



Business Services Division Memo

To: OUSD Audit Committee
Elizabeth Ross, Chair

From: Lisa Grant-Dawson, Chief Business Officer
Ryan Nguyen, Controller

Subject: 2022-23 Audit Update

Date: February 5, 2024

Dear Chair Ross and the members of the OUSD Audit Committee,

The District has completed the 2022-23 District Financial Audit and the audits for our three parcel tax audits for Measure G, Measure G1, and Measure N. We are providing the District's Financial Audit for your review, which has been submitted to the Alameda County Office of Education and State Controller's Office.

Mr. Ahmad Gharaibeh, Audit Engagement Partner from Eide Bailly, will present the report and answer any questions.

In Community,

Lisa Grant-Dawson
Chief Business Officer
lisa.grantdawson@ousd.org

Ryan Nguyen
Controller
Ryan.Nguyen@ousd.org



December 15, 2023

To the Board of Education
Oakland Unified School District
Oakland, California

We have audited the financial statements of the Oakland Unified School District (District) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 15, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated April 5, 2023, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the District complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of District's major federal program compliance, is to express an opinion on the compliance for each of District's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the District's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December 15, 2023. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 15, 2023.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks.

- The risk that management is in a position to override internal controls applies to most entities, including the District.
- Significant increase in grant revenues in the current year and therefore, we performed additional procedures to the amounts are fairly stated in all material respects.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are as follows:

- Management's estimate of the lease accounting discount rates is based the Treasury SLGS rates over the period of lease agreements with adjustment for the District's risk profile.
- Management's estimate of the pension benefits is based on actuarial valuations prepared in accordance with the methods prescribed by governmental accounting standards.
- Management's estimate of incurred but not reported claims liability is based on actuarial valuations prepared in accordance with the actuarial methods agreed between management of the District and the District's actuary.

We evaluated the key factors and assumptions used to develop the significant accounting estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- **Note 1** summarizes the District's significant accounting policies.
- **Note 12** describes the restatement related to the implementation of new accounting standards about leases.
- **Note 13** describes significant matters occurring subsequent to the balance sheet.
- **Note 6** describes the District's long-term debt activities including required principal and interest payments for debt service.
- **Note 9** describes the valuation of the District's net pension liability and related deferred outflows and inflows of resources. Such amounts are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate. As disclosed, a one percent increase or decrease in the discount rate has a material effect on the District's net pension liability.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

General Fund should report leases receivables for \$2.5 million and related deferred inflows of resources \$2.4 million. In addition, the governmental activities did not report SBITA liabilities and related right to use asset for \$46 million.

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2023, is an overstatement of the fund balance of the general fund of approximately \$68 thousands.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report.

Our independent auditor's report in accordance with the Uniform Guidance is modified because of internal control deficiencies and noncompliance described at 2023-001 in the in the schedule of findings and questioned costs.

Our independent auditor's report on State compliance is modified because of noncompliance described at 2023-002 through 2023-07 in the in the schedule of findings and questioned costs.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 15, 2023.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

Other Information Included in Annual Reports

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the District's Board of Education, and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California



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June 30, 2023

Oakland Unified School District

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Independent Auditor's Report

Board of Education
Oakland Unified School District
Oakland, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oakland Unified School District (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in the District's Net Pension Liability and Schedule of the District's Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non major governmental fund financial statements, and other supplementary information as listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California
December 15, 2023

This section of the Oakland Unified School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the District as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Government-Wide financial statements present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. These statements include all assets of the District (including capital assets and right-to-use subscription IT assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities such as pensions and general obligation bonds) and deferred inflows of resources. Additionally, certain eliminations have been made as prescribed by the statement in regards to inter-fund activity, payables, and receivables.

The fund financial statements include statements for governmental and proprietary funds.

The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting, which are focused on short-term financial resources. This measurement focus only includes assets that are available to pay current liabilities. Likewise, liabilities are only included to the extent that they require the use of current financial resources. Capital assets and general obligation bonds, including the long-term portion of the emergency apportionment loan, are not included in this measurement focus. The general fund is included within this category.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

The primary unit of the government is the Oakland Unified School District.

Reporting the District as A Whole

The Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools will likely be an important component in this evaluation.

In the statement of net position and the statement of activities, we report the District activities as follows:

Governmental Activities - The District reports all of its services in this category. This includes the education of kindergarten through grade twelve students, adult education students, the operation of child development centers, and the ongoing effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state, and local grants, as well as general obligation bonds, finance these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following the governmental fund financial statements.

Proprietary Funds - When the District charge fees for the services it provides, whether to outside customers or to other departments within the District, these fees are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of revenues, expenses, and changes in fund net position. We use an internal service fund (a component of proprietary funds) to report activities that provide supplies and services for the District's other programs and activities, the only such fund is the District's Self-Insurance Fund. The internal service fund is reported with governmental activities in the government-wide financial statements.

Financial Highlights

- At June 30, 2023, assets and deferred outflow of resources totaled \$2,158 million. Liabilities and deferred inflows of resources were \$1,920 million. This results in a surplus net position of \$238.6 million.
- At June 30, 2023, the general fund available reserves were \$115.3 million, or 15.41% of total general fund expenditures. This is an improvement of \$51.5 million or 82.7% from June 30, 2022.
- For the year ending June 30, 2023, total general fund expenditures and other uses were \$742 million, which is an increase of \$49.1 million or 7.1% from the year ending June 30, 2022.
- For the year ending June 30, 2023, total general fund revenues were \$881.5 million, which is an increase of \$141 million or 19.1% from the year ending June 30, 2022. Much of the increase is due to COVID related State and Federal grants.
- The *restricted balance of the general fund* was \$164.7 million on June 30, 2023, an increase of \$97.2 million or 144% from June 30, 2022.
- Unrestricted general fund expenditures and transfers were \$432 million for the year ended June 30, 2023, an increase of \$24 million or 5.9% over expenditures of \$408 million the same period last year. The 2022-23 fiscal year, the District continued its in person operational practices, which included additional expenditures not only in staffing, but also all expenditure areas.
- On a full accrual basis, the District's *net position* on June 30, 2023 is \$238.6 million, which is an improvement of \$186.1 million or over the June 30, 2022 net position of \$52.5 million. This amount includes long term assets such as capital assets, and long-term liabilities such as the state loan, general obligation bonds, self-insured claims, and pension. The unrestricted deficit net position improved from a deficit of \$(314.53) million to a deficit of \$(311.57) million, an improvement of \$2.96 million or 0.9%.

The District as A Whole

Net Position

The computation of the District's net position at June 30, 2023 and 2022 is presented in the table below:

Table 1

(Amounts in millions)	Governmental Activities	
	2023	2022
Assets		
Current and other assets	\$ 809.88	\$ 683.02
Capital assets and right-to-use leased assets	1,164.05	1,127.37
Total assets	1,973.93	1,810.39
Deferred outflows of resources	184.29	158.88
Liabilities		
Current liabilities	254.24	191.59
Long-term liabilities	1,619.18	1,503.00
Total liabilities	1,873.42	1,694.59
Deferred inflows of resources	46.21	222.15
Net Position		
Net investment in capital assets	207.31	270.49
Restricted	342.85	96.57
Unrestricted deficit	(311.57)	(314.53)
Total net position	\$ 238.59	\$ 52.53

The total assets and deferred outflow of resources increased by \$188.95 million during the fiscal year. The total liabilities and deferred inflow of resources increased by \$2.89 million during the same period.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *statement of activities* on page 16. Table 2 takes the information from the statement, rounds off the numbers, and rearranges them slightly so you can see our total revenues for the year.

Table 2

(Amounts in millions)	Governmental Activities	
	2023	2022
Revenues		
Program revenues		
Charges for services and sales	\$ 2.61	\$ 6.34
Operating grants and contributions	317.56	268.70
General revenues		
Federal and State aid not restricted	340.21	237.64
Property taxes	370.97	355.01
Other general revenues	2.38	1.14
Total revenues	1,033.73	868.83
Expenses		
Instruction-related	593.56	514.90
Pupil services	72.03	66.37
Administration	41.95	42.49
Plant services	69.25	69.57
All other services	70.88	59.20
Total expenses	847.67	752.53
Change in net position	\$ 186.06	\$ 116.30

For Fiscal Year 2023, the District's total revenue was \$1,033.73 million, an increase of 164.90 million or 18.98%. The District's total expenses were \$847.67 million, an increase of \$95.14 million or 12.64%.

The main source of the District's revenue is from Local Control Funding Formula (LCFF) which includes State aid and supplemental and concentration grants. LCFF is based on the Average Daily Attendance (ADA) per grade level. Supplemental and concentration grants are based on the percentage of unduplicated pupil count of the following: English learner, free and reduced price meal eligible students, and foster youth. Other sources of the District's revenue are from federal, state, and local grants.

Governmental Activities

As reported in the statement of activities on page 16, the cost of all our governmental activities this year was \$847.7 million. The amount that our taxpayers ultimately financed for these activities through local taxes was \$371 million because the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions in the amount of \$317.5 million and users charged for \$2.6 million. We paid for the remaining "public benefit" portion of our governmental activities with \$713.6 million in federal and state funds and local property taxes.

In Table 3, we have presented the net cost of each of the District's largest functions. As discussed earlier, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3

(Amounts in millions)	Net Cost of Services	
	2023	2022
Instruction-related	\$ (351.05)	\$ (287.80)
Pupil services	(33.05)	(54.40)
Administration	(29.56)	(22.68)
Plant services	(56.75)	(66.02)
All other services	(57.09)	(46.60)
Total	\$ (527.50)	\$ (477.50)

The District's Funds

As the District completed this year, our governmental funds reported a combined fund balance of \$644.66 million, which is an increase of \$66.57 million from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2022	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General	\$ 155.50	\$ 881.47	\$ 753.84	\$ 283.13
Adult Education	1.30	3.10	3.38	1.02
Child Development	3.90	19.71	19.81	3.80
Cafeteria	28.46	28.53	22.51	34.47
Deferred Maintenance	6.27	3.07	3.98	5.36
Building	225.33	4.78	68.80	161.31
Capital Facilities	17.00	3.55	0.32	20.23
State School Building Lease-Purchase	-	-	-	-
County School Facilities	11.60	0.21	1.49	10.32
Special Reserve Fund for Capital Outlay Projects	0.72	2.86	0.50	3.09
Bond Interest and Redemption	128.00	102.69	108.76	121.93
Total	<u>\$ 578.08</u>	<u>\$ 1,049.98</u>	<u>\$ 983.40</u>	<u>\$ 644.66</u>

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to reflect the most updated information and changes in revenues and expenditures for the fiscal year. A schedule showing the District’s original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 60.

Capital Assets, Right-to-Use Leased Assets, and Long-Term Liabilities

Capital Assets and Right-to-Use Leased Assets

At June 30, 2023, the District had \$1,164 million in a broad range of capital assets and right-to-use leased assets, (net of depreciation and amortization), including land, buildings, furniture, equipment, and right-to-use leased assets. This amount represents a net increase of \$36.68 million or 3.25%, from last year (Table 5).

Table 5

(Amounts in millions)	Governmental Activities	
	2023	2022
Land and construction in progress	\$ 141.85	\$ 78.28
Buildings and improvements	1,014.76	1,040.06
Equipment	6.99	5.82
Right-to-use leased assets	0.46	3.21
Total	\$ 1,164.05	\$ 1,127.37

This year’s additions of \$72.8 million included several vehicles, cafeteria equipment and classroom equipment such as computers. No debt was issued for these additions.

Several capital projects are planned for the 2023-2024 year. We anticipate capital additions to be \$185 million for the 2023-2024 year as the District has just sold its second series of the Measure Y Bonds on November 9, 2023. We present more detailed information about our capital assets and right-to-use leased assets in Note 3 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$1,703 million in long-term liabilities outstanding versus \$1,593 million last year, an increase of \$110 million or 6.93%. Much of the change is attributable to reduction of the CalSTRS and CalPERS pension liabilities caused by investment gains during the measurement period. Total long-term obligations, including unamortized bond premiums, consisted of the following:

Table 6

(Amounts in millions)	Governmental Activities	
	2023	2022
Long-Term obligations		
General obligation bonds	\$ 1,050.03	\$ 1,112.17
Unamortized premiums	97.95	108.88
Leases	0.41	2.95
Emergency apportionment loan	6.07	11.84
Claims liability	43.34	41.11
Other	5.67	6.94
Aggregate net pension liability	499.60	308.83
Total	\$ 1,703.05	\$ 1,592.72

We present more detailed information regarding our long-term obligations in Note 6 of the financial statements.

