

Board Office Use: Legislative File Info.	
File ID Number	23-0563
Introduction Date	3/8/2023
Enactment Number	
Enactment Date	



Board Cover Memorandum

To Board of Education

From Kyla Johnson-Trammell, Superintendent
 Lisa Grant-Dawson, Chief Business Officer
 DeCarlos Kaigler, Chief Financial Officer

Meeting Date March 8, 2023

Subject Second Interim - Fiscal Year 2022-2023 as of January 31, 2023

Ask of the Board Approval by the Board of Education of Resolution No. 2223-0056 – Second Interim Financial Report and authorization for submittal to the Alameda County Superintendent of Schools as “Qualified” certification based upon the Oakland Unified School District’s Fiscal Year 2022-23 Second Interim report.

Background The California Education Code Sections 42130, 43131 , (a)(1), and 43131,(a)(2), require school districts to prepare a Second Interim financial and budgetary report for the period ending January 31st of each year. This report must certify whether the district is able to meet its financial obligation for the remainder of the fiscal year, and also to meet any multi-year commitments.

Discussion Adoption by the Board of Education of Resolution No. 2223-0056- Approving District's Second Interim Financial Report for Fiscal Year 2022-2023 and Certification of said Report to the Alameda County Superintendent of Schools as "Qualified."

It should be noted that the district’s change in self-certification to Qualified is a dynamic change from the Positive certification at First Interim. The return to a Qualified designation is primarily driven by the uncertainty in supporting a positive status as expressed by Alameda County Office of Education (ACOE) Superintendent Castro in her January 13, 2023 First Interim letter to the District which states:

ACOE has accordingly analyzed the First Interim Budget Report submitted, as well as developments that took place during the period of review. Given that the Board, which has recently added three new members sworn in on January 9, 2023, arrives with an ambitious agenda including the passage of Resolution 22-2731 Rescission of School Consolidations and plans to significantly increase compensation, but has not yet identified the fiscal impact or a plan to balance the budget in alignment

with their current priorities, we cannot yet confirm the district will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

Based on uncertainties yet unresolved, we have determined the District may not meet its financial obligations in the subsequent fiscal years. Therefore, per EC Section 42131(a)(2) as Alameda County Superintendent of Schools, I must change the District's certification from positive to QUALIFIED, and to notify the California Department of Education of this action. This classification, which indicates that the district may not meet its financial obligations over the next three years, does not prevent the Board from balancing the budget in alignment with its priorities, but it does emphasize that 1) the fiscal impacts of the priorities need to be identified and considered by the Board, and 2) hard decisions and tradeoffs must be made to do so. In order to be included in future certifications, these decisions must be fully enacted in board-approved resolutions or policies before they can be reflected in multi-year projections. It is critical to acknowledge that the Board's recent action on Resolution 22-2731 is an example of a historical pattern of Board actions that undo fiscal decisions which have already been made. While the student-centered intent behind the recent decision is clear, the plan to implement it is not. It is impossible to predict the impact of decisions made without fiscal analysis, adding further challenges to the stewardship of a very complex budget.

This places the District in a challenging circumstance to self-certify as anything other than Qualified or Negative until we reach a place of assurance from ACOE and the County Trustee to affirm a positive certification. This status will also require the District to continue its long standing Third Interim Report requirement.

This letter from Superintendent Castro also included the following Next Steps. The District's status of each request is noted under each item.

Next Steps

As the District prepares for its Second Interim Budget Report, staff must engage the Board and the ACOE team in providing the following information by March 1st, unless otherwise indicated or arranged.

- *Disclosure of the financial impact the rescission of school closures will have on OUSD's short- and long-term budget (by January 25 per resolution) followed by how the Board will mitigate the fiscal impact;*
 - Disclosure of the impact has been provided to the County Trustee.
 - How the Board will mitigate the fiscal impact is an outstanding item.
- *A list of the positions charged to the expiring restricted resources, identifying the new funding source to be used to support positions going forward;*
 - This list is being provided as part of the Second Interim Report.
 - In light of the outcome of no action taken at the February 28, 2023, Board meeting, the District is unable to confirm new funding sources or reductions in positions. This portion will be an outstanding action item.

