



CPAs & BUSINESS ADVISORS

OAKLAND UNIFIED SCHOOL DISTRICT

Review of the 2021 Annual Financial and Compliance Audits

SCOPE OF THE AUDIT

- Audit of the District's financial statements
 - Do the financial statements comply with governmental accounting standards?
- Audit of Federal and State grant compliance
 - Are grant funds used for allowable activities?
- Reporting on identified internal control deficiencies, if any
 - *Government Auditing Standards* requires the auditor to report internal control deficiencies



SCOPE OF THE AUDIT



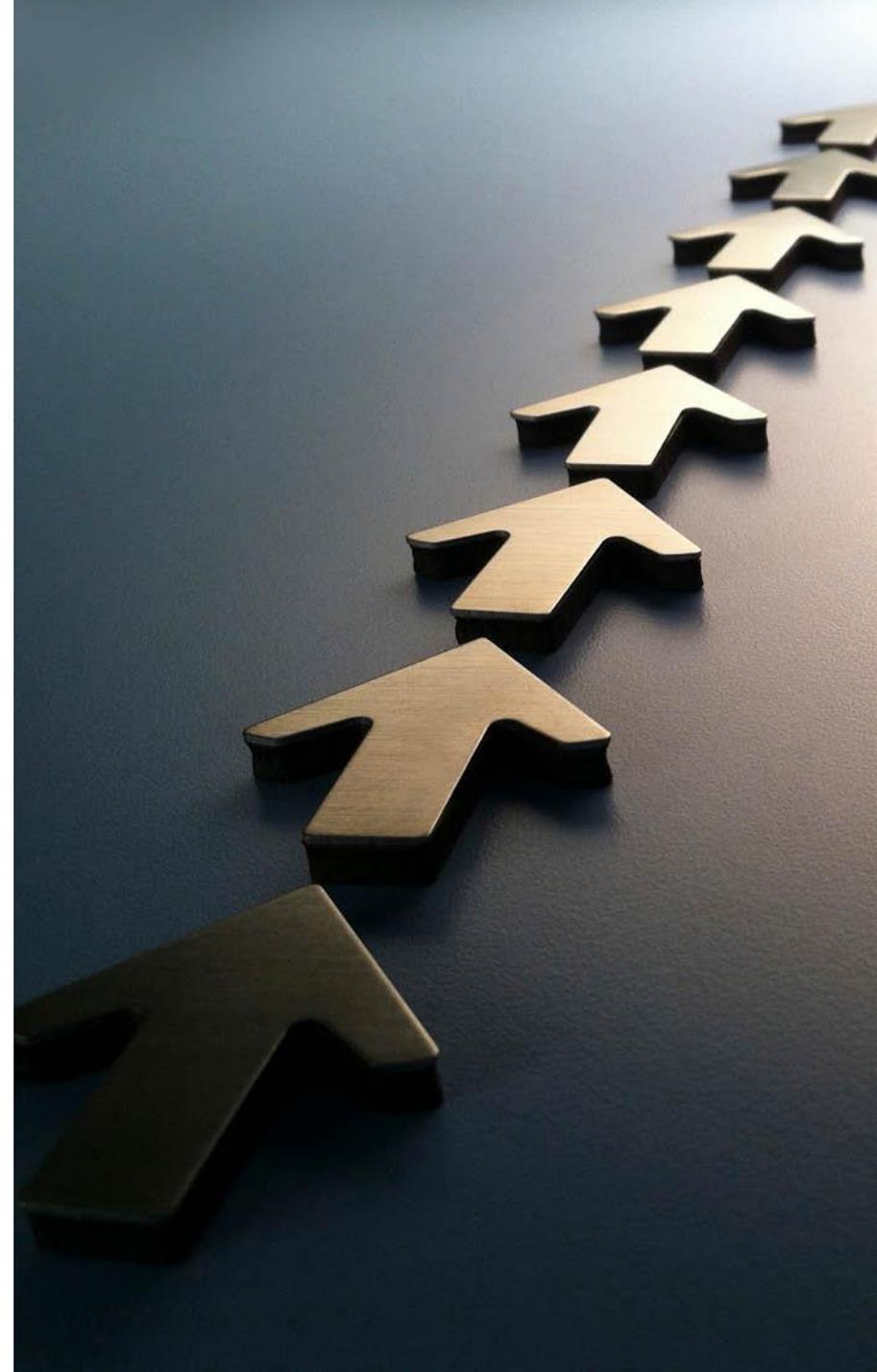
Auditor's responsibilities

Forming and expressing opinions based on the results of our audit of the **financial statements**, and audit of **compliance**.