General Fund Budgetary Highlights

The District adopted its Fiscal Year 2022-2023 budget during June 2022. Subsequent budget updates were reported in the first, second, and third interim to reflect changes in revenue, expenses and their impact to fund balance. Several budget revisions and adjustments are initiated throughout the fiscal year as follows: District updates its revenue projection upon receipt of new Grant awards and entitlement letters, which included a revised increase to the Unrestricted LCFF for Concentration dollars as well as additional allocations to restricted resources. At the close of the prior year, carryover balances are rolled to the current year. Expenditure budgets are increased by carryovers when unaudited actual balances are calculated and closed.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact:

Chief Business Officer
Oakland Unified School District
1011 Union Street
Oakland, CA 94607

Or visit our website at: www.ousd.org.

Oakland Unified School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 741,887,000
Receivables	20,707,360
Due from other governments	46,658,496
Prepaid expenses	627,970
Capital assets not depreciated	141,850,102
Capital assets, net of accumulated depreciation/amortization	1,021,745,771
Right-to-use assets, net of accumulated amortization	458,458
Total assets	1,973,935,157
Deferred Outflows of Resources	
Deferred charge on refunding Pension related	30,319,004
	153,971,156
Total deferred outflows of resources	184,290,160
Liabilities	
Accounts payable	108,605,106
Interest payable	22,142,532
Due to other governments	9,025,355
Unearned revenue	30,597,356
Long-term liabilities	
Portion due or payable within one year	
Claims	9,182,723
Compensated absences	3,553,389
Long term debt	70,724,599
Lease payable	410,377
Portion due or payable after one year	
Claims	34,156,624
Compensated absences	2,111,737
Long term debt	1,083,314,341
Aggregate net pension liability	499,600,801
Total liabilities	1,873,424,940
Deferred Inflows of Resources	
Pension related	46,209,779
Net Position	
Net investment in capital assets	207,309,384
Restricted for	
Debt service	99,787,223
Educational programs	169,567,693
Capital projects	39,019,939
Child nutrition programs	34,477,045
Unrestricted deficit	(311,570,686)
Total net position	\$ 238,590,598

Oakland Unified School District
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 452,391,212	\$ 2,128,491	\$ 184,192,408	\$ (266,070,313)
Instruction-related activities				
Supervision of instruction	93,148,307	206,254	47,854,032	(45,088,021)
Instructional library, media, and technology	2,104,529	36,574	378,404	(1,689,551)
School site administration	45,916,044	64,565	7,652,471	(38,199,008)
Pupil services				
Home-to-school transportation	16,645,282	-	34,286	(16,610,996)
Food services	23,141,395	29,824	28,875,955	5,764,384
All other pupil services	32,238,552	45,780	9,985,141	(22,207,631)
Administration				
Data processing	12,080,180	-	2,816,990	(9,263,190)
All other administration	29,867,418	11,849	9,557,497	(20,298,072)
Plant services	69,246,515	52,030	12,439,997	(56,754,488)
Ancillary services	17,382,762	39,021	13,747,345	(3,596,396)
Community services	419,845	-	-	(419,845)
Enterprise services	4,924,757	-	-	(4,924,757)
Interest on long-term liabilities	42,193,844	-	-	(42,193,844)
Other outgo	5,957,926	-	-	(5,957,926)
Total governmental activities	<u>\$ 847,658,568</u>	<u>\$ 2,614,388</u>	<u>\$ 317,534,526</u>	<u>(527,509,654)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				207,440,287
Property taxes, levied for debt service				99,799,907
Taxes levied for other specific purposes				63,730,058
Federal and State aid not restricted to specific purposes				340,213,505
Interest and investment earnings				(532,832)
Interagency revenues				1,389,062
Special and extraordinary				404
Miscellaneous				<u>1,525,308</u>
Subtotal, general revenues				<u>713,565,699</u>
Change in Net Position				186,056,045
Net Position - Beginning				<u>52,534,553</u>
Net Position - Ending				<u>\$ 238,590,598</u>

Oakland Unified School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	\$ 351,586,287	\$ 170,869,888	\$ 121,211,374	\$ 82,213,595	\$ 725,881,144
Accounts receivables	15,921,215	1,064,208	718,381	1,818,031	19,521,835
Due from other funds	75,428	274,585	-	3,594,235	3,944,248
Grant receivables	43,498,182	-	-	3,160,314	46,658,496
Prepaid expenditures	393,395	234,575	-	-	627,970
Other current assets	71,321	-	-	-	71,321
Total assets	\$ 411,545,828	\$ 172,443,256	\$ 121,929,755	\$ 90,786,175	\$ 796,705,014
Liabilities and Fund Balances					
Accounts payables	\$ 93,390,407	\$ 9,390,157	\$ -	\$ 4,527,653	\$ 107,308,217
Due to other funds	2,993,850	1,735,404	-	352,001	5,081,255
Due to other governments	9,025,355	-	-	-	9,025,355
Unearned revenue	23,006,673	-	-	7,590,683	30,597,356
Total liabilities	128,416,285	11,125,561	-	12,470,337	152,012,183
Fund Balances					
Nonspendable	543,402	234,575	-	-	777,977
Restricted	164,748,839	161,083,120	121,929,755	78,315,838	526,077,552
Assigned	2,548,760	-	-	-	2,548,760
Unassigned	115,288,542	-	-	-	115,288,542
Total fund balances	283,129,543	161,317,695	121,929,755	78,315,838	644,692,831
Total liabilities and Fund Balances	\$ 411,545,828	\$ 172,443,256	\$ 121,929,755	\$ 90,786,175	\$ 796,705,014

Oakland Unified School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 For the year ending June 30, 2023

Total Fund Balance - Governmental Funds		\$ 644,692,831
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	1,702,047,747	
Accumulated depreciation is	<u>(538,451,874)</u>	
Net capital assets		1,163,595,873
Right-to-use leased assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of right-to-use leased assets is	11,002,995	
Accumulated amortization is	<u>(10,544,537)</u>	
Net right-to-use leased assets		458,458
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		
		(22,142,532)
An internal service fund is used by management to charge the costs of the workers' compensation insurance program to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net position.		
		(27,901,414)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources are from pensions		
		153,322,356
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to pensions		
		(46,161,530)
Expenditures relating to deferred charges on bond issuances were recognized on the modified accrual basis, but are amortized over the life of the debt on the accrual basis.		
		30,319,004
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(497,478,005)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
General obligation bonds	(1,147,971,269)	
Leases	(410,377)	
Compensated absences (vacations)	(5,665,126)	
Emergency apportionment loan	<u>(6,067,671)</u>	
Total long-term liabilities		<u>(1,160,114,443)</u>
Total net position - governmental activities		<u>\$ 238,590,598</u>

Oakland Unified School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local Control Funding Formula	\$ 464,182,316	\$ -	\$ -	\$ -	\$ 464,182,316
Federal sources	118,465,168	-	1,095,823	21,769,207	141,330,198
Other State sources	210,744,327	10,184	387,984	28,280,469	239,422,964
Other local sources	88,079,164	4,771,844	101,207,279	5,083,957	199,142,244
Total revenues	881,470,975	4,782,028	102,691,086	55,133,633	1,044,077,722
Expenditures					
Current					
Instruction	430,088,347	-	-	15,577,414	445,665,761
Instruction-related activities					
Supervision of instruction	87,261,645	-	-	2,823,816	90,085,461
Instructional library, media, and technology	3,378,652	-	-	-	3,378,652
School site administration	42,624,582	-	-	3,165,392	45,789,974
Pupil services					
Home-to-school transportation	16,018,824	-	-	-	16,018,824
Food services	1,447,554	-	-	22,191,217	23,638,771
All other pupil services	30,959,530	-	-	-	30,959,530
Administration					
Data processing	11,992,895	-	-	-	11,992,895
All other administration	27,868,608	-	-	879,010	28,747,618
Plant services	63,968,909	1,398,059	-	529,716	65,896,684
Ancillary services	16,730,202	-	-	-	16,730,202
Community services	404,193	-	-	-	404,193
Other outgo	5,957,926	-	-	-	5,957,926
Capital outlay	735,635	66,253,061	-	6,828,831	73,817,527
Debt service					
Principal	8,312,173	-	62,145,000	-	70,457,173
Interest and other	194,670	1,150,343	46,617,247	-	47,962,260
Total expenditures	747,944,345	68,801,463	108,762,247	51,995,396	977,503,451
Excess (Deficiency) of Revenues Over Expenditures	133,526,630	(64,019,435)	(6,071,161)	3,138,237	66,574,271
Other Financing Sources (Uses)					
Transfers in	-	-	-	5,900,000	5,900,000
Transfers out	(5,900,000)	-	-	-	(5,900,000)
Net Financing Sources (Uses)	(5,900,000)	-	-	5,900,000	-
Net Change in Fund Balances	127,626,630	(64,019,435)	(6,071,161)	9,038,237	66,574,271
Fund Balance - Beginning	155,502,913	225,337,130	128,000,916	69,277,601	578,118,560
Fund Balance - Ending	\$ 283,129,543	\$ 161,317,695	\$ 121,929,755	\$ 78,315,838	\$ 644,692,831

Oakland Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2023

Total net change in fund balances - Governmental Funds		\$ 66,574,271
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities.		
This is the amount by which capital outlays exceed depreciation and amortization expenses in the period.		
Depreciation and amortization expenses	(37,006,548)	
Capital outlays	<u>73,817,528</u>	
Net expense adjustment		36,810,980
Loss on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		
		(128,053)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		
		1,273,500
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		
		11,075,786
Governmental funds report the effect of premiums, discounts, and the deferred charge on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.		
Deferred amount on refunding recognized		(3,171,816)
Premium amortization		10,937,579
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
General obligation bonds		62,145,000
Emergency apportionment loan		5,774,877
Leases		2,537,299

Oakland Unified School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	(3,147,693)
An internal service fund is used by management to charge the costs of the self insurance program to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	<u>(4,625,685)</u>
Change in net position of governmental activities	<u><u>\$ 186,056,045</u></u>

Oakland Unified School District
Statement of Net Position – Proprietary Funds – Self Insurance
June 30, 2023

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Cash	\$ 664,283
Cash equivalent county treasury pool	15,341,573
Excess carrier refunds	1,026,219
Due from other funds	1,137,007
Interest receivable	87,985
	18,257,067
Total assets	
Deferred Outflows of Resources	
Pension related	648,800
	648,800
Total deferred outflows of resources	
Liabilities	
Current liabilities	
Salaries and benefits payable	424,852
Accounts payable	872,037
Claims liability	9,182,723
	10,479,612
Total current liabilities	
Noncurrent liabilities	
Claims liabilities	34,156,624
Net pension liability	2,122,796
	36,279,420
Total noncurrent liabilities	
Total liabilities	
	46,759,032
Deferred Inflows of Resources	
Pension related	48,249
	48,249
Total deferred inflows of resources	
Net Position	
Unrestricted	(27,901,414)
	(27,901,414)
Total net position (deficit)	
	\$ (27,901,414)

Oakland Unified School District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds – Self Insurance
Year Ended June 30, 2023

	<u>Governmental Activities - Internal Service Fund</u>
Operating Revenues	
In-district premiums	\$ 19,404,150
Total operating revenues	<u>19,404,150</u>
Operating Expenses	
Claims	18,783,173
Excess insurance	3,740,050
Salaries and benefits	1,711,171
Supplies and materials	114,830
Other	8,427
Total operating expenses	<u>24,357,651</u>
Operating Income	<u>(4,953,501)</u>
Nonoperating income (expense)	
State and local grants	2,265
Fair market value adjustments	79,181
Interest income	246,370
Total nonoperating revenues (expenses)	<u>327,816</u>
Income (loss) before capital contributions and transfers	<u>(4,625,685)</u>
Change in Net Position	(4,625,685)
Net Position (deficit) - Beginning	<u>(23,275,729)</u>
Net Position (deficit) - Ending	<u><u>\$ (27,901,414)</u></u>

