

**OAKLAND UNIFIED SCHOOL DISTRICT
MEASURE G PARCEL TAX**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND SUPPLEMENTARY SCHEDULES**

FOR THE YEAR ENDED JUNE 30, 2019



Independent Auditor's Report

Board of Education and
Measure G Citizens' Oversight Committee
Oakland Unified School District

Compliance

We have audited Oakland Unified School District's compliance with the requirements described in the August 27, 2008 Measure G for the year ended June 30, 2019.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Oakland Unified School District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Oakland Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Oakland Unified School District has complied with the compliance requirements as specified in the August 27, 2008 Measure G. An audit includes examining, on a test basis, evidence about Oakland Unified School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Oakland Unified School District's compliance with those requirements.

Opinion

In our opinion, Oakland Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the August 27, 2008 Measure G for the year ended June 30, 2019.

Internal Control Over Compliance

Management of Oakland Unified School District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Oakland Unified School District's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the date and location information.

April 29, 2020
Palo Alto, California

Appendix I
Summary of Audit Procedures

The Measure G Parcel Tax, known and referred to as the “2008 Education Parcel Tax Measure” (Measure G) was authorized by an election of the registered voters of the District, held February 5, 2008. Measure G provides for a special tax of \$195 per taxable parcel in the City of Oakland. The tax rate is fixed at \$195 per parcel and provides for low-income exemptions.

Goals of Measure G

- Attract and retain highly qualified teachers.
- Maintain courses that help students qualify for college.
- Maintain up-to-date textbooks and instructional materials.
- Maintain small class sizes in Kindergarten through K-3.
- Maintain after-school academic programs.
- Maintain school library, music and arts programs.

Objectives of Our Audit

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the district.
- Ensure expenditures are in support of permissible uses as per the ballot language.
- Ensure that senior citizen exceptions and low-income exemptions are complete, accurate, and supported by source documents.

Scope

- Expenditures funded by measure G during the fiscal year 2018-19.

Methodology and Findings

The following describes the audit procedures and our related findings.

1. Obtain the itemized details reports of parcel tax expenditure prepared by the District and agree to amounts to the general ledger.

Finding – No exceptions were identified from applying this procedure. The Measure G accounting records are complete and include all activity during the fiscal year. The summary financial schedules provided in Appendix II reconcile with the District’s accounting records.

2. Review the nature of the expenditures, and review source documents as appropriate, to ensure they were within the permissible uses of the ballot language.

Finding – We mapped each of the ten programs to the ballot language and noted that each program objective was within the scope of the ballot language. The three largest categories are Class Size Reduction (CSR), Covered Elementary Intervention, and Basic School Support and are allocations of parcel tax dollars to the individual school sites. The sites use the funding to cover the costs of specific classroom teachers and their related employee benefits, supporting the initiative to attract and retain qualified teachers by offering competitive salaries and benefits.

The programs called “HR Operations” and “HR Recruitment” funds District-level activities that support school sites. Within the program, a part called Educator Effectiveness supports the professional development of certificated teachers, administrators, and paraprofessional educators. Another piece called Human Resources Services Support funds the salaries and related benefits of human resources staff who are focused on recruitment and retention activities of site-level personnel. This program addresses the initiative to attract and retain qualified teachers, a function that is handled by the District’s centralized human resources development.

The site called Academic Innovation funds payroll expenditures for positions not assigned to a specific location. Programs funded for the fiscal year 2019 are Music and School Libraries.

We analytically reviewed the entire population of expenditure accounting records to search for transactions outside the scope of allowable expenditures. Individual transactions were selected for additional audit analysis, which includes reviewing source documents such as invoices, contracts, purchase orders, or payroll records. Subjected to the further audit analysis were 38 vendor transactions expenditures aggregating \$255,667 and 80 payroll expenditures aggregating \$6,446,496, or 49% of the \$14.3 million of total expenditures before employee benefits. No exceptions were identified from applying this procedure.

3. Examine supporting documentation to validate the amount of Measure G Parcel Tax revenues received.

Finding – No exceptions were identified from applying this procedure. Current year revenues of \$20,666,026 are correctly recorded into the accounting records of Measure G.