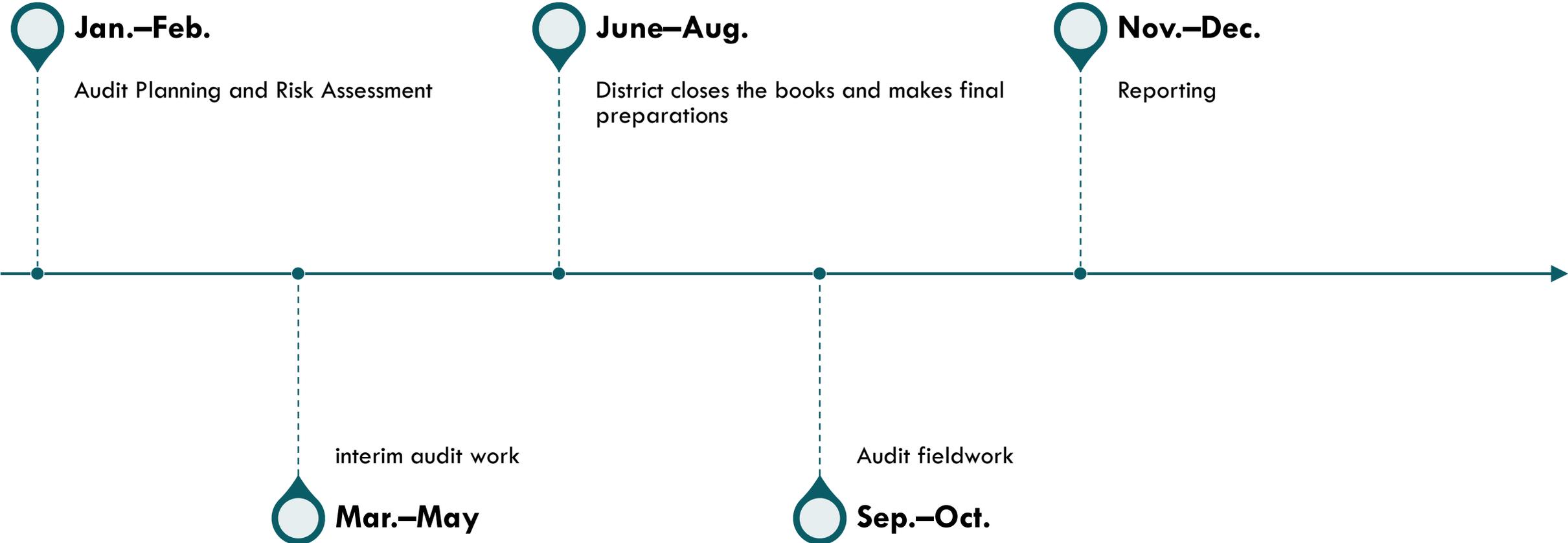


Management's Responsibilities

Completeness and accuracy of the financial statements, maintenance of internal control over financial reporting, and compliance with laws and regulations.



TIMING



SUMMARY OF AUDITOR'S RESULTS



Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Qualified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for major programs:	Modified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 9(a):	Yes

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Title I Grants to Local Educational Agencies	84.010
School Improvement Grant	84.377
Special Education - IDEA Cluster	84.027, 84.173
Twenty-First Century Community Learning Centers	84.287
Child Nutrition Cluster	10.553, 10.555
Child and Adult Care Food Program	10.558
Coronavirus Relief Fund	21.019
Education Stabilization Fund	84.425, 84.425C, 84.425D
Dollar threshold used to distinguish between type A and type B programs:	\$ 3,000,000
Auditee qualified as low-risk auditee?	No

State Compliance

Unmodified for all programs except for the following programs which were qualified:

<u>Name of Program</u>
Attendance
Teacher Certification and Misassignments
School Accountability Report Card

1 QUALIFIED OPINION ON THE FINANCIAL STATEMENTS

Except for the possible effects of the finding 2021-002 “...the financial statements referred to above present fairly, in all material respects, the financial position of the District...”

2 CHANGE IN ACCOUNTING PRINCIPALS

The District has adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, which has resulted in a restatement of the net position and fund balance

3 COMPLIANCE

The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs.



1 - FINANCIAL STATEMENT PRESENTATION OF STUDENT ACTIVITY FUNDS

- The District cannot provide documented evidence that all student body activity is captured within its accounting records.
- The District is developing the controls to ensure that student activity funds are expended for allowable activities and accordingly were not auditable for the year ended June 30, 2021.

2 - PENSION

- The District could not supply documentation to satisfy us that census information and payroll amounts reported to pension providers are complete and accurate.
- Since we could not verify if the underlying data on which those charges are based is complete and accurate, we cannot confirm if the eventual payments are for the correct amounts.

3 - VACATION TRACKING

- We cannot conclude if the District has a complete and accurate accounting of vacation balances on which to base payments upon separation.

4 - VACATION PAYMENTS

- The District was able to pay \$7 million to employees for vacation accumulated; however, it is unable to assert that the amounts paid were due to the employees.

05 - HEALTH BENEFITS GOVERNING BOARD

- The formula to calculate the District's health and welfare obligations is not clear and has been interpreted differently with substantially varying outcomes.

06 – AUDIT ADJUSTMENTS

- Audit adjustments was necessary for the financial statements to be presented to conform with generally accepted accounting principles.

