

Report of the Orinda Union School District Parcel Tax Independent Citizens' Oversight Committee

February 6, 2017

The Parcel Tax Citizens' Independent Oversight Committee ("the Committee") has met twice in this fiscal year, on December 5, 2016 and February 6, 2017. Those two meetings form the basis of this report. The Committee was originally established by the Orinda Union School District (OUSD) Board of Trustees on December 11, 2011, "to ensure that the parcel tax proceeds are spent for their authorized purpose and to report annually to the Orinda Union School District Board of Trustees at a public meeting regarding the expenditure of such funds."

The Committee consists of five citizens of Orinda who have no fiscal or contractual relationship with OUSD, and who have varied backgrounds in finance, business, law and homemaking.

During the Committee's meetings the following documents and information were reviewed:

- Committee bylaws as established by the OUSD Board of Trustees.
- Minutes of the OUSD Board of Trustees meeting of December 11, 2011 establishing the Committee, as updated September 8, 2014.
- OUSD Board Resolution 03-07 calling for the March 4, 2003 parcel tax (Measure A).
- OUSD Board Resolution 09-06 calling for the March 3, 2009 parcel tax (Measure B).
- Revised & updated Committee bylaws, amended to reflect staggered terms and Vice Chairperson.
- Minutes from the December 5, 2016 Committee meeting.
- The prior year committee report, dated October 28, 2016.
- OUSD Budget reports for the fiscal year 2015-2016.
- Parcel tax-related excerpts from the Independent Audit Report for OUSD, provided by Cichella and Tokunaga LLP, for the fiscal year 2015-2016.
- OUSD audited actuals for the fiscal year 2015-2016 and supporting schedules.
- Information on the 2017-2018 proposed Governor's budget, prepared for presentation to the school board on February 1, 2017.
- Parcel tax exemption criteria and the process to regularly update and review the exemption rolls.

Teresa Sidrian, OUSD Chief Business Official, was available to the Committee to answer questions and provide background information.

There was one public comment at the December 5, 2016 meeting.

The findings of the Committee are as follows:

- The parcel tax funds are being appropriately accounted for by OUSD in accordance with fund accounting principles used by governmental entities, as required by the Governmental Accounting Standards Board. Parcel tax monies are tracked in a separate parcel tax fund, and Measure A and B funds are individually tracked within that fund.

- The parcel tax funds have been used solely for the purposes described in both Measure A and Measure B parcel tax ballot language (see ballot language of both parcel taxes at the end of this report). Tax revenues in the 2015-2016 school year were used for certificated teacher salaries and state-mandated benefits. Certificated teachers are those who hold a state-issued teaching certificate. Based on current budget projections, OUSD appears to again be using 2016-2017 parcel tax revenues in a consistent manner, for certificated teacher salaries and state-mandated benefits.
- For the fiscal year 2015-2016, OUSD's general fund revenues totaled \$29,807,375. Parcel tax funding for that year was \$3,852,970 or 12.93% of the total budget. In 2015-2016, parcel tax funds paid 20.5 % of the salaries of classroom teachers and their state-mandated benefits. This is a decrease from 22.6% of salaries and benefits in 2014-2015. The percentage funded has decreased as a percentage of the total because salaries and compensation increased year-over-year at a faster pace than parcel tax revenue, which only increases as new homes are built.
- OUSD's auditor, Cichella and Tokunaga LLP, reviewed revenues and expenditures from the parcel tax fund during its annual audit, and provided a schedule of such expenditures and a note to the financial statements, concluding that the parcel tax funds were used for the purposes stated in the parcel tax measures.
- The Committee therefore finds that OUSD has spent the parcel tax proceeds, from both Measure A and Measure B taxes, as required by law. Additionally, the Committee recognizes the significant and positive contribution the parcel tax proceeds have had in maintaining small class sizes for grades TK through 8. The Committee strongly recommends the OUSD Board of Trustees continue to work with the Educational Foundation of Orinda, and all Parents' Clubs, to highlight the impact of all supplemental community funding on the continued high quality of Orinda schools. The Committee members are prepared to assist in this communication effort, as needed.
- We are attaching two items which we feel underscore the role of the parcel tax revenues relative to overall funding of district operations. These deserve wider publicity. These are the 2015-2016 LCFF Target Funding for Alameda and Contra Costa school districts, and the Parcel Tax Revenue and Expenditure History and Projection for 2016-2017.

