

MEASURE N COMMISSION

1000 Broadway, Suite 680
Oakland, CA 94607-4099



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

Jason Gumataotao, Chairperson
jason@ibew595.org

Measure N - College & Career Readiness - Commission

Louise Waters, Vice Chair
louise.bay.waters@gmail.com

James Harris, Member
james@510media.com

Marc Tafolla, Member
marctafolla@gmail.com

Katy Nuñez-Adler, Member
katynunez.adler@gmail.com

Board Office Use: Legislative File Info.	
File ID Number	22-2698
Introduction Date	12-6-2022
Enactment Number	
Enactment Date	

Memo

To Board of Education

From Kyle Montgomery, Independent Auditor, Christy White

Board Meeting Date January 25, 2023

Subject 2021-2022 Measure N Independent Auditor's Report

Action Requested and Recommendation Receipt by the Board of Education of the Measure N - College and Career Readiness for All Act - Independent Auditor's Report prepared by Christy White Auditors* for Fiscal Year 2021-2022.

Background

(Why do we need these services? Why have you selected this vendor?)

Competitively Bid

Was this contract competitively bid? Yes
If no, exception: N/A

Fiscal Impact

Funding resource(s): Measure N

Attachments

- 2021-2022 Measure N Independent Auditor's Report
- 2021-2022 District Management Representation Letter

The background of the page is white with two large blue geometric shapes. One is a triangle in the top right corner, and the other is a larger shape in the bottom right corner, both pointing towards the center of the page.

OAKLAND UNIFIED SCHOOL DISTRICT

MEASURE N PARCEL TAX

INDEPENDENT AUDIT REPORT ON COMPLIANCE AND SUPPLEMENTARY SCHEDULES

**FOR THE YEAR ENDED
JUNE 30, 2022**

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2022**

	<u>Page</u>
Independent Auditors' Report	1
APPENDIX I – SUMMARY OF AUDIT PROCEDURES	
Background, Objectives, and Scope.....	4
Methodology, Findings, and Recommendations	5
Views of Responsible Officials	8
APPENDIX II – FINANCIAL SCHEDULES	
Schedule of Balance Sheet Accounts.....	9
Schedule of Revenues, Expenditures, and Changes in Fund Balance	10
Schedule of Allocations and Ending Balances	11



Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON COMPLIANCE WITH MEASURE N

Independent Auditors' Report

Board of Education and
Measure N Citizens' Oversight Committee
Oakland Unified School District
Oakland, California

Report on Compliance with Measure N

Opinion on Compliance

In our opinion, Oakland Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the Measure N Parcel Tax for the year ended June 30, 2022.

Basis for Opinion on State Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oakland Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on state compliance. Our audit does not provide a legal determination of Oakland Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for ensuring that the District expended Measure N funds for the year ended June 30, 2022 only for the purposes approved by the voters, in accordance with the requirements of the published election materials specifying the intended use of Measure N proceeds. In addition, management is responsible for the design, implementation, and maintenance of effective internal control over compliance with the requirements of the laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Oakland Unified School District's Measure N Parcel Tax.

348 Olive Street
San Diego, CA
92103

O: 619-270-8222
F: 619-260-9085
christywhite.com

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether noncompliance with the objectives listed on page 4 occurred, whether due to fraud or error, and express an opinion on Oakland Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user of the report on compliance about Oakland Unified School District's compliance with the requirements of the Measure N Parcel Tax as a whole.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oakland Unified School District's compliance with compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oakland Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of Oakland Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine Oakland Unified School District's compliance with the objectives outlined on page 4.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies or material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The District's response to the finding identified in our audit is described in the accompanying Views of Responsible Officials. The District's response was not subjected to the auditing procedures applied in the compliance audit and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Report on Internal Control Over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 based on the requirements of the Measure N audit objectives. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Christy White, Inc". The signature is written in a cursive, flowing style.

