

**OAKLAND UNIFIED SCHOOL DISTRICT
MEASURE G PARCEL TAX**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND SUPPLEMENTARY SCHEDULES**

FOR THE YEAR ENDED JUNE 30, 2020

DRAFT

Independent Auditor's Report

Board of Education and
Measure G Citizens' Oversight Committee
Oakland Unified School District

Compliance

We have audited Oakland Unified School District's compliance with the requirements described in the August 27, 2008 Measure G for the year ended June 30, 2020.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of Oakland Unified School District's management.

Auditor's Responsibility

Our responsibility is to express an opinion on Oakland Unified School District's compliance based on our audit.

We conducted our audit of compliance 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether Oakland Unified School District has complied with the compliance requirements as specified in the August 27, 2008 Measure G. An audit includes examining, on a test basis, evidence about Oakland Unified School District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion. Our audit does not provide a legal determination of Oakland Unified School District's compliance with those requirements.

Basis for Qualified Opinion on Compliance with Measure G

As described in the Appendix I, Summary of Audit Procedures as Item 2, we were unable to obtain sufficient and appropriate audit evidence supporting the compliance of the Oakland Unified School District with the requirements of Measure G. Consequently, we were unable to determine whether Oakland Unified School District complied with those requirements applicable to Measure G.

Qualified Opinion Compliance with Measure G

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph Oakland Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the August 27, 2008 Measure G for the year ended June 30, 2020.

Internal Control Over Compliance

Management of Oakland Unified School District is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Oakland Unified School District's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of District's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses and significant deficiencies and therefore, material weaknesses and significant deficiencies may exist that have not been identified. We identified a deficiency in internal control over compliance described in the Appendix I, Summary of Audit Procedures as Item 2, that we consider to be material weakness.

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. Accordingly, this report is not suitable for any other purpose.

DATE
Menlo Park, California

Appendix I
Summary of Audit Procedures

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The Measure G Parcel Tax, known and referred to as the “2008 Education Parcel Tax Measure” (Measure G) was authorized by an election of the registered voters of the District, held February 5, 2008. Measure G provides for a special tax of \$195 per taxable parcel in the City of Oakland. The tax rate is fixed at \$195 per parcel and provides for low-income exemptions.

Goals of Measure G

- Attract and retain highly qualified teachers.
- Maintain courses that help students qualify for college.
- Maintain up-to-date textbooks and instructional materials.
- Maintain small class sizes in Kindergarten through K-3.
- Maintain after-school academic programs.
- Maintain school library, music and arts programs.

Objectives of Our Audit

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the district.
- Ensure expenditures are in support of permissible uses as per the ballot language.
- Ensure that senior citizen exceptions and low-income exemptions are complete, accurate, and supported by source documents.

Scope

- Expenditures funded by Measure G during the fiscal year 2019-20.

Methodology and Findings

The following describes the audit procedures and our related findings.

1. Obtain the itemized reports of parcel tax expenditures prepared by the District and agree to amounts to the general ledger.

Finding – No exceptions were identified from applying this procedure. The Measure G accounting records are complete and include all activity during the fiscal year. The summary financial schedules provided in Appendix II reconcile with the District’s accounting records.

2. Review the nature of the expenditures, and review source documents as appropriate, to ensure they were within the permissible uses of the ballot language.

Finding – We analytically reviewed the population of expenditure accounting records to search for transactions outside the scope allowable expenditures. Specific and random transactions were selected for additional audit analysis, which includes reviewing source documents such as invoices, contracts, purchase orders, or payroll records. Our audit sample is representative of the total amount of expenditures funded by Measure G during the year fiscal year. Subjected to additional audit analysis were 77 transactions totaling \$3.4 million as illustrated in the following table:

Sampled transaction	Amount	Count
Payroll and related	\$ 2,792,992	44
Vendor and related	648,165	33
Total	<u>\$ 3,441,157</u>	<u>77</u>

The District did not supply documentation to support 14 transactions totaling \$905 thousand as illustrated in the following table:

Deviations, Incomplete documentation	Amount	Count
Payroll and related	\$ 904,991	14
Vendor and related	-	-
Total	<u>\$ 904,991</u>	<u>14</u>

3. Examine supporting documentation to confirm the amount of Measure G Parcel Tax revenues received.

Finding – No exceptions were identified from applying this procedure. Current year revenues of \$20,727,416 are correctly recorded into the accounting records of Measure G.

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Appendix II
Summary financial schedules

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Table 1, Schedule of Balance Sheet Accounts for the Year Ended June 30, 2020

Assets	
Cash in County Treasury	\$ 127,359
Total Assets	<u>127,359</u>
Liabilities and Fund Balance	
Accrued Expenditures	127,359
Fund Balance - restricted for Measure G	-
Total Liabilities and Fund Balance	<u><u>\$ 127,359</u></u>

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Table 2, Schedule of Income Statement Accounts for the Year Ended June 30, 2020

Revenues		
	Measure G parcel tax collections	\$ 20,727,416
Expenditures		
1100	Certificated Teacher's Salaries	12,311,784
1200	Certificated Pupil Support Salaries	47,637
1300	Certificated Supervisor's and Administrator's Salaries	2,203
2100	Classified Instructional Salaries	2,451
2200	Classified Support Salaries	333,093
2300	Classified Supervisor's and Administrator's Salaries	434,846
2400	Clerical, Technical and Office Staff Salaries	110,620
3000	Employee Benefits	6,135,353
4000	Books and Supplies	501,404
5100	Subagreements for Services	28,000
5200	Travel and Conference	1,495
5300	Assemblies and workshops	4,180
5600	Music instruments	17,621
5700	Noncapital improvements	6,045
5800	County Collection Fee	347,136
5800	Professional/Consulting Services	436,048
Total expenditures by Object		<u>20,719,916</u>
Change in fund balance		7,500
Fund balance - beginning of year		(7,500)
Fund balance - end of year		<u><u>\$ -</u></u>