Appendix II
Summary financial schedules

Table 1, Schedule of Balance Sheet Accounts for the Year Ended June 30, 2019

Assets	
Cash in County Treasury	\$ 89,020
Total Assets	<u>89,020</u>
Liabilities and Fund Balance	
Accrued Expenditures	96,520
Fund Balance - restricted for Measure G	<u>(7,500)</u>
Total Liabilities and Fund Balance	<u>\$ 89,020</u>

Table 2, Schedule of Income Statement Accounts for the Year Ended June 30, 2019

Revenues		
	Measure G parcel tax collections	\$ 20,666,026
Expenditures		
1100	Certificated Teacher's Salaries	12,019,721
1200	Certificated Pupil Support Salaries	200,220
1300	Certificated Supervisor's and Administrator's Salaries	16,031
2100	Classified Instructional Salaries	23,405
2200	Classified Support Salaries	497,961
2300	Classified Supervisor's and Administrator's Salaries	697,665
2400	Clerical, Technical and Office Staff Salaries	218
3000	Employee Benefits	6,343,367
4000	Books and Supplies	168,156
5100	Subagreements for Services	47,500
5200	Travel and Conference	1,999
5300	Dues and Memberships	1,648
5800	County Collection Fee	346,074
5800	Professional/Consulting Services, Instructional Staff Development	308,087
5800	Professional/Consulting Services, Legal	1,474
Total expenditures by Object		<u>20,673,526</u>
Change in fund balance		(7,500)
Fund balance - beginning of year		-
Fund balance - end of year		<u><u>\$ (7,500)</u></u>

Table 3, Expenditures by Program

Class Size Reduction	\$ 4,543,742
Covered Elementary Intervention	4,053,143
Basic School Support	7,794,007
School Libraries	1,637,804
Music	1,010,101
HR Operations	542,192
HR Recruitment	270,990
Art	414,352
Parcel Tax Collection Fee	346,074
Oakland Fine Arts Summer School	61,121
Total	<u>\$ 20,673,526</u>

Table 4, Expenditures by Site showing programs

Site Name	Program Name	Total
Academic Innovation	Music	\$ 1,010,101
	School Libraries	1,636,705
		2,646,806
Acorn Woodland	Basic School Support	39,161
	Class Size Reduction	67,198
	Covered Elementary Intervention	53,357
		159,717
Allendale	Art	299
	Basic School Support	33,355
	Class Size Reduction	50,879
		84,532
Alliance	Basic School Support	57,194
		57,194
Bellavista	Basic School Support	50,142
	Class Size Reduction	116,275
	Covered Elementary Intervention	93,326
		259,743
Bret Harte	Basic School Support	107,138
		107,138
Bridges @ Melrose	Basic School Support	54,715
	Class Size Reduction	81,561
	Covered Elementary Intervention	172,413
		308,689
Brookfield	Basic School Support	27,955
	Class Size Reduction	44,784
	Covered Elementary Intervention	37,366
		110,104

Table 4, Expenditures by site showing programs (continued)

Bunche Academy	Art	474
		474
Burckhalter	Basic School Support	40,043
	Class Size Reduction	54,317
	Covered Elementary Intervention	54,088
		148,448
Carl Munck	Art	15,000
	Basic School Support	44,350
	Class Size Reduction	55,772
	Covered Elementary Intervention	42,498
		157,621
Castlemont	Basic School Support	348,864
		348,864
Chabot	Basic School Support	159,550
	Class Size Reduction	150,606
	Covered Elementary Intervention	113,496
		423,653
Claremont	Basic School Support	98,733
		98,733
Cleveland	Basic School Support	129,047
	Class Size Reduction	100,119
	Covered Elementary Intervention	73,957
		303,124
Coliseum College prep	Basic School Support	100,750
		100,750

Table 4, Expenditures by site showing programs (continued)

