

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

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

**FOR THE YEAR ENDED JUNE 30, 2019**

DRAFT

## 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.

**DATE OF REPORT**

DRAFT

**Appendix I**  
**Summary of Audit Procedures**

DRAFT

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. 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 allocation 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.

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.

DRAFT

**Appendix II**  
**Summary financial schedules**

DRAFT

**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>

DRAFT



**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	Professional/Consulting Services and Operating Expenditures	655,635
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>

DRAFT

**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
Other Programs and Local Goals	346,074
Oakland Fine Arts Summer School	61,121
Total	<u>\$ 20,673,526</u>

DRAFT

**Table 4, Expenditures by Site**

Academic Innovation	\$ 2,646,806	Joaquin Miller	342,488
Acorn Woodland K-5	159,717	Kaiser	157,453
Allendale	84,532	La Escuelita	220,833
Alliance Academy	57,194	Lafayette	27,130
Bella Vista	259,743	Laurel	317,897
Bret Harte Middle	107,138	Life Academy	169,119
Bridges Academy @ Melrose	308,689	Lincoln	495,296
Brookfield	110,104	Madison Lower	158,658
Bunche Academy	474	Madison Middle	212,992
Burckhalter	148,448	Manzanita Community School	317,585
Carl Munck	157,621	Manzanita Seed	253,783
Castlemont High School	348,864	Markham	26,689
Chabot	423,653	Martin Luther King Jr. K-3	203,807
Claremont Middle	98,733	McClymonds High School	188,049
Cleveland	303,124	Melrose Leadership Acad	313,262
Coliseum College Prep Academy	100,750	Metwest	31,471
Community United Elementary	218,841	Montclair	426,559
Crocker Highlands	232,834	Montera Middle	138,877
Districtwide Expenses	346,074	New Highland Academy	138,727
East Oakland Pride	177,130	Oakland High School	503,256
Edna Brewer Middle	169,795	Oakland International High School	166,665
Elmhurst Community Prep	68,502	Oakland School of Language	82,690
Emerson	221,232	Oakland Tech High School	542,995
Encompass Small School	220,221	Parker	209,926
Esperanza Academy	169,137	Peralta	257,464
Franklin	457,972	Piedmont Avenue	136,370
Fred T Korematsu Discovery Academy	203,881	Prep Literary Acad/Cultural Ex	105,879
Fremont High School	320,814	Reach Academy	263,617
Frick Middle	46,732	Redwood Heights	207,131
Fruitvale	200,470	Rise	252,686
Futures Elementary	252,411	Roosevelt Middle	116,124
Garfield	482,721	Roots International Academy	36,353
Glenview	419,794	Sankofa Academy	90,140
Global Family School	196,148	School Contingency Funds	199,087
Grass Valley	146,707	Sequoia	279,645
Greenleaf Elementary	370,167	Skyline High School	522,132
Hillcrest	126,143	Think College Now	154,398
Hoover	220,934	Thornhill	228,018
Horace Mann	272,542	United For Success Academy	73,381
Howard	93,675	Urban Promise Academy	84,712
Human Resources Services, Support	813,182	West Oakland Middle	15,427
International Community School	190,863	Westlake Middle	50,243
		Total	<u>\$ 20,673,526</u>