



Independent Auditor's Report on Compliance
Measure G, Measure G1, Measure N, and Measure H
Parcel Tax Funds
For the fiscal year ended June 30, 2024

Oakland Unified School District

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Introduction

This report presents our compliance audit opinion of the Oakland Unified School District’s “2008 Education Parcel Tax” (**Measure G**), 2014 “Oakland College & Career Readiness For All Fund” (**Measure N**), the 2016 “Districtwide Teacher Retention and Middle School Improvement Act” (**Measure G1**), and the “2022 Oakland Unified School District College and Career Readiness for All Act” (**Measure H**) as requested by the District and required by each parcel’s ballot language.

Executive Summary

We conducted our compliance audit following generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our compliance audit conclusions. The standards also required that we obtain an understanding of the District’s internal control relevant to the parcel tax compliance audit to design audit procedures that are appropriate in the circumstances. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A summary of the audit procedures applied and the results of those audit procedures are included in the report body.

Our audit procedures covered July 1, 2023, through June 30, 2024. We conclude that for the fiscal year ending June 30, 2024, the District used proceeds of Measure G, Measure G1, Measure N, and Measure H only for allowable uses, as defined in each Measure, and only for supplemental activities and costs. Furthermore, during our audit, we did not identify deficiencies in internal control that we consider material weaknesses in internal control over compliance.

Summary of Measures Audited

“2008 Education Parcel Tax” (Measure G)

Purpose and permissible Uses

To attract and retain highly qualified teachers, maintain courses that help students qualify for college, maintain up-to-date textbooks and instructional materials, keep class sizes small, continue after school academic programs, maintain school libraries, and provide programs, including art and music programs, that enhance student achievement.

2014 “Oakland College & Career Readiness For All Fund” (Measure N)

Purpose

The Oakland College & Career Readiness For All Fund is established to pay for the implementation of a comprehensive approach to high school education in Oakland that integrates challenging academics with career-based learning and real-world work experiences. This comprehensive approach creates small learning communities of career-oriented pathways, and offers intensive, individualized support to create the conditions for all students to graduate high school prepared to succeed in college and career.

Permissible Uses

- To increase support for students in college preparatory courses in every high school to ensure students are qualified for admission to the University of California and other year university systems, and are prepared to succeed in college;

- To provide work-based learning in every high school, including career exploration, career technical education courses, job shadowing, internships and job certifications;
- To reduce the drop-out rate by providing counseling, tutoring, mentoring and other intensive support services to students in danger of not graduating high school;
- To provide programs to students transitioning from 8th to 9th grade to prepare them to succeed in high school, and to students transitioning from 12th grade to college to prepare them for admission to and success in college.

2016 “Districtwide Teacher Retention and Middle School Improvement Act” (**Measure G1**)

Purpose

To provide a salary increase to school-site educators district-wide, including charter schools in the District, and to provide Middle School grants which shall be allocated pursuant to the Education Improvement Plan submitted by each Middle School.

Goals

- Attract and retain school-site educators.
- Increase access to courses in arts, music, and world languages in grades 6-8.
- Improve student retention during the transition from elementary to middle school.
- Create a more positive and safe middle-school learning environment.

“2022 Oakland Unified School District College and Career Readiness for All Act” (**Measure H**)

Purpose

As described in the ballot text, the specific purpose of the Measure is intended to continue and expand the comprehensive approach to high school education that involves research-based strategies integrating rigorous college preparatory academic programming with career-based learning, real-world work experiences, career technical training, and comprehensive student support services. This comprehensive approach involves, among other things, the creation of small learning communities of career-oriented pathways (i.e., cohorts of students and educators engaged in a sequence or continuum of core academic courses, career-oriented education, and work-based learning) and intensive, individualized supports to create the conditions for more students to graduate high school prepared to succeed in college, career, and community.

Measure H requires that for each fiscal year, at least 90% of Measure H be allocated to eligible schools for staffing and education activities and programs consistent with the Measure H. Examples of such permissible uses include (but are not limited to) to the following:

Permissible Uses

- College and career preparatory courses (which includes Career Technical Education courses).
- Work-based learning opportunities such as opportunities for career awareness and exploration, job shadowing, internships, and job certifications.
- School and guidance counseling, tutoring, mentoring, and other intensive support services to students.
- High school bridge programs that help students successfully transition from 8th to 9th grade.

- Post-high school bridge programs to help students successfully transition from 12th grade to post-secondary education and the workforce.
- Materials, supplies, or equipment to support the design and implementation of student projects and project-based learning aligned to the pathway instructional focus.
- Programming, staffing, and activities such as community-building field trips, retreats, student incentives, and other events and activities that promote student belonging, student goal setting, and increased motivation in pathways.
- Staffing that enables student cohorting and parity across pathways in multi-pathway schools.
- State of the art or industry-specific equipment that aligns to industry and career-readiness standards.
- Programming and staffing that facilitate student enrollment and success in college courses while in high school.