Community United	Art	14,994
	Basic School Support	56,905
	Class Size Reduction	21,391
	Covered Elementary Intervention	125,552
		218,842
Crocker	Basic School Support	41,551
	Class Size Reduction	112,587
	Covered Elementary Intervention	78,697
		232,834
District Wide Expense	HR Operations	542,192
	HR Recruitment	270,990
	Parcel Tax Collection Fee	346,074
		1,159,256
East Oakland Pride	Art	14,608
	Basic School Support	57,726
	Class Size Reduction	63,734
	Covered Elementary Intervention	41,063
		177,130
Edna Brewer	Art	15,225
	Basic School Support	154,570
		169,795
Elmhurst	Basic School Support	68,502
		68,502
Emerson	Art	17,653
	Basic School Support	52,674
	Class Size Reduction	86,549
	Covered Elementary Intervention	64,356
		221,232

Table 4, Expenditures by site showing programs (continued)

Encompass	Art	10,361
	Basic School Support	58,195
	Class Size Reduction	85,005
	Covered Elementary Intervention	66,660
		220,221
Esperanza Academy	Basic School Support	29,030
	Class Size Reduction	69,409
	Covered Elementary Intervention	70,697
		169,137
Franklin	Basic School Support	151,665
	Class Size Reduction	156,910
	Covered Elementary Intervention	149,397
		457,972
Fremont	Basic School Support	320,814
		320,814
Frick	Art	15,000
	Basic School Support	31,731
		46,731
Fruitvale	Basic School Support	57,790
	Class Size Reduction	43,691
	Covered Elementary Intervention	98,990
		200,470
Futures	Basic School Support	88,298
	Class Size Reduction	67,152
	Covered Elementary Intervention	96,962
		252,411

Table 4, Expenditures by site showing programs (continued)

Garfield	Basic School Support	171,435
	Class Size Reduction	215,992
	Covered Elementary Intervention	95,294
		482,721
Glenview	Basic School Support	164,332
	Class Size Reduction	176,477
	Covered Elementary Intervention	78,984
		419,794
Global Family School	Basic School Support	36,108
	Class Size Reduction	87,178
	Covered Elementary Intervention	72,862
		196,147
Grass Valley	Art	15,000
	Basic School Support	37,381
	Class Size Reduction	50,093
	Covered Elementary Intervention	44,233
		146,707
Green Leaf	Art	11,082
	Basic School Support	153,738
	Class Size Reduction	113,110
	Covered Elementary Intervention	92,238
		370,167
Hillcrest	Basic School Support	34,520
	Class Size Reduction	31,041
	Covered Elementary Intervention	60,583
		126,143
Hoover	Art	15,000
	Basic School Support	61,553
	Class Size Reduction	81,886
	Covered Elementary Intervention	62,496
		220,934

Table 4, Expenditures by site showing programs (continued)

Horace Mann	Basic School Support	69,927
	Class Size Reduction	128,717
	Covered Elementary Intervention	73,898
		272,542
Howard	Basic School Support	21,339
	Class Size Reduction	21,856
	Covered Elementary Intervention	50,481
		93,675
International Community School	Art	15,000
	Basic School Support	36,696
	Class Size Reduction	92,553
	Covered Elementary Intervention	46,613
		190,863
Joaquin Miller	Basic School Support	80,872
	Class Size Reduction	184,980
	Covered Elementary Intervention	76,636
		342,488
Kaiser	Basic School Support	52,133
	Class Size Reduction	57,912
	Covered Elementary Intervention	47,409
		157,453
Korematsu	Basic School Support	45,308
	Class Size Reduction	116,975
	Covered Elementary Intervention	41,597
		203,881
La Escuelta	Basic School Support	104,996
	Class Size Reduction	64,052
	Covered Elementary Intervention	50,934
	School Libraries	851
		220,833

Table 4, Expenditures by site showing programs (continued)