San Diego, California
November 17, 2022

**APPENDIX I – SUMMARY OF AUDIT
PROCEDURES**

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
BACKGROUND, OBJECTIVES, AND SCOPE
JUNE 30, 2022**

The Measure N Parcel Tax, known and referred to as “The Oakland Unified School District College and Career Readiness for All Act” (Measure N) was authorized by an election of the registered voters of the District, held on November 4, 2014. Measure N provides for a special tax of \$120 per taxable parcel in the City of Oakland. The parcel tax is for ten years. The tax rate is fixed at \$120 per parcel and provides for low income and senior citizen exemptions. Further, Measure N requires that no less than 90% of proceeds be allocated equitably for education programs, on a per pupil basis, for students in grades 9 through 12, enrolled in all current Oakland Unified School District schools and charter schools authorized by the Oakland Unified School District.

GOALS

The goals of the Oakland Unified School District Measure N Parcel Tax are as follows:

- Decrease the high school dropout rate.
- Increase the high school graduation rate.
- Increase high school students’ readiness to succeed in college and career.
- Increase middle school students’ successful transition to high school.
- Reduce disparities in student achievement and student access to career pathways based on race, ethnicity, gender, socioeconomic status, English Learner-status, special needs status, and residency.

OBJECTIVES

The objectives of our audit are as follows:

1. Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the District.
2. Ensure expenditures are in support of permissible uses as per the ballot language.
3. Ensure expenditures are in support of approved activities per the approved site plans.
4. Ensure that high school grants and charter school grants were allocated as per the ballot language. Include a schedule of allocations per school in the financial audit report.
5. Ensure that the administrative overhead allocation does not exceed 10% cumulatively from inception, exclusive of county collection costs.
6. Ensure that senior citizen exceptions and low-income exemptions are complete, accurate, and supported by source documents.
7. Make a positive statement about the issue of supplanting versus supplementing.

SCOPE

The scope of our audit is the Measure N financial activity of the District and charter schools authorized by the District for the year ended June 30, 2022.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
METHODOLOGY, FINDINGS, AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

The following describes the audit procedures, findings, and our recommendations related to the findings:

- 1. Obtain parcel tax expenditure detail reports prepared by the District and agree the amounts to the general ledger. In addition, examine sufficient supporting documentation to validate the amount of Measure N Parcel Tax revenues received and recorded in the general ledger.**

Finding: We obtained the details of all revenues and expenditures charged to the Measure N general ledger accounting records. No exceptions were noted from applying this procedure.

- 2. Separately for District schools and charter schools, review the nature of the expenditures, and review source documents to ensure the expenditures were within the permissible uses of the ballot language.**

Finding: We analytically reviewed the entire population of expenditure accounting records to search for transactions potentially outside the scope of allowable expenditures. In addition, we haphazardly selected a sample of expenditures and reviewed the corresponding invoices, purchase orders, and Measure N Justification Forms. Subjected to the further audit analysis were 40 vendor expenditures aggregating \$1,706,244. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected expenditures appeared to be allowable under the voter-approved ballot language. No exceptions were noted from applying these audit procedures.

Finding: We analytically reviewed the population of payroll accounting records to search for transactions outside the scope of allowable expenditures. In addition, we haphazardly selected a sample of 25 payroll expenditures, aggregating \$1,704,352, and reviewed source documents such as personnel and payroll records for each of these selections. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected personnel expenditures appeared to be allowable under the voter-approved ballot language. No exceptions were noted from applying these audit procedures.

Finding: For expenditures of Measure N funds made by charter schools, we reviewed the Measure N Expenditure Accounting forms submitted to the District by each charter school to assess if any items appear outside the scope of Measure N. Through these procedures, we confirmed that the District has a process in place to monitor and review charter school expenditures of Measure N funds on a quarterly basis. In addition, we haphazardly selected a sample of expenditures and reviewed the corresponding invoices, purchase orders, and Measure N Justification Forms. Subjected to the further audit analysis were 10 vendor expenditures aggregating \$53,494. We also haphazardly selected a sample of 19 payroll expenditures, aggregating \$1,216,784, and reviewed source documents such as personnel and payroll records for each of these selections. We noted no impermissible uses of Measure N funds from applying these procedures as each of the selected personnel expenditures appeared to be allowable under the voter-approved ballot language. No exceptions were noted from applying these audit procedures.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
METHODOLOGY, FINDINGS, AND RECOMMENDATIONS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