Oakland Unified School District
Statement of Cash Flows – Proprietary Funds – Self Insurance
Year Ended June 30, 2023

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts for insurance premiums	\$ 19,391,654
Cash payment for insurance claims and premiums	(20,022,874)
Cash payments to employees for services	(2,859,793)
Cash payments for supplies	239,302
Other operating cash payments	91,573
	(3,160,138)
Cash flows from noncapital financing activities	
Operating grants received	2,265
	2,265
Cash flows from investing activities	
Interest on investments	268,289
	268,289
Net change in cash and cash equivalents	(2,889,584)
Cash and cash equivalents, beginning	18,895,440
Cash and cash equivalents, ending	\$ 16,005,856
Reconciliation of operating income to net cash from operating activities	
Operating income	\$ (4,953,501)
Adjustments to reconcile operating loss to net cash used for operating activities	
Change in pension liability and related deferred inflows and outflows	28,297
Changes in assets and liabilities	
Receivables	256,866
Prepaid	100,000
Claim liabilities	2,230,987
Accrued liabilities	(822,787)
	(3,160,138)
Net cash used for operating activities	\$ (3,160,138)

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Oakland Unified School District (District) was organized in 1855 under the laws of the State of California and unified in 1952. The District operates under a locally elected seven-member Board form of government and provides educational services to grades K-12 as mandated by State and Federal agencies. During the 2022-2023 school year, the District operated 45 K-5 elementary schools, 4 K-8 elementary schools, 11 6-8 middle schools, 3 grades 6-12 schools, 9 grades 9-12 high schools, 5 alternative schools, and 28 early childhood education centers.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Oakland Unified School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are grouped into two broad fund categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major and nonmajor governmental funds:

Major Governmental Funds

General Fund The general fund is the chief operating fund for all districts. It is used to account for the ordinary operations of the District. All transactions, except those accounted for in another fund, are accounted for in this fund.

Building Fund The building fund is a capital projects fund that exists primarily to account separately for proceeds from the sale of bonds (Education Code Section 15146) and may not be used for any purposes other than those for which the bonds were authorized.

Bond Interest and Redemption Fund The bond interest and redemption fund is a debt service fund used for the repayment of bonds issued for a district (Education Code Sections 15125-15262).

Nonmajor Governmental Funds

Special Revenue Funds The special revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Adult Education Fund** The adult education fund is used to account separately for federal, state, and local revenues for adult education programs and is to be expended for adult education purposes only.
- **Cafeteria Fund** The cafeteria fund is used to account separately for federal, state, and local resources to operate the food service program (Education Code Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (Education Code Sections 38091 and 38100). The District elected to present the cafeteria fund as a major fund.
- **Child Development Fund** The child development fund is used to account separately for federal, state, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Deferred Maintenance Fund** The deferred maintenance fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code* Sections 17582-17587) and for items of maintenance approved by the State Allocation Board.

Capital Projects Funds The capital projects funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Capital Facilities Fund** The capital facilities fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).
- **County School Facilities Fund** The fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), or the 2006 State Schools Facilities Fund (Proposition 1D) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The special reserve fund for capital outlay projects exists primarily to provide for the accumulation of general fund monies for capital outlay purposes (*Education Code* Section 42840).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service.

- **Internal Service Fund** Internal service funds may be used to account for goods or services provided to other funds of the District on a cost-reimbursement basis. The District operates a workers' compensation and general liability programs that are accounted for in an internal service fund.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities, except for depreciation and amortization of leased assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their net asset use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor governmental funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of changes in fund net position presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability is removed from the balance sheet and revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows. The county treasury has characteristics of demand deposit accounts in that the District may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

Investments

Investments with original maturities greater than one year and the county treasury pool balances are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of \$50,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets recorded at estimated acquisition value at the date of donation.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; building improvements, 20 years; equipment, 5 to 20 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2023.

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental column of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resources. These amounts are reported in the fund from which the employees who have accumulated leave are paid.

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

The following are the changes in the balances of compensated absences during the year:

Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in one year
\$ 6,938,626	\$ 3,886,260	\$ (5,159,760)	\$ 5,665,126	\$ 3,553,389

Compensated absences will be paid by the fund from which the employee worked.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for *deferred outflows of resources*. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District has two items that qualify for reporting in this category; deferred amounts related to pension and deferred charges related to refunding bonds. The deferred amounts related to pension relate differences between estimated and actual investment earnings, changes in proportions, and other pension and related changes.

In addition to liabilities, the statement of financial position includes a separate section for *deferred inflows of resources*. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category; deferred amounts related to leases, pension.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Leases

As Lessee: The District is a lessee for its administrative offices at 1000 Broadway. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in its financial statement.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses its estimated bond borrowing rate as the initial discount rate for leases with adjustment for the applicable lease terms.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with noncurrent capital assets and lease liabilities are reported with long-term debt as current and noncurrent liabilities on the statement of net position.

Fund Balances - Governmental Funds

As of June 30, 2023, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Delegated authority to assign fund balances is with the District's chief business officer.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires a reserve for economic uncertainties consisting of unassigned amounts equal to no less than three percent of general fund expenditures and other financing uses.

Net Position

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances of bonds, notes, lease liabilities and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Self-Insurance Obligation

The self-insurance fund is used to account for the District's self-insurance obligation related to workers' compensation, general liability, and dental claims. Funding of the self-insurance obligation is based on estimates of the amounts needed to pay prior and current year claims. The District is self-insured to specified limits for workers' compensation and general liability, as described in Note 8. The general fund is charged premiums by the self-insurance fund, which is accounted for as an internal service fund. The District participates in joint power agreements which provide excess liability and excess workers' compensation coverage to the District. The District also participates in a joint powers agreement for its property insurance coverage. In the government-wide financial statements, the internal service fund activity is eliminated to avoid doubling of revenues and expenditures.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are in-district insurance premiums. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Transfers between governmental and business-type activities in the government-wide financial statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental and business-type activities columns of the statement of activities, except for the net residual amounts transferred between governmental and business-type activities.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Alameda bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	\$ 725,881,144
Proprietary funds	<u>16,005,856</u>
Total deposits and investments	<u><u>\$ 741,887,000</u></u>

Deposits and investments as of June 30, 2023, consist of the following:

Cash on hand and in banks	\$ 5,555,064
Cash with fiscal agent	664,283
Cash awaiting deposit	5,183,287
Cash in revolving	150,007
County treasury pool	<u>730,334,359</u>
Total deposits and investments	<u><u>\$ 741,887,000</u></u>

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies; certificates of participation; obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their county treasurer (*Education Code* Section 41001). The fair value of the District’s investment in the pool is reported in the accounting financial statements at amounts based upon the District’s pro-rata share of the fair value provided by the county treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker’s Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a policy regarding interest rate risk beyond the limitations imposed by California Government Code. The District manages its exposure to interest rate risk by investing in the Alameda County Treasury Investment Pool. The sensitivity of the fair values of the District's investment to market interest rate fluctuation is measured as the weighted average maturity of the investment portfolio, which was 473 days on June 30, 2023.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy regarding credit risk beyond the limitations imposed by California Government Code. The District's investments in the Alameda County Treasury Investment Pool are not rated as of June 30, 2023.

Concentration Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District does not have a policy regarding concentration of credit risk beyond the limitations imposed by California Government Code. The District manages its exposure to this risk by investing in the Alameda County Treasury Investment Pool.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits other than the following provision: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, the District's bank balance of \$5,621,383 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. Deposits and withdrawals in the Alameda County investment pool are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share of investments in the county pool at June 30, 2023 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Note 3 - Capital Assets and Right-to-Use Leased Assets

Capital assets and right-to-use leased assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 17,701,767	\$ -	\$ -	\$ 17,701,767
Construction in progress	60,578,922	72,900,084	(9,330,671)	124,148,335
Total capital assets not being depreciated	<u>78,280,689</u>	<u>72,900,084</u>	<u>(9,330,671)</u>	<u>141,850,102</u>
Capital assets being depreciated				
Buildings and improvements	1,532,834,934	7,804,076	-	1,540,639,010
Furniture and equipment	18,178,387	2,444,039	(1,063,790)	19,558,636
Total capital assets being depreciated	<u>1,551,013,321</u>	<u>10,248,115</u>	<u>(1,063,790)</u>	<u>1,560,197,646</u>
Total capital assets	<u>1,629,294,010</u>	<u>83,148,199</u>	<u>(10,394,461)</u>	<u>1,702,047,748</u>
Accumulated depreciation and amortization				
Buildings and improvements	(492,776,976)	(33,105,011)	-	(525,881,987)
Furniture and equipment	(12,354,837)	(1,150,787)	935,737	(12,569,887)
Total accumulated depreciation	<u>(505,131,813)</u>	<u>(34,255,798)</u>	<u>935,737</u>	<u>(538,451,874)</u>
Net depreciable capital assets	<u>1,124,162,197</u>	<u>48,892,401</u>	<u>(9,458,724)</u>	<u>1,163,595,874</u>
Right-to-use leased assets being amortized				
Buildings and improvements	11,002,996	-	-	11,002,996
Total right-to-use leased assets being amortized	<u>11,002,996</u>	<u>-</u>	<u>-</u>	<u>11,002,996</u>
Accumulated amortization				
Buildings and improvements	(7,793,789)	(2,750,750)	-	(10,544,539)
Total accumulated amortization	<u>(7,793,789)</u>	<u>(2,750,750)</u>	<u>-</u>	<u>(10,544,539)</u>
Net right-to-use leased assets	<u>3,209,207</u>	<u>(2,750,750)</u>	<u>-</u>	<u>458,457</u>
Governmental activities capital assets, net	<u>\$ 1,127,371,404</u>	<u>\$ 46,141,651</u>	<u>\$ (9,458,724)</u>	<u>\$ 1,164,054,331</u>

Depreciation and amortization expenses were charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities	
Instruction	\$ 22,359,469
Supervision of instruction	3,941,206
Instructional library, media, and technology	147,815
School site administration	2,003,295
Home-to-school transportation	700,818
Food services	1,034,188
All other pupil services	1,354,468
Ancillary Services	731,940
Community Services	17,683
Data processing	1,257,698
All other administration	524,685
Plant services	<u>2,933,283</u>
Total depreciation and amortization expenses governmental activities	<u><u>\$ 37,006,548</u></u>

Note 4 - Lease

Lessee Activities

The District has accrued liabilities for its administrative offices at 1000 Broadway. The discount rate used in the calculation of the lease liability was 1.07 percent. The remaining liability for the lease is \$410,377 as of June 30, 2023. Right to use assets, net of accumulated amortization, for the lease is \$458,457 as of June 30, 2023. The District is required to make monthly principal and interest payments of \$205,463. Interest expense recognized on these leases was \$18,717 for the fiscal year ended June 30, 2023. Principal payments of \$2,537,299 were recognized in the year ended June 30, 2023. Final payment on these leases is currently expected in fiscal year 2024. The changes in the District's leases during the year consisted of the following:

Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
\$ 2,947,676	\$ -	\$ (2,537,299)	\$ 410,377	\$ 410,377

The District's schedule of future payments included in the measurement of the lease liability are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 410,377	\$ 549	\$ 410,926
Total	\$ 410,377	\$ 549	\$ 410,926

Note 5 - Interfund Transactions

Interfund Receivables and Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and nonmajor governmental funds, and internal service funds are as follows:

Interfund payable	Interfund Receivable				Total
	General Fund	Building Fund	Nonmajor Governmental Funds	Self Insurance Fund	
General Fund	\$ -	\$ -	\$ 1,856,843	\$ 1,137,007	\$ 2,993,850
Building Fund	50	-	1,735,354	-	1,735,404
Nonmajor Governmental Funds	75,378	274,585	2,038	-	352,001
Total	\$ 75,428	\$ 274,585	\$ 3,594,235	\$ 1,137,007	\$ 5,081,255

The balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers for the year ended June 30, 2023, consisted of the following:

- The general fund transferred \$3,000,000 to deferred maintenance fund for annual contribution.
- The general fund transferred \$2,900,000 to special reserve capital outlay fund for capital project contribution.

