



March 31, 2026

To the Board of Education, Citizens' Bond Oversight Committee and management of the
Oakland Unified School District
Oakland, California

We have audited the financial statements of the Oakland Unified School District's (District) 2006 Measure B, 2012 Measure J, and 2020 Measure Y General Obligation Bond Funds (Bond Funds) as of and for the year ended June 30, 2025, and have issued our report thereon dated March 31, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated May 29, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to meet the Proposition 39 requirement for the bond proceeds to ensure compliance with Section 1 of Article XIII A of the California Constitution. This includes that the Proposition 39 Bond proceeds are expended only on the specific projects listed in the bond language approved by the voters and that no proceeds are being spent on administrative salaries or any other expenses that would otherwise be the obligation of the District's general fund. Our audit of the financial statements and Proposition 39 requirements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated March 31, 2026. We have also provided our comments regarding the Proposition 39 requirement for the bond proceeds to ensure compliance with Section 1 of Article XIII A of the California Constitution dated March 31, 2026.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor's report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as "significant risks." We have identified the following as significant risks:

- The risk that management is in a position to override internal control.
- There is a risk of error or fraud that revenues could be recognized prior to meeting applicable criteria.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by District is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates applicable to the Bond Funds were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to:

- **Note 1** summarizes the District's significant accounting policies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

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, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. No such matters were identified during our audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated March 31, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the District's auditors.

This report is intended solely for the information and use of the District's Board of Education, Citizens' Bond Oversight Committee and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Eide Bailly LLP

Menlo Park California



Oakland Unified School District

Summary of Audit Results for the Governing Board, the Citizens' Bond Oversight and Facilities Committees.

Fiscal Year 2025 Bond Fund Financial Statements and Bond Performance Audit,
Measures B, J, and Y

Audit Results — Bottom Line

Accounting – No findings

- Unmodified ("clean") opinions on the financial statements (3)

Internal control– No findings

- No significant deficiencies or material weaknesses

Allowability– No findings

- Expenditures were made for authorized bond projects

Expanded Performance Audit – 16 Observations

- Identified several documentation exceptions, reporting inconsistencies, and improvement opportunities that warrant management attention

What We Audited (Scope)



B, J and Y fiscal year 2025 financial statements and disclosures



Internal controls relevant to financial reporting



Proposition 39 Bond Performance Audit

What We Audited (Scope)

Objectives and Scope of the Proposition 39 Bond Performance Audit (basic)



Verified that transactions are allowable per the bond project list of Measure B, Measure J, and Measure Y, Proposition 39.



Determine whether **salary transactions** were in support of Measure B, Measure J, and Measure Y and **not for District general administration or operations.**



Internal controls relevant to compliance

What We Audited (Scope)

Prop. 39 “basic”

- Projects and salary are allowable.

Evaluated eight major scope areas including:

1. Adherence to design and construction cost budgets,
2. Adherence to project schedules and timelines,
3. Financial reporting and internal controls over the bond program,
4. Payment processing and invoice approval controls,
5. Change order and claim procedures,
6. Bidding and procurement procedures,
7. Best practices for procurement of materials and services, and
8. Selected compliance areas, including conflict-of-interest disclosures and compliance with applicable state laws, regulations, and Board policy.

Performed interviews and reviewed Board materials

- CBOC reports, the Facilities Procedures Manual, change orders, and contract amendments.

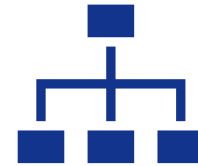
Context for Interpreting Audit Results



Broader-than-standard audit scope with deeper testing and analysis.



Findings include improvement opportunities, not just compliance issues.



OUSD shows strong maturity in controls, reporting, procurement, and oversight.



The audit reflects the District's commitment to accountability and transparency.

Positive Practices Identified

- Improved reporting to the Board and Citizens' Bond Oversight Committee.
- Meaningful discussions through CBOC meetings.
- Enhanced internal controls over payment processing, invoice review, and contract management.
- Regular updates to capital spending plans and transparent sharing of budget adjustments.
- Continued refinement of the Facilities Procedures Manual.
- Posting of CBOC meeting recordings and documentation to improve public accessibility.

Key Improvement Themes

Reporting
consistency and
schedule
transparency

Change-order
tracking and early
warning visibility

Documentation
and procurement
execution

Governance
infrastructure and
long-term control
maturity

Theme 1 – Reporting Consistency and Schedule Transparency

Stakeholder reporting was generally meaningful and decision-useful.

However, some anticipated completion dates were missing or inconsistent across reporting sources.

Certain project-level cumulative budgets and expenditures differed between accounting and project management reports.

Need for a single reconciled source of truth before reports are issued.

Theme 2 – Change Orders, AEDs, and Early Warning Reporting

District generally processed tested change orders in accordance with procedures.

However, there was no centralized, complete change-order listing for the fiscal year.

Audit recommends a centralized log and better advance visibility of significant change actions.

Frequent AED activity suggests opportunities to improve early-stage planning, design completeness, and scope definition.

Theme 3 – Documentation and Procurement Execution

Two invoices lacked required certified payroll documentation.

Procurement review identified instances of:

- missing or out-of-sequence signatures,
- outdated bid advertisements,
- and work beginning before final approval in some cases.

These were execution and documentation issues, not findings of misuse of bond funds.

Theme 4 – Governance Infrastructure and Long-Term Control Maturity

Need for better version control and a single “source of truth” for facilities standards.

Opportunity to enhance the Facilities Procedures Manual with clearer compliance verification steps.

Continued attention needed on Facilities Master Plan access, updates, and documentation.

Audit also notes potential to pursue additional state and federal funding resources.

Management Response and Actions Underway

- Management generally agreed with the recommendations and reported corrective actions underway.
- Examples include:
 - Monthly reconciliation of completion dates,
 - Stronger cross-functional reconciliation between accounting and project management,
 - Standardized payment package checklist and refresher training,
 - Centralized tracking for change orders and contract end dates,
 - Improved routing checklists and document monitoring.

Key Takeaways

- The audit provided positive assurance that bond funds were used for voter-approved purposes.
- No instances were identified of bond funds spent on unlisted projects.
- Findings primarily relate to transparency, consistency, documentation, and governance improvement.
- Management has begun implementing actions to strengthen controls and reporting.

Who is Responsible for What



Governing Board Role

Oversight of financial reporting and audit results



Auditor's responsibilities

Forming and expressing opinions based on the results of our audit of the financial statements, and audit of compliance.



Management's Responsibilities

Completeness and accuracy of the financial statements, maintenance of internal control over financial reporting, and compliance with laws and regulations.



Thank you

Nathan Edelman

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