3. Test a sample of expenditures to ensure they were spent in accordance with the approved site plan.

Finding: The following is a summary of our findings:

- For 40 vendor expenditures of Measure N funds made by the District, we noted no exceptions.
- For 25 payroll expenditures of Measure N funds made by the District, we noted no exceptions.
- For 10 vendor expenditures of Measure N funds made by charter schools, we noted no exceptions.
- For 19 payroll expenditures of Measure N funds made by charter schools, we noted no exceptions.

4. Test the allocation of grant proceeds to the sample of schools.

Finding: No exceptions were noted from applying this audit procedure.

We obtained the District's calculation of school allocations for the fiscal year 2021-22 and agreed enrollment amounts to supporting documentation. We noted that the allocation method consistently applied to District schools and charter schools sponsored by the District. We also verified that the amount allocated to school sites is 90% of the total current year parcel tax.

5. Recalculate the ratio of administrative overhead charges to total proceeds to ensure that no more than 10% of proceeds are spent on administrative overhead, cumulative and exclusive of county collection costs.

Finding: No exceptions were noted from applying this audit procedure.

We obtained the District's calculation of the fiscal year 2021-22 administrative overhead calculation, noting that the District allocated 90% to school sites, including charter school sites sponsored by the District, and 10% for administrative overhead. We calculated that from the inception of Measure N through June 30, 2022, the District was allocated \$8,032,568 of Measure N administrative funds. For the same period, the District expended \$7,331,493 for Measure N administrative activities. The remaining unspent Measure N administrative funds at June 30, 2022, of \$701,075 are available for spending in subsequent years.

6. Select a sample of exemptions for low-income and senior citizens and confirm that exemptions are accurately classified and properly supported by source documents.

Finding: No exceptions were noted from applying this audit procedure.

We obtained the applications and supporting documentation for a representative sample of Measure N exemptions and confirmed that exemptions appeared to be accurately classified in accordance with the Measure N exemption requirements.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
METHODOLOGY, FINDINGS, AND RECOMMENDATIONS, continued
FOR THE YEAR ENDED JUNE 30, 2022**

- 7. Test if Measure N is funding supplemental activities by reviewing documents to support if District schools and charter schools used funds to provide services which they were required to make available by virtue of being a school.**

Finding: For expenditures of Measure N funds made by the District, no exceptions were noted from applying these audit procedures. The same samples for vendor and payroll expenditures from item 2 were used for this procedure. The District provided items such as Measure N Justification Forms, Measure N Duty Statements, and Measure N Site Plans to evidence that the sampled expenditures were determined to be supplemental before incurring the expense. This testing included a sample of 40 vendor transactions and 25 payroll transactions.

Finding: For expenditures of Measure N funds made by charter schools sponsored by the District, no exceptions were noted from applying these audit procedures. The same samples for vendor and payroll expenditures from item 2 were used for this procedure. The District provided items such as Measure N Justification Forms, Measure N Duty Statements, and Measure N Site Plans to evidence that the sampled expenditures were determined to be supplemental before incurring the expense. This testing included a sample of 10 vendor transactions and 19 payroll transactions.

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
VIEWS OF RESPONSIBLE OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2022**

The District agrees with the results of the audit.

