



December 8, 2025

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

We have audited the financial statements of the Oakland Unified School District (District), including the Compliance audits of the Measure G, Measure G1, Measure N, and Measure H Parcel Tax Funds as of and for the year ended June 30, 2025, and have issued our report thereon dated December 8, 2025. 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*

As communicated in our letter dated March 24, 2025, 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. Our audits of the financial statements and parcel tax 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 system of internal control of District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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 8, 2025.

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.

Management Override of Controls – professional standards require auditors to address the possibility of management overriding controls. Accordingly, we considered the possibility that management of the organization may have the ability to override controls that the organization has implemented. Management may override the organization's controls in order to modify the financial records with the intent of manipulating the financial statements to overstate the organization's financial performance or with the intent of concealing fraudulent transactions. We are pleased to report that no such matters were identified during our audit.

Improper Revenue Recognition – professional standards require auditors to presume that revenue recognition is a fraud risk. Therefore, improper revenue recognition was identified as a fraud risk due to possibility that revenue is not recorded in the proper period, in the incorrect amount, etc. either due to error or fraud. We are pleased to report that no actual instances were identified during our audit.

Estimates – Generally Accepted Auditing Standards require a presumed risk of management bias when assumptions are used to calculate significant account balances, which for the District applies to pension and claims.

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, except for the effects of the adoption of GASB Statement No. 101, *Compensated Absences*. 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 aggregate net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense is based on the District's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined, utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The District's proportionate share was determined by calculating the District's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the claims liability is based on a historical data for workers' compensation claims. Estimates related to claims liabilities involve significant assumptions about events that will determine future claims costs, including the amount and severity of future claims, changes in discount and inflation rates, as well as the outcomes of future administrative proceedings and potential litigation.

Management's estimate of the compensated absences liability, particularly accumulated sick leave, reflects GASB 101 standards. In line with California Education Code and CalSTRS directives, balances not expected to be used out are instead converted to pension service credit at retirement. Management estimates the portion of compensated absences liability, particularly sick leave, that is likely to be utilized by employees, rather than converted to pension service credit or forfeited. This assessment is made in accordance with GASB 101 standards, considering historical usage trends, California Education Code, and CalSTRS regulations for unused balance conversion at retirement.

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 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.
- **Note 14** describes management's evaluation whether conditions or events, considered in the aggregate, raise substantial doubt about the District's ability to continue as a going concern.

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. These include an omission related to Subscription-Based Information Technology Arrangements (SBITA) in the General Fund (approximately \$579,000), prior year reversing entries in the General Fund (approximately \$1,087,000), a timing difference for a legal settlement in the Building Fund (\$700,000), and timing differences related to property tax receivables in the Bond Interest and Redemption Fund (approximately \$1,948,000 current year and offset by \$1,045,000 prior year). At the government-wide level, uncorrected misstatements include a restatement of the beginning balance for sick leave on the implementation of GASB 101 (approximately \$2,981,000) and omitted capital assets (vehicles and equipment, approximately \$2,738,000). All uncorrected misstatements have been discussed with management, and the decision not to record these items has been evaluated and deemed reasonable. The aggregate effect of these uncorrected misstatements is not considered material to the financial statements.

The following misstatement was identified as a result of our audit procedures were brought to the attention of, and corrected by, management: This includes a \$2.7 million reduction of revenues and receivables recorded in the general fund.

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 includes a separate section titled "Substantial Doubt about the District's Ability to Continue as a Going Concern," which draws attention to Note 14 to the financial statements.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 8, 2025.

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.

Substantial Doubt on the District's Ability to Continue as a Going Concern

We believe that the following events or conditions identified during the course of the audit raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

During our audit of the financial statements for the year ended June 30, 2025, we evaluated whether events or conditions exist that, in the aggregate, raise substantial doubt about Oakland Unified School District's ability to continue as a going concern for a reasonable period of time. Based on our procedures, we identified several factors—including recurring operating deficits, a projected budget shortfall of approximately \$100 million, declining fund balances, and ongoing oversight by the Alameda County Office of Education—that, when considered together, constitute substantial doubt about the District's ability to meet its obligations as they become due.

We considered management's plans to address these conditions, including proposed expenditure reductions, revenue enhancement measures, and ongoing efforts to develop a sustainable fiscal recovery plan. However, as of the date of our report, no definitive, Board-approved corrective plan or committed financing has been implemented, and management's plans have not alleviated the substantial doubt.

We concluded that management's use of the going concern basis of accounting remains appropriate in the preparation of the financial statements, as the District is expected to continue operations under its existing governance structure or, if necessary, under the oversight of a trustee or administrator.

The financial statements include disclosures in both the Management's Discussion and Analysis and Note 14 that adequately describe the principal conditions and events giving rise to substantial doubt, management's evaluation and plans, and the possible effects on the District's financial position.

Accordingly, our auditor's report includes a separate section titled "Substantial Doubt about the District's Ability to Continue as a Going Concern," which draws attention to these matters. Our opinion on the financial statements is not modified with respect to this issue.

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 black ink that reads "Eric Sallie LLP". The signature is written in a cursive, flowing style.

Menlo Park, California

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June 30, 2025

Oakland Unified School District

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Independent Auditor's Report

To the 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 (the District), as of and for the year ended June 30, 2025, 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 Oakland Unified School District, as of June 30, 2025, 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.

Substantial Doubt About the District's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 14 to the financial statements, the District has experienced recurring general fund deficits, is projecting a budget deficit of approximately \$100 million for the next fiscal year and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Note 14 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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 information, schedule of changes in the District's net pension liability, and the 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 average daily attendance, schedule of instructional time, schedule of charter schools, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, combining balance sheets and statement of revenues, expenditure, and changes in fund balances of the nonmajor governmental 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 average daily attendance, schedule of instructional time, schedule of charter schools, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, combining balance sheets and statement of revenues, expenditure, and changes in fund balances of the nonmajor governmental are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the local education agency organization structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 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, 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 8, 2025

This section of the Oakland Unified School District's (District) annual financial report provides an overview and analysis of the District's finances for the fiscal year ending June 30, 2025. It is intended to be read alongside the District's financial statements, which follow this section.

DISCUSSION OF GOING CONCERN ISSUES

The District's financial statements for the year ended June 30, 2025, have been prepared in accordance with accounting principles generally accepted in the United States of America and GASB guidance. As part of this process, management is required to evaluate whether there are conditions or events that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

The General Fund's unassigned fund balance declined to \$41.8 million (4.71% of total outgo) in 2025 and is projected to fall to 2.59% in 2026, which is close to the District's minimum reserve for economic uncertainties ($\geq 3\%$) and reflects heightened liquidity risk. Rising claims liabilities in the self-insurance fund and an unrestricted net position deficit further indicate pressure on cash flows. As of issuance, the Board has not approved a corrective plan; therefore, substantial doubt is not alleviated.

Substantial Doubt Identified

Based on management's evaluation, substantial doubt exists regarding the District's ability to continue as a going concern. This conclusion is based on several principal factors:

- **Projected Budget Deficit:** The District is facing a projected budget deficit of approximately \$100 million for the next fiscal year, in addition to recurring unrestricted General Fund deficits.
- **Declining Fund Balances and Liquidity:** The General Fund's unassigned fund balance has declined significantly, and key liquidity and solvency indicators have deteriorated.
- **Structural Imbalances:** Expenditures continue to exceed recurring revenues, and the District's government-wide unrestricted net position and self-insurance internal service fund both report deficits.
- **External Oversight:** The Alameda County Office of Education has issued repeated warnings regarding financial distress, and the District is subject to heightened oversight under California Education Code and AB 1200.

Significance of Conditions and Events

Management has determined that these conditions and events are significant and raise substantial doubt about the District's ability to meet its obligations as they become due. The projected deficit and lack of corrective action threaten the District's fiscal solvency and may result in the need for state or county intervention, including the appointment of a trustee or administrator and the extension of an emergency apportionment loan.

Management's Plans to Address Going Concern

In response to these challenges, management is actively evaluating and considering the following plans to mitigate the conditions and events that raise substantial doubt:

- Expenditure reductions, including program realignments and labor cost containment.
- Revenue enhancement measures and improved cash-flow monitoring.
- Engagement in labor negotiations and review of service delivery models.
- Ongoing collaboration with the Board to develop and implement a sustainable fiscal recovery plan.

As of the date these financial statements are issued, no definitive, Board-approved plan or committed financing has been implemented. Accordingly, substantial doubt about the District's ability to continue as a going concern has not been alleviated by management's plans.

Basis of Accounting

These financial statements continue to be prepared on the going concern basis of accounting; the District has not adopted a liquidation basis of accounting. No adjustments have been recorded that might result from the outcome of this uncertainty.

OVERVIEW OF THE FINANCIAL STATEMENTS

Structure of the Financial Statements

The report consists of government-wide and fund financial statements, supplemented by notes and required supplementary information:

Government-wide Financial Statements:

These statements present the District's financial position and activities as a whole, using the economic resources measurement focus and accrual basis of accounting. All assets, deferred outflows, liabilities (including long-term obligations such as pensions and bonds), and deferred inflows are reported. Interfund balances and transactions are eliminated to avoid double-counting. This approach provides a long-term perspective on the District's financial health.

Fund Financial Statements:

Separate statements are provided for governmental and proprietary funds:

- *Governmental Funds* focus on short-term fiscal accountability, using the current financial resources measurement focus and modified accrual basis of accounting. Only assets available to meet current obligations and liabilities requiring current financial resources are recognized. Capital assets and long-term debt are excluded from these statements.

- *Proprietary Funds* report activities where the District charges for services, such as self-insurance programs. These funds use the accrual basis of accounting, similar to the government-wide statements, and provide additional detail such as cash flows.

Reconciliation Statements:

To clarify differences between the fund and government-wide statements, reconciliations are included. These explain how the integrated reporting approach affects the presentation of assets, liabilities, and results of operations.

Key Reporting Elements

Statement of Net Position and Statement of Activities:

These government-wide statements report all assets, liabilities, deferred inflows/outflows, revenues, and expenses, regardless of when cash is received or paid. Net position — the difference between assets and liabilities—serves as an indicator of the District's financial condition. Changes in net position over time reflect improvement or deterioration in financial health.

Fund Financial Statements:

These provide detailed information about the District's most significant funds, including those required by law or established for specific purposes. Governmental funds highlight the flow of resources and balances available for spending, while proprietary funds offer insight into business-type activities and internal services.

Measurement Focus and Basis of Accounting

- Government-wide and proprietary fund statements use the accrual basis, recognizing revenues when earned and expenses when incurred.
- Governmental fund statements use the modified accrual basis, recognizing revenues when available and measurable, and expenditures when liabilities are incurred.

Summary

- Together, these financial statements offer both a broad and detailed view of the District's finances, supporting informed decision-making and demonstrating compliance with GASB standards. Readers are encouraged to review the notes and supplementary information for further context on accounting policies, fund structures, and financial trends.

FINANCIAL HIGHLIGHTS

General Fund

- **Unassigned Fund Balance:** \$41.8 million (4.71% of total expenditures and other uses), compared to \$115.8 million (13.4%) in 2024. This is a reduction to the unassigned general fund of 64% or \$74 million.
- **Total Revenues:** \$835 million, down \$53 million (6%) from \$888 million in 2024, primarily from expiration of nonrecurring COVID related grants.
- **Total Expenditures and Other Uses:** \$889 million, up \$25.6 million (+3%) from \$863 million in 2024.