Note 6 - Long-Term Debt

Summary

The changes in the District's long-term debt during the year consisted of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Debt					
General obligation bonds	\$ 1,112,170,000	\$ -	\$ (62,145,000)	\$ 1,050,025,000	\$ 57,800,000
Unamortized debt premiums	108,883,848	-	(10,937,579)	97,946,269	10,937,579
Emergency apportionment- direct borrowing loan	11,842,548	-	(5,774,877)	6,067,671	1,987,020
Total	\$ 1,232,896,396	\$ -	\$ (78,857,456)	\$ 1,154,038,940	\$ 70,724,599

Payments on the general obligation bonds are made by the bond interest and redemption fund with property tax revenues which are used solely to repay the principal and interest due on these obligations. Payments on the emergency apportionment loan will be made primarily by the general fund.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Bond Issuance	Issuance Date	Final Maturity Date	Interest Rate	Original Issue
Election of 2006 - Series 2009 C	Jul-09	Aug-24	2.82%	26,320,000
Election of 2006 - Series 2012 A	Mar-12	Aug-32	3.00-5.55%	31,040,000
Election of 2006 - Series 2012 B	Mar-12	Aug-33	6.88%	23,960,000
Election of 2012 - Series 2013	Sep-13	Aug-38	4.00-5.00%	120,000,000
Election of 2012 - Series 2015A	Aug-15	Aug-40	5.00%	173,500,000
2015 Refunding	Aug-15	Aug-30	5.00%	168,705,000
Election of 2006 - Series 2016A	Aug-16	Aug-41	4.00-5.00%	65,000,000
2016 Refunding	Aug-16	Aug-31	2.00-5.00%	155,780,000
2017 Refunding - Series A	May-17	Aug-25	4.00-5.00%	111,055,000
2017 Refunding - Series B	May-17	Aug-32	4.00-5.00%	24,155,000
2017 Refunding - Series C	May-17	Aug-38	4.00-5.00%	82,930,000
2017 Refunding - Series D	May-17	Aug-34	3.405-3.955%	75,420,000
2019 Series A	Aug-19	Aug-40	3.00-5.00%	160,000,000
2019 Series B	Aug-19	Aug-22	2.096-2.146%	15,000,000
2021 Series A	Oct-21	Aug-46	4.00-5.00%	150,240,000
2021 Series B	Oct-21	Aug-22	0.355-0.485%	34,760,000
2021 Refunding	Oct-21	Aug-40	0.455-2.974%	120,060,000

Bond Issuance	Bonds Outstanding July 1, 2022	Issued	Redeemed	Bonds Outstanding June 30, 2023
Election of 2006 - Series 2009 C	26,320,000	-	-	26,320,000
Election of 2006 - Series 2012 A	1,265,000	-	(1,265,000)	-
Election of 2006 - Series 2012 B	23,960,000	-	-	23,960,000
Election of 2012 - Series 2013	3,550,000	-	(1,640,000)	1,910,000
Election of 2012 - Series 2015A	57,190,000	-	(5,160,000)	52,030,000
2015 Refunding	115,940,000	-	(11,710,000)	104,230,000
Election of 2006 - Series 2016A	61,080,000	-	(2,060,000)	59,020,000
2016 Refunding	137,500,000	-	(8,125,000)	129,375,000
2017 Refunding - Series A	60,055,000	-	(15,665,000)	44,390,000
2017 Refunding - Series B	24,115,000	-	(15,000)	24,100,000
2017 Refunding - Series C	81,930,000	-	(280,000)	81,650,000
2017 Refunding - Series D	75,420,000	-	-	75,420,000
2019 Series A	160,000,000	-	-	160,000,000
2019 Series B	3,500,000	-	(3,500,000)	-
2021 Series A	150,240,000	-	-	150,240,000
2021 Series B	10,045,000	-	(10,045,000)	-
2021 Refunding	120,060,000	-	(2,680,000)	117,380,000
	<u>\$ 1,112,170,000</u>	<u>\$ -</u>	<u>\$ (62,145,000)</u>	<u>\$ 1,050,025,000</u>

Debt Service Requirements to Maturity

The general obligation bonds mature through 2047 as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 57,800,000	\$ 44,231,089	102,031,089
2025	80,325,000	40,882,624	121,207,624
2026	59,400,000	37,745,022	97,145,022
2027	57,635,000	34,885,510	92,520,510
2028	48,730,000	32,298,537	81,028,537
2029-2033	271,820,000	122,824,540	394,644,540
2034-2038	252,585,000	62,871,335	315,456,335
2039-2043	163,900,000	22,491,073	186,391,073
2044-2048	57,830,000	4,770,200	62,600,200
Total	<u>\$ 1,050,025,000</u>	<u>\$ 402,999,930</u>	<u>\$ 1,453,024,930</u>

State of California Emergency Apportionment Direct Borrowing Loan

On January 3, 2003, Senate Bill 39, Chapter 14, Statutes of 2003, was enacted. This legislation provided an emergency apportionment loan to the District of \$100,000,000.

The California Department of Education authorized the State Administrator to use these funds to offset the cost of audit findings, technology enhancements and the associated loan payment of the drawdown. The legislation requires the District to repay the loan, including interest at a rate of 1.778%, which is the rate earned by the State's Pooled Money Investment Account on the effective date of Senate Bill 39. The bill provides that the loan be repaid over a 20-year period.

Repayment of the loan commenced in 2003-04 and matures through 2026 as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,987,020	\$ 107,883	\$ 2,094,903
2025	2,022,349	72,554	2,094,903
2026	2,058,302	36,598	2,094,900
	<u>\$ 6,067,671</u>	<u>\$ 217,035</u>	<u>\$ 6,284,706</u>

Note 7 - Fund Balances

Fund balances are composed of the following on June 30, 2023:

	General Fund	Building Funds	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable					
Revolving cash	\$ 150,007	\$ -	\$ -	\$ -	\$ 150,007
Prepaid expenditures	393,395	234,575	-	-	627,970
Total nonspendable	<u>543,402</u>	<u>234,575</u>	<u>-</u>	<u>-</u>	<u>777,977</u>
Restricted					
Purpose of the grant	123,697,719	-	-	4,818,854	128,516,573
Purpose of the local grant	13,737,945	-	-	-	13,737,945
Associated student body	826,151	-	-	-	826,151
Measure G1 programs	9,190,545	-	-	-	9,190,545
Measure N programs	12,003,429	-	-	-	12,003,429
Measure G programs	5,293,050	-	-	-	5,293,050
Deferred maintenance	-	-	-	5,365,324	5,365,324
Child nutrition programs	-	-	-	34,477,045	34,477,045
Capital projects	-	161,083,120	-	33,654,615	194,737,735
Debt services	-	-	121,929,755	-	121,929,755
Total restricted	<u>164,748,839</u>	<u>161,083,120</u>	<u>121,929,755</u>	<u>78,315,838</u>	<u>526,077,552</u>
Assigned					
Reparations for black student	2,000,000	-	-	-	2,000,000
Stale Dated Warrants	548,760	-	-	-	548,760
Total assigned	<u>2,548,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,548,760</u>
Unassigned					
Reserve for economic uncertainties	32,623,318	-	-	-	32,623,318
Remaining unassigned	82,665,224	-	-	-	82,665,224
Total unassigned	<u>115,288,542</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>115,288,542</u>
Total	<u>\$ 283,129,543</u>	<u>\$ 161,317,695</u>	<u>\$ 121,929,755</u>	<u>\$ 78,315,838</u>	<u>\$ 644,692,831</u>

Note 8 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year, the District contracted with Northern California ReLiEF for property and liability insurance coverage. Northern California ReLiEF liability and property insurance coverage maintains a self-insurance retention of \$250,000 for property claims per occurrence and excess coverage of \$500,250,000 and \$100,000 for liability per occurrence and a \$1,000,000 excess coverage limit. The District pays an annual contribution to Northern California ReLiEF for its excess property and liability coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage to date.

Workers' Compensation

The District is permissibly self-insured for workers' compensation and maintains a \$500,000 per occurrence self-insurance retention. Above that level, the District purchases excess insurance to the statutory maximums. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Claims Liabilities

The District records an estimated liability for indemnity torts and other claims against the District. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred, but not reported based on historical experience.

Unpaid Claims Liabilities

The District establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The following represents the changes in approximate aggregate liabilities for the District from July 1, 2021, to June 30, 2023:

Liability Balance, June 30, 2021	\$ 39,585,946
Claims and changes in estimates	24,186,078
Claims payments	<u>(22,663,664)</u>
Liability Balance, June 30, 2022	41,108,360
Claims and changes in estimates	24,905,764
Claims payments	<u>(22,674,777)</u>
Liability Balance, June 30, 2023	<u><u>\$ 43,339,347</u></u>

Note 9 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2023, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 267,622,285	\$ 74,783,477	\$ 37,771,933	\$ 27,848,890
CalPERS	231,978,516	79,187,679	8,437,846	33,077,120
Total	<u>\$ 499,600,801</u>	<u>\$ 153,971,156</u>	<u>\$ 46,209,779</u>	<u>\$ 60,926,010</u>

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>STRP Defined Benefit Program</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$42,050,578.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Proportionate share of net pension liability	\$ 267,622,285
State's proportionate share of the net pension liability	<u>134,024,194</u>
Total	<u><u>\$ 401,646,479</u></u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively, was 0.3851 percent and 0.3790 percent, resulting in a net increase in the proportionate share of 0.0061 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$27,848,890. In addition, the District recognized pension expense and revenue of \$10,808,963 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 42,050,578	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	19,241,248	4,618,599
Differences between projected and actual earnings on pension plan investments	-	13,087,248
Differences between expected and actual experience in the measurement of the total pension liability	219,533	20,066,086
Changes of assumptions	<u>13,272,118</u>	<u>-</u>
Total	<u><u>\$ 74,783,477</u></u>	<u><u>\$ 37,771,933</u></u>

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (9,613,555)
2025	(10,414,659)
2026	(15,644,936)
2027	22,585,902
Total	\$ (13,087,248)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 11,479,396
2025	(2,191,354)
2026	173,791
2027	1,037,505
2028	(1,600,768)
Thereafter	(850,356)
Total	\$ 8,048,214

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	13%	3.6%
Private equity	12%	6.3%
Fixed income	15%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 454,531,899
Current discount rate (7.10%)	267,622,285
1% increase (8.10%)	112,439,412

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$29,922,921.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$231,978,516. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022, and June 30, 2021, respectively was 0.6742 percent and 0.6706 percent, resulting in a net increase in the proportionate share of 0.0036 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$33,077,120. At June 30, 2023 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 29,922,921	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,665,546	2,665,924
Differences between projected and actual earnings on pension plan investments	27,390,353	-
Differences between expected and actual experience in the measurement of the total pension liability	1,048,407	5,771,922
Changes of assumptions	17,160,452	-
Total	\$ 79,187,679	\$ 8,437,846

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 4,567,839
2025	4,051,358
2026	2,069,484
2027	16,701,672
Total	\$ 27,390,353

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 4,176,901
2025	5,458,506
2026	3,950,692
2027	(149,540)
Total	\$ 13,436,559

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 335,104,712
Current discount rate (6.90%)	231,978,516
1% increase (7.90%)	146,748,505

Social Security

As established by Federal law, all public sector employees who are not members of either CalSTRS or CalPERS must be covered by social security or an alternative plan. The District has elected to use PARS as its alternative plan. Contributions made by the District and employee vest immediately. For employees who are members of CalPERS, the District and the employee each contribute 6.2 percent of the employee's gross earnings towards social security.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. The state contribution for fiscal year ending June 30, 2023 was \$21,500,265. The CalSTRS on behalf contribution is reported in the general fund as state revenue and pension expenditure.

Note 10 - Commitments and Contingencies

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the District has been mindful of the potential adverse impact the improper use/spending of COVID resources could have. Management of the District also believe that it has carefully managed its expenditures in ESSER and other one-time COVID related funds as the risks of any disallowed claims could be impactful to the Unrestricted General Fund. In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2023.