APPENDIX II – FINANCIAL SCHEDULES

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF BALANCE SHEET ACCOUNTS
JUNE 30, 2022**

ASSETS

Cash in county treasury	\$ 13,680,565
Total Assets	<u>\$ 13,680,565</u>

LIABILITIES

Accrued liabilities	\$ 1,269,819
Total Liabilities	<u>1,269,819</u>

FUND BALANCES

Restricted	<u>12,410,746</u>
Total Fund Balances	<u>12,410,746</u>
Total Liabilities and Fund Balances	<u>\$ 13,680,565</u>

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2022**

REVENUES

Measure N parcel tax collections	\$ 11,714,782
Total Revenues	<u>11,714,782</u>

EXPENDITURES

District-wide expenditures

1146 College readiness	34,364
1414 College and career	1,180,112
Total district-wide expenses	<u>1,214,476</u>

Site-level expenditures

1690 Direct school site expense	6,770,578
3830 Green Academy at Skyline	15,362
3837 CPA - Comp Sci & Tech	92,633
3843 CPA - Fashion at Oak Tech	184,553
3847 CPA - Comp Sci at Skyline	11,951
3850 Education and Health Academy	15,391
3867 Environmental Science Academy	4,179
3880 Engineering Academy	3,584
3907 9th Grade Academy	14,567
3908 Health Academy	61,626
3909 VAAMP	2,756
3910 PLTW	34,712
3912 PHA Public Health Academy	6,966
3914 VAPA	71,305
3917 Measure N 30 Cheetahs - Ohigh 9th	6,109
3918 Measure N 31 Jaguars - Ohigh 9th	9,629
3919 Measure N 32 Panthers - Ohigh 9th	6,257
3920 Measure N 33 Pumas - Ohigh 9th	3,896
3921 Measure N 34 Tigers - Ohigh 9th	4,957
3922 Measure N 35 Rise - Ohigh 9th	16,688
3923 Measure SJR Ohigh	7,510
3924 Measure N Race, Policy Law	5,741
Total site-level expenses	<u>7,350,950</u>

Other expenditures and transfers

Transfers to charter schools	2,206,042
County collection fees	196,193
Total other expenditures and transfers	<u>2,402,235</u>
Total Expenditures	<u>10,967,661</u>

NET CHANGE IN FUND BALANCE

	747,121
Fund Balance - Beginning	11,663,625
Fund Balance - Ending	<u>\$ 12,410,746</u>

**MEASURE N PARCEL TAX
OAKLAND UNIFIED SCHOOL DISTRICT
SCHEDULE OF ALLOCATIONS AND ENDING BALANCES
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

School Code	School Name	2021-22 Measure N Allocation	2020-21 Carryover (including any probationary funds)	2021-22 Available Fund Balance	2021-22 Actual Expense	Carryover Amount (Unspent 2021-22 Funds)
215	Madison Park Upper	\$ 372,300	\$ 106,090	\$ 478,390	\$ 310,343	\$ 168,047
232	CCPA	229,500	183,990	413,490	148,837	264,653
335	Life Academy	220,150	204,525	424,675	103,450	321,225
338	MetWest	198,050	35,070	233,120	182,753	50,367
301	Castlemont	642,600	114,812	757,412	597,158	160,254
302	Fremont	787,950	79,440	867,390	669,929	197,461
303	McClymonds	283,900	16,318	300,218	266,980	33,238
304	Oakland High	1,375,300	307,885	1,683,185	1,420,056	263,129
305	Oakland Tech	1,626,900	678,940	2,305,840	1,523,994	781,846
306	Skyline	1,386,350	693,844	2,080,194	1,227,615	852,579
309	Bunche	85,903	153,119	239,022	128,415	110,607
310	Dewey	206,671	132,013	338,684	49,528	289,156
313	Street Academy	82,576	108,495	191,071	54,833	136,238
330	Sojourner Truth	161,152	437,183	598,335	56,049	542,286
333	Community Day	33,150	20,874	54,024	30,882	23,142
352	Rudsdale Continuation & Rudsdale Newcomer	277,798	189,043	466,841	276,033	190,808
353	Oakland International	339,671	156,417	496,088	338,458	157,630
Charter	Arise	319,600	280,858	600,458	549,424	51,034
Charter	Aspire Lionel Wilson	143,850	34,908	178,758	105,180	73,578
Charter	Envision Academy	255,000	1,200	256,200	138,406	117,794
Charter	Lighthouse	243,100	58,734	301,834	188,253	113,581
Charter	Leadership Public Schools Oakland	410,550	67,329	477,879	306,299	171,580
Charter	Oakland Unity High School	305,150	275,308	580,458	387,479	192,979
	Total Cohort 1 Schools	9,987,171	4,336,395	14,323,566	9,060,354	5,263,212
Charter	Aspire Golden State Prep	271,150	53,679	324,829	220,632	104,197
Charter	East Bay Innovation Academy	116,025	295	116,320	99,682	16,638
	Total Cohort 2 Schools	387,175	53,974	441,149	320,314	120,835
Charter	Oakland School for the Arts	239,700	49,560	289,260	203,756	85,504
	Total Cohort 3 Schools	239,700	49,560	289,260	203,756	85,504
Charter	Lodestar	13,200	-	13,200	6,932	6,268
	Total Cohort 3 Schools	13,200	-	13,200	6,932	6,268
	District-level expenditures	1,151,859	729,328	1,881,187	1,180,112	701,075
	County collection fee	196,193	-	196,193	196,193	-
	Measure N Total	\$ 11,975,298	\$ 5,169,257	\$ 17,144,555	\$ 10,967,661	\$ 6,176,894