Net Position

- **2025:** The District's net position at June 30, 2025, was \$370.74 million, an increase of \$20.29 million (+6.79%) from \$350.4 million at June 30, 2024.
- **Assets and Deferred Outflows:** Decreased by \$102 million to \$2,265 million.
- **Liabilities and Deferred Inflows:** Decreased by \$122 million to \$1,894 million.

Governmental Funds

- **Combined Fund Balance:** \$699 million, a decrease of \$129 million from \$827 million in 2024.

Capital Assets

- **Net Capital Assets:** \$1,265 million, up \$50 million (+4.1%) from \$1,215 million in 2024.
- **Additions:** \$84.7 million in building improvements, cafeteria equipment, and classroom technology.

Long-Term Liabilities

- **Outstanding:** \$1,717.8 million, down \$117.9 million (-6.4%) from \$1,835.8 million in 2024.
- **Reduction:** Primarily due to lower CalSTRS and CalPERS pension liabilities.

Operating Results

- **Total Revenues (District-wide):** \$1,046 million, a decrease of \$79 million (-7%) from \$1,125 million in 2024.
- **Total Expenses:** \$1,025 million, an increase of \$12 million (+1.2%) from \$1,013 million in 2024.
- **Change in Net Position:** \$20 million, compared to \$111.9 million in 2024.

Average Daily Attendance (ADA at P-2)

- **2025:** 30,380, compared to 30,253 in 2024, an increase of 127 (+0.42%).

Pension Liabilities

- **CalSTRS:** \$247.2 million (2025) vs. \$277.1 million (2024).
- **CalPERS:** \$232.4 million (2025) vs. \$242.7 million (2024).

THE DISTRICT AS A WHOLE

Net Position

The computation of the District's net position at June 30, 2025 and 2024 is presented in the table below:

Table 1

(Amounts in millions)	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 809.38	\$ 955.50
Capital assets	1,264.95	1,214.65
Total assets	2,074.33	2,170.15
Deferred outflows of resources	190.84	196.73
Liabilities		
Current liabilities	207.78	219.32
Long-term liabilities	1,635.20	1,742.71
Total liabilities	1,842.98	1,962.03
Deferred inflows of resources	51.45	54.41
Net Position		
Net investment in capital assets	332.90	257.64
Restricted	399.91	408.69
Unrestricted deficit	(362.07)	(315.88)
Total net position	\$ 370.74	\$ 350.45

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 18. 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	
	2025	2024
Revenues		
Program revenues		
Charges for services and sales	\$ 1.40	\$ 2.07
Operating grants and contributions	316.68	368.26
Capital grants and contributions	0.63	0.48
General revenues		
Federal and State aid not restricted	306.40	315.70
Property taxes	393.61	410.82
Other general revenues	27.12	28.03
Total revenues	<u>1,045.84</u>	<u>1,125.36</u>
Expenses		
Instruction-related	688.42	703.85
Pupil services	89.51	82.73
Administration	57.08	48.03
Plant services	88.72	90.48
All other services	101.84	88.40
Total expenses	<u>1,025.57</u>	<u>1,013.49</u>
Change in net position	<u>\$ 20.27</u>	<u>\$ 111.87</u>

For Fiscal Year 2025, the District's total revenue was \$1,045.84 million, a decrease of 79.52 million or 7.07%. The District's total expenses were \$1,025.57 million, an increase of \$12 million or 1.19%.

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

According to the *statement of activities* on page 18, total expenditures for governmental activities during the year amounted to \$1,026 million. Of this total, local taxes and other unrestricted resources funded \$706.85 million. Additional financial support was provided by other governments and organizations, which contributed \$316.68 million in grants and contributions, while user charges accounted for \$1.40 million. The remaining portion of these activities, considered as “public benefit,” was covered by \$306.4 million from federal and state funds as well as 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	
	2025	2024
Instruction-related	\$ (482.22)	\$ (433.73)
Pupil services	(48.14)	(36.16)
Administration	(47.79)	(28.90)
Plant services	(83.98)	(73.63)
All other services	(44.72)	(70.26)
Total	<u>\$ (706.85)</u>	<u>\$ (642.68)</u>

THE DISTRICT'S FUNDS

As the District completed this year, our governmental funds reported a combined fund balance of \$698.61 million, which is a decrease of \$128.87 million from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2024	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General	\$ 308.05	\$ 834.53	\$ 888.64	\$ 253.95
Adult Education	0.61	3.61	3.98	0.24
Child Development	17.02	39.75	34.26	22.50
Cafeteria	42.98	33.10	32.55	43.53
Deferred Maintenance	5.02	3.24	6.33	1.93
Building	282.46	14.46	71.11	225.81
Capital Facilities	21.76	2.48	1.09	23.16
County School Facilities	12.06	0.63	3.40	9.29
Special Reserve Fund for Capital Outlay Projects	6.41	0.34	2.45	4.31
Bond Interest and Redemption	131.06	108.00	125.20	113.86
Total	<u>\$ 827.44</u>	<u>\$ 1,040.14</u>	<u>\$ 1,169.01</u>	<u>\$ 698.57</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 64.

Changes in Unrestricted General Fund Projections since Estimated Actuals

The general fund has experienced notable changes since the estimated actuals. Revenues dropped by \$6.6 million, driven mainly by a slight decrease in LCFF revenue, a \$17 million reduction in federal funds, and a \$6.4 million cut in other state revenue, balanced by an \$18.4 million increase in other local revenues. The rise in local revenue is due to a \$12 million boost from Medi-Cal Billing catch-up reimbursements, a \$5 million increase from community redevelopment funds, and a combined \$4.3 million gain in interest income and fair market value of General Fund investments.

General Fund expenditures were reduced by \$60.9 million compared to the estimated actuals. Key components of this decrease include \$6.6 million in certificated salaries and benefits that were not spent during the fiscal year. There was also a \$26.7 million drop in books and supplies, which reflects \$14 million in unallocated carryover, \$7.6 million earmarked for classified salary increases that didn't occur, and a \$4.6 million decline in materials and supplies. Additionally, there was a \$9.8 million reduction in other services and operating expenses, primarily from consulting contracts. The remaining \$14.7 million decrease consists of \$7.4 million in other outgo transfers and \$7.3 million in small school site improvement projects that were approved but did not proceed.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2025, the District reported \$1,264.95 million in total capital assets and right-to-use leased assets, net of depreciation and amortization. This portfolio includes land, buildings, furniture, equipment, and right-to-use leased assets. The balance reflects a net increase of \$50 million, or 4.14%, compared to the prior year (see Table 5).

Table 5

(Amounts in millions)	Governmental Activities	
	2025	2024
Land and construction in progress	\$ 256.35	\$ 211.58
Buildings and improvements	994.75	993.13
Equipment	13.85	9.94
Total	<u>\$ 1,264.95</u>	<u>\$ 1,214.65</u>

This year’s additions included several vehicles, cafeteria equipment and classroom equipment such as computers.

Long-Term Liabilities

At the end of this year, the District had \$1,717.82 million in long-term liabilities outstanding versus \$1,835.75 million last year, a decrease of \$117.82 million or 6.42%. 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 liabilities, including unamortized bond premiums, consisted of the following:

Table 6

(Amounts in millions)	Governmental Activities	
	2025	2024
Long-Term obligations		
General obligation bonds	\$ 1,082.70	\$ 1,157.90
Unamortized premiums	90.75	100.51
Leases	0.41	0.41
Emergency apportionment loan	-	4.08
Claims liability	49.56	44.43
Other	14.82	8.72
Aggregate net pension liability	479.58	519.71
Total	<u>\$ 1,717.82</u>	<u>\$ 1,835.75</u>

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 2024-2025 budget during June 2024. 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, 2025

	Governmental Activities
Assets	
Deposits and investments	\$ 729,076,844
Receivables	19,153,751
Due from other governments	61,068,811
Prepaid expenses	77,280
Capital assets not depreciated or amortized	256,349,072
Capital assets, net of accumulated depreciation and amortization	1,008,601,705
Total assets	<u>2,074,327,463</u>
Deferred Outflows of Resources	
Deferred charge on refunding	23,975,372
Pension related	166,863,089
Total deferred outflows of resources	<u>190,838,461</u>
Liabilities	
Accounts payable and other accrued liabilities	75,335,917
Interest payable	20,182,912
Due to other governments	4,930,821
Unearned revenue	25,112,726
Long-term liabilities	
Portion due or payable within one year	
Claims	12,329,560
Compensated absences	3,920,063
Long term debt	65,968,053
Portion due or payable after one year	
Claims	37,233,574
Compensated absences	10,901,597
Long term debt	1,107,479,399
Aggregate net pension liability	479,580,541
Total liabilities	<u>1,842,975,162</u>
Deferred Inflows of Resources	
Pension related	46,106,976
Deferred charge on refunding	5,340,227
Total deferred inflows of resources	<u>51,447,203</u>
Net Position	
Net investment in capital assets	332,898,568
Restricted for	
Debt service	93,675,050
Educational programs	223,517,965
Capital projects	39,183,488
Child nutrition programs	43,536,663
Unrestricted deficit	(362,068,175)
Total net position	<u>\$ 370,743,559</u>

Oakland Unified School District

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 518,974,940	\$ 359,707	\$ 149,699,083	\$ 631,700	\$ (368,284,450)
Instruction-related activities					
Supervision of instruction	115,232,361	288,756	46,396,429	-	(68,547,176)
Instructional library, media, and technology	1,397,047	17,647	1,120,921	-	(258,479)
School site administration	52,813,138	22,270	7,663,539	-	(45,127,329)
Pupil services					
Home-to-school transportation	17,290,960	-	159,254	-	(17,131,706)
Food services	34,591,881	2,260	30,470,051	-	(4,119,570)
All other pupil services	37,627,928	9,283	10,732,697	-	(26,885,948)
Administration					
Data processing	16,400,053	-	6,710	-	(16,393,343)
All other administration	40,677,053	20,235	9,260,423	-	(31,396,395)
Plant services	88,719,441	26,254	4,708,510	-	(83,984,677)
Ancillary services	20,512,802	16,679	17,213,666	-	(3,282,457)
Enterprise services	32,831,587	-	-	-	(32,831,587)
Interest on long-term liabilities	41,778,142	-	-	-	(41,778,142)
Other outgo	6,715,347	640,928	39,249,420	-	33,175,001
Total governmental activities	<u>\$ 1,025,562,680</u>	<u>\$ 1,404,019</u>	<u>\$ 316,680,703</u>	<u>631,700</u>	<u>(706,846,258)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					225,875,972
Property taxes, levied for debt service					101,730,137
Taxes levied for other specific purposes					66,008,871
Federal and State aid not restricted to specific purposes					306,404,432
Interest and investment earnings					17,257,256
Interagency revenues					1,466,674
Miscellaneous					8,397,120
Subtotal, general revenues and subventions					<u>727,140,462</u>
Change in Net Position					20,294,204
Net Position - Beginning					<u>350,449,355</u>
Net Position - Ending					<u>\$ 370,743,559</u>

