

# *Yano Accountancy Corporation*

Litigation and Financial Consulting • Forensic Accounting  
Certified Public Accountants

March 27, 2018

Honorable Members of the Board of Education  
and Members of the Measure “B” and “J” Independent  
Citizens’ School Facilities Bond Oversight Committee  
Oakland Unified School District  
Oakland, California

We have audited the Combined Schedule of Measure B and Measure J Revenues, Expenditures and Changes in Fund Balances (“financial schedule”) of the Oakland Unified School District (“OUSD”) for the year ended June 30, 2017, and have issued our report thereon dated March 27, 2018. Professional standards require that we provide you with the following information related to our audit.

## **Our Responsibilities With Regard to the Financial Statement Audit**

We are responsible for forming and expressing an opinion about whether the OUSD’s financial schedule that has been prepared by management, with the oversight of those charged with governance, are prepared, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Please note that an audit of the OUSD’s financial schedule does not relieve management, Members of the Board of Education and Members of the Measure “B” and “J” Independent Citizens’ School Facilities Bond Oversight Committee of their responsibilities.

## **Planned Scope and Timing of the Audit**

Our planned scope focuses on areas in which actual and/or perceived risk of material misstatements could occur, and to perform audit procedures to respond to these risks. We have addressed these risks as part of our auditing procedures.

As indicated above, we consider the OUSD’s internal control over financial reporting in determining the nature, extent and timing of auditing procedures, including whether such consideration is both effective and efficient in the performance of our audit. Also, as indicated above, since our consideration of internal control is solely for the purpose of determining our auditing procedures, and not to provide any assurance concerning such internal control, we may not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We consider both quantitative and qualitative aspects of materiality when planning and performing our audit procedures. As required by professional standards, we establish a quantitative planning materiality prior to the commencement of our fieldwork, and we refer to our planning materiality when evaluating the results of our substantive audit procedures. We also apply judgment in evaluating the appropriateness of significant estimates and in evaluating the adequacy and appropriateness of financial statement presentation and related disclosures.

We communicated the planned timing of our field work to OUSD management in December 2017.

Honorable Members of the Board of Education  
and Members of the Measure “B” and “J” Independent  
Citizens’ School Facilities Bond Oversight Committee  
Oakland Unified School District  
March 27, 2018 – Page 2

### **Significant Accounting Policies**

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the OUSD are described in Note 2 of Notes to the financial schedule. We noted no transactions entered into by the OUSD during the years that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which the accounting treatment is not the most appropriate under the circumstances.

### **Recently Issued Accounting Pronouncements**

There were no recently issued accounting pronouncements that we believe would have a significant impact on the OUSD’s accounting and financial disclosure.

### **Accounting Estimates**

Accounting estimates are an integral part of the financial schedule prepared by management and are based on management’s knowledge and experience about past and current events. Certain accounting estimates are particularly sensitive because of their significance to the financial schedule and because of the possibility that future events affecting them may differ significantly from those expected.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial schedule that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the OUSD’s financial reporting process (that is, cause future financial schedule to be materially misstated).

We identified two audit adjustments during the year ended June 30, 2017. OUSD management agreed with both adjustments, and both were reflected in the financial schedule.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered OUSD's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions <sup>fn 31</sup> on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OUSD’s internal control. Accordingly, we do not express an opinion on the effectiveness of OUSD’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis.

Honorable Members of the Board of Education  
and Members of the Measure “B” and “J” Independent  
Citizens’ School Facilities Bond Oversight Committee  
Oakland Unified School District  
March 27, 2018 – Page 3

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. We identified a combination of deficiencies that we considered to be a material weakness. Additional material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial schedule is free of 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 determination of financial schedule amounts. 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Nonaudit Services Provided by Our Firm**

We provided no nonaudit services to OUSD.

### **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 that could be significant to the financial schedule or the auditors’ report. We are pleased to report that no such disagreements arose during the course of our audits.

### **Issues Discussed with Management Prior to Retention**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the OUSD’s auditors. However, these discussions occurred in the normal course of our professional relationship and the responses were not a condition of our retention.

### **Representations to be Provided by Management**

We requested certain representations from management, all of which were provided to us in a letter dated March 27, 2018.

### **Difficulties Encountered in Performing the Audit**

We encountered no difficulties dealing with management in performing our audit.

Honorable Members of the Board of Education  
and Members of the Measure “B” and “J” Independent  
Citizens’ School Facilities Bond Oversight Committee  
Oakland Unified School District  
March 27, 2018 – Page 4

**Restriction on Use**

This report is intended solely for the information and use of management, Members of the Board of Education and Members of the Measure “B” and “J” Independent Citizens’ School Facilities Bond Oversight Committee of the Oakland Unified School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Jano Accountancy Corporation*