

**RESOLUTION  
OF THE  
AUDIT COMMITTEE  
OF THE  
OAKLAND UNIFIED SCHOOL DISTRICT**

**Resolution No. 0809-0001**

**Reconciling Cash Balance Overstatement In the General Fund and Payroll Liabilities Fund**

**WHEREAS**, the State Controller of the State of California, as auditor of the District's financial records, since 2003 to date, has disclaimed an opinion on annual Financial Audits because of District's inability to reconcile cash; and

**WHEREAS**, audit findings presented in the third quarter of the current Fiscal Year by Vavrinek, Trine, Day & Co., LLP, have revealed that there is an estimated \$5.6 million overstatement of cash in the District's General Fund and an understatement of \$9.0 million in the District's Payroll Liability Fund, because these funds have not been balanced and/or reconciled in six years, respectively; and

**WHEREAS**, the State Controller's annual disclaimer on Audit Findings and the District's failure to annually reconcile and/or balance the respective funds, mentioned herein, should have served as a "red flag" to the State Superintendent of Public Instruction or his designee, the State Administrator; and,

**WHEREAS**, as a results of the failure of State Administration to annually reconcile the cash balance of the General Fund and to reconcile the Payroll Liability Fund of the District, respectively, for nearly six years , will now resulted in an estimated shortfall of an additional approximately \$15 million dollars to the District's already precarious financial balance; and,

**WHEREAS**, it appears the only viable option for the District to reconcile the respective Funds, and to remain in overall financial balance, is to borrow approximately \$15 million dollars from the remaining balance of the \$100 million dollars state line of credit granted in 2003; and,

**WHEREAS**, the long standing acts of omission by State Administration in reconciling the General Fund and the Payroll Liability Fund, respectively, will result in corresponding further indebtedness by said amount to the citizens of the District and negatively impact the educational programs of the children of the District,

**NOW, THEREFORE, BE IT RESOLVED** that the Audit Committee of the District, reluctantly, calls upon the Superintendent of Public Instruction or State Administrator to proportionately use the remaining balance of the State Emergency Line of credit to reconcile the cash balance overstatement in the General Fund and the understatement in the Payroll Liabilities Fund; and

**BE IT FURTHER RESOLVED** that the Audit Committee of the District calls upon the State Superintendent of Public Instruction to relieve the citizens of Oakland and the children of the District of his, or his designee's, errors of omission in these matters by repaying that portion of the state line of credit utilized to reconcile the respective Funds, mentioned herein, from non-District resources.

Passed by the following vote:

AYES:

NAYES:

ABSTAINED:

ABSENT:

Adopted this 28th day of May, 2009 at a Special Meeting of the Audit Committee of the Oakland Unified School District at Oakland, California.

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Chairperson  
Audit Committee  
OAKLAND UNIFIED SCHOOL DISTRICT