Oakland Unified School District
Balance Sheet – Governmental Funds
June 30, 2025

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 275,071,578	\$ 26,211,837	\$ 231,003,131	\$ 111,887,134	\$ 80,216,354	\$ 724,390,034
Accounts receivables	7,452,297	6,993,131	1,889,436	875,005	1,154,618	18,364,487
Due from other funds	1,047,484	-	1,541,163	1,095,823	369,312	4,053,782
Grant receivables	54,381,386	391,804	-	-	6,295,621	61,068,811
Prepaid expenditures	77,280	-	-	-	-	77,280
Other current assets	1,620	-	-	-	-	1,620
Total assets	\$ 338,031,645	\$ 33,596,772	\$ 234,433,730	\$ 113,857,962	\$ 88,035,905	\$ 807,956,014
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities						
Accounts payables	\$ 58,609,928	2,734,225	\$ 8,243,033	\$ -	\$ 3,457,787	\$ 73,044,973
Due to other funds	3,767,425	23,891	368,812	-	2,100,813	6,260,941
Due to other governments	4,930,821	-	-	-	-	4,930,821
Unearned revenue	16,775,158	8,337,568	-	-	-	25,112,726
Total liabilities	84,083,332	11,095,684	8,611,845	-	5,558,600	109,349,461
Fund Balances						
Nonspendable	226,624	-	-	-	-	226,624
Restricted	200,777,711	22,501,088	225,821,885	113,857,962	79,897,530	642,856,176
Assigned	11,126,441	-	-	-	2,579,775	13,706,216
Unassigned	41,817,537	-	-	-	-	41,817,537
Total fund balances	253,948,313	22,501,088	225,821,885	113,857,962	82,477,305	698,606,553
Total liabilities, deferred inflows of resources, and fund balances	\$ 338,031,645	\$ 33,596,772	\$ 234,433,730	\$ 113,857,962	\$ 88,035,905	\$ 807,956,014

Oakland Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
For the year ending June 30, 2025

Total Fund Balance - Governmental Funds \$ 698,606,553

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	1,866,993,826	
Accumulated depreciation and amortization is	<u>(602,043,049)</u>	
Net capital assets		1,264,950,777

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. (20,182,912)

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. (45,806,836)

Differences between expected and actual experiences, assumption
changes and net differences between projected and actual earnings
and contributions subsequent to the measurement date for the
postretirement benefits are recognized as deferred outflows of resources
and deferred inflows of resources on the statement of net position.

Deferred outflows related to pensions	166,157,920	
Deferred inflows related to pensions	<u>(46,045,875)</u>	
Total deferred outflows and inflows		120,112,045

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.

Net pension liability is not due and payable in the current period,
and is not reported as a liability in the funds. (477,302,101)

Oakland Unified School District
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
For the year ending June 30, 2025

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	(1,082,700,000)	
Compensated absences	<u>(14,821,660)</u>	
Total long-term liabilities		(1,097,521,660)

Governmental funds report the effect of premiums and refundings and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred outflows on refunding	23,975,372	
Deferred inflows on refunding	(5,340,227)	
Premium on general obligation bonds	<u>(90,747,452)</u>	
Total premiums, discounts and deferred items		<u>(72,112,307)</u>
Total net position - governmental activities		<u><u>\$ 370,743,559</u></u>

Oakland Unified School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2025

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula (LCFF)	\$ 480,436,795	\$ -	\$ -	\$ -	\$ -	\$ 480,436,795
Federal sources	49,958,215	928,898	-	1,095,823	25,283,808	77,266,744
Other State sources	173,508,376	26,515,137	10,681	300,870	9,305,407	209,640,471
Other local sources	130,631,228	12,304,046	14,452,240	106,600,713	5,806,451	269,794,678
Total revenues	834,534,614	39,748,081	14,462,921	107,997,406	40,395,666	1,037,138,688
Expenditures						
Current						
Instruction	491,782,308	24,739,333	-	-	2,597,265	519,118,906
Instruction-related activities						
Supervision of instruction	109,135,566	3,155,796	-	-	87,087	112,378,449
In	4,708,605	-	-	-	-	4,708,605
School site administration	50,293,291	3,049,902	-	-	1,171,090	54,514,283
Pupil services						
Home-to-school transportation	17,176,581	-	-	-	-	17,176,581
Food services	1,905,900	-	-	-	31,923,999	33,829,899
All other pupil services	38,003,343	-	-	-	-	38,003,343
Administration						
Data processing	16,007,897	-	-	-	-	16,007,897
All other administration	38,373,916	1,156,544	-	-	730,070	40,260,530
Plant services	82,654,067	401,664	4,177,556	-	18,001	87,251,288
Ancillary services	19,937,873	-	-	-	-	19,937,873
Other outgo	6,715,347	-	-	-	-	6,715,347
Capital outlay	2,701,412	1,756,717	66,928,620	-	13,269,753	84,656,502
Debt service						
Principal	4,080,651	-	-	75,195,000	-	79,275,651
Interest and other	97,909	-	-	50,008,402	-	50,106,311
Total expenditures	883,574,666	34,259,956	71,106,176	125,203,402	49,797,265	1,163,941,465
Excess (Deficiency) of Revenues Over Expenditures	(49,040,052)	5,488,125	(56,643,255)	(17,205,996)	(9,401,599)	(126,802,777)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	3,000,000	3,000,000
Transfers out	(5,063,940)	-	-	-	-	(5,063,940)
Net Financing Sources (Uses)	(5,063,940)	-	-	-	3,000,000	(2,063,940)
Net Change in Fund Balances	(54,103,992)	5,488,125	(56,643,255)	(17,205,996)	(6,401,599)	(128,866,717)
Fund Balance - Beginning, as previously reported	308,052,305	-	282,465,140	131,063,958	105,891,867	827,473,270
Adjustments (Note 13)	-	17,012,963	-	-	(17,012,963)	-
Fund Balance - Beginning, as restated	308,052,305	17,012,963	282,465,140	131,063,958	88,878,904	827,473,270
Fund Balance - Ending	\$ 253,948,313	\$ 22,501,088	\$ 225,821,885	\$ 113,857,962	\$ 82,477,305	\$ 698,606,553

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, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ (128,866,717)
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Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlay 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 expense in the Statement of Activities.

This is the amount by which capital outlay exceed depreciation and amortization expense in the period.

Depreciation and amortization expense	\$ (34,353,337)
Capital outlays	<u>84,656,502</u>

Net expense adjustment	50,303,165
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A gain on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not in the governmental funds.	404,444
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In the Statement of Activities, certain operating expenses, such as compensated absences 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 compensated absences earned and used.	(6,105,647)
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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/inflows of resources and net pension liability during the year.	26,480,242
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Deferred amounts on refunding (the difference between the reacquisition price of the net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt, whichever is shorter.	443,841
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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, 2025

Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Deferred amount on refunding recognized	(3,171,816)	
Premium amortization	9,757,935	
Principal paid on bonds	75,195,000	
Principal paid on the emergency apportionment loan	<u>4,080,651</u>	85,861,770

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.

1,298,207

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.

(9,525,101)

Change in net position of governmental activities

\$ 20,294,204

Oakland Unified School District
Statement of Net Position – Proprietary Funds – Self Insurance
June 30, 2025

	Governmental Activities - Internal Service Fund
Assets	
Current assets	
Cash and Investments	\$ 4,686,810
Excess carrier refunds	756,946
Due from other funds	2,207,160
Interest receivable	30,698
	<u>7,681,614</u>
Total assets	<u>7,681,614</u>
Deferred Outflows of Resources	
Pension related	<u>705,169</u>
Liabilities	
Current liabilities	
Salaries and benefits payable	100,365
Accounts payable	2,190,579
Claims liability	12,329,560
	<u>14,620,504</u>
Total current liabilities	<u>14,620,504</u>
Noncurrent liabilities	
Claims liabilities	37,233,574
Net pension liability	2,278,440
	<u>39,512,014</u>
Total noncurrent liabilities	<u>39,512,014</u>
Total liabilities	<u>54,132,518</u>
Deferred Inflows of Resources	
Pension related	<u>61,101</u>
Net Position	
Unrestricted	<u><u>\$ (45,806,836)</u></u>
Total net position (deficit)	<u><u>\$ (45,806,836)</u></u>

Oakland Unified School District

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – Self Insurance

Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
Operating Revenues	
In-district premiums	\$ 20,997,848
Total operating revenues	<u>20,997,848</u>
Operating Expenses	
Claims	26,464,688
Excess insurance	4,040,034
Salaries and benefits	2,237,290
Supplies and materials	143,964
Other	2,590
Total operating expenses	<u>32,888,566</u>
Operating Income	<u>(11,890,718)</u>
Nonoperating income (expense)	
Fair market value adjustments	120,602
Interest income	181,075
Total nonoperating revenues (expenses)	<u>301,677</u>
Income (loss) before capital contributions and transfers	<u>(11,589,041)</u>
Transfers in	2,063,940
Change in Net Position	(9,525,101)
Net Position (deficit) - Beginning	<u>(36,281,735)</u>
Net Position (deficit) - Ending	<u><u>\$ (45,806,836)</u></u>

Oakland Unified School District
Statement of Cash Flows – Proprietary Funds – Self Insurance
Year Ended June 30, 2025

	Governmental Activities - Internal Service Fund
Operating Activities	
Cash receipts for insurance premiums	\$ 18,998,152
Cash payment for insurance claims and premiums	(25,373,253)
Cash payments to employees for services	(2,359,524)
Cash received from other funds to support operations	2,063,940
Cash payments for supplies	1,730,268
Other operating cash payments	(2,590)
	<u>(4,943,007)</u>
Net Cash Used for Operating Activities	<u>(4,943,007)</u>
Investing Activities	
Interest on investments	<u>358,964</u>
Net Change in Cash and Cash Equivalents	(4,584,043)
Cash and Cash Equivalents, Beginning	<u>9,270,853</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 4,686,810</u></u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating loss	\$ (11,890,718)
Interfund transfers	2,063,940
Change in pension liability and related deferred inflows and outflows	202,253
Changes in assets and liabilities	
Receivables	(2,001,228)
Claim liabilities	5,133,001
Accrued liabilities	1,549,745
	<u>1,549,745</u>
Net Cash Used for Operating Activities	<u><u>\$ (4,943,007)</u></u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Oakland Unified School District (District), established in 1855 under the laws of the State of California and unified in 1952, operates under the governance of a locally elected seven-member Board. The District is responsible for providing educational services to students in grades K–12, in accordance with state and federal mandates. For the 2024–2025 school year, the District operated 46 elementary schools, 3 K–8 schools, 11 middle schools, 3 schools serving grades 6–12, 7 high schools, 6 alternative high schools, as well as 1 Independent Study program, 1 Home and Hospital program, 1 Young Adult program, 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 out 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.

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.

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.
- **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 17070.10 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 capital assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs, 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 or business segment 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 position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Net position restricted for other activities results from special revenue funds and the restrictions on their 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 liabilities associated with the operation of this fund are included in the statement of net position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in net position. 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

Exchange transaction revenue is recorded on an accrual basis when the exchange occurs and on a modified accrual basis when resources are measurable and available. "Available" means collected within the fiscal year or soon enough to cover current liabilities—typically within one year, except property taxes, which must be collected within 60 days. State apportionments, interest, certain grants, and other local sources meet these criteria.

For non-exchange transactions (where the District receives value without giving equal value), such as property taxes, grants, entitlements, and donations, revenue is recognized in the fiscal year received or when eligibility requirements are met. On a modified accrual basis, non-exchange revenues must also be available to 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 financial statements 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 financial 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.