Health Benefits Obligation

In October 2015, the District entered into an agreement with its employee unions setting up a coordinated bargaining process for health and welfare benefits to be conducted through a Health Benefits Governance Board (HBGB). The intention of the agreement is to provide stability and help manage benefits costs. The HBGB consists of representatives of each signatory union and the District.

Section IV of the agreement defines a formula to annually calculate the District's responsibility to fund health and welfare benefits. If the District's financial obligations, as calculated per the HBGB formula, exceed the actual costs of benefits, such excess contributions are restricted for future health and welfare obligations. However, if actual benefits costs are greater than the District's financial obligations per the HBGB formula, those costs are first paid from restricted resources, and then are obligations of the signatory unions. In other words, the District's obligations to fund health and welfare costs are determined by the HBGB formula. The possible impact to the District's financial statements upon resolution of this matter is undeterminable as of June 30, 2023.

Note 11 - Participation in Joint Powers Authorities and Other Related Party Transactions

Chabot Space and Science Center Joint Powers Authority

The District participates in the Chabot Space and Science Center Joint Powers Authority (Chabot JPA), a joint powers authority established to provide quality science education to members of the Oakland community. The Chabot JPA board consists of representatives of the City of Oakland, the Oakland Unified School District, and the East Bay Regional Park District. The District appoints 3 members to the 23 member governing board. During the year ended June 30, 2023, the District made no payments to the Chabot JPA.

Youth Ventures Joint Powers Authority

The District participates in the Youth Ventures Joint Powers Authority (Youth Ventures), a joint powers authority established to promote the education, health, well-being, and economic viability of children, youth, and families within the County of Alameda.

The Youth Ventures board consists of representatives of the City of Oakland, the Oakland Unified School District, and the County of Alameda. The District appoints 5 members to the 15 member governing board. During the year ended June 30, 2023, the District allowed Youth Ventures to use buildings and classroom space for operation of after school programs in lieu of cash payments.

Northern California Regional Liability Excess Fund

The District is a member of the Northern California Regional Liability Excess Fund (NCR). NCR is a non-profit member-owned and operated Joint Powers Authority (JPA) providing risk management services to California public schools. The District appointed one member to the 42 member governing board.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements.



Required Supplementary Information
June 30, 2023

Oakland Unified School District

Oakland Unified School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances -
	Original	Final		Positive (Negative) Final to Actual
Revenues				
Local Control Funding Formula	\$ 399,252,017	\$ 460,811,082	\$ 464,182,316	\$ 3,371,234
Federal sources	113,402,751	161,503,846	118,465,168	(43,038,678)
Other State sources	107,595,385	211,024,524	210,744,327	(280,197)
Other local sources	81,358,930	86,693,153	88,079,164	1,386,011
Total revenues	<u>701,609,083</u>	<u>920,032,605</u>	<u>881,470,975</u>	<u>(38,561,630)</u>
Expenditures				
Current				
Certificated salaries	237,229,092	260,883,641	257,039,184	3,844,457
Classified salaries	106,537,947	119,475,599	116,219,324	3,256,275
Employee benefits	197,555,178	201,686,493	191,841,193	9,845,300
Books and supplies	56,568,769	72,212,026	26,219,947	45,992,079
Services and operating expenditures	133,202,291	193,794,712	143,055,047	50,739,665
Other outgo	11,727,575	13,409,762	2,541,612	10,868,150
Capital outlay	401,629	5,750,522	2,521,195	3,229,327
Debt service				
Debt service - principal	8,312,173	8,312,173	8,312,173	-
Debt service - interest and other	194,670	194,670	194,670	-
Total expenditures	<u>751,729,324</u>	<u>875,719,598</u>	<u>747,944,345</u>	<u>127,775,253</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(50,120,241)</u>	<u>44,313,007</u>	<u>133,526,630</u>	<u>89,213,623</u>
Other Financing Sources (Uses)				
Other Sources	15,000	15,000	-	(15,000)
Transfers out	(3,000,000)	(5,900,000)	(5,900,000)	-
Net financing sources (uses)	<u>(2,985,000)</u>	<u>(5,885,000)</u>	<u>(5,900,000)</u>	<u>(15,000)</u>
Net Change in Fund Balances	(53,105,241)	38,428,007	127,626,630	89,198,623
Fund Balance - Beginning	<u>155,502,913</u>	<u>155,502,913</u>	<u>155,502,913</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 102,397,672</u>	<u>\$ 193,930,920</u>	<u>\$ 283,129,543</u>	<u>\$ 89,198,623</u>

Oakland Unified School District
Schedule of Changes in the District's Net Pension Liability
Last ten fiscal years

Reporting date as of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS									
Proportion of the net pension liability (asset)	0.3851%	0.3790%	0.3650%	0.3410%	0.3594%	0.3799%	0.3575%	0.3467%	0.3470%
Proportionate share of the net pension liability (asset)	\$267,622,285	\$172,464,248	\$353,672,576	\$307,944,534	\$330,349,607	\$351,313,224	\$289,147,011	\$233,433,103	\$202,760,645
State's proportionate share of the net pension liability (asset)	134,024,194	86,777,321	182,318,255	168,004,302	189,140,600	207,833,936	164,606,236	123,460,378	122,435,631
Total	\$401,646,479	\$259,241,569	\$535,990,831	\$475,948,836	\$519,490,207	\$559,147,160	\$453,753,247	\$356,893,481	\$325,196,276
Covered payroll	\$225,953,257	\$212,401,870	\$196,576,152	\$283,102,783	\$192,490,076	\$201,334,054	\$186,271,892	\$143,578,581	154,542,764
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	118.44%	81.20%	179.92%	108.77%	171.62%	174.49%	155.23%	162.58%	131%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS									
Proportion of the net pension liability (asset)	0.6742%	0.6706%	0.6536%	0.6706%	0.6299%	0.7382%	0.6968%	0.6522%	0.6696%
Proportionate share of the net pension liability (asset)	\$231,978,516	\$136,364,150	\$200,538,722	\$195,440,841	\$167,950,475	\$176,224,617	\$137,626,784	\$96,126,834	\$76,017,581
Covered payroll	\$104,345,334	\$98,732,029	\$96,082,262	\$125,876,874	\$94,834,299	\$94,133,345	\$88,281,274	\$84,140,175	70,293,104
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	222.32%	138.12%	208.72%	155.26%	177.10%	187.21%	155.90%	114.25%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Note : In the future, as data becomes available, ten years of information will be presented.

Oakland Unified School District
Schedule of the District's Contributions
Last ten fiscal years

Reporting date as of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS									
Contractually required contribution	\$ 42,050,578	\$ 38,231,291	\$ 34,302,902	\$ 33,614,522	\$ 46,089,133	\$ 27,776,318	\$ 25,327,824	\$ 19,117,248	\$ 14,343,738
Less contributions in relation to the contractually required contribution	42,050,578	38,231,291	34,302,902	33,614,522	46,089,133	27,776,318	25,327,824	19,117,248	14,343,738
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 220,160,094	\$ 225,953,257	\$ 212,401,870	\$ 196,576,152	\$ 283,102,783	\$ 192,490,076	\$ 201,334,054	\$ 186,271,892	\$ 143,578,581
Contributions as a percentage of covered payroll	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS									
Contractually required contribution	\$ 29,922,921	\$ 23,905,516	\$ 20,437,530	\$ 18,947,422	\$ 22,735,881	\$ 14,728,715	\$ 13,073,239	\$ 10,461,331	\$ 9,904,140
Less contributions in relation to the contractually required contribution	29,922,921	23,905,516	20,437,530	18,947,422	22,735,881	14,728,715	13,073,239	10,461,331	9,904,140
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 117,946,082	\$ 104,345,334	\$ 98,732,029	\$ 96,082,262	\$ 125,876,874	\$ 94,834,299	\$ 94,133,345	\$ 88,281,274	\$ 84,140,175
Contributions as a percentage of covered payroll	25.370%	22.910%	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

Note : In the future, as data becomes available, ten years of information will be presented.

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California Education Code. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the state's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuations. The CalPERS plan rate of investment return assumption was changed from 7.15% to 6.90% since the previous valuation.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS or CalPERS.

Changes in Assumptions

There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.



Supplementary Information
June 30, 2023

Oakland Unified School District

Oakland Unified School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education Grants to States	84.027	13379	\$ 7,107,172
Special Education Grants to States	84.027	10115	358,622
Special Education Grants to States	84.027	10119	1,963,809
Special Education Grants to States	84.027	15197	412,668
COVID 19 - Special Education Grants to States	84.027	15638	1,507,099
Special Education Grants to States	84.027	15639	129,135
Special Education Grants to States	84.027	10170	265,959
Special Education Preschool Grants	84.173	10171	22,789
Special Education Preschool Grants	84.173	10131	72,263
Special Education Preschool Grants	84.173	13430	203,663
Special Education Preschool Grants	84.173	13007	14,922
Special Education Preschool Grants	84.173	13431	1,778
Total Special Education Cluster			12,059,879
Title I Grants to Local Educational Agencies	84.010	14329	20,668,219
Title I Grants to Local Educational Agencies	84.010	15438	3,995,779
Subtotal			24,663,998
Education Stabilization Fund			
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15536	746,452
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15537	1,459,544
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15547	25,199,075
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15559	29,549,114
COVID 19 - Governor's Emergency Education Relief (GEER II) Fund	84.425C	15517	38,174
COVID 19 - Governor's Emergency Education Relief (GEER II) Fund	84.425C	15619	728,581
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	15618	3,565,112
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15620	1,054,489
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425U	15621	4,228,573
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425D	15652	2,430,625
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER III) Fund	84.425D	15649	1,835,576
COVID 19 - Elementary and Secondary School Emergency Relief Homeless Children and Youth	84.425W	15566	103,867
Subtotal			70,939,182
Adult Education - Basic Grants to States	84.002	13978	43,205
Adult Education - Basic Grants to States	84.002	14508	134,480
Adult Education - Basic Grants to States	84.002	14109	28,050
Subtotal			205,735
Special Education-Grants for infants and Families	84.181	24314	205,411
Supporting Effective Instruction State Grants	84.367	14341	2,033,352
English Language Acquisition State Grants	84.365	14346	1,323,937
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	14891	416,948
Career and Technical Education -- Basic Grants to States	84.048	14894	514,528
Education for Homeless Children and Youth	84.196	14332	26,656
Student Support and Academic Enrichment Program	84.424	15396	1,169,405
Twenty-First Century Community Learning Centers	84.287	14349	3,746,924
Indian Education Grants to Local Educational Agencies	84.060	10011	35,204
Total U.S. Department of Education			117,341,159
U.S. Department of Health and Human Services			
Passed through California Department of Education			
Child Care Development Fund Cluster			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	415,985
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Not Available	32,552
Subtotal			448,537
COVID 19 - Child Care and Development Block Grant	93.575	15555	596,338
Total Child Care Development Fund Cluster			1,044,875
Cooperative Agreements to Promote Adolescent Health through			
School-Based HIV/STD Prevention and School-Based Surveillance	93.079	Not Available	547,080
Demonstration Grants for Domestic Victims of Human Trafficking	93.327	Not Available	473,635
Refugee and Entrant Assistance Discretionary Grants	93.576	24791	111,315
Total U.S. Department of Health and Human Services Human Services			2,176,905

Oakland Unified School District
Schedule of Expenditures of Federal Awards (continued)
Year Ended June 30, 2023

U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	13526	4,583,133
National School Lunch Program	10.555	13391	10,493,809
National School Lunch Program	10.555	13524	338,522
National School Lunch Program	10.555	15655	804,627
Total Child Nutrition Cluster			<u>16,220,091</u>
Passed Through California Department of Social Services			
Child and Adult Care Food Program (CACFP)	10.558	13393	5,294,586
Total U.S. Department of Agriculture			<u>21,514,677</u>
Total Federal financial assistance			<u>\$ 141,230,456</u>

The Oakland Unified School District was established in 1855 and consists of an area comprising approximately 55 square miles. During the 2022-23 school year, the District operated 49 elementary schools, 11 middle schools, 12 high schools, 5 alternative schools, and 28 early childhood education centers. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
District 1 – Benjamin “Sam” Davis	Director	January 2025
District 2 – Jennifer Brouhard	Director	January 2027
District 3 – VanCedric Williams	Director	January 2025
District 4 – Mike Hutchinson	President	January 2027
District 5 – Jorge Lerma	Director	January 2025
District 6 – Valarie Bachelor	Director	January 2027
District 7 – Clifford Thompson	Vice President	January 2025

