

**Portola Valley School District  
2017-18 Parcel Tax Expenditures Report**

**BACKGROUND**

On May 7, 2013, the Portola Valley voters approved Measure O – the Portola Valley Elementary School District Parcel Tax – in the amount of \$581 per parcel. This parcel tax for the Portola Valley School District (“District”) replaced and consolidated two expiring education parcel taxes, Measure C and Measure D. Measure O will continue to support high academic achievement in math, science, reading, writing, and technology; attract and retain highly qualified teachers; support music/art programs; and provide ongoing teacher training. The voters authorized a Parcel Tax of \$581 per year for 8 years, including an independent community oversight committee, an exemption for senior citizens and disabled persons, and a commitment that no funds will be used for administrator salaries or benefits and that all funds stay in this community to promote student achievement. Specifically, the Parcel Tax proceeds will support the following purposes:

- Maintain quality math, science, reading and writing instruction;
- Develop advanced programs in engineering and technology;
- Keep class sizes small;
- Support art and music programs; and
- Retain qualified/experienced teachers

**INCOME**

The parcel tax of \$581 per parcel was recorded for 2017-18. There were 2,789 available parcels. There were 711 exemptions on the tax roll; 2 refunds were issued after the roll was completed. The net amount received from the parcel tax in 2017-18 was \$1,201,462 which is approximately 7.7 percent of the total general fund revenues. The table below shows the derivation of the parcel tax revenue in 2017-18:

<b>2017-18 Parcel Tax Revenue</b>		
	Parcels	Revenues
July 2017 Roll @ \$581	2,785	\$1,618,085
July 2017 Roll @ \$145.24	4	\$ 581
Less Exemption	(711)	\$ (413,091)
<b>Total Assessment</b>	<b>2,078</b>	<b>\$1,205,575</b>
County Collection Fees (\$1.42 per parcel)	2,078	\$ (2,951)
Less refunds applied for during 2017-18	(2)	\$ (1,162)
<b>Net Revenue</b>		<b><u>\$1,201,462</u></b>

## EXPENDITURES

As previously stated, the 2017-18 parcel tax was designated for the following areas of expenditure: maintain quality math, science, reading and writing instruction; develop advanced programs in engineering and technology; keep class sizes small; support art and music programs; and retain qualified/experienced teachers. The 2017-18 planned expenditure budget was \$1,202,629. The actual expenditures for these categories were \$1,201,462, which is \$1,167 less than planned. The parcel taxes paid for 8.0 FTE teaching positions. The District has 52.80 FTE certificated positions which include classroom teachers, two counselors and one psychologist in 2017-18. Please see **Exhibit A** for Class Size Reduction Teacher calculations.

The table below shows the expenditures from the parcel tax in 2017-18.

**2017-18 Parcel Tax Expenditures**

<b>Expenditures</b>	<b>Full Time Equivalent</b>	<b>Allocation</b>
Science Teacher	1.0	\$ 138,455
Math Teacher	1.50	\$ 206,428
Music Teacher	2.00	\$ 324,805
Reading Teacher	1.0	\$ 137,040
Class Size Reduction Teachers	2.5	\$ 394,734
<b>Total Expenditures</b>	<b>8.0</b>	<b>\$ 1,201,462</b>

The revenue and expenditure data in this report were audited by the District's external auditor, Chavan and Associates, and no exceptions were found. The auditor's report is available for review in the Business Office. The partner of the firm, Mr. Sheldon Chavan, discussed the audit procedures and results with the district's Parcel Tax Oversight Committee on September 27, 2018. The report from the Committee is shown in **Exhibit B**.

**EXHIBIT A**

**Class Size Reduction Teachers  
2017-18**

SCHOOL	GRADES	2017-18 Enrollment As of 9.6.17	Actual Classroom Teachers (full time equivalent)	Actual Class Size	Class Size Allowed	Classroom Teachers Required	Additional Teachers due to CSR
			(a)			(b)	(a) - (b)
ORMONDALE	TK	13	1.00	13.00	25.00	0.52	0.48
	K	60	3.00	20.00	26.00	2.31	0.69
	1	54	3.00	18.00	29.00	1.86	1.14
	2	70	3.50	20.00	29.00	2.41	1.09
	3	66	3.50	18.86	29.00	2.28	1.22
CORTE MADERA	4	73	3.00	24.33	29.00	2.52	0.48
	5	64	3.00	21.33	29.00	2.21	0.79
	6,7,8 *	208	18.00	11.56	29.00	8.37	9.63
<b>TOTAL DISTRICT</b>		<b>608</b>	<b>38.00</b>			<b>22.47</b>	<b>15.53</b>
<b>Funded by Parcel Tax</b>							<b>8.00</b>
<b>Funded by General Fund</b>							<b>7.53</b>