- Staff will provide the list of the current positions but is unable to provide the answer to support of any positions ongoing until the Board intent and action regarding the February 28, 2023 agenda is complete.
- *A Board-approved plan of how the reductions reflected in the Second Interim MYP for 2023-24 and 2024-25 will be accomplished (by March 15, 2023);*
 - Currently, no reductions excluding the reflection of sunseting expenditures in one-time multi-year funds has been modeled in the Second Interim, largely due to the outcome of the February 28, 2023 Board agenda where no action was taken.
- *The District consults with the Fiscal Oversight Trustee and ACOE's Business Office to confirm agreement with the certification of its Second Interim Budget report prior to formal Board action*
 - Staff confirmed the intent to certify as Qualified at a January 23, 2023 standing meeting with the ACOE Finance Team and Trustee and at a February 20, 2023, meeting with the Trustee, CBO, and CFO.

The District is submitting its 2022-23 Second Interim Report with a projected Unrestricted General Fund ending fund balance of \$74,723,736 and \$96,696,030 for the Restricted General Fund. These balances do not include required or designated reserves for the Unrestricted General Fund which are reflected on the Form 01 Financial Report. The summary of Revenues, Expenditures, and ending Fund Balance Summary for All Funds as of the 2022-23 Second Interim Period is as follows and the details listed on the respective reports included in this submission.

2022-23 Second Interim Summary of Revenue, Expenditures, and Fund Balance					
<i>Fund/SACS Form</i>	<i>Revenues</i>	<i>Expenditures</i>	<i>Excess/(Deficiency)</i>	<i>2022-23 Beginning Fund Balance + Adjustments</i>	<i>2022-23 Secpmd Interim Ending Balance</i>
Fund 01 - General Fund - Unrestricted	\$ 473,727,863	\$ 491,629,001	\$ (17,901,138)	\$ 92,624,874	\$ 74,723,736
Fund 01 - General Fund - Restricted	\$ 540,262,706	\$ 511,083,677	\$ 29,179,029	\$ 67,517,001	\$ 96,696,030
Fund 11 - Adult Education	3,071,984.00	3,587,548.00	\$ (515,564)	\$ 1,326,154	\$ 810,590
Fund 12 - Child Development	24,741,870.00	26,439,204.00	\$ (1,697,334)	\$ 4,026,229	\$ 2,328,895
Fund 13 - Student Nutrition	21,276,345.00	27,015,414.00	\$ (5,739,069)	\$ 29,279,791	\$ 23,540,722
Fund 14 - Deferred Maintenance	3,047,495.00	5,000,000.00	\$ (1,952,505)	\$ 6,468,273	\$ 4,515,768
Fund 21 - Building Fund	1,843,265.00	101,844,435.00	\$ (100,001,170)	\$ 232,455,031	\$ 132,453,861
Fund 25 - Capital Facilities Fund	6,152,748.00	5,862,126.00	\$ 290,622	\$ 17,486,329	\$ 17,776,951
Fund 35 - County Schools Facility Fund	104,819.00	4,806,305.78	\$ (4,701,487)	\$ 11,974,695	\$ 7,273,208
Fund 40 - Special Reserve Fund for Capital Outlay	6,733.00	321,538.00	\$ (314,805)	\$ 747,683	\$ 432,878
Fund 51 - Bond Interest and Redemption Fund	98,587,616.00	111,808,607.00	\$ (13,220,991)	\$ 131,168,428	\$ 117,947,437
Fund 67 - Self Insurance Fund	19,746,771.00	25,017,044.00	\$ (5,270,273)	\$ 19,903,939	\$ 14,633,666
Total All Funds	\$ 1,192,570,215	\$ 1,314,414,900		\$ 614,978,429	\$ 493,133,744

Fiscal Impact

None as it relates to the submission of the report.