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

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**Tangible Capital Assets**

Capital assets include land, buildings, building improvements, equipment, and other tangible assets with an initial cost of \$50,000 or more and an estimated useful life greater than one year. Capital assets are recorded at historical cost or, if donated, at acquisition value as of the date of donation. Normal maintenance and repairs that do not materially extend the asset's useful life or add value are expensed as incurred.

Depreciation

Depreciation is computed using the straight-line method over the following estimated useful lives:

- Buildings: 25 to 50 years
- Building improvements: 20 years
- Equipment: 5 to 20 years

Leases

The District recognizes right-to-use lease assets and corresponding lease liabilities for leases with terms greater than 12 months. At lease commencement, the lease asset is measured at the present value of expected lease payments, plus certain initial direct costs. The asset is amortized over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities are reduced as payments are made. The District evaluates lease assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Subscription-Based Information Technology Arrangements

For subscription-based IT arrangements (SBITAs) with terms greater than 12 months, the District recognizes a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription period. The subscription asset is measured at the present value of expected subscription payments, including certain implementation costs. The asset is amortized over the subscription term. Short-term SBITAs (maximum term of 12 months) are expensed as incurred. The District assesses subscription assets for impairment in accordance with GASB 96.

Impairment of Capital Assets and Intangible Assets

The District reviews both tangible capital assets and intangible right-to-use assets (leases and SBITAs) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are recognized to reduce the carrying value to the asset's net realizable value.

Capitalization Threshold

The District's capitalization threshold for all capital assets, including right-to-use lease and subscription assets, is \$50,000.

Leases, as Lessee

When the District is a lessee in a lease agreement for nonfinancial assets with a term greater than 12 months, it recognizes a lease liability and a corresponding right-to-use lease asset at the commencement of the lease. The lease liability is measured at the present value of payments expected to be made during the lease term, discounted using the interest rate implicit in the lease or, if not readily determinable, the District's estimated incremental borrowing rate. The right-to-use lease asset is initially measured as the amount of the lease liability, plus any payments made to the lessor at or before the commencement date and certain initial direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities are reduced as payments are made. The District monitors changes in circumstances that may require remeasurement of the lease liability and asset, such as modifications to lease terms or payment schedules. Lease assets are evaluated for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

Leases, as Lessor

As a lessor, the District recognizes lease receivables and related deferred inflows of resources for leases in which the District conveys the right to use capital assets to other entities for periods greater than 12 months. At the commencement of the lease, the lease receivable is measured at the present value of expected lease payments to be received during the lease term, discounted using the interest rate implicit in the lease or, if not readily determinable, the District's estimated incremental borrowing rate. The deferred inflow of resources is initially measured as the value of the lease receivable, adjusted for lease payments received at or before the commencement date. Lease receivables are subsequently reduced by the principal portion of lease payments received. The deferred inflow of resources is recognized as revenue over the lease term in a systematic and rational manner. The District monitors changes in circumstances that may require remeasurement of the lease receivable and deferred inflow of resources, such as modifications to lease terms or payment schedules. Lease receivables are evaluated for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

The District provides various forms of paid leave to employees, including vacation and sick leave, in accordance with provisions of the California Education Code and Collective Bargaining Agreements. In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for:

1. Leave that has not been used when that leave:
 - a) is attributable to services already rendered,
 - b) accumulates for use or payment in a future period, and
 - c) is more-likely-than-not to be used for time off or otherwise paid or settled; and
2. Leave that has been used but not yet paid or settled as of the financial statement date.

Vacation and compensatory time balances are accrued and reported as a liability when benefits are both earned and attributable to services already rendered. Accrued liabilities for compensated absences include salary-related payments (such as employer payroll taxes and other amounts that are direct and incremental to payments for leave), are measured at current pay rates, and are reported as current and noncurrent liabilities in the financial statements.

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, 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, only the portion of accumulated sick leave that is more-likely-than-not to be used by the employee for paid leave is recognized as a liability in the District's financial statements. The portion of sick leave that is more-likely-than-not to be settled through conversion to service credit for employee retirement plans (CalSTRS or CalPERS) is excluded from the District's liability for compensated absences, per GASB 101 guidance.

At retirement, unused sick leave may be converted to service credit for retirement purposes in accordance with Education Code Sections 22717 and 44978. For classified school members retiring after January 1, 1999, each member receives 0.004 years of service credit for each day of unused sick leave. For certificated employees, credit for unused sick leave 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 District applies the Last-In-First-Out (LIFO) flow assumption in calculating compensated absence liabilities. Under LIFO, current year sick leave usage is attributed first to recently earned leave, with accumulated balances preserved for future conversion to retirement service credit. Balances expected to be converted to pension service credit are excluded from compensated absence liabilities.

For financial statements prepared using the current financial resources measurement focus, expenditures for compensated absences are recognized to the extent normally expected to be liquidated with expendable available financial resources; the full liability is recognized in the government-wide statements. Certain types of leave (e.g., parental, military, or jury duty leave) are not recognized as a liability until the leave commences.

The following is the change in the balance of compensated absences during the year:

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due in one year
\$ 8,716,013	\$ 6,105,647	\$ 14,821,660	\$ 3,920,063

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

Debt premiums, discounts, and debt issuance costs related to prepaid insurance 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, discounts, and 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 net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, deferred inflows of resources related to leases, for pension related items, and for OPEB related items.

Pensions

For purposes of measuring the net pension liability, 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.

Lease Liabilities

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

Subscription Liabilities

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

Fund Balances - Governmental Funds

As of June 30, 2025, 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 in order 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 District accounts for its workers' compensation, general liability, and dental claims through a self-insurance internal service fund. Funding is based on actuarial estimates of amounts needed to pay prior and current year claims and related administrative costs. The District retains self-insured risk for workers' compensation and general liability up to specified limits, as further described in Note 8. Premiums are assessed to the General Fund and other operating funds and are reported as expenditures in those funds and revenues in the internal service fund. The District participates in joint powers authorities that provide insurance coverage above the self-insured retention for liability, workers' compensation, and property programs. In the government-wide financial statements, the activities of the internal service fund have been eliminated to avoid duplication of revenues and expenditures.

Operating Revenues and Expenses - Proprietary Funds

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

Exchange transactions between funds are recorded as revenues by seller funds and as expenses by purchaser funds. Non-repayable transfers of cash or goods are reported as interfund transfers—classified as other financing sources/uses in governmental funds and as non-operating items in proprietary funds. Repayments to funds that covered initial expenses are excluded from financial statements. Interfund transfers are eliminated in the statement of activities for both governmental and business-type activities, except for net residual transfers between these groups.

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 become an enforceable lien on property as of January 1. These taxes are payable in two installments due on November 1 and February 1, and are considered delinquent if not paid by December 10 and April 10, respectively. Unsecured property taxes are payable in a single installment on or before August 31. The County of Alameda is responsible for billing and collecting taxes on behalf of the District. Local property tax revenues are recorded upon receipt.

Fair Value Measurements

Fair value is the amount that would be received for selling an asset or paid to transfer a liability in a fair market transaction as of the measurement date. The District classifies its fair value measurements by using the fair value hierarchy set by generally accepted accounting principles, which ranks inputs by how observable they are:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: Observable inputs other than those in Level 1, either directly or indirectly.
- Level 3: Unobservable inputs.

If multiple input levels are used, the measurement reflects the lowest priority level that significantly impacts the valuation.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments on June 30, 2025 are classified in the financial statements by fund type. Amounts on deposit include cash in bank, cash with fiscal agents, cash in revolving accounts, and the District's position in the Alameda County Treasury Investment Pool (the "County Pool") as follows:

Governmental funds	\$ 724,390,034
Proprietary funds	<u>4,686,810</u>
Total deposits and investments	<u><u>\$ 729,076,844</u></u>

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	\$ 5,628,756
Cash in revolving	149,344
County treasury pool	<u>723,298,744</u>
Total deposits and investments	<u><u>\$ 729,076,844</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 2.28 years on June 30, 2025.

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, 2025.

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, 2025, the District's bank balance of \$5.3 million 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.

Foreign Currency Risk

The District does not hold deposits or investments denominated in currencies other than U.S. dollars; therefore, it has no foreign currency risk exposure.

Note 3 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 17,701,767	\$ -	\$ -	\$ 17,701,767
Construction in progress	193,876,844	73,409,129	(28,638,668)	238,647,305
Total capital assets not being depreciated or amortized	211,578,611	73,409,129	(28,638,668)	256,349,072
Capital assets being depreciated and amortized				
Buildings and improvements	1,551,884,234	34,369,212	-	1,586,253,446
Furniture and equipment	19,527,909	5,516,829	(653,430)	24,391,308
Total capital assets being depreciated and amortized	1,571,412,143	39,886,041	(653,430)	1,610,644,754
Total capital assets	1,782,990,754	113,295,170	(29,292,098)	1,866,993,826
Accumulated depreciation and amortization				
Buildings and improvements	(558,754,220)	(32,744,757)	-	(591,498,977)
Furniture and equipment	(9,582,989)	(1,608,580)	647,497	(10,544,072)
Total accumulated depreciation and amortization	(568,337,209)	(34,353,337)	647,497	(602,043,049)
Net depreciable and amortizable capital assets	1,214,653,545	78,941,833	(28,644,601)	1,264,950,777
Governmental activities capital assets, net	<u>\$ 1,214,653,545</u>	<u>\$ 78,941,833</u>	<u>\$ (28,644,601)</u>	<u>\$ 1,264,950,777</u>

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

Governmental Activities	
Instruction	\$ 19,293,729
Supervision of instruction	4,036,948
Instructional library, media, and technology	169,128
School site administration	1,958,098
Home-to-school transportation	616,966
Food services	1,215,136
All other pupil services	1,365,042
Ancillary Services	716,148
Data processing	574,988
All other administration	1,446,118
Plant Maintenance and Operations	2,961,036
Total depreciation and amortization expense governmental activities	<u>\$ 34,353,337</u>

Note 4 - Lease

Lessor Receivable Derecognition

During the current fiscal year, the District terminated two long-term ground leases with a third-party developer for properties located at 4551 Steele Street, Oakland, CA, and 2455 Church Street, Oakland, CA. Both leases were originally for sixty-five (65) years, with scheduled monthly payments escalating over the lease terms. The leases were terminated in FY 2025 after the developer failed to meet certain contractual obligations specified in the lease agreements.

Prior to termination, the District recognized lease revenue and interest revenue in accordance with the lease terms. Upon termination, the District derecognized the lease receivable and the associated deferred inflow of resources. As of June 30, 2025, the balances of the lease receivable and deferred inflow of resources related to these leases were reduced to zero. Any gain or loss resulting from the derecognition of the lease receivable and deferred inflow of resources was recognized in accordance with GASB Statement No. 87 and GASB Statement No. 42. The District evaluated the transaction for impairment and determined that no additional impairment was required.

Regulated Lease Activity

General Description of Agreements The District has entered into Prop 39 facilities agreements with various charter schools to use District facilities. These agreements are governed by Education Code § 47614 and the State Board of Education's implementing regulations in Title 5, California Code of Regulations (CCR), § 11969.1–11969.11.

Section 47614 requires a school district to make available, to each charter school operating in the district, facilities sufficient to accommodate the charter's in-district students in conditions reasonably equivalent to those in which district students are accommodated; facilities must be contiguous, furnished, and equipped, and remain the property of the District. A district may deny a facilities request that is based on projections of fewer than 80 units of average daily classroom attendance (classroom ADA). When facilities are provided, the District may charge the charter a pro-rata share of facilities costs paid from unrestricted general fund revenues, calculated pursuant to 5 CCR § 11969.7; charter schools shall not otherwise be charged for use of the facilities. (Nothing in § 47614 requires a district to use unrestricted general fund revenues to rent, buy, or lease facilities for charter students.)