\* Class sizes for core classes are less then elective classes

The following positions were not included in the counts above:

	Ormondale	Corte Madera	Total
Literacy Intervention	1.40	0.60	2.00
Spanish	0.80		0.80
Physical Education	1.00		1.00
Speech & Language	0.50	0.50	1.00
Science	1.00		1.00
Music	1.00		1.00
Counselor	1.00	1.00	2.00
Psychologist	0.50	0.50	1.00
Special Education	1.00	4.00	5.00
	8.20	6.60	14.80
<b>Total positions</b>			<b>52.80</b>

## **EXHIBIT B**

### **Citizens Parcel Tax Oversight Committee Findings FY 2017-2018**

The Committee met on September 27, 2018 to examine and discuss applicable financial reports, and to reach a conclusion as to whether all of the Measure O school parcel tax receipts were spent in the authorized manner in FY 2017-2018 in accordance with the ballot language. This report, and the attached supporting documentation that was shared with the Committee, comprises the basis of the assessment made by the Committee.

Connie Ngo, CBO for the district, summarized the purposes of the Measure O funds and responsibilities of the citizens' parcel tax oversight committee. Ms. Ngo reported total parcel tax assessments of \$1,205,575, with net revenue of \$1,201,462 after County collection fees and refunds applied. She then presented the 2017-18 Parcel Tax Expenditure table, showing that the entire \$1,201,462 amount was expended for 8.0 full time equivalent teachers in science (1.0), math (1.5), music (2.0), reading (1.0) and class size reduction teachers (2.5).

Ms. Ngo also shared a spreadsheet of the district's General Fund revenue and expenditure summaries for the 2017-18 fiscal year, as well as projections for future years through 2021-22. This report was not relied upon by the Committee in making its assessment of spending in compliance with the ballot measure language.

The district's external auditor, Chavan and Associates, was represented by Mr. Sheldon Chavan at the meeting. Mr. Chavan presented his firm's Measure O Parcel Tax Audit Report and answered the Committee members questions. The auditor's report letter stated their opinion that the financial statements they reviewed presents fairly, in all material respects, the respective financial position of Measure O for the year ended June 30, 2018.

The Committee reviewed a second report, prepared by Ms. Ngo, entitled "Class Size Reduction Teachers 2017-18." That report identified 38.0 actual full time equivalent classroom teachers against a minimum of 22.47 classroom teachers required to meet allowable class sizes (excluding 14.80 teachers from specialty categories). Of the approximately 15.53 additional teachers above required minimums, Ms. Ngo showed that the parcel tax proceeds funded approximately 8 of those additional teachers (at an average of \$150,000 per teacher, fully burdened cost.)

The Committee reviewed a third report, prepared by Ms. Ngo from a template suggested and supplied by Committee member William Urban before the meeting. That report was designed to test whether the total spending in allowable Measure O categories, each year and over the entire history of the parcel tax, equaled or exceeded the changes/increases in parcel tax proceeds each year and over the entire history of the parcel tax. If so, that would be another confirming indicator that all parcel tax proceeds were in fact being used to increase spending in those categories. Since money is fungible, and revenue received from the parcel tax might be assigned to fund account numbers in the budget that match the allowed purposes, there may not otherwise

be assurances that some parcel tax money is not, in reality, simply backfilling unrestricted general fund monies that would otherwise be spent in those categories, but can now be moved to other non-allowed purposes.

This third report reported that over the past five fiscal years, the total spending in allowable Measure O categories was \$2,228,415 greater than the cumulative \$5,933,498 parcel tax proceeds—demonstrating that not only was all parcel tax revenue spent as required, but that an additional \$2.23 million of revenue from non-parcel tax sources was spent in these categories.

Only in the last 2017-18 fiscal year was there a \$505,458 decrease in total spending from all revenue sources, for those same Measure O allowable categories, even though parcel tax revenues increased \$9,851 from the previous year. It is the judgment of the Committee that this decrease does not represent a reassignment of parcel tax revenues to other uses, but that parcel taxes were fully expended as required and that the one year reduction occurred from other general revenue sources as a result of one time expenditures from the prior year (i.e. textbook adoption) and the district's declining enrollment.

Based on the three referenced reports and the Committee's judgment and assessment of their relevance, the Committee has concluded that all of the 2017-18 parcel tax funds were spent in accordance with the ballot language.

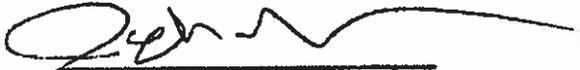
Portola Valley School District 2017-18 Parcel Tax

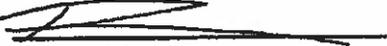
ABSENT

  
Katherine Hall

  
Josh Raffaelli

  
Wayne Rickert

  
Josh Moser

  
Teresa Richard

  
William Urban