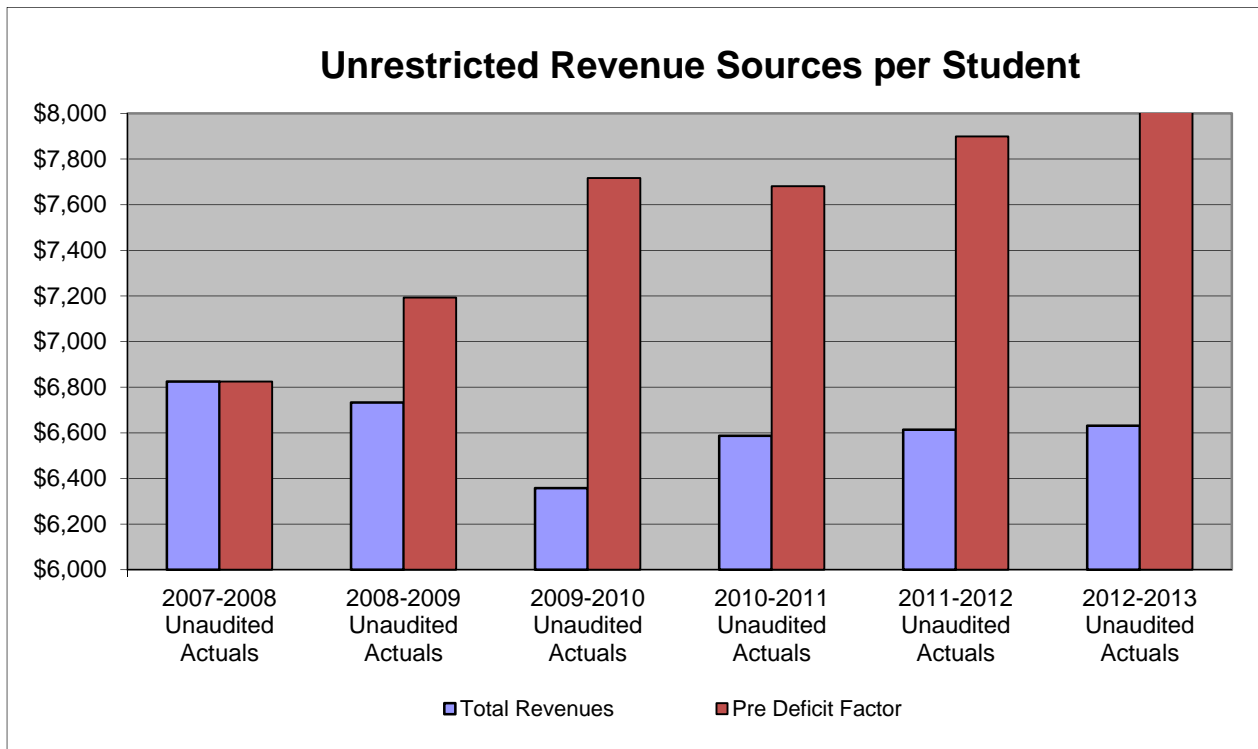
Deficit Factor Analysis – Unrestricted Revenues

Unaudited Actuals Year	Post Deficit Unrestricted	Pre Deficit Unrestricted
2007 – 2008	\$143,195,240	\$143,195,240
2008 - 2009	\$145,797,372	\$158,185,003
2009 - 2010	\$132,824,641	\$170,737,469
2010 - 2011	\$145,537,221	\$177,216,754
2011 - 2012	\$150,056,697	\$188,417,477
2012 - 2013	\$155,047,493	\$199,036,777
TOTAL	\$872,458,663	\$1,036,767,264
DIFFERENCE	\$164,308,600	
PER STUDENT DEFICIT (FROM 2008 – 2013)	\$5,344	

Services & Other Operating Expenditures

Services & Other Operating Expenditures	UNAUDITED ACTUALS - UNRESTRICTED					
	2012-2013	2011-2012	2010 – 2011	2009 – 2010	2008 – 2009	2007 - 2008
Subagreements for Services	-	\$11,808	\$ -	\$ -	\$126,985	\$ -
Travel & Conferences	287,363	286,872	198,040	157,510	118,966	164,733
Dues & Memberships	41,721	19,468	32,713	14,359	22,401	37,248
Insurance	1,411,353	1,298,713	1,233,241	1,726,165	1,028,506	1,073,741
Operations & Housekeeping Services	4,594,372	4,652,910	5,307,142	5,256,293	5,343,356	5,087,978
Rentals, Leases, Repairs & Non Capitalized Improvements	1,583,000	1,742,039	1,644,095	1,706,098	1,732,710	1,792,941
Transfers of Direct Costs - Interfund	(2,063)	40,421	101,683	136,703	138,493	140,148
Professional / Consulting Services	6,274,989	5,807,698	5,771,511	5,542,948	5,295,051	4,697,056
Communications	631,206	529,281	432,940	424,670	232,814	346,863
TOTAL SERVICES AND OTHER OPERATING EXPENDITURES	\$14,821,941	\$14,389,210	\$14,721,365	\$14,964,746	\$14,039,282	\$13,340,708

Unrestricted Revenue Sources Per Student



Overall 6 year cumulative deficit factor results in a \$167M reduction in revenue (\$5,438 per student)