The total inflows of resources recognized from these lease agreements during the reporting period amounted to \$2 million.

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, 2025, between major and nonmajor governmental funds, and internal service funds are as follows:

Interfund payable	Interfund Receivable					Total
	General Fund	Building Fund	Interest and Redemption Fund	Nonmajor Governmental Funds	Self Insurance Fund	
General Fund	\$ -	\$ 463,942	\$ 1,095,823	\$ 500	\$ 2,207,160	\$ 3,767,425
Child Development Fund	21,442	2,449	-	-	-	23,891
Building Fund	-	-	-	368,812	-	368,812
Nonmajor Governmental Funds	1,026,042	1,074,771	-	-	-	2,100,813
Total	<u>\$ 1,047,484</u>	<u>\$ 1,541,162</u>	<u>\$ 1,541,162</u>	<u>\$ 369,312</u>	<u>\$ 2,207,160</u>	<u>\$ 6,260,941</u>

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, 2025, consisted of the following:

The general fund contributed \$3,000,000 to deferred maintenance fund as the required match and \$2,063,940 to the self-insurance fund to support the District's self-insurance needs.

Note 6 - Long-Term Debt

The District's long-term debt changed as follows during the year:

	Balance July 1, 2024	Deductions	Balance June 30, 2025	Due in One Year
Long-Term Debt				
General obligation bonds	\$ 1,157,895,000	\$ (75,195,000)	\$ 1,082,700,000	\$ 59,400,000
Unamortized debt premiums	100,505,387	(9,757,935)	90,747,452	6,568,053
Emergency apportionment - direct borrowing loan	4,080,651	(4,080,651)	-	-
Total	<u>\$ 1,262,481,038</u>	<u>\$ (89,033,586)</u>	<u>\$ 1,173,447,452</u>	<u>\$ 65,968,053</u>

The bond interest and redemption fund uses property tax revenues exclusively to pay both the principal and interest owed on general obligation bonds.

Oakland Unified School District

Notes to Financial Statements

June 30, 2025

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 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
2021 Series A	Oct-21	Aug-46	4.00-5.00%	150,240,000
2021 Refunding	Oct-21	Aug-40	0.455-2.974%	120,060,000
Election of 2020 Series 2023A	Nov-23	Aug-48	5.00-5.25%	172,900,000
Series 2023A Refunding	Nov-23	Aug-40	5.00-5.25%	76,545,000
Series 2023B Refunding	Nov-23	Aug-38	5.70-6.05%	5,340,000

Bond Issuance	Bonds Outstanding July 1, 2024	Issued	Redeemed	Bonds Outstanding June 30, 2025
Election of 2006 - Series 2009 C	\$ 26,320,000	\$ -	\$ (26,320,000)	\$ -
Election of 2006 - Series 2012 B	23,960,000	-	-	23,960,000
Election of 2012 - Series 2015A	38,625,000	-	(5,700,000)	32,925,000
2015 Refunding	83,860,000	-	(14,720,000)	69,140,000
Election of 2006 - Series 2016A	53,975,000	-	(2,230,000)	51,745,000
2016 Refunding	102,105,000	-	(4,605,000)	97,500,000
2017 Refunding - Series A	28,795,000	-	(16,060,000)	12,735,000
2017 Refunding - Series B	17,670,000	-	(1,855,000)	15,815,000
2017 Refunding - Series C	64,085,000	-	(2,510,000)	61,575,000
2017 Refunding - Series D	54,955,000	-	-	54,955,000
2019 Series A	149,505,000	-	-	149,505,000
2021 Series A	143,065,000	-	-	143,065,000
2021 Refunding	116,190,000	-	(1,195,000)	114,995,000
Election of 2020 Series 2023A	172,900,000	-	-	172,900,000
Series 2023A Refunding	76,545,000	-	-	76,545,000
Series 2023B Refunding	5,340,000	-	-	5,340,000
	<u>\$ 1,157,895,000</u>	<u>\$ -</u>	<u>\$ (75,195,000)</u>	<u>\$ 1,082,700,000</u>

Debt Service Requirements to Maturity

The general obligation bonds mature through 2049 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 59,400,000	\$ 46,987,484	\$ 106,387,484
2027	61,365,000	44,034,723	105,399,723
2028	50,820,000	41,300,574	92,120,574
2029	51,945,000	38,794,255	90,739,255
2030	56,425,000	36,132,519	92,557,519
2031-2035	304,335,000	139,502,205	443,837,205
2036-2040	256,035,000	79,232,674	335,267,674
2041-2045	154,100,000	35,979,199	190,079,199
2046-2047	88,275,000	7,708,575	95,983,575
Total	<u>\$ 1,082,700,000</u>	<u>\$ 469,672,208</u>	<u>\$ 1,552,372,208</u>

State of California Emergency Apportionment Direct Borrowing Loan

On January 3, 2003, Senate Bill 39 (Chapter 14, Statutes of 2003) authorized an emergency apportionment loan of \$100,000,000 to the District. The California Department of Education permitted the State Administrator to use these funds to offset the cost of audit findings, technology enhancements, and related expenditures. The loan carried an interest rate of 1.778%, based on the State's Pooled Money Investment Account rate at the time of enactment, and was structured for repayment over a 20-year period.

During the fiscal year ended June 30, 2025, the District made its final scheduled payment and fully repaid the emergency apportionment loan. As of June 30, 2025, there is no outstanding balance related to this obligation.

Note 7 - Fund Balances

Fund balances are composed of the following on June 30, 2025:

	General Fund	Child Development Fund	Building Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 149,344	\$ -	\$ -	\$ -	\$ -	\$ 149,344
Prepaid expenditures	77,280	-	-	-	-	77,280
Total nonspendable	226,624	-	-	-	-	226,624
Restricted						
Purpose of the grant	80,804,029	-	-	-	-	80,804,029
Learning Recovery	34,683,011	-	-	-	-	34,683,011
Medi-Cal	29,637,569	-	-	-	-	29,637,569
Expanded Learning	31,188,428	-	-	-	-	31,188,428
Associated student body	1,053,786	-	-	-	-	1,053,786
Measure G programs	5,694,058	-	-	-	-	5,694,058
Measure G1 programs	7,321,126	-	-	-	-	7,321,126
Measure N programs	1,469,247	-	-	-	-	1,469,247
Measure H programs	8,926,457	-	-	-	-	8,926,457
Deferred maintenance	-	-	-	-	1,931,138	1,931,138
Adult education programs	-	-	-	-	239,166	239,166
Child nutrition programs	-	-	-	-	43,536,663	43,536,663
Child development programs	-	22,501,087	-	-	-	22,501,087
Capital projects	-	-	225,821,885	-	34,190,563	260,012,448
Debt service	-	-	-	113,857,962	-	113,857,962
Total restricted	200,777,711	22,501,087	225,821,885	113,857,962	79,897,530	642,856,175
Assigned						
State warrants	1,042,564	-	-	-	-	1,042,564
AB 1840	9,583,877	-	-	-	-	9,583,877
Enrollment stabilization	500,000	-	-	-	-	500,000
Capital projects	-	-	-	-	2,579,775	2,579,775
Total assigned	11,126,441	-	-	-	2,579,775	13,706,216
Unassigned						
Reserve for economic uncertainties	26,658,384	-	-	-	-	26,658,384
Remaining unassigned	15,159,153	-	-	-	-	15,159,153
Total unassigned	41,817,537	-	-	-	-	41,817,537
Total	\$ 253,948,313	\$ 22,501,087	\$ 225,821,885	\$ 113,857,962	\$ 82,477,305	\$ 698,606,552

Note 8 - Risk Management

General Description

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. The District manages these risks through a combination of commercial insurance and self-insurance programs for workers' compensation, general liability, and property claims.

Workers' Compensation

The District is permissibly self-insured for workers' compensation claims up to a retention of \$500,000 per occurrence. Losses in excess of this amount are covered by excess insurance purchased from commercial carriers. There have been no significant reductions in insurance coverage from the prior year, and settlements have not exceeded insurance coverage for any of the past three years.

Property and Liability

The District self-insures property and liability claims up to \$250,000 per occurrence. Excess coverage above this retention is provided through participation in the Northern California Regional Liability Excess Fund (NCR). There have been no significant reductions in coverage, and settlements have not exceeded coverage in the past three years.

Claims Liabilities

Claims liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These liabilities include an estimate for claims that have been incurred but not reported (IBNR). The District's claims liabilities are based on actuarial valuations performed as of June 30, 2025, by Bay Actuarial Consultants. The estimates are discounted at 3.5% to reflect the time value of money.

Summary of Changes in Claims Liabilities

	<u>Self-Insurance</u>
Liability Balance, June 30, 2023	43,339,347
Claims and changes in estimates	27,931,573
Claims payments	<u>(26,840,787)</u>
Liability Balance, June 30, 2024	44,430,133
Claims and changes in estimates	35,637,723
Claims payments	<u>(30,504,722)</u>
Liability Balance, June 30, 2025	<u><u>\$ 49,563,134</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, 2025, 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:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 247,189,841	\$ 94,938,994	\$ 39,874,997	\$ 22,888,829
CalPERS	232,390,700	71,924,095	6,231,979	39,949,361
Total	<u>\$ 479,580,541</u>	<u>\$ 166,863,089</u>	<u>\$ 46,106,976</u>	<u>\$ 62,838,190</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, 2023, 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: <https://www.calstrs.com/forms-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% 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, 2025, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
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, 2025, are presented above and the District's total contributions were \$51,254,741.

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

At June 30, 2025, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 247,189,841
State's proportionate share of the net pension liability	113,411,550
Total	<u>\$ 360,601,391</u>

The net pension liability was measured as of June 30, 2024. 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 member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively, was 0.3680% and 0.3638%, resulting in a net increase in the proportionate share of 0.0042%.

For the year ended June 30, 2025, the District recognized pension expense of \$22,888,829. In addition, the District recognized pension expense and revenue of \$10,324,795 for support provided by the State. At June 30, 2025, 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	\$51,254,741	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	14,641,848	11,185,917
Differences between projected and actual earnings on pension plan investments	-	997,400
Differences between expected and actual experience in the measurement of the total pension liability	27,960,354	10,809,471
Changes of assumptions	1,082,051	16,882,209
Total	<u>\$ 94,938,994</u>	<u>\$ 39,874,997</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
2026	\$ (16,570,904.00)
2027	19,957,529
2028	(1,628,292)
2029	(2,755,733)
Total	<u>\$ (997,400)</u>

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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� 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
2026	\$ 1,515,131.00
2027	2,331,300
2028	(308,066)
2029	361,005
2030	1,170,485
Thereafter	(263,199)
Total	<u>\$ 4,806,656</u>

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
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 is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP-2021 Ultimate Projection Scale.

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 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

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%)	\$ 439,669,843
Current discount rate (7.10%)	247,189,841
1% increase (8.10%)	86,461,054

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, 2023 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, 2025, 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%	8.00%
Required employer contribution rate	27.050%	27.050%

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, 2025, are presented above and the total District contributions were \$37,861,438.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$232,390,700. The net pension liability was measured as of June 30, 2024. 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, 2024, and June 30, 2023, respectively was 0.6502% and 0.6703%, resulting in a net decrease in the proportionate share of 0.0201%.