Attachment(s)

- Resolution No. 2223-0056
- Form C1 - District Interim Certification
- Form TCI - Table of Contents

- Form 01 - General Fund Summary Revenues Expenditures and Changes in Fund Balance
- Form 11 - Adult Education Fund
- Form 12 - Child Development Fund
- Form 13 - Cafeteria Special Revenue Fund
- Form 14 - Deferred Maintenance Fund
- Form 21 - Building Fund
- Form 25 - Capital Facilities Fund
- Form 35 - County School Facilities Fund
- Form 40 - Special Reserve fund for Capital Outlay Projects
- Form 51 - Bond Interest and Redemption Fund
- Form 67 - Self-Insurance Fund Form
- Form A - Average Daily Attendance
- Form Cash - Cash Flow Worksheet
- Form ESMOE - Every Student Succeeds Act Maintenance of Effort
- ICR - Indirect Cost Rate Worksheet
- Form MYPI – Multi-Year Projections
- MYP 3Y - DOF.LAO 6.4% COLA
- Form SIAI - Summary of Interfund Activities
- Form 01 CSI - Criteria and Standards
- Form TRC Technical Checks -Projected Totals
- Form TRC Technical Checks-Board Approved Operating Budget
- Form TRC Technical Checks- Original Budget
- Budget Summary with COVID Funding
- OUSD Position Control Summary by Fund
- OUSD COVID Funded Positions
- PowerPoint Presentation of the 2022-23 Second Interim

**RESOLUTION OF THE
BOARD OF EDUCATION OF THE
OAKLAND UNIFIED SCHOOL DISTRICT**

Resolution No. 2223-0056

**Approving District's Second Interim Financial Report for Fiscal Year 2022-2023 and
Certification of said Report to the Alameda County Superintendent of Schools as
"Qualified"**

WHEREAS, the Board of Education of the Oakland Unified School District by action herein approving the District's 2022-23 Second Interim Financial Report and submitting the same to the Alameda County Superintendent of Schools, as required by law; and

WHEREAS, California Education Code Section 42130 & 42131 requires district's to submit to the County Superintendent of Schools a Second Interim Financial Report detailing projection of receipts and expenditures in a Fiscal year including a statement as to whether the district can meet its financial obligations in subsequent years; and

WHEREAS, the Second Interim Financial Report for the Quarter ending January 31, 2023 for the Oakland Unified School District is due to the County Superintendent of Schools on March 17, 2023 and the SACS Report attached shows that the District is not currently insolvent and is not likely to become insolvent based on current projections and approved actions during the current or two subsequent fiscal years, provided it does not permit its expenditures to exceed its ongoing revenues; and

WHEREAS, any additional expenditures or obligations that exceed the District's revenue projections require the Board to or take action in a timely and prudent manner in the on or before June 30, 2023 in order to remain solvent in Fiscal Year 2022-2023 and two subsequent years;

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Board of Education hereby approves the District's Second Interim Financial Report for Fiscal Year 2022-23 and Certification of said report to the Alameda County Superintendent of Schools as "Qualified."

PASSED AND ADOPTED on March 8, 2023, by the Governing Board of the Oakland Unified School District by the following vote:

PREFERENTIAL AYE:

PREFERENTIAL NOE:

PREFERENTIAL ABSTENTION:

PREFERENTIAL RECUSE:

AYES:

NOES:

ABSTAINED:

RECUSED:

ABSENT:

CERTIFICATION

We hereby certify that the foregoing is a full, true, and correct copy of a Resolution passed at a Regular Meeting of the Board of Education of the Oakland Unified School District held on March 8, 2023.

Legislative File	
File ID Number:	22-0278
Introduction Date:	03/08/2023
Enactment Number:	
Enactment Date:	

OAKLAND UNIFIED SCHOOL DISTRICT

Mike Hutchinson
President, Board of Education

Kyla Johnston-Trammell
Superintendent and Secretary, Board of Education