County Trustee

Luz Cazares

Administration

Name	Title
Kyla Johnson-Trammell	Superintendent
Jenine Lindsey	Assistant General Counsel
Lisa Grant-Dawson	Chief Business Officer

Oakland Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	10,743.18	10,336.84
Fourth through sixth	7,057.24	6,763.19
Seventh and eighth	3,962.65	3,786.06
Ninth through twelfth	8,048.51	7,678.83
Total Regular ADA	<u>29,811.58</u>	<u>28,564.92</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	1.61	1.47
Fourth through sixth	9.86	8.76
Seventh and eighth	8.70	8.64
Ninth through twelfth	56.49	54.88
Total Special Education, Nonpublic, Nonsectarian Schools	<u>76.66</u>	<u>73.75</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.18	0.18
Fourth through sixth	0.66	0.66
Seventh and eighth	0.64	0.64
Ninth through twelfth	3.06	3.06
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>4.54</u>	<u>4.54</u>
Total ADA	<u><u>29,892.78</u></u>	<u><u>28,643.21</u></u>

Oakland Unified School District

Schedule of Instructional Time

Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Actual Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	48,360	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,400	180	N/A	Complied
Grade 2		50,400	180	N/A	Complied
Grade 3		50,400	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,000	180	N/A	Complied
Grade 5		54,000	180	N/A	Complied
Grade 6		55,480	180	N/A	Complied
Grade 7		55,431	180	N/A	Complied
Grade 8		55,873	180	N/A	Complied
Grades 9 - 12	64,800				
Grade 9		64,385	180	N/A	Complied
Grade 10		64,385	180	N/A	Complied
Grade 11		64,385	180	N/A	Complied
Grade 12		64,385	180	N/A	Complied

Oakland Unified School District

Schedule of Charter Schools

Year Ended June 30, 2023

Name of Charter School	Charter Number	Included in Audit Report
Achieve Academy	0780	Separate Report
American Indian Public Charter School II	0882	Separate Report
AIMS College Prep High	0765	Separate Report
AIMS College Prep Middle	0106	Separate Report
ARISE High School	0837	Separate Report
ASCEND Academy	1443	Separate Report
Aspire Berkley Maynard Academy	0726	Separate Report
Aspire College Academy	1577	Separate Report
Aspire Golden State College Preparatory Academy	1023	Separate Report
Aspire Lionel Wilson College Preparatory Charter Academy	0465	Separate Report
Aspire Monarch Academy	0252	Separate Report
Aspire Triumph Technology Academy	1663	Separate Report
Bay Area Technology School	0661	Separate Report
Downtown Charter Academy	1661	Separate Report
East Bay Innovation Academy	1620	Separate Report
Francophone Charter School of Oakland	1708	Separate Report
KIPP Bridge Academy	0938	Separate Report
Learning Without Limits	1442	Separate Report
Lighthouse Community Charter High School	0700	Separate Report
Lighthouse Community Charter School	0413	Separate Report
Lodestar: A Lighthouse Community Charter Public School	1783	Separate Report
LPS Oakland R&D Campus	1449	Separate Report
North Oakland Community Charter School	0302	Separate Report
Oakland Charter Academy	0014	Separate Report
Oakland Charter High School	0883	Separate Report
Oakland Military Institute College Preparatory Academy	0349	Separate Report
Oakland School for the Arts	0340	Separate Report
Oakland Unity High School	0510	Separate Report

Oakland Unified School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2023

Summarized below are the fund balance reconciliation between the unaudited actuals financial report and the audited GAAP basis financial statements:

	Self-Insurance Fund
Fund balance/net position, unaudited actuals	\$ 16,960,178
Increase (decrease) from	
Claims liability is full accrual	(43,339,347)
Allocation of net pension liability and deferrals	(1,522,245)
Fund balance/net position, per GAAP financial statements	\$ (27,901,414)

Oakland Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022	2021
General Fund				
Revenues	\$ 808,983,416	\$ 881,470,975	\$740,312,490	\$684,037,011
Other sources	-	-	-	1,114,817
Total Revenues and Other Sources	808,983,416	881,470,975	740,312,490	685,151,828
Expenditures	802,817,992	747,944,345	698,379,094	634,460,252
Other uses and transfers out	3,000,000	5,900,000	5,478,895	-
Total Expenditures and Other Uses	805,817,992	753,844,345	703,857,989	634,460,252
Increase/(Decrease) in Fund Balance	3,165,424	127,626,630	36,454,501	50,691,576
Ending Fund Balance	286,294,967	283,129,543	155,502,913	\$119,048,412
Available Reserves ²	\$ 34,092,540	\$ 115,288,542	\$62,269,667	\$51,211,421
Available Reserves as a Percentage of Total Outgo	4.23%	15.29%	8.85%	8.07%
Long-term commitments				
Bonded debt	1,079,233,690	1,147,971,269	1,224,001,524	1,080,005,215
Direct district obligations				
State loan	4,080,651	6,067,671	11,842,548	17,516,541
Claims liability	43,339,347	43,339,347	41,108,360	39,585,946
Net pension liability	499,600,801	499,600,801	308,828,398	554,211,298
Other	2,111,737	6,075,503	9,886,302	9,680,587
Total direct district obligations	549,132,536	555,083,322	371,665,608	620,994,372
Total Long-term Commitments	\$ 1,628,366,226	\$ 1,703,054,591	\$ 1,595,667,132	\$ 1,700,999,587
K-12 Average Daily Attendance at P-2	30,047	29,893	29,379	33,699

The general fund balance has increased by \$173.9 million over the past two years. The fiscal year 2023-2024 budget at the first interim reporting period projects an increase of \$3.2 million (1 percent). For a district this size, the State recommends available reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo). The District has incurred an overall operating surplus over the past two years and anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have decreased by \$65.9 million over the past two years. Average daily attendance has decreased by 3,806 over the past two years. ADA is expected to increase for the fiscal year 2023-2024 as compared to the fiscal year 2022-2023 by 154.

¹ Financial information for 2024, 2022, and 2021 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

Oakland Unified School District
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2023

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Governmental Funds
Assets								
Deposits and investments	\$ 956,560	\$ 8,914,248	\$ 32,774,686	\$ 6,992,307	\$ 18,574,238	\$ 10,723,870	\$ 3,277,686	\$ 82,213,595
Receivables	3,792	610,668	175,888	36,997	906,616	64,220	19,850	1,818,031
Due from other funds	1,774	1,855,069	-	-	1,735,354	2,038	-	3,594,235
Due from other governments	179,203	861,521	2,119,590	-	-	-	-	3,160,314
Total assets	\$ 1,141,329	\$ 12,241,506	\$ 35,070,164	\$ 7,029,304	\$ 21,216,208	\$ 10,790,128	\$ 3,297,536	\$ 90,786,175
Liabilities and Fund Balances								
Liabilities								
Accounts payable	118,850	577,825	517,741	1,663,980	982,769	462,320	204,168	4,527,653
Due to other funds	-	276,623	75,378	-	-	-	-	352,001
Unearned revenue	-	7,590,683	-	-	-	-	-	7,590,683
Total liabilities	118,850	8,445,131	593,119	1,663,980	982,769	462,320	204,168	12,470,337
Fund Balances								
Restricted								
Education programs	1,022,479	3,796,375	-	-	-	-	-	4,818,854
Child nutrition programs	-	-	34,477,045	-	-	-	-	34,477,045
Deferred maintenance	-	-	-	5,365,324	-	-	-	5,365,324
Capital projects	-	-	-	-	20,233,439	10,327,808	3,093,368	33,654,615
Total fund balances	1,022,479	3,796,375	34,477,045	5,365,324	20,233,439	10,327,808	3,093,368	78,315,838
Tot of resources, and fund balances	\$ 1,141,329	\$ 12,241,506	\$ 35,070,164	\$ 7,029,304	\$ 21,216,208	\$ 10,790,128	\$ 3,297,536	\$ 90,786,175

Oakland Unified School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Nonmajor Governmental Funds

June 30, 2023

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Nonmajor Governmental Funds
Revenues								
Federal sources	\$ 205,735	\$ 665,628	\$ 20,897,844	\$ -	\$ -	\$ -	\$ -	\$ 21,769,207
State sources	2,811,650	18,161,712	7,307,107	-	-	1,500,000	-	29,780,469
Developer fees	-	-	-	-	3,330,899	-	-	3,330,899
Recoveries	-	-	-	-	-	2,867,232	-	2,867,232
Other local sources	82,929	883,348	320,337	73,648	215,798	(4,154,954)	(35,280)	(2,614,174)
Total revenues	3,100,314	19,710,688	28,525,288	73,648	3,546,697	212,278	(35,280)	55,133,633
Expenditures								
Current								
Instruction	2,299,778	13,277,636	-	-	-	-	-	15,577,414
Instruction-related activities								
Supervision of instruction	25,942	2,797,874	-	-	-	-	-	2,823,816
School site administration	977,314	2,188,078	-	-	-	-	-	3,165,392
Pupil services								
Food services	-	-	22,191,217	-	-	-	-	22,191,217
Administration								
All other administration	77,153	483,002	318,855	-	-	-	-	879,010
Plant services	-	308,093	-	-	-	-	221,623	529,716
Capital outlay	-	756,987	2,668	3,980,201	320,644	1,493,259	275,072	6,828,831
Total expenditures	3,380,187	19,811,670	22,512,740	3,980,201	320,644	1,493,259	496,695	51,995,396
Excess (Deficiency) of Revenues Over Expenditures	(279,873)	(100,982)	6,012,548	(3,906,553)	3,226,053	(1,280,981)	(531,975)	3,138,237
Other Financing Sources (Uses)								
Transfers in	-	-	-	3,000,000	-	-	2,900,000	5,900,000
Net Financing Sources (Uses)	-	-	-	3,000,000	-	-	2,900,000	5,900,000
Net Change in Fund Balances	(279,873)	(100,982)	6,012,548	(906,553)	3,226,053	(1,280,981)	2,368,025	9,038,237
Fund Balance - Beginning	1,302,352	3,897,357	28,464,497	6,271,877	17,007,386	11,608,789	725,343	69,277,601
Fund Balance - Ending	\$ 1,022,479	\$ 3,796,375	\$ 34,477,045	\$ 5,365,324	\$ 20,233,439	\$ 10,327,808	\$ 3,093,368	\$ 78,315,838

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal award activity of the Oakland Unified School District (District) under programs of the federal government for the year ended June 30, 2023. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has not elected to use the ten percent de minimus cost rate.

Local Educational Agency Organization Structure

This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school on whether or not the charter school is included in the school district audit.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern through the end of the next operating cycle.

Nonmajor Governmental Funds Schedules - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds included in the nonmajor Governmental Funds column on the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances.



Independent Auditor's Reports
June 30, 2023

Oakland Unified School District



Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Oakland Unified School District
Oakland, California

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oakland Unified School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.

A deficiency in internal control 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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California
December 15, 2023



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Oakland Unified School District
Oakland, California

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Oakland Unified School District’s (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 84.287 Twenty-First Century Community Learning Centers

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 84.287 Twenty-First Century Community Learning Centers for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on 84.287 Twenty-First Century Community Learning Centers

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing No. 84.287 Twenty-First Century Community Learning Centers as described in finding number 2023-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the 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 in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal control over compliance. Accordingly, no such opinion is expressed.

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 and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the internal control over compliance findings identified in our compliance audit and described in the accompanying schedule of findings and questioned costs. The District’s responses was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 15, 2023



Independent Auditor's Report on State Compliance

To the Governing Board
Oakland Unified School District
Oakland, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Oakland Unified School District's (the District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

Qualified Opinion on School Accountability Report Card, Independent Study, After School Education and Safety Program, Immunizations and Home to School Transportation Reimbursements

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. 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 the District and to meet our other ethical responsibilities, in accordance with the 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 opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above. If the District has a qualified opinion, a consultation is required.