Lafayette	Basic School Support	9,096
	Class Size Reduction	12,129
	Covered Elementary Intervention	5,905
		27,130
Laurel	Basic School Support	98,410
	Class Size Reduction	129,670
	Covered Elementary Intervention	89,817
		317,897
Lifeacademy	Basic School Support	169,119
		169,119
Lincoln	Basic School Support	67,944
	Class Size Reduction	184,116
	Covered Elementary Intervention	243,236
		495,296
Madison	Basic School Support	212,992
		212,992
Madison Lower	Basic School Support	44,497
	Class Size Reduction	51,765
	Covered Elementary Intervention	62,396
		158,658
Manzanita Comm.	Art	16,472
	Basic School Support	139,985
	Class Size Reduction	80,877
	Covered Elementary Intervention	80,251
		317,585
Manzanita Seed	Basic School Support	51,396
	Class Size Reduction	77,374
	Covered Elementary Intervention	125,014
		253,783

Table 4, Expenditures by site showing programs (continued)

Markham	Basic School Support	26,689
		26,689
McClymonds	Basic School Support	188,049
		188,049
Melrose	Basic School Support	105,106
	Class Size Reduction	88,048
	Covered Elementary Intervention	120,108
		313,262
Metwest	Basic School Support	31,471
		31,471
Martin Luther King Jr. K-3	Basic School Support	58,927
	Class Size Reduction	78,449
	Covered Elementary Intervention	66,431
		203,807
Montclair	Basic School Support	156,360
	Class Size Reduction	133,604
	Covered Elementary Intervention	136,595
		426,559
Montera	Basic School Support	138,878
		138,878
New Highland Ac	Basic School Support	27,310
	Class Size Reduction	63,633
	Covered Elementary Intervention	47,783
		138,727
Oakland School of Language	Basic School Support	82,690
		82,690

Table 4, Expenditures by site showing programs (continued)

Oakland High	Basic School Support	503,256
		503,256
Oakland Intl Hs	Art	856
	Basic School Support	165,809
		166,665
Oakland Technical High	Art	10,577
	Basic School Support	532,418
		542,995
Parker	Basic School Support	103,374
	Class Size Reduction	73,929
	Covered Elementary Intervention	32,623
		209,926
Peralta	Art	14,626
	Basic School Support	83,677
	Class Size Reduction	92,514
	Covered Elementary Intervention	66,647
		257,464
Piedmont	Basic School Support	28,599
	Class Size Reduction	42,898
	Covered Elementary Intervention	64,873
		136,370
Prep Lit/cul Ex	Basic School Support	30,006
	Class Size Reduction	39,291
	Covered Elementary Intervention	36,582
		105,879

Table 4, Expenditures by site showing programs (continued)

Reach Academy	Art	5,000
	Basic School Support	74,575
	Class Size Reduction	101,093
	Covered Elementary Intervention	82,948
		263,617
Redwood	Art	15,000
	Basic School Support	37,862
	Class Size Reduction	82,500
	Covered Elementary Intervention	71,769
		207,131
Rise	Art	15,000
	Basic School Support	45,844
	Class Size Reduction	72,085
	Covered Elementary Intervention	119,758
		252,686
Roosevelt	Art	11,230
	Basic School Support	104,894
		116,124
Roots Academy	Basic School Support	36,353
		36,353
Sankofa Academy	Basic School Support	31,288
	Class Size Reduction	24,727
	Covered Elementary Intervention	34,126
		90,140
School Contingency	Art	137,966
	Fine Arts	61,121
		199,087

Table 4, Expenditures by site showing programs (continued)

Sequoia	Basic School Support	76,932
	Class Size Reduction	109,168
	Covered Elementary Intervention	93,545
		279,645
Skyline	Basic School Support	521,883
	School Libraries	248
		522,132
Think College Now	Basic School Support	39,511
	Class Size Reduction	47,272
	Covered Elementary Intervention	67,615
		154,398
Thornhill	Basic School Support	42,188
	Class Size Reduction	107,840
	Covered Elementary Intervention	77,990
		228,018
United Academy	Basic School Support	73,381
		73,381
Urban Promise	Art	12,503
	Basic School Support	72,208
		84,712
West Oakland Middle	Art	15,427
		15,427
Westlake	Basic School Support	50,243
		50,243
Total Expenditures		<u><u>\$ 20,673,526</u></u>