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Funds	Self-Insurance Fund
Fund balance/net position, unadjusted	\$ 113,364,168	\$ 27,461,890	\$ 74,351,172	\$ 114,563,540	\$ 28,228,758	\$ -
Audit adjustments were necessary for the following items						
GASB 31 required adjustment to the fair value of investments	956,951	190,243	631,021	959,908	229,107	193,287
Debt service payments were posted to the incorrect fiscal year	4,727,293	-	-	-	-	-
Recognize short-term borrowings that were unrecorded	(15,590,000)	-	-	-	-	-
Recognize cash held by the TRANS trustee that was not recorded	15,590,000	-	-	-	-	-
Accounts payable were overstated	4,567,083	-	-	-	-	-
Accounts receivable were overstated	(4,567,083)	-	-	-	-	-
Claims liability as of July 1, 2020	-	-	-	-	-	(42,601,756)
Net pension liability and deferrals as of July 1, 2020	-	-	-	-	-	(2,359,754)
Fund balance/net position, per audited financial statements	<u>\$ 119,048,412</u>	<u>\$ 27,652,133</u>	<u>\$ 74,982,193</u>	<u>\$ 115,523,448</u>	<u>\$ 28,457,865</u>	<u>\$ (44,768,223)</u>

HISTORICAL CONTEXT

FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Building Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Adult Education Fund
Unaudited actuals	\$ 25,533,197	\$ 128,438,168	\$ 9,790,633	\$ 71,301,295	\$ 458,657
Changes from					
Investments	(312,107)	72,409	53,542	51,580	459
Accounts receivable	1,074,416	-	-	-	(407)
Accounts payable	1,113,574	212,247	(3,654)	-	24,041
Current loans	(44,489)	-	-	-	-
Fund balance per audited financial statements	<u>\$ 27,364,591</u>	<u>\$ 128,722,824</u>	<u>\$ 9,840,521</u>	<u>\$ 71,352,875</u>	<u>\$ 482,750</u>
					Special Reserve
	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	Capital Outlay Fund
Unaudited actuals	\$ 1,722	\$ 209,029	\$ 2,795,816	\$ 3,553,057	\$ 1,479,441
Changes from					
Investments	1,957	1,273	757	(10,987)	(7,662)
Accounts receivable	-	(49,660)	-	-	-
Accounts payable	324	(263,890)	-	10,000	-
Interfund payables	-	239,149	-	-	-
Fund balance per audited financial statements	<u>\$ 4,003</u>	<u>\$ 135,901</u>	<u>\$ 2,796,573</u>	<u>\$ 3,552,070</u>	<u>\$ 1,471,779</u>

Self



7 - TWENTY-FIRST CENTURY ATTENDANCE REPORTING

- Attendance reported to the CDE was incorrect.
 - We selected a sample of five schools, and the condition applies to one of the sampled schools.
 - For that school, the District's monthly records support 27,595 days of attendance, inclusive of ASES; however, the amount reported was 22,944, which is **a difference of 4,651 or 17 percent.**

8 - ATTENDANCE RECORDING

- If not for audit adjustments, reported attendance, and by extension, state funding that is based on ADA would have been overstated.

9 - TEACHER CERTIFICATION AND MISASSIGNMENTS

- State says to verify whether sampled teachers were assigned to teach in a position consistent with the authorization of their certification.
- From a **sample of 100**, we identified **two possible instances of noncompliance**.

10 - SCHOOL ACCOUNTABILITY REPORT CARD

- EDC §35186(d) requires that a school district shall report summarized data on the nature and resolution of all complaints on a quarterly basis to the county superintendent of schools and the governing board of the school district.
- Condition The District did not provide us with the quarterly summaries.

FINANCIAL TRENDS

	(Budget) 2022 ¹	2021	2020	2019
General Fund				
Revenues	\$ 748,199,147	\$ 684,037,011	\$583,829,663	\$606,101,494
Other sources	25,000	1,114,817	264,067	185,645
Total Revenues and Other Sources	748,224,147	685,151,828	584,093,730	606,287,139
Expenditures	745,980,384	634,460,252	590,368,577	575,812,737
Other uses and transfers out	5,000,000	-	886,044	5,726,382
Total Expenditures and Other Uses	750,980,384	634,460,252	591,254,621	581,539,119
Increase/(Decrease) in Fund Balance	(2,756,237)	50,691,576	(7,160,891)	24,748,020
Ending Fund Balance	\$110,587,931	\$119,048,412	\$67,570,199	\$74,731,090
Available Reserves⁴	\$ 34,544,776	\$ 51,211,421	\$25,688,419	\$24,069,906
Available Reserves as a Percentage of Total Outgo	4.60%	8.07%	4.34%	4.14%
Long-term commitments				
Bonded debt	1,028,202,503	1,080,005,215	1,131,058,106	977,293,190
Direct district obligations				
State loan	11,842,548	17,516,541	23,091,412	28,568,894
Claims liability	39,585,946	39,585,946	42,601,756	42,128,558
Net pension liability	554,211,298	554,211,298	503,385,375	498,300,082
Other	3,787,868	3,787,868	6,008,646	15,642,696
Total direct district obligations	609,427,660	615,101,653	575,087,189	584,640,230
Total Long-term Commitments	\$ 1,637,630,163	\$ 1,695,106,868	\$1,706,145,295	\$1,561,933,420
K-12 Average Daily Attendance at P-2	33,911	33,699	33,699	32,635







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