Matters Giving Rise to Qualified Opinion on School Accountability Report Card, Independent Study, After School Education and Safety Program, Immunizations and Home to School Transportation Reimbursements

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding School Accountability Report Card (2023-002), Independent Study (2023-003), After School Education And Safety Program (2023-004), immunizations (2023-005) and Home to School Transportation Reimbursements (2023-006).

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that 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, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the 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 in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and;
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Yes
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes

Charter Schools	
Attendance	N/A
Mode of Instruction	N/A
Nonclassroom-Based Instruction/Independent Study	N/A
Determination of Funding for Nonclassroom-Based Instruction	N/A
Annual Instructional Minutes – Classroom Based	N/A
Charter School Facility Grant Program	N/A

Early Retirement Incentive

The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

Juvenile Court Schools

We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

Middle or Early College High Schools

We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

Apprenticeship: Related and Supplemental Instruction

We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

District of Choice

The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

Charter Schools

The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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 and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002 through 2023-006 to be material weaknesses.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

The signature is written in a cursive, handwritten style. It reads "Eide Sully LLP".

Menlo Park, California
December 15, 2023

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported

Type of auditor's report issued on compliance for major programs:
 Unmodified for all major federal programs except for Twenty-First Century Community Learning Centers (84.287), which is qualified.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516 9(a):	Yes
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Identification of Major Programs

Name of Federal Program or Cluster	Assistance Listing Number
Twenty-First Century Community Learning Centers	84.287
COVID 19 - Education Stabilization Fund	84.425, 84.425C, 84.425D, 84.425U
Dollar threshold used to distinguish between type A and type B programs:	\$3,000,000
Auditee qualified as low-risk auditee?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported

Type of auditor's report issued on compliance for programs:
 Unmodified for all programs except for the following programs which were qualified:

Name of Program
School Accountability Report Card
Independent Study
After School Education and Safety Program
Immunizations
Home to School Transportation Reimbursement

None reported.

Section III – Federal Compliance Findings

2023-001 Twenty-First Century Attendance Reporting

A material weakness in internal control and material noncompliance with attendance reporting Code 50000.

Federal Program Affected

U.S. Department of Education, California Department of Education: Twenty-First Century Community Learning Centers, 84.287.

Criteria

The California Department of Education (CDE) administers California's 21st Century Community Learning Centers CCLC) program. Education Code sections 8484.7 - 8484.9 further define California's 21st CCLC Program. This state-administered, federally funded program provides five-year grant funding to establish or expand before and after-school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas.

The District evidences student participation by reporting attendance to the CDE. The daily attendance is recorded for all the students attending the after-school program on each school day the program operates.

Condition

We sampled six schools and compared the attendance record for the entire school year from the Aeries attendance system to the CDE report. We identified errors in two schools for the attendance reported to the CDE.

Questioned Costs

Not applicable.

Context

The District operates a 21 Century Program at ten schools. We haphazardly selected a sample of six schools to test all twelve months for fiscal year ended June 30, 2023, and the condition applies to two of the sampled schools. The observed error rates were 27.6% and 17.2% at those two schools.

Cause

In response to prior audit findings, the District transitioned to a new attendance accounting system for the after-school program during the year. Although management of the District expects the new system will ultimately increase the accuracy the attendance reporting, there were challenges as the system was new this year.

Recommendation

We recommend that the District continue implementing its new attendance accounting system for the after-school program. Lessons learned from the year of implementation should be used to improve the process going forward.

Views of Responsible Officials

Management agrees. See separately issued Corrective Action Plan.

Identification as a Repeat Finding

See finding 2022-006.

Section IV – State Compliance Findings

2023-002 School Accountability Report Card
Code 40000, 72000

Criteria

EDC §35186(d) requires that a school district report summarized data on the nature and resolution of all complaints quarterly to the county superintendent of schools and the school district's governing board. The summaries shall be publicly reported quarterly at a regularly scheduled meeting of the school district's governing board.

Condition

The District did not provide the quarterly summaries described in the criteria paragraph.

Questioned Costs

There is no questioned cost associated with this condition.

Context

The condition is not specific to any single site.

Effect

Information contained in the SARC regarding complaints related to teacher misassignments or vacancies may be incomplete or inaccurate. Furthermore, the District did not comply with the requirements noted in the Criteria paragraph.

Cause and Recommendation

We recommend that the District appoint someone accountable for compliance in this area.

Views of Responsible Officials/Corrective Action Plan

The District is still in progress of the necessary assignment of staff to manage the SARC component ongoing; however, we are making significant progress on the identification and corrective actions as applicable regarding misassignments with the work of the teamwork between the Business Services and Talent Departments.

The District is continuing its work to build out the complex data reporting mechanism to allow for continued compliance with Teacher Certification Misassignments. There is additional work to be done, and we anticipate more significant operational improvements in 2023-24.

Identification as a Repeat Finding

See finding 2022-007.

2023-003 **Independent Study**
Code 40000, 72000

Criteria

The District must maintain certain written agreements required by the State for pupils enrolled in an independent study program and make the contracts available during the annual State compliance audit.

Condition

The independent study agreement did not sign in the required timeline.

Questioned Costs

Questioned costs are \$13,011, the derived value of one ADA for grades K-3, one ADA for grades 4-6 and one ADA for grade 7-8.

Context

We selected a sample of 18, and the condition applies to three.

Effect

Three unit of inappropriately reported ADA was identified through the audit procedures.

Cause and Recommendation

We recommend that the District periodically revisit its procedures for compliance and remind site personnel of them.

Views of Responsible Officials/Corrective Action Plan

Coordinator of Systems & Operations has held numerous required training to review the Independent Study process as well as created and reviewed a Records Retention process for all attendance documents and student cumulative files, with attendance specialists.

Periodically in the 2022-23 fiscal year, attendance records and Independent Study files are randomly selected and reviewed by the Coordinator to ensure that student records are being maintained and retained. These records were retained on paper and uploaded to a Google shared file for easy review and support to the Auditors during their review.

During the 2022-23 Audit review, there were two findings of signatures from administration that did not meet the required timelines. The proactive training and awareness also occurred and has become an additional component of the District's periodic internal audit and review of Independent Study records/attendance.

These processes are to ensure that State guidelines are being adhered to in OUSD.

Identification as a Repeat Finding

See finding 2022-008.

2023-004 **ASES Early Release**
Code 40000, 72000

Criteria

Per the State compliance audit guide: "If a pupil in any sample attended less than the full day, verify the reason for early release was consistent with the established early release policy."

Condition

District policy is to document the reason for "early release" with a "code" corresponding to a permissible basis per the District's established early release policy. However, our audit procedures identified that all sites did not use early-release codes.

Questioned Costs

There is no questioned cost associated with this condition.

Context

We sampled six ASES sites, and this condition applies to all six of them.

Effect

The attendance records may not capture all information expected by the District's policy to demonstrate compliance.

Cause and Recommendation

We recommend that management responsible for compliance periodically remind site personnel of the District's policies and provide training as necessary. We suggest direction periodically monitor the attendance recording on a sample basis for timely identification of deviation from District policy.

Views of Responsible Officials

OUSD's Expanded Learning Office (ExLO) Conducted a Mandatory Attendance Meeting for all Site Coordinators and Agency Directors. ExLO staff worked alongside 83 different sites to ensure sites were aware of how to accurately track and enter attendance into escape. In addition, the ExLO held a meeting to review the early release policy to check all updates. This included creating a new ER Code, so the program could be more adaptive to the needs of the students. Now, students can participate in targeted programming without staying for the entire day.

Expanded Learning Office has continued to hold regular meetings with Site Coordinators and Agency Directors to review attendance data to ensure high-quality programming occurs at all sites. This includes 4 Agency Directors' meetings and 4 All leaders meetings.

The Expanded Learning also hired Program Assistants to help support with monthly attendance audits to ensure accurate attendance tracking. This new role also provided on-site support to site coordinators.

Identification as a Repeat Finding

See finding 2022-009.

2023-005 **ASES Attendance Reporting**
Code 40000, 72000

Criteria

The District evidences student participation in the after-school program by reporting attendance to the California Department of Education. The daily attendance is recorded for all the students attending the after-school program on each school day the program operates.

Condition

We identified errors in the attendance reported to the CDE.

Questioned Costs

There is no questioned cost associated with this condition because the District under reported the days of attendance that had in their accumulation worksheets.

Context

The District operates an ASES after-school program at over 60 schools. We sampled 6 ASES sites, and this condition applies to all of them. The District days of enrollment accumulation worksheets reported more days than those that were reported to the state and therefore the District under-reported their days of attendance by 5,990 days.

Effect

Errors may exist in the after-school attendance reported to the CDE.

Cause and Recommendation

In response to prior audit findings, the District transitioned to a new attendance accounting system for the after-school program during the year. Although management of the District expects the new system will ultimately increase the accuracy of attendance reporting, there were challenges as the system was new this year. We recommend that the District continue implementing its new attendance accounting system for the after-school program. Lessons learned from the year of implementation should be used to improve the process going forward.

Views of Responsible Officials

OUSD's Expanded Learning Office (ExLO) Conducted a Mandatory Attendance Meeting for all Site Coordinators and Agency Directors. ExLO staff worked alongside 83 different sites to ensure sites were aware of how to accurately track and enter attendance into escape. In addition, ExLO created an attendance dashboard that provides real-time attendance data. This new tool has allowed site coordinators to view attendance data and track missing/incorrect information.

Expanded Learning Office has continued to hold regular meetings with Site Coordinators and Agency Directors to review attendance data to ensure high-quality programming occurs at all sites. This includes 4 Agency Directors meeting and 4 All leaders meeting.

The Expanded Learning also hired Program Assistants to help support with monthly attendance audits to ensure accurate attendance tracking. This new role also provided on-site support to site coordinators. These new staff will play a vital role in ensuring all attendance reported to CDE accurately reflects what is in Aeries.

OUSD has implemented a new Expanded Learning Attendance improved tracking system and provided training to service providers.

This new database allows for accurate and prompt attendance taking.

1. OUSD transitioned to a new attendance tracking system. Due to the multiple errors and consistent changes in attendance, OUSD began using Aeries Supplemental Attendance tracking instead of CitySpan in fall 2021. This transition has allowed the Expanded Learning Office to support struggling sites with real-time accurate attendance data.
2. On July 29, OUSD held a mandatory Aeries training for all after-school staff and reviewed all CDE (ASES, 21st CCLC, and ASSETS) attendance requirements. Over 100 after-school staff attended.
3. All Attendance documents were revised to include Aeries attendance protocols.
4. OUSD Designed dashboards with real-time student and attendance data for all after-school providers

The CDE has accepted the District's CAP as of 8/29/2022.

Identification as a Repeat Finding

See finding 2022-010.

2023-006 Immunizations
Code 40000, 72000

Criteria

The LEA audit guide requires us to verify if the District has specific information on file regarding immunization records of pupils attending public school.

Condition

The District could not provide all the information necessary to establish full compliance.

Questioned Costs

Questioned costs are \$127,136, the derived value of four ADA for grades TK-3.

Context

We sampled 273 pupils at nine sites. The non-compliance finding applies to six of the sampled pupils.

Effect

The District may not be in full compliance with all immunization compliance requirements.

Cause and Recommendation

We recommend that management responsible for compliance periodically remind site personnel of the District's policies and provide training as necessary. We also suggest that management periodically monitor immunization compliance on a sample basis for timely identification of deviation from District policy.

Views of Responsible Officials

1. Annually, Immunization Requirements are provided to all families in our Parent Guide.
2. Annually, the superintendent and the Health Services department is notified regarding the Immunization Reporting to the State. This year, all elementary and middle school principals were notified by the State regarding the annual immunization reporting as well. Principals were advised that Health Services would submit the reporting, but they were responsible in ensuring immunizations are entered in Aeries prior to reporting.
3. An immediate next step is to schedule meetings with key stakeholders (Chief of Staff, Network Superintendents and Enrollment Director) to develop a plan to ensure that immunization requirements are enforced at the school site level across the district. Enforcement of No Shots No School and the exclusion process.
4. Enforce the running of monthly reports for students who are conditionally enrolled to ensure student's stay up to date.

The District has policies and procedures for managing immunization compliance and will continue to train staff to carry out the established procedures. Generally:

1. When a student is registering/enrolling then parents are to provide immunization records which are reviewed by clerical staff before inputting data into Aeries and archiving the supporting documents into the student's CUM folder.
2. Students that have an IEP, special education, are exempt and allowed to attend school if immunization records are not available.

