

April 22, 2014

Sheila Jordan
Superintendent
Alameda County Office of Education
313 W. Winton Ave.
Hayward, CA 94544-1136

Re: Revised 2013-14 Second Interim Report for Oakland Unified School District (OUSD)

Dear Sheila,

We are resubmitting the revised Board approved 2013-14 Second Interim report which addresses the concerns referenced in the Alameda County Office of Education letter to OUSD dated April 8, 2014.

Item #1 - The General Fund unrestricted resource (0000) has a positive ending balance of \$16.3 million as a result of the reclassification of expenditures to Prop 30 resource (1400). There was no change in fund balance as a result of this transfer.

Items #2 & #3 –The Local Control Funding Formula (LCFF) revenues have been increased by approximately \$69.9 million, \$26 million and \$24.7 million in 2013-14, 2014-15 and 2015-16 respectively. The adjustments were accomplished by the following steps:

- Reclassification of unrestricted LCFF revenues from object codes 8434 and 8590 to 8011.
- Utilization of the LCFF calculator to project the estimated unrestricted revenues for 2014-15 and 2015-16.

Items #4, #5 & #6- OUSD will meet and maintain the required unrestricted, restricted and combined reserves and report positive fund balances for the 2014-15 and 2015-16 fiscal years. This was achieved by the following:

- Reclassification of both revenues (as previously mentioned) and expenditures for EIA, Transportation, and Community Day School from restricted to unrestricted resources.
- Application of the LCFF growth projection.
- Reduction of restricted expenditures by 11% and 8% for 2014-15 and 2015-16 respectively.

Item #7 – Our understanding is that ACOE projected payroll and benefit expenditures based on year to date actuals through March and March was used as a basis to project the subsequent months. OUSD's payroll expenditures for March included a one-time salary and benefit pay increase of .05%, which was retroactive to the beginning of the fiscal year. Based on the above, OUSD's original payroll expenditure projections appear reasonable.

Item #8 – The revised 2013-14 2nd interim contains no fatal errors and allowed for the extraction of an official export of the SACS data file.

With all of the adjustments mentioned above, the 2013-14 ending fund balances remain unchanged as there were no adjustments that impacted fund balance.

Sincerely,



Vernon Hal
Deputy Superintendent,
Business & Operations

cc: Board of Education, Oakland USD
Gary Yee, Acting Superintendent, Oakland USD
Carlene Naylor, State Trustee, Oakland USD
Tom Torlakson, State Superintendent of Public Instruction, CDE
Carolyn Baez, Financial Audits Bureau-Division of Audits, SCO
Jeannie Oropeza, Deputy Superintendent of Public Instruction, CDE
Peter Foggiato, School Fiscal Services Director, CDE
Damon R. Smith, Associate Superintendent of Business Services, ACOE
Jeffrey B. Potter, Executive Director, ACOE