The Committee recommends that OUSD Board take the following actions:

- Publicize the purposes for which the parcel tax is being used. As noted above, the parcel tax is paying for 20.5% of certificated teacher salaries and state-mandated benefits. This is vital to maintaining OUSD's excellent schools and to providing a quality education for Orinda students that the community expects and benefits from.
- Publicize the two items we have attached, in order to increase awareness of the importance of the parcel tax funding.
- This information should be published to the entire Orinda community, including all taxpayers and parents. It should carry the message that Orinda's tax dollars are being spent in an efficient, focused manner that is vital to Orinda's students and schools.
- OUSD should make a strong effort to provide this information not only through its own newsletter and school newsletters, school board minutes and the district website, but also through community resources such as The Orinda News, Lamorinda Weekly, and East Bay Times.

This report is provided to the OUSD Board of Trustees at the March 13, 2017, board meeting by the undersigned Committee members.

Michael Robinson, Secretary

Dan Pier, Chair

Linda Landau

Mary Ruppert

Gee Gee Wong

Language of Measure A parcel tax, passed March 4, 2003:

“To provide secure local funding for Orinda’s K-8 schools, including to maintain small class sizes and neighborhood schools; to protect classroom programs, strong core academics, libraries, computer instruction, and literacy support; and to hire and retain qualified teachers; shall Orinda Union School District be authorized to replace its existing instructional parcel tax with a levy of three hundred eighty-five dollars per year per taxable parcel, with an annual independent audit and an exemption for eligible low-income seniors?”

This measure passed with 75% of the vote.

Language of Measure B parcel tax, passed March 3, 2009:

“To provide secure local funding for all Orinda K-8 students; reduce the impact of state budget cuts; maintain small class sizes and neighborhood schools; attract and retain skilled, qualified teachers with competitive compensation and training; and protect classroom programs and strong core academics, shall the Orinda Union School District be authorized to levy a parcel tax of \$124 per year per parcel, with citizen oversight, no funds used for administrators’ salaries, and every dollar staying in Orinda Union School District schools?”

This measure passed with 71% of the vote.

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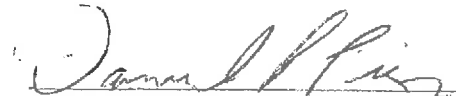
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2015-16 LCFF TARGET FUNDING