For the year ended June 30, 2025, the District recognized pension expense of \$39,949,361. At June 30, 2025 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	\$ 37,861,438	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	416,439	4,568,767
Differences between projected and actual earnings on pension plan investments	9,027,037	-
Differences between expected and actual experience in the measurement of the total pension liability	19,482,562	1,663,212
Changes of assumptions	5,136,619	-
	<u>\$ 71,924,095</u>	<u>\$ 6,231,979</u>
Total		

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
2026	\$ (77,817.00)
2027	14,034,990
2028	(2,073,844)
2029	(2,856,292)
Total	<u>\$ 9,027,037</u>

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
2026	\$ 10,124,955
2027	5,659,104
2028	3,019,582
Total	<u>\$ 18,803,641</u>

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
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%	4.54%
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 SEP's 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%)	\$ 345,218,325
Current discount rate (6.90%)	232,390,700
1% increase (7.90%)	139,186,102

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% 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, 2025 was \$22,900,186. 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 receives financial assistance from federal and state agencies in the form of grants and awards. Amounts received or receivable under these programs are subject to audit by the granting agencies. The purpose of such audits is to ensure compliance with conditions precedent to the granting of funds, including eligibility and allowable-cost requirements for nonexchange transactions under GASB 33. Any disallowances resulting from these audits may become a liability of the General Fund or other applicable funds. Management believes that any such disallowances, if determined, will not be material to the District's financial position or results of operations.

Certain federal programs concluded or transitioned during the year and remain subject to closeout review under the Uniform Guidance. The District records advances as unearned revenue until eligibility requirements are met, consistent with GASB 33. Management does not expect federal closeout adjustments, if any, to be material.

Construction and Capital Project Commitments

At June 30, 2025, the District had outstanding commitments under executed construction and modernization contracts totaling approximately \$121 million, primarily related to bond-funded projects authorized by voters and state-funded facility programs. These projects are expected to be financed from a combination of general obligation bond proceeds, state facilities apportionments, developer fees, and other capital resources. The District does not anticipate these commitments will adversely affect its ability to provide ongoing services.

Litigation

The District is involved in various legal matters arising in the normal course of operations. In the opinion of management, after consultation with legal counsel, the ultimate resolution of these matters is not expected to have a material adverse effect on the District's financial position or changes in financial position. (Any routine claim activity is accounted for within the District's self-insurance program—see Note 8 – Risk Management.).

Health Benefits Obligation

The District participates in a coordinated health and welfare benefits governance process with employee unions through the Health Benefits Governance Board (HBGB). The HBGB agreement includes a formula used to determine the District's annual funding responsibility for health and welfare benefits. While the final annual calculation may fluctuate, management does not anticipate outcomes under the HBGB formula that would have a material adverse effect on the District's financial position as of June 30, 2025.

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, 2025, the District made payments of \$1 thousand to the Chabot JPA for fieldtrip admissions.

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 4 members to the 17 member governing board. During the year ended June 30, 2025, no payments were made.

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. The District made payments of \$3.9 million for risk management premiums.

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

Note 12 - Concentrations and Constraints

Management has evaluated concentrations and constraints in accordance with GASB Statement No. 102. While the District is subject to sector-wide risks such as reliance on LCFF funding, property tax collections for debt service, and self-insurance claims, none of these concentrations are currently judged to be so severe or imminent as to require specific disclosure. The District will continue to monitor these risks and will update disclosures if circumstances change.

Note 13 - Restatement

During fiscal year, there was a change within the financial reporting entity which resulted in the Child Development Fund being reported as a major fund instead of as a nonmajor fund. As a result, fund balance of the Child Development Fund of \$17,012,963 which was previously reported in the nonmajor funds is now reported as a major fund with a beginning fund balance of \$17,012,963. This resulted in adjustments to and restatements of beginning fund balance to nonmajor funds as follows:

	Child Development Fund	Nonmajor Governmental Funds
July 1, 2024, as previously reported	\$ -	\$ 105,891,867
Change within the financial reporting entity	17,012,963	(17,012,963)
July 1, 2024, as restated	<u>\$ 17,012,963</u>	<u>\$ 88,878,904</u>

Note 14 - Subsequent Event and Substantial Doubt About the District’s Ability to Continue as a Going Concern

Substantial Doubt Statement

Management has evaluated whether conditions or events, considered in the aggregate, raise substantial doubt about the District’s ability to continue as a going concern for a reasonable period of time. Based on this evaluation, management has concluded that substantial doubt exists about the District’s ability to continue as a going concern.

Principal Conditions or Events Raising Substantial Doubt

The following principal conditions and events contributed to this conclusion:

- The District is projecting a budget deficit of approximately \$100 million for the next fiscal year, in addition to recurring unrestricted General Fund deficits.
- The General Fund's unassigned fund balance has declined significantly, and key liquidity and solvency indicators have deteriorated.
- The District's government-wide unrestricted net position and self-insurance internal service fund both report deficits, with increasing claims liabilities further pressuring cash flows.
- Expenditures continue to exceed recurring revenues, and as of the date of issuance, no Board-approved corrective plan is in place to address these conditions.
- The Alameda County Office of Education has issued repeated warnings regarding financial distress, and the District is subject to heightened oversight under California Education Code and AB 1200.

Management's Evaluation of the Significance of These Conditions

Management has determined that the above conditions and events are significant and raise substantial doubt about the District's ability to meet its obligations as they become due. The projected deficit and lack of corrective action threaten the District's fiscal solvency and may result in the need for state or county intervention, including the appointment of a trustee or administrator and the extension of an emergency apportionment loan.

Management's evaluation considered conditions and events existing as of June 30, 2025 and information known or reasonably knowable for twelve months after the financial statement date. Substantial doubt is not alleviated because, as of the date of issuance, the District does not have a Board-approved corrective plan or committed financing sufficient to address the identified conditions.

Management's Plans to Mitigate Substantial Doubt

Management is actively evaluating and considering the following plans to mitigate the conditions and events that raise substantial doubt:

- Expenditure reductions, including program realignments and labor cost containment.
- Revenue enhancement measures and improved cash-flow monitoring.
- Engagement in labor negotiations and review of service delivery models.
- Ongoing collaboration with the Board to develop and implement a sustainable fiscal recovery plan.

Required Supplementary Information
June 30, 2025

Oakland Unified School District

Oakland Unified School District
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula (LCFF)	\$ 482,082,809	\$ 481,941,416	\$ 480,436,795	\$ (1,504,621)
Federal sources	52,202,921	67,096,459	49,958,215	(17,138,244)
Other State sources	156,004,501	179,875,028	173,508,376	(6,366,652)
Other local sources	76,883,002	114,862,680	130,631,228	15,768,548
Total revenues	767,173,233	843,775,583	834,534,614	(9,240,969)
Expenditures				
Current				
Certificated salaries	268,262,773	281,641,385	276,316,833	5,324,552
Classified salaries	126,576,203	135,316,587	135,952,637	(636,050)
Employee benefits	226,729,011	226,904,705	221,935,331	4,969,374
Books and supplies	78,475,224	56,483,343	29,741,325	26,742,018
Services and operating expenditures	152,944,186	210,309,088	200,466,900	9,842,188
Other outgo	8,739,003	12,193,885	4,828,731	7,365,154
Capital outlay	5,642,577	17,493,278	10,154,349	7,338,929
Debt service				
Debt service - principal	-	4,080,651	4,080,651	-
Debt service - interest and other	-	97,909	97,909	-
Total expenditures	867,368,977	944,520,831	883,574,666	60,946,165
Excess (Deficiency) of Revenues Over Expenditures	(100,195,744)	(100,745,248)	(49,040,052)	51,705,196
Other Financing Sources (Uses)				
Transfers out	(3,000,000)	-	(5,063,940)	(5,063,940)
Net Financing Sources (Uses)	(3,000,000)	-	(5,063,940)	(5,063,940)
Net Change in Fund Balances	(103,195,744)	(100,745,248)	(54,103,992)	46,641,256
Fund Balance - Beginning	308,052,305	308,052,305	308,052,305	-
Fund Balance - Ending	\$ 204,856,561	\$ 207,307,057	\$ 253,948,313	\$ 46,641,256

Oakland Unified School District
 Budgetary Comparison Schedule – Child Development Fund
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ 890,768	\$ 1,014,995	\$ 928,898	\$ (86,097)
Other State sources	26,291,702	26,716,956	26,515,137	(201,819)
Other local sources	5,530,813	12,466,889	12,304,046	(162,843)
Total revenues	32,713,283	40,198,840	39,748,081	(450,759)
Expenditures				
Current				
Certificated salaries	10,497,389	11,446,774	11,036,241	410,533
Classified salaries	6,075,346	5,871,810	5,530,053	341,757
Employee benefits	10,080,575	9,518,073	9,060,720	457,353
Books and supplies	3,103,521	2,048,690	1,227,984	820,706
Services and operating expenditures	3,824,060	5,368,439	4,362,983	1,005,456
Other outgo	1,128,128	1,275,091	1,156,544	118,547
Capital outlay	-	3,028,718	1,885,431	1,143,287
Total expenditures	34,709,019	38,557,596	34,259,956	4,297,640
Net Change in Fund Balances	(1,995,736)	1,641,244	5,488,125	3,846,881
Fund Balance - Beginning	12,880,620	17,012,963	17,012,963	-
Fund Balance - Ending	\$ 10,884,884	\$ 18,654,207	\$ 22,501,088	\$ 3,846,881

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

Reporting date as of June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CalSTRS										
Proportion of the net pension liability (asset)	0.3680%	0.3638%	0.3851%	0.3790%	0.3650%	0.3410%	0.3594%	0.3799%	0.3575%	0.3467%
Proportionate share of the net pension liability (asset)	\$ 247,189,841	\$ 277,060,204	\$ 267,622,285	\$ 172,464,248	\$ 353,672,576	\$ 307,944,534	\$ 330,349,607	\$ 351,313,224	\$ 289,147,011	\$ 233,433,103
State's proportionate share of the net pension liability (asset)	113,411,550	132,747,335	134,024,194	86,777,321	182,318,255	168,004,302	189,140,600	207,833,936	164,606,236	123,460,378
Total	<u>\$ 360,601,391</u>	<u>\$ 409,807,539</u>	<u>\$ 401,646,479</u>	<u>\$ 259,241,569</u>	<u>\$ 535,990,831</u>	<u>\$ 475,948,836</u>	<u>\$ 519,490,207</u>	<u>\$ 559,147,160</u>	<u>\$ 453,753,247</u>	<u>\$ 356,893,481</u>
Covered payroll	\$ 260,163,513	\$ 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
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.01%	125.84%	118.44%	81.20%	179.92%	108.77%	171.62%	174.49%	155.23%	162.58%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%	73%	71%	69%	70%	74%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
CalPERS										
Proportion of the net pension liability (asset)	0.6502%	0.6703%	0.6742%	0.6706%	0.6536%	0.6706%	0.6299%	0.7382%	0.6968%	0.6522%
Proportionate share of the net pension liability (asset)	\$ 232,390,700	\$ 242,648,731	\$ 231,978,516	\$ 136,364,150	\$ 200,538,722	\$ 195,440,841	\$ 167,950,475	\$ 176,224,617	\$ 137,626,784	\$ 96,126,834
Covered payroll	\$ 129,190,802	\$ 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
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	179.88%	205.73%	222.32%	138.12%	208.72%	155.26%	177.10%	187.21%	155.90%	114.25%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%	70%	71%	72%	74%	79%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