3. For new students not yet enrolled, if they are missing immunization records then students are issued a letter detailing the immunization requirements and are not allowed to start attending school.
4. For current students who are already attending school but are not meeting the immunization requirement then families are issued a letter but are allowed to attend schools for up to 10 days (grace period). If after 10 days the immunization records are still missing then students are issued a second letter and are informed that they are not to attend schools.
5. For state reporting, Health Services (Program Manager) runs the District-wide immunization report from Aeries which details the immunization status for students.

Procedures/Responsibilities of the District for each School Site:

1. Clerical Staff:
 - a. Clerical staff receive annual training regarding the immunization process (K-12 Immunization Requirements, data entry and running of missing immunization report in Aeries, monitoring of conditional enrollment, exclusion process, and resources of vaccination clinics).
 - b. Clerical staff have access to CAIR (California Immunization Registry) to access student immunization records.
 - c. Clerical staff and/or nurses are to input immunization records into AERIES. Once all records are entered, staff should run the Missing Immunization report from Aeries to determine which students are still missing immunizations and what particular vaccines they are missing. Warning Letters are then issued to the student's families informing them of the immunizations required to attend school. Clerical staff and/or nurses work closely with families to ensure immunization requirements are met.
2. School Principal and Nurse:
 - a. Immunization requirement letters are to be signed by the Principal and Nurse. A copy of the letter is placed in the student's cum folder and documentation is made in Aeries.
 - b. Enforce immunization requirements. There are times when students who are informed of not meeting the immunization requirements continue to show up for school. In these cases, families are notified to come pick their kids up. The district will develop a clear procedure at the school site to stop students from attending school when they have not met immunization requirements (and have been notified that they did not meet the immunization requirements to attend school.)

Responsibilities of the Health Services Immunization Department

1. The Health Services Program Manager communicates with sites for/during audits for TK, Kindergarten, 1st grade, 6th grade, and 7th grade. For other grades, the process noted above should be followed.
2. Reviews the Immunization District-wide report and reports to the state.
3. The District will review and monitor the training program, attendance, and test for periodic review during the year to ensure compliance.

Identification as a Repeat Finding

See finding 2022-011.

2023-007 Home to School Transportation Reimbursement
Code 40000, 72000

Criteria

As a condition of receiving apportionments under Section 41850.1, a local educational agency shall develop a plan describing the transportation services it will offer to its pupils, and how it will prioritize planned transportation services for pupils in transitional kindergarten, kindergarten, and any of grades 1 to 6, inclusive, and pupils who are low income.

Condition

The District did not have a plan adopted as per the requirement of on or before April 1, 2023.

Questioned Costs

The District received funding for \$3,468,152 and therefore have reported an accounts payable to the state for the amount which was unspent as of June 30, 2023.

Context

The entire funding received in fiscal year ended June 30, 2023 for \$3,468,152.

Effect

None other than making payment on the accounts payable noted above.

Cause and Recommendation

There is no opt-option for District that do not adopt a plan. The District must, however, pay the amount back to the State and therefore the District reports an accounts payable for that amount.

Views of Responsible Officials

The District did not have the capacity to engage and develop a plan for Transportation as a result of the shifting of focus after the Board decided to rescind school closures in January 2023. The District spent the Spring not only adjusting its 2023-24 enrollment and staffing projections, but also dealing with the impact of the decision on plans that were already in motion to close and merge schools. The focus for the community and Board did not afford us the opportunity to develop the engagement sessions in addition to the Board not completing its agenda items timely and often agenda items being moved to the next meeting due to areas of prioritized topics and interest by the Board and community.

The District will include the engagement of this funding starting in January 2024, as the District is still in a cycle of Board Meeting "catch-up" as the most recent global crisis in Israel has caused the cancellation of Board meetings and study sessions. It is anticipated that we will develop an annual rhythm of January to February for a first and second read for on time implementation in April 1 annual approval to meet the funding requirements.

Identification as a Repeat Finding

This finding was not reported in the previous year's audit.

Summarized below is the status of all audit findings reported in the prior year schedule of financial statement findings.

Prior Year's Financial Statement Findings

**2022-001 Human Resources/Payroll Internal Control Process, Pension
Code 30000**

Finding

The District could not supply documentation to satisfy us that census information and payroll amounts reported to pension providers are complete and accurate. We analytically recalculated these expenses, noting that the payment made to pension providers during the year appears correctly recorded in the accounting records of the District. However, since we could not verify if the underlying data on which those charges are based is complete and accurate, we cannot confirm if the eventual payments are for the correct amounts.

Recommendation

The District should ensure that the management in charge of these areas is held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with carrying out those procedures. Management needs to monitor compliance and ensure that processes are performed promptly and consistently. Furthermore, there needs to be one established method to ensure that controls are followed and that employees do not deviate from established District policies. Finally, there needs to be a formal record retention policy supporting that controls are being followed per District policies.

Current Status

Implemented.

2022-002 Payroll Internal Control Process, Vacation Tracking
Code 30000

Finding

The District could not supply documentation to verify that vacation usage is accurately recorded in the payroll system. That balances do not exceed the maximum allowed per District policy. In substantive testing of general ledger account balances, the reported payroll expenditures are fairly stated based on the amounts paid upon separation. However, we cannot conclude if the District has a complete and accurate accounting of vacation balances on which to base payments upon separation.

Recommendation

Management in charge of these areas should be held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with carrying out those procedures. Management further needs to monitor compliance and ensure that processes are performed promptly and consistently. Furthermore, there needs to be one established method to ensure that controls are followed and that employees do not deviate from established District policies. Finally, there needs to be a formal record retention policy supporting that controls are being followed following District policies.

Current Status

Implemented.

2022-003 Payroll Internal Control Process, Vacation Payments
Code 30000

Finding

The District could pay \$7 million to employees for vacation accumulated; however, it cannot assert that the amounts paid were actually due to the employees.

Recommendation

Management in charge of these areas should be held accountable to ensure that all critical internal control policies and procedures are communicated to the employees charged with carrying out those procedures. Management needs to monitor compliance and ensure that processes are performed promptly and consistently.

Management should prepare an auditable accounting of the documentation of which the District determined payouts of accumulated vacation during the year to be valid. The District should consult with legal counsel about recovery if any payouts are determined to have been incorrect.

Current Status

Implemented.

2022-004 Health Benefits Governing Board
Code 30000

Finding

The District has been paying 100% of its obligation under the HBGB, and accordingly, the management of the District believes that no unrecorded liability could be applicable. Furthermore, the financial statements correctly reflect the health and welfare benefits expenditures paid during the current fiscal year. Expenditures for health and welfare benefits of \$70 million are approximately 10% of general fund expenditures.

Recommendation

We recommend that the District, and other applicable parties, revise and clarify the formula used to calculate the District's annual obligation for health and welfare. The procedure should be subject to independent recalculation to ensure that its results are consistent with its intent.

Current Status

Implemented.

2022-005 Audit Adjustments

Code 30000

Finding

Audit adjustments were necessary for the financial statements to be presented to conform with generally accepted accounting principles.

Recommendation

We recommend that personnel responsible for the year-end closing process utilize a template to calculate the year-end fair value adjustment. We further recommend that the calculation is reviewed by someone independent of the preparer before posting it to the general ledger.

Current Status

Implemented.

Prior Year's Federal Findings

2022-006 Twenty-First Century Attendance Reporting

Finding

The California Department of Education (CDE) administers California's 21st Century Community Learning Centers CCLC) program. Education Code sections 8484.7 -8484.9 further define California's 21st CCLC Program. This state-administered, federally funded program provides five-year grant funding to establish or expand before and after-school programs that provide disadvantaged kindergarten through twelfth-grade students with academic enrichment opportunities and supportive services to help the students meet state and local standards in core content areas. The District evidences student participation by reporting attendance to the CDE. The daily attendance is recorded for all the students attending the after-school program on each school day the program operates.

Recommendation

We recommend that the District continue implementing its new attendance accounting system for the after-school program. Lessons learned from the year of implementation should be used to improve the process going forward.

Current Status

See finding 2023-001.

Prior Year's State Findings

2022-007 **School Accountability Report Card**
Code 40000, 72000

Finding

The District did not provide the quarterly summaries described in the criteria paragraph.

Recommendation

We recommend that the District appoint someone accountable for compliance in this area.

Views of Responsible Officials/Corrective Action Plan

The District is continuing its work to build out the complex data reporting mechanism to allow for continued compliance with Teacher Certification Misassignments. There is additional work to be done, and we anticipate more significant operational improvements in 2023-24.

Current Status

See finding 2023-002.

2022-008 **Independent Study**
Code 40000, 72000

Finding

The District did not provide all of the written agreements requested during the audit fieldwork.

Recommendation

We recommend that the District periodically revisit its procedures for compliance and remind site personnel of them.

Current Status

See finding 2023-003.

2022-009 **ASES Early Release**
Code 40000, 72000

Finding

District policy is to document the reason for "early release" with a "code" corresponding to a permissible basis per the District's established early release policy. However, our audit procedures identified that all sites did not use early-release codes.

Recommendation

We recommend that management responsible for compliance periodically remind site personnel of the District's policies and provide training as necessary. We suggest direction periodically monitor the attendance recording on a sample basis for timely identification of deviation from District policy.

Current Status

See finding 2023-004.

2022-010 **ASES Attendance Reporting**
Code 40000, 72000

Finding

We identified errors in the attendance reported to the CDE.

Recommendation

In response to prior audit findings, the District transitioned to a new attendance accounting system for the after-school program during the year. Although management of the District expects the new system will ultimately increase the accuracy of attendance reporting, there were challenges as the system was new this year. We recommend that the District continue implementing its new attendance accounting system for the after-school program. Lessons learned from the year of implementation should be used to improve the process going forward.

Current Status

See finding 2023-005.

2022-011 **Immunizations**
Code 40000, 72000

Finding

The District could not provide all the information necessary to establish full compliance.

Recommendation

We recommend that management responsible for compliance periodically remind site personnel of the District's policies and provide training as necessary. We also suggest that management periodically monitor immunization compliance on a sample basis for timely identification of deviation from District policy.

Current Status

See finding 2023-006.



BUSINESS SERVICES

December 15, 2023

SUBJECT: Corrective Action Plan For Oakland Unified School District for fiscal year ended June 30, 2023- Single Audit

Under the provisions of Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR 200 (Uniform Guidance), the auditee is responsible for follow-up and corrective action plans on all single audit findings. As part of this responsibility, Oakland Unified School District has prepared a corrective action plan for current year audit finding.

OUSD's Expanded Learning Office (ExLO) Conducted a Mandatory Attendance Meeting for all Site Coordinators and Agency Directors. ExLO staff worked alongside 83 different sites to ensure sites were aware of how to accurately track and enter attendance into escape. In addition, ExLO created an attendance dashboard that provides real-time attendance data. This new tool has allowed site coordinators to view attendance data and track missing/incorrect information.

Expanded Learning Office has continued to hold regular meetings with Site Coordinators and Agency Directors to review attendance data to ensure high-quality programming occurs at all sites. This includes 4 Agency Directors meeting and 4 All leaders meeting.

The Expanded Learning also hired Program Assistants to help support with monthly attendance audits to ensure accurate attendance tracking. This new role also provided on-site support to site coordinators.

OUSD has implemented a new Expanded Learning Attendance improved tracking system and provided training to service providers.

This new database allows for accurate and prompt attendance taking.

1. OUSD transitioned to a new attendance tracking system. Due to the multiple errors and consistent changes in attendance, OUSD began using Aeries Supplemental Attendance tracking instead of CitySpan in fall 2021. This transition has allowed the Expanded Learning Office to support struggling sites with real-time accurate attendance data.
2. On July 29, OUSD held a mandatory Aeries training for all after-school staff and reviewed all CDE (ASES, 21st CCLC, and ASSETS) attendance requirements. Over 100 after-school staff attended.
3. All Attendance documents were revised to include Aeries attendance protocols.
4. OUSD Designed dashboards with real-time student and attendance data for all after-school providers.

The CDE has accepted the District's CAP as of 8/29/2022.