	Local Educational Agency	County	Total ADA	Unduplicated Pupil Percentage	Base Grant Funding	Supplemental Grant Funding	Concentration Grant Funding	Add-On Funding	Per Pupil Funding
1	Oakland Unified	Alameda County	35,531.15	78%	279,435,239	43,631,018	32,232,855	15,819,644	10,445
2	Pittsburg Unified	Contra Costa Coun	10,600.23	83%	83,696,719	13,942,200	11,838,901	502,579	10,375
3	Hayward Unified	Alameda County	20,058.57	80%	157,102,377	25,164,659	19,708,493	1,728,290	10,155
4	Mountain House Elementary	Alameda County	21.20	62%	160,084	19,819	5,523	29,278	10,128
5	West Contra Costa Unified	Contra Costa Coun	27,195.07	75%	214,554,825	32,041,618	21,101,468	4,703,045	10,017
6	Emery Unified	Alameda County	669.26	76%	5,259,977	796,570	544,934	18,271	9,891
7	San Lorenzo Unified	Alameda County	10,566.13	73%	83,772,872	12,155,443	7,351,069	917,547	9,861
8	John Swett Unified	Contra Costa Coun	1,650.55	70%	13,132,885	1,831,774	967,894	213,448	9,782
9	Antioch Unified	Contra Costa Coun	17,059.23	71%	135,265,902	19,167,177	10,719,823	1,235,731	9,754
10	San Leandro Unified	Alameda County	8,183.10	68%	64,810,489	8,850,521	4,303,417	254,232	9,559
11	Liberty Union High	Contra Costa Coun	7,736.43	31%	68,088,320	4,167,005	-	339,530	9,384
12	Berkeley Unified	Alameda County	9,337.93	40%	74,218,021	5,944,864	-	5,284,281	9,151
13	Newark Unified	Alameda County	6,015.87	57%	47,705,061	5,462,229	536,682	810,424	9,062
14	Acalanes Union High	Contra Costa Coun	5,312.88	6%	46,758,657	526,502	-	-	8,900
15	New Haven Unified	Alameda County	11,867.56	54%	94,237,399	10,188,947	-	521,168	8,843
16	Mt. Diablo Unified	Contra Costa Coun	31,011.79	49%	243,553,995	24,029,037	-	3,896,037	8,754
17	Alameda Unified	Alameda County	9,084.81	38%	72,218,423	5,526,154	-	924,667	8,659
18	Fremont Unified	Alameda County	33,498.78	31%	264,189,545	16,532,982	-	4,218,146	8,506
19	Livermore Valley Joint Unifi	Alameda County	12,084.15	30%	95,822,175	5,689,920	-	1,218,914	8,501
20	Martinez Unified	Contra Costa Coun	4,053.89	33%	32,068,609	2,100,494	-	20,703	8,434
21	Albany City Unified	Alameda County	3,760.08	31%	29,788,422	1,862,968	-	27,884	8,425
22	Castro Valley Unified	Alameda County	9,061.31	26%	71,925,296	3,764,570	-	292,158	8,385
23	Oakley Union Elementary	Contra Costa Coun	4,817.50	50%	36,213,861	3,639,493	-	247,749	8,324
24	Knightsen Elementary	Contra Costa Coun	518.20	42%	3,893,606	328,465	-	64,709	8,272
25	Pleasanton Unified	Alameda County	14,377.89	13%	113,857,599	2,917,033	-	693,915	8,170
26	San Ramon Valley Unified	Contra Costa Coun	31,385.34	8%	248,092,032	4,138,176	-	1,765,962	8,093
27	Dublin Unified	Alameda County	9,735.87	15%	76,227,655	2,312,748	-	123,385	8,080
28	Brentwood Union Elementa	Contra Costa Coun	8,523.03	31%	63,897,955	3,962,951	-	312,612	7,999
29	Byron Union Elementary	Contra Costa Coun	1,569.25	29%	11,768,058	675,957	-	101,127	7,994
30	Piedmont City Unified	Alameda County	2,631.80	3%	20,828,398	110,808	-	12,496	7,961
31	Sunol Glen Unified	Alameda County	270.41	12%	2,036,958	48,724	-	54,480	7,915
32	Walnut Creek Elementary	Contra Costa Coun	3,506.80	18%	26,335,543	968,622	-	-	7,786
33	Canyon Elementary	Contra Costa Coun	67.58	10%	508,052	10,161	-	4,294	7,732
34	Lafayette Elementary	Contra Costa Coun	3,469.98	5%	26,061,188	241,327	-	188,969	7,634
35	Moraga Elementary	Contra Costa Coun	1,841.35	4%	13,819,837	104,477	-	32,102	7,579
36	Orinda Union Elementary	Contra Costa Coun	2,478.58	1%	18,615,127	53,239	-	-	7,532

Parcel Tax Financial History

As of 2/6/17

	11/12 Actual	12/13 Actual	13/14 Actual	14/15 Actual	15/16 Actual	16/17 Budget
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REVENUE

Parcel Taxes	\$ 3,681,226	\$ 3,679,047	\$ 3,688,510	\$ 3,765,650	\$ 3,852,970	\$ 3,870,436
Contributions	\$ (404,916)	\$ 311,135	\$ (541,761)	\$ -	\$ -	\$ -
Total	\$ 3,276,310	\$ 3,990,182	\$ 3,146,749	\$ 3,765,650	\$ 3,852,970	\$ 3,870,436

EXPENDITURES

Salaries	\$ 2,579,400	\$ 3,211,922	\$ 2,527,596	\$ 2,962,762	\$ 2,981,690	\$ 2,940,980
Benefits	\$ 639,885	\$ 777,868	\$ 619,075	\$ 802,888	\$ 871,103	\$ 929,279
Contracted Services	\$ 57,025	\$ 392	\$ 78	\$ -	\$ 177	\$ 177
Total	\$ 3,276,310	\$ 3,990,182	\$ 3,146,749	\$ 3,765,650	\$ 3,852,970	\$ 3,870,436

TOTAL GENERAL FUND BUDGET

\$ 25,686,721	\$ 25,128,267	\$ 25,696,093	\$ 27,221,408	\$ 29,807,375	\$ 32,131,416
14.33%	14.64%	14.35%	13.83%	12.93%	12.05%

Parcel Tax as a % of Budget