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

Reporting date as of June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CalSTRS										
Contractually required contribution	\$ 51,254,741	\$ 49,691,231	\$ 42,050,578	\$ 38,231,291	\$ 34,302,902	\$ 33,614,522	\$ 46,089,133	\$ 27,776,318	\$ 25,327,824	\$ 19,117,248
Less contributions in relation to the contractually required contribution	51,254,741	49,691,231	42,050,578	38,231,291	34,302,902	33,614,522	46,089,133	27,776,318	25,327,824	19,117,248
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 268,349,429</u>	<u>\$ 260,163,513</u>	<u>\$ 220,160,094</u>	<u>\$ 225,953,257</u>	<u>\$ 212,401,870</u>	<u>\$ 196,576,152</u>	<u>\$ 283,102,783</u>	<u>\$ 192,490,076</u>	<u>\$ 201,334,054</u>	<u>\$ 186,271,892</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>
CalPERS										
Contractually required contribution	\$ 37,861,438	\$ 34,468,106	\$ 29,922,921	\$ 23,905,516	\$ 20,437,530	\$ 18,947,422	\$ 22,735,881	\$ 14,728,715	\$ 13,073,239	\$ 10,461,331
Less contributions in relation to the contractually required contribution	37,861,438	34,468,106	29,922,921	23,905,516	20,437,530	18,947,422	22,735,881	14,728,715	13,073,239	10,461,331
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 139,968,348</u>	<u>\$ 129,190,802</u>	<u>\$ 117,946,082</u>	<u>\$ 104,345,334</u>	<u>\$ 98,732,029</u>	<u>\$ 96,082,262</u>	<u>\$ 125,876,874</u>	<u>\$ 94,834,299</u>	<u>\$ 94,133,345</u>	<u>\$ 88,281,274</u>
Contributions as a percentage of covered payroll	<u>27.050%</u>	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.70%</u>	<u>19.72%</u>	<u>18.06%</u>	<u>15.53%</u>	<u>13.89%</u>	<u>11.85%</u>

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 States 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 for the CalSTRS or CalPERS plans since the previous valuations.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS or CalPERS plans since the previous valuations.

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, 2025

Oakland Unified School District

Oakland Unified School District
Schedule of Average Daily Attendance
Year Ended June 30, 2025

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional kindergarten through third	11,190.95	11,216.07
Fourth through sixth	7,089.77	7,087.63
Seventh and eighth	3,982.58	3,978.63
Ninth through twelfth	<u>8,054.51</u>	<u>7,984.35</u>
Total Regular ADA	<u>30,317.81</u>	<u>30,266.68</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.86	3.42
Fourth through sixth	6.71	14.22
Seventh and eighth	13.25	18.89
Ninth through twelfth	<u>40.88</u>	<u>55.57</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>61.70</u>	<u>92.10</u>
Total ADA	<u><u>30,379.51</u></u>	<u><u>30,358.78</u></u>

Oakland Unified School District

Schedule of Instructional Time

Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Minutes Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36,000	47,705	-	47,705	180	-	180	Complied
Grades 1 - 3	50,400							
Grade 1		50,430	-	50,430	180	-	180	Complied
Grade 2		50,550	-	50,550	180	-	180	Complied
Grade 3		50,700	-	50,700	180	-	180	Complied
Grades 4 - 8	54,000							
Grade 4		54,000	-	54,000	180	-	180	Complied
Grade 5		54,000	-	54,000	180	-	180	Complied
Grade 6		55,400	-	55,400	180	-	180	Complied
Grade 7		55,350	-	55,350	180	-	180	Complied
Grade 8		55,790	-	55,790	180	-	180	Complied
Grades 9 - 12	64,800							
Grade 9		64,825	-	64,825	180	-	180	Complied
Grade 10		64,825	-	64,825	180	-	180	Complied
Grade 11		64,825	-	64,825	180	-	180	Complied
Grade 12		64,825	-	64,825	180	-	180	Complied

Oakland Unified School District

Schedule of Charter Schools

Year Ended June 30, 2025

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, 2025

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

	General Fund Fund	Self Insurance Fund
Fund Balance		
Balance, June 30, 2025, unaudited actuals	\$ 256,622,944	\$ 1,603,971
Change in fund balance from		
Audit adjustments, accounts receivable	(2,674,631)	-
Actuarially calculated portion of the claims liability	-	(45,776,435)
Allocation of net pension liability and related deferrals	-	(1,634,372)
Balance, June 30, 2025, audited GAAP basis financial statements	<u>\$ 253,948,313</u>	<u>\$ (45,806,836)</u>

Oakland Unified School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2025

	(Budget) 2026 ¹	2025	2024	2023
General Fund Revenues	\$ 806,535,403	\$ 834,534,614	\$ 887,904,981	\$ 881,470,975
Expenditures	916,406,486	883,574,666	859,982,219	747,944,345
Other uses and transfers out	2,985,000	5,063,940	3,000,000	5,900,000
Total expenditures and other uses	919,391,486	888,638,606	862,982,219	753,844,345
Increase/(Decrease) in Fund Balance	(112,856,083)	(54,103,992)	24,922,762	127,626,630
Ending Fund Balance	\$ 141,092,230	\$ 253,948,313	\$ 308,052,305	\$ 283,129,543
Available Reserves ²	\$ 23,850,572	\$ 41,817,537	\$ 115,833,521	\$ 115,288,572
Available Reserves as a Percentage of Total Outgo	2.59%	4.71%	13.42%	15.29%
Long-term commitments				
Bonded debt	1,107,479,399	1,173,447,452	1,258,810,764	1,147,971,269
General Fund obligations				
State loan	-	-	4,080,651	6,067,671
Claims liability	49,563,134	49,563,134	44,430,133	43,339,347
Net pension liability	479,580,541	479,580,541	519,708,935	499,600,801
Other	11,311,974	15,232,037	9,126,390	6,075,503
Total direct district obligations	540,455,649	544,375,712	577,346,109	555,083,322
Total long-term commitments	\$1,647,935,048	\$1,717,823,164	\$1,836,156,873	\$1,703,054,591
K-12 Average Daily Attendance at P-2	30,057	30,380	30,253	29,893

Over the past two years, the general fund balance has declined by \$29.2 million. As of the first interim reporting period for the fiscal year 2025-26, the budget anticipates an additional reduction of \$112.9 million, representing a 44 percent decrease. Furthermore, the budget projects available reserves to decrease by 43 percent, or \$18 million to \$23.9 million which is estimated to be 2.59% of fiscal year 2025-26 total general fund outgo. For a district of this scale, the State recommends maintaining available reserves at a minimum of two percent of total General Fund expenditures, transfers out, and other uses (total outgo). Long-term liabilities have decreased by \$10.7 million in the last two years. Meanwhile, average daily attendance (ADA) rose by 487 during this period but is projected to fall by 323 in the next fiscal year.

¹ Financial information for 2026, 2024, and 2023 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.

Oakland Unified School District
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2025

	Adult Education 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	\$ 9,289	\$ 39,064,475	\$ 3,228,000	\$ 22,121,607	\$ 10,484,924	\$ 5,308,059	\$ 80,216,354
Receivables	2,393	307,076	35,348	679,577	83,720	46,504	1,154,618
Due from other funds	-	-	-	368,812	-	500	369,312
Due from other governments	1,110,106	5,185,515	-	-	-	-	6,295,621
Total assets	\$ 1,121,788	\$ 44,557,066	\$ 3,263,348	\$ 23,169,996	\$ 10,568,644	\$ 5,355,063	\$ 88,035,905
Liabilities and Fund Balances							
Liabilities							
Accounts payable	\$ 33,175	\$ 843,808	\$ 1,332,210	\$ 4,567	\$ 350,622	\$ 893,405	\$ 3,457,787
Due to other funds	849,447	176,595	-	-	922,388	152,383	2,100,813
Total liabilities	882,622	1,020,403	1,332,210	4,567	1,273,010	1,045,788	5,558,600
Fund Balances							
Education programs	239,166	-	-	-	-	-	239,166
Child nutrition programs	-	43,536,663	-	-	-	-	43,536,663
Deferred maintenance	-	-	1,931,138	-	-	-	1,931,138
Capital projects	-	-	-	23,165,429	9,295,634	1,729,500	34,190,563
Assigned, capital projects	-	-	-	-	-	2,579,775	2,579,775
Total fund balances	239,166	43,536,663	1,931,138	23,165,429	9,295,634	4,309,275	82,477,305
Total liabilities and fund balances	\$ 1,121,788	\$ 44,557,066	\$ 3,263,348	\$ 23,169,996	\$ 10,568,644	\$ 5,355,063	\$ 88,035,905

Oakland Unified School District

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

June 30, 2025

	Adult Education Fund	Formerly Nonmajor 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	\$ 378,004		\$ 24,905,804	\$ -	\$ -	\$ -	\$ -	\$ 25,283,808
State sources	3,197,366		6,108,041	-	-	-	-	9,305,407
Developer fees	-			-	1,333,387	-	-	1,333,387
Other local sources	34,021		2,083,453	235,263	1,149,374	631,199	339,754	4,473,064
Total revenues	3,609,391		33,097,298	235,263	2,482,761	631,199	339,754	40,395,666
Expenditures								
Current								
Instruction	2,597,265		-	-	-	-	-	2,597,265
Instruction-related activities								
Supervision of instruction	87,087		-	-	-	-	-	87,087
School site administration	1,171,090		-	-	-	-	-	1,171,090
Pupil services								
Food services	-		31,923,999	-	-	-	-	31,923,999
Administration								
All other administration	106,267		623,803	-	-	-	-	730,070
Plant services	17,600		-	-	-	-	401	18,001
Capital outlay	-		-	6,333,855	1,085,573	3,403,044	2,447,281	13,269,753
Total expenditures	3,979,309		32,547,802	6,333,855	1,085,573	3,403,044	2,447,682	49,797,265
Excess (Deficiency) of Revenues Over Expenditures	(369,918)		549,496	(6,098,592)	1,397,188	(2,771,845)	(2,107,928)	(9,401,599)
Other Financing Sources								
Transfers in	-		-	3,000,000	-	-	-	3,000,000
Net Change in Fund Balances	(369,918)		549,496	(3,098,592)	1,397,188	(2,771,845)	(2,107,928)	(6,401,599)
Fund Balance - Beginning, as previously reported	609,084	17,012,963	42,987,167	5,029,730	21,768,241	12,067,479	6,417,203	105,891,867
Adjustments (Note 13)	-	(17,012,963)	-	-	-	-	-	(17,012,963)
Fund Balance - Beginning	609,084		42,987,167	5,029,730	21,768,241	12,067,479	6,417,203	88,878,904
Fund Balance - Ending	\$ 239,166		\$ 43,536,663	\$ 1,931,138	\$ 23,165,429	\$ 9,295,634	\$ 4,309,275	\$ 82,477,305

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

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 Combining 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.

Other Information
June 30, 2025

Oakland Unified School District

Established in 1855, the Oakland Unified School District covers roughly 55 square miles. During the year, it operated 46 elementary schools, 3 K-8 campuses, 11 middle schools, 3 grade 6-12 schools, 7 high schools, 6 alternative high schools, 1 Independent Study program, 1 Home and Hospital, 1 Young Adult center, and 28 early childhood education sites. No boundary changes occurred.

