




OAKLAND UNIFIED SCHOOL DISTRICT

MEMORANDUM

To: Vincent Matthews, Interim State Administrator
Board of Education
From: Leon Glaster, Interim Chief Financial Officer 
Date: October 10, 2007

Re: Response to Board of Education Questions from Unaudited Actuals Year-End Closing

Following are responses to questions raised by the Board of Education about the District's Unaudited Actuals Year-End Closing report:

I. Explanation of difference (\$ 2,654,472) between Projected and Actual Interest Income {Unrestricted General Fund}

- The District's initial projection of interest income was not updated with revised earned interest percentage.
- The District is revising its investment policy to include reporting interest income to the State Administrator and Board of Education on a quarterly basis.

II. Explanation of difference between Projected and Actual Central Site Expenditures

The district completed a detailed analysis of the 2006-07 central office departments that under expended funds in the 2006-07 fiscal year. The results of the analysis are presented below.

Central Site

Facilities, Planning & Management

Unexpended Balance – \$388,233:

- Construction contractors \$343,549 [construction contracts carried over to 2007-08]
- Professional services \$ 24,862 [geo-technical professionals reduced scope of work]
- Office & printing \$ 19,822 [postage, telephone, printing, etc.]

Percent budget unexpended - 57%

Technology Services

Unexpended Balance - \$797,399:

- IFAS upgrade \$603,088 [reduced cost of program design professionals]
- Licensing agreements \$194,311 [reduction in estimated costs for data programs]

Percent budget unexpended – 12%

Human Resources

Unexpended Balance - \$211,035:

- Measure E Programs \$211,035 [teach for America, new teacher project carried over 2007-08]

Percent budget unexpended – 6%

Financial Services

Unexpended Balance – 375,869:

- Audit services \$349,691 [under expenditure of state controllers office contract]
- Office \$ 26,178 [dues, mileage, postage, dues, etc.]

Percent budget unexpended – 14%

Middle School Networks

Unexpended Balance – \$337,183:

- Telephone central budget] \$168,623 [telephone expenses transferred to Unexpended Balance –
- Service economy \$168,560 [professional service projects carried over to 2007-08]

Percent budget unexpended – 67%

Student & Family Services

Unexpended Balance – \$168,345:

- Health services \$164,167 [reduced contract to paradigm health services]
- Office \$ 4,178 [mileage, rentals, telephone, etc.]

Percent budget unexpended – 9%

Risk Management

Unexpended Balance – \$487,931:

- Property loss \$ 61,909 [under expenditure of loss control reserve]
- Legal expenses \$150,038 [under expenditure of special legal services]
- Insurances \$137,352 [under estimate of insurance premium self insurance]
- Professional services \$ 79,348 [under expenditure of loss control services]
- Special insurances \$ 59,285 [under expenditure of loss control estimates]

Percent budget unexpended – 7%

School Site Support

Unexpended Balance – \$775,061:

- Utilities & telephones \$775,061 [utilities & tele. expenditures transferred to school budgets]

Percent budget unexpended – 19%

Central Office Clearinghouse

Unexpended Balance – \$540,309:

- Gas & electricity \$277,687 [under expenditure of operating utility estimate]
- Professional services \$150,921 [under expenditure of Oakland PD estimated budget]
- Postage \$111,701 [postage expenditures transfer to school sites]

Percent budget unexpended – 2%

Explanation of difference between Projected and Actual School Site Expenditures

The district completed a detailed analysis of one of the 2006-07 school sites that under expended funds in the 2006-07 fiscal year.

School Site

Fruitvale

Unexpended Balance – \$105,309:

- School services \$105,309 [transfers from central office for instructional services]

Percent budget unexpended – 8%

Joaquin Miller

Unexpended Balance – \$154,532:

- Operational services \$154,532: [to operational expenditure transferred to central office]

Percent budget unexpended – 10%

Rise

Unexpended Balance – 119,129:

- School services \$119,129 [expenditure amounts transferred to central site]

Percent budget unexpended – 4%

IV. Explanation of \$26,045,446 Ending Fund Balance in Restricted (Categorical) General Fund

Two primary factors contributed to OUSD's **Restricted General Fund** increase to \$26.06 million for the current fiscal year:

- The first is that OUSD received more than \$13 million in 2006-07 categorical funds in the last months of the fiscal year – \$4,161,367 in May 2007 and \$9,321,988 in June 2007 for a total of \$13,483,355.
- The second major factor that contributed to our categorical carryover was OUSD's timeline for releasing 2005-06 categorical carryover funds to sites.
- The \$18 million in categorical funds carried over from 2005-06 were not given to site administrators to begin spending until January 2007. The 2006-07 carryover will be in the hands of site administrators and school site councils by September 30, 2007. Rather than waiting for CBEDS enrollment data in late October, we will distribute categorical carryover based on our 15-day enrollment counts to ensure these funds reach students this academic year.
- The 2007-08 adoption budget projects OUSD aggressively spending categorical funds during this year so that we close with a restricted fund balance down to \$12.68 million.

V. Status of Long-Term Debt

Description	Balance: June 30, 2007	Scheduled Payments: 2007-08 Fiscal Year	Projected Balance: June 30, 2008
State Emergency Apportionment Loan	\$ 87,292,836	\$ 4,433,371	\$ 82,859,465
Certificate of Participation	\$ 21,915,000	\$ 2,635,000	\$ 19,280,000

- All Long-Term debt scheduled payments have been budgeted for the current year and will be budgeted in all multi-year budgets.
- The State Emergency Apportionment Loan includes the \$35,000,000 drawdown.

VI. Three-Year Comparative Analysis of Employee Full-Time Equivalency

SCHOOL SITES	2005-06			2006-07			2007-08		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Principals	141	4	146	143	4	147	142	3	145
Other Admin/Oth Certificated	44	88	132	55	84	139	46	80	126
Teachers	1,671	104	1,775	1,628	174	1,802	1,530	209	1,739
Instructional Assistants	6	53	59	6	44	50	6	39	45
Classified Support	237	30	268	260	42	302	70	36	106
Classified Manager	3	1	4	3	-	3	3	-	3
Clerical	186	54	240	172	57	229	159	46	205
Sub-Total	2,289	333	2,622	2,267	405	2,672	1,956	412	2,369
CENTRAL OFFICE									
Certificated Administrator	17	45	62	16	48	64	14	48	62
Other Admin/Oth Certificated	18	137	155	13	152	165	24	152	175
Teachers	73	309	381	51	314	365	39	292	330
Instructional Assistants	1	329	330	1	341	342	2	347	349
Classified Support	56	181	237	36	175	212	249	172	421
Classified Manager	68	35	102	75	37	112	74	37	110
Clerical	84	106	191	88	92	180	113	67	180
Sub-Total	317	1,142	1,459	280	1,159	1,439	513	1,114	1,627
TOTALS	2,606	1,476	4,081	2,546	1,564	4,110	2,469	1,527	3,996

- Classified support in school sites declined from 302 in 2005-06 to 106 in 2007-08 a decrease of 196 FTE. Classified support in central office increased from 212 in 2006-07 to 421 in 2007-08 an increase of 209 FTE. The reason for the change is the custodians moving from school site supervision to central site supervision
- Other Administration and Certificated are teachers on special assignment. The change is due to teachers moving between school site and central office programs.

LEGISLATIVE FILE

File ID No. 07-1158
 Introduction Date 9/26/07
 Enactment No. _____
 Enactment Date _____
 By _____