Compliance Audit Opinion



Independent Auditor's Report

Board of Education and
Parcel Tax Oversight Committees
Oakland Unified School District
Oakland, California

Report on Compliance

Opinion on Compliance with Measure G, Measure G1, Measure N, and Measure H

We have audited the Oakland Unified School District's (District) compliance with the compliance requirements applicable to the "2008 Education Parcel Tax" (Measure G), the 2016 "Districtwide Teacher Retention and Middle School Improvement Act" (Measure G1), the 2014 "Oakland College & Career Readiness For All Fund" (Measure N), and the "College And Career Readiness For All Act" (Measure H), for the year ended June 30, 2024.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the Measure G, Measure N, Measure G1, and Measure H for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Eide Bailly LLP

December 13, 2024

Schedules and Audit Procedures

Summary of Audit Requirements

Expenditure transactions

We selected a representative random sample of expenditure transactions and concluded that each transaction selected complied with the parcel tax compliance requirements based on the following criteria:

- The expenditures were for allowable costs and activities,
- Source documents such as invoices, contracts, or payroll records supported the accounting ledger,
- The approved site plan included the transaction (Measure N, Measure G1 Middle School Grants, and Measure H).
- Evidence of internal controls over compliance was verified if there was evidence of management’s review and approval for the expense.

	<u>Measure G</u>	<u>Measure G1</u>	<u>Measure N</u>	<u>Measure H</u>
Transactions sampled	65	65	65	65
Number of exceptions	-	-	-	-

Administrative cost limitations

We verified that the District complied with the Measure N ten percent, Measure H ten percent and Measure G1 one percent administrative expense limitations if the applicable calculations were mathematically correct and reflected in the accounting records.

Measure N and Measure H Subrecipient charter schools

We selected a representative random sample of five charter school Measure N recipients and two charter school Measure H recipients and concluded that each transaction selected complied with the parcel tax compliance requirements based on the following criteria:

- The expenditures itemized on the expense report were for allowable costs and activities,
- The expenditure report was certified by a representative of the charter school,
- The approved site plan included the transaction,
- Evidence of the District’s internal controls over compliance was considered satisfactory if the Program Manager reviewed and approved expense reports as evidenced by manual signature.

Measure G1 allocation

- We verified compliance with the 65/35 percent split between raises for school site educators and middle school grants if the applicable calculations were mathematically correct and reflected in the accounting records.

Financial Schedules

Schedules of Taxes Received and Expended

(Presented on the same basis of accounting as the District’s general fund)

	<u>Measure G</u>	<u>Measure G1</u>	<u>Measure N</u>	<u>Measure H</u>
Taxes received/collected	\$ 20,682,392	\$ 11,804,970	\$ 686,710	\$ 11,313,012
Taxes expended	\$ 19,213,830	\$ 13,061,918	\$ 7,772,289	\$ 4,076,248

Description of Programs Funded

Programs	Measure G	Measure G1	Measure N	Measure H
Art	\$ 912,417	\$ -	\$ -	-
Music	4,374,500	-	-	-
OAL - High School	2,204,107	-	-	-
OAL - Middle School	664,860	-	-	-
Summer Program	69,345	-	-	-
Covered Elem Intervention Pds	5,044,031	-	-	-
School Libraries	4,599,718	-	-	-
Oakland Fine Arts Summer Schl	140,360	-	-	-
Oth Programs / Local Goals	358,407	-	-	-
HR Recruitment	568,777	-	-	-
HR Retention	277,308	-	-	-
Measure G1 Charter Schools	-	4,248,425	-	-
Measure G1 Instruction	-	3,751,012	-	-
Measure G1 Salary Raises	-	4,754,570	-	-
Measure G1 Admin	-	307,911	-	-
College And Career	-	-	421,316	-
High School Parcel Tax	-	-	4,782,484	-
Green Academy @ Skyline	-	-	20,458	-
Cpa - Fashion @oak Tech	-	-	50,634	-
CPA-Comp Sci @ Skyline	-	-	26,357	-
Education & Community Health	-	-	27,912	-
Environmental Science Acad	-	-	275	-
9th Grade Academy	-	-	15,991	-
Vaamp	-	-	4,445	-
IDEA	-	-	16,749	-
Pha	-	-	7,200	-
Vapa	-	-	54,279	-
Meas N 30 Cheetahs - Ohigh 9th	-	-	5,738	-
Meas N 31 Jaguars - Ohigh 9th	-	-	5,698	-
Meas N 32 Panthers - Ohigh 9th	-	-	3,443	-
Meas N 34 Tigers - Ohigh 9th	-	-	4,722	-
Meas N 35 Rise - Ohigh 9th	-	-	14,627	-
Meas N SJR Ohigh	-	-	2,965	-
Meas N Race, Policy Law	-	-	3,860	-
ARISE High School Measure N	-	-	340,371	-
Aspire Golden State Co Prep	-	-	218,971	-
Aspire Lionel Wilson Co Prep	-	-	308,169	-
East Bay Innovation Academy	-	-	215,584	-

Envision Academy Arts & Tech	-	-	142,725	-
Leadership Public School	-	-	135,422	-
Lighthouse Community Charter	-	-	252,054	-
Oakland School for the Arts	-	-	200,569	-
Oakland Unity High School	-	-	331,175	-
Lodestar Lighthouse Com.	-	-	154,414	-
College And Career	-	-	-	471,865
High School Parcel Tax	-	-	-	3,084,234
Green Academy @ Skyline	-	-	-	861
Cpa - Fashion @oak Tech	-	-	-	51,737
CPA-Comp Sci @ Skyline	-	-	-	7,650
Vapa	-	-	-	5,001
Oth Programs / Local Goals	-	-	-	199,061
Aspire Golden State Co Prep	-	-	-	88,665
Aspire Lionel Wilson Co Prep	-	-	-	88,878
Oakland School for the Arts	-	-	-	78,296
	<u>\$ 19,213,830</u>	<u>\$ 13,061,918</u>	<u>\$ 7,772,289</u>	<u>\$ 4,076,248</u>