

# Oakland Unified School District

Measure G Parcel Tax Audit

Year ended June 30, 2016

# Financial Highlights

- **Total revenues for the year were \$20,458,246.**
  - *Revenues were down from the prior year amount of \$20,707,650 due primarily to increased senior citizen exemptions in current year.*
- **Total expenses after audit adjustment were \$20,523,420**
  - *One audit adjustment made to increase cost of County collection fee by \$66,943, resulting in a deficit fund balance of \$54,345.*

# Measure G Objectives

- Attract and retain highly qualified teachers by offering competitive salaries and benefits.
- Prepare students for college by ensuring that high school courses meet UC requirements.
- Maintain up-to-date textbooks and instructional materials.
- Maintain small class sizes in Kindergarten through K-3.
- Maintain after school tutoring programs that help students with their homework and keep them out of trouble.
- Maintain school library music and arts programs.

# Audit Objectives

- That Measure G proceeds were accounted for separately in the accounting records of the District
- Expenditures charged against such proceeds were made in accordance with intended uses spelled out in Measure G and approved by the voters.

# Audit Testing

- We selected 4 of the 11 programs for specific audit testing:
  1. *CSR*
  2. *CEI*
  3. *Basic School Support*
  4. *County Collection Fee*
- *These programs account for approximately 91% of total expenditures*

# Audit Testing (continued)

The first three programs, CSR, CEI and Basic School Support are all primarily payroll based. Expenditures consist of classroom salaries and benefits which are allocated to individual school sites.

Testing consisted of sampling 40 individual payroll transactions from the three programs and validating the actual payment, pay rate, location, FTE equivalent and employee existence. We noted no errors in this testing.

*It should be noted that while we selected only 40 sample entries, these payroll entries tend to be repetitive. We may have selected only one teacher but that teacher would have 10 similar payroll entries for the year. Thus by testing one of the entries we essentially validate 10 entries.*

# Audit Testing (continued)

We also tested the calculation of employee benefits charged on a program wide basis for reasonableness. We noted no inconsistencies or errors in this testing.

*We know the established cost percentages for PERS, STRS, Medicare medical insurance, etc. We then test the total amount of expense charged to the program for reasonableness as compared to the amount of related payroll expense charged. It should be noted this is an automated process as the District payroll system costs all benefits on an individual transaction basis.*

# Audit Testing (continued)

We tested the individual school allocations for these three programs for reasonableness and consistency, both to the prior year and to plan.

*We selected twenty schools, 10 elementary, 5 middle and 5 high schools and tested their allocations for each of the three programs.*

*We noted no inconsistencies and we conclude the process was reasonable.*

Finally, we tested the District detail of the net revenue generated from the parcel tax proceeds without exception.



# Audit Finding

- In testing the County Collection Fee amount, we noted the Fee charged to Measure G was exactly the same as the fee charged to Measure N. However, Measure G proceeds are approximately twice as much as Measure N proceeds, therefore Measure G should be charged more (and correspondingly, Measure N should be charged less).
- This issue was brought to management's attention. They concurred there was an error in the allocation of the County fee and have subsequently made the proper correction. The amount of the correction was \$66,943.