BUSINESS SERVICES

November 17, 2022

Christy White Associates
348 Olive Street
San Diego, CA, 92103

We are providing this letter in connection with your audit of the Oakland Unified School District Measure N Parcel Tax as of June 30, 2022 and for the year then ended for the purpose of expressing opinions as to whether the related financial schedules are present fairly, in all material respects, the revenues and expenditures Oakland Unified School District Measure N thereof in conformity with U.S. generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the previously mentioned Schedule of Revenues and Expenditures in conformity with U.S. generally accepted accounting principles. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, and preventing and detecting fraud.

We confirm, to the best of our knowledge and belief, as of November 17, 2022 the following representations made to you during your audit.

The financial schedules referred to above are fairly presented in conformity with U.S. generally accepted accounting principles and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 1) We have made available to you all financial records and related data.
- 2) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 3) We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud.
- 4) We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the Schedule of Revenues and Expenditures.
- 5) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.
- 6) We have a process to track the status of audit findings and recommendations.
- 7) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 8) The District has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.
- 9) The following, if any, have been properly recorded or disclosed in the Schedule of Revenues and Expenditures:
 - a) Related party transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the District is contingently liable.



BUSINESS SERVICES

- c) All accounting estimates that could be material to the Schedule of Revenues and Expenditures, including the key factors and significant assumptions underlying those estimates and measurements. We believe the estimates and measurements are reasonable in the circumstances.
- 10) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives, including legal and contractual provisions for reporting specific activities in separate funds.
- 11) There are no—
- a) Violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the Schedule of Revenues and Expenditures, or as a basis for recording a loss contingency, or for reporting on noncompliance.
 - b) Unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with generally accepted accounting principles.
 - c) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by generally accepted accounting principles.
- 12) As part of your audit, you assisted with preparation of the Schedule of Revenues and Expenditures and related notes. We have designated an individual with suitable skill, knowledge, or experience to oversee your services and have made all management decisions and performed all management functions. We have reviewed, approved, and accepted responsibility for the Schedule of Revenues and Expenditures and related notes.
- 13) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 14) The District has complied with all aspects of contractual agreements that would have a material effect on the Schedule of Revenues and Expenditures in the event of noncompliance.
- 15) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 16) The Schedule of Revenues and Expenditures includes all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 17) The Schedule of Revenues and Expenditures properly classifies all funds and activities.
- 18) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 19) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 20) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 21) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 22) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 23) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available and have determined that net assets were properly recognized under the policy.



BUSINESS SERVICES

- 24) We have evaluated the District's ability to continue as a going concern and have included appropriate disclosures, as necessary, in the Schedule of Revenues and Expenditures.
- 25) We have evaluated and classified any subsequent events as recognized or nonrecognized through the date of this letter. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned Schedule of Revenues and Expenditures.

Lisa Grant- Dawson
Chief Business Official