Governing Board

Member	Office	Term Expires
District 1 – Rachel Latta	Director	January 2029
District 2 – Jennifer Brouhard	Director	January 2027
District 3 – VanCedric Williams	Director	January 2029
District 4 – Mike Hutchinson	Director	January 2027
District 5 – Patrice Berry	Director	January 2029
District 6 – Valarie Bachelor	President	January 2027
District 7 – Clifford Thompson	Director	January 2029

County Trustee

Luz Cazares

Administration

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

Independent Auditor's Reports
June 30, 2025

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oakland Unified School District (the District), as of and for the year ended June 30, 2025, 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 8, 2025.

Our report contains an emphasis of matters paragraph regarding substantial doubt about the District's ability to continue as a going concern.

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 District'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency.

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 8, 2025



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

To the Governing Board
Oakland Unified School District
Oakland, California

Report on Compliance

Opinion on State Compliance

We have audited Oakland Unified School District's (the District) compliance with the requirements specified in the *2024-2025 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, 2025.

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, 2025.

Basis for Opinion

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 *2024-2025 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.

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 *2024-2025 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 *2024-2025 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 *2024-2025 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:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	N/A
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	N/A

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Middle or Early College High Schools	N/A
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	N/A
Comprehensive School Safety Plan	Yes
District of Choice	N/A
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	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	N/A
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	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

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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 identify during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2025-002 and 2025-003. Our opinion on state compliance is not modified with respect to these 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

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 a 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 from those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Menlo Park, California
December 8, 2025

Schedules of Findings and Questions Costs
June 30, 2025

Oakland Unified School District

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	Yes
Noncompliance material to financial statements noted?	No

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor’s report issued on compliance for programs	Unmodified

The following finding constitutes a significant deficiency pertaining to the financial statements, which must be reported in accordance with *Government Auditing Standards*. The finding is categorized as follows:

	Five-Digit Code	AB 3627 Finding Type
	20000	Inventory of Equipment
	30000	Internal Control
	60000	Miscellaneous
2025-001	30000 Significant Deficiency in Internal Control Over Census Data Reporting to CalPERS	
	Criteria	
	Internal controls should ensure that all pensionable earnings are accurately reported to CalPERS in accordance with plan requirements. Accurate census data is essential for actuarial valuations and financial reporting under GASB Statement No. 68.	
	Condition	
	During our audit of the financial statements of Oakland Unified School District for the fiscal year ended June 30, 2025, we tested the completeness and accuracy of census data reported to CalPERS. Out of a sample of 80 employees, we identified 4 instances where pensionable earnings were not reported to CalPERS. Management has since corrected these errors.	
	Cause	
	The errors occurred because existing controls did not consistently ensure that all pensionable earnings were captured and reported to CalPERS.	
	Effect	
	Incomplete reporting of pensionable earnings could result in inaccurate pension liability calculations and related disclosures in the District’s financial statements. This could also result in underfunding and potential compliance issues.	
	Repeat Finding	
	No	
	Recommendation	
	We recommend the District strengthen controls over payroll reporting to CalPERS by:	
	• Implementing periodic reconciliations between payroll records and CalPERS submissions. • Providing staff training on pensionable compensation requirements. • Establishing a review process for changes in employee status or compensation.	

Corrective Action Plan and Views of Responsible Officials

Issue Summary

The district identified deficiencies in the accuracy and consistency of CalPERS reporting due to gaps in payroll reconciliation, staff understanding of pensionable compensation, and insufficient review of employee status or compensation changes. The root cause is noted as a lack of formalized reconciliation schedule and documentation process which has led to discrepancies between payroll data and CalPERS submissions

Corrective Action

- Provide Staff Training on Pensionable Compensation Requirements Cross Departmentally for HR & Payroll.
- Revisit the Review Process for New Hire Setup.
- Establish a Review Process for Changes in Employee Status or Compensation.
- Implement Periodic Reconciliations Between Payroll Records and CalPERS Submissions.

We have established a reconciliation process to compare HR New Hire paperwork with Employee Status and Payroll setup in CalPERS Retirement System. This will determine if there are any gaps or discrepancies in setup, which then will result in Payroll reporting of compensation to the proper Retirement Agency, if any. We are now doing this on a monthly basis cross departmentally between HR and Payroll before the Payroll runs. We have recently attended retirement training with HR and will continue this ongoing effort to ensure efficiency.

Action Steps

- Revisit the standardized New Hire checklist and reporting template.
- Review the New Hire Report monthly before the payroll run to ensure all new hires are set up correctly in Payroll and the Retirement Agency.
- Document all variances, corrective entries, and resolution timelines if there are late new hires, or changes in positions.
- Submit reconciliation results to the Payroll Director for review and approval.
- Coordinate with CalPERS Employer Education & Outreach for an official training session with HR to be included.
- Develop internal reference materials summarizing key pensionable compensation criteria.
- Require all HR ESS & Payroll Staff to complete training and sign acknowledgment of understanding.

Monitoring and Evaluation

- Maintain attendance logs and training certifications.
- Conduct random audits of payroll entries to verify compliance.

Responsible Party

- Payroll Director/Chief of Talent.

Section IV – State Compliance Findings

The following findings represent instances of noncompliance and questioned costs that are required to be reported by the 2024-2025 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
10000	Attendance
40000	State Compliance
42000	Charter School Facility Grant Program
43000	Apprenticeship: Related and Supplemental Instruction
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Certification and Misassignments
72000	School Accountability Report Card

2025-002 40000 State Compliance – Transitional Kindergarten (TK) Class Size and Adult-to-Pupil Ratio
Criteria

Education Code Section 48000 and 48000.15 establish requirements for transitional kindergarten (TK) classroom enrollment and adult-to-pupil ratios. For TK classrooms with early enrollment pupils (children who turned four years old between June 3 and September 1 preceding the school year), the average class enrollment must not exceed 20 pupils, and the adult-to-pupil ratio must not exceed 1:10 for the entire school day.

Condition

During our audit of Oakland Unified School District, we selected a representative sample of five TK classrooms, including one classroom with an early enrollment pupil. For this classroom, we noted:

- The average number of pupils enrolled was 23.25.
- The average number of pupils per adult was 11.5.

Cause

The District did not maintain compliance with the TK class size and adult-to-pupil ratio requirements for the classroom with early enrollment pupils.

Effect

The classroom exceeded both the maximum average class enrollment and the maximum adult-to-pupil ratio requirements for TK classrooms with early enrollment pupils. As a result, the District is subject to penalties as prescribed by Education Code Section 48000.1(b)(1)(C) for class size and Section 48000.1(b)(1)(A) for adult-to-pupil ratio.

Questioned Costs

- Class size penalty: \$19,817
- Adult-to-pupil ratio penalty: \$28,924

Repeat Finding

No

Recommendation

We recommend that Oakland Unified School District implement procedures to ensure compliance with TK classroom size and adult-to-pupil ratio requirements, particularly for classrooms with early enrollment pupils. The District should review staffing and enrollment practices to prevent recurrence of these findings.

Corrective Action Plan and Views of Responsible Officials

OUSD trains enrollment staff on the appropriate age range for students in TK classes. During the period of UPK expansion, early enrollment was permitted, and an applicable policy was established at several schools where the adult-to-pupil ratio was maintained at the 1:10 level for the entire school day. Unfortunately, an error was made in permitting an early enrollment TK student to enroll at a school not selected for early enrollment, where the ratio was the prevailing 1:12 level.

Although TK is not fully implemented, we will continue to train staff annually on the appropriate age ranges and birth dates requirements for all students seeking enrollment in TK for the 2026-2027 school year and beyond. We will implement a more streamlined process by which families can exercise the age appeal process afforded to them under the Ed Code, ensuring that this is handled in an equitable and uniform manner.

2025-003 40000 State Compliance – ASES Attendance Reporting

Criteria

The California Department of Education requires LEAs participating in the ASES Program to maintain accurate records supporting the number of pupils served, as reported in attendance submissions. Source documentation, such as sign-in/sign-out sheets or attendance logs, must be available to substantiate reported figures.

Condition

Oakland Unified School District operates the ASES program at 60 schools. Our audit sample included 101,727 pupil days served across 11 of the District's ASES sites. In our review, supporting documentation was not available for 2,708 of the 101,727 pupil days.

Cause

The District did not retain source documentation for certain attendance days within the sampled schools.

Effect

While the majority of records we sampled were supported by documentation, there were instances where source records were not available. As a result, the accuracy of the reported number of pupils served for these specific days could not be verified.

Questioned Costs

No questioned costs associated with the finding.

Repeat Finding

Yes, see finding 2024-004

Recommendation

We recommend that Oakland Unified School District review and strengthen its documentation practices for the ASES program to ensure that supporting records for all reported pupil days served are retained and readily available for audit. This will support both program accountability and continuous quality improvement, in alignment with CDE guidance.

Corrective Action Plan and Views of Responsible Officials

OUSD's Expanded Learning Office currently requires school sites to track attendance and participation using paper sign-in and sign-out forms. These documents are printed daily and completed by school staff and families during check-out. However, due to human error and the limitations of paper-based systems, after-school programs have experienced instances where forms were lost or misplaced. To improve accuracy and provide real-time reporting, the Expanded Learning Office is transitioning to a digital attendance tracking system.

Implementation of the new online process will begin this spring, with full rollout planned for fall 2026.

Summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

2024-001 Teacher Certification

Condition

We identified Four teachers whom we were provided with insufficient information to determine if they possessed a valid certification document.

Recommendation

We recommend that the District to evaluate its operational process and controls in this area.

Current Status

Resolved

2024-002 Expanded Learning Opportunities Program, Pupil-to-Staff Ratio

Condition

We obtained and inspected documentation establishing compliance for 13 school sites with the following exceptions. Per the documentation that we were provided, the District maintained a pupil-to-staff ratio of 23.4 for grades 1-5 at East Oakland Pride Elementary, and a pupil-to-staff ratio of 23.67 for grades 9-12 at Oakland Tech High School.

Recommendation

We recommend the District to remind agencies operating the program of the requirements to follow District policy. We also recommend the District periodically monitor sites for compliance during the year.

Current Status

Resolved

2024-003 School Accountability Report Card

Condition

The District did not provide the quarterly summaries described in the criteria paragraph. The condition is not specific to any single site.

Recommendation

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

Current Status

Resolved

2024-004 ASES Attendance Reporting

Condition

We identified errors in the attendance reported to the CDE. The District operates an ASES after school program at over 60 schools. We sampled 11 ASES sites, and this condition applies to four of them. The District's monthly summary of total students served reported fewer days than those that were reported to the state, and therefore, the District overreported the total number of students served by 495, which is an error rate of 0.4% based on the audit sample.

Recommendation

We recommend the District continue implementing its new attendance accounting system for the after school program.

Current Status

Resolved

2024-005 ASES Site Closures

Condition

The District operates an ASES after school program at over 60 schools. We sampled 11 ASES sites and noted that the program was not offered on October 31, 2023, at Reach Academy Elementary, Coliseum College Prep Academy, and Sankofa United Elementary.

Recommendation

We recommend that the District periodically remind lead agencies operating ASES after school programs about district policy.

Current Status

Resolved

2024-006 Immunizations

Condition

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

Recommendation

We suggest that management periodically monitor immunization compliance on a sample basis for timely identification of deviation from District policy.

Current Status

Resolved