May 31, 2018

L. Karen Monroe, Superintendent
Alameda County Office of Education
313 W. Winton Avenue
Hayward, CA 94544

Re: Oakland Unified School District – Phase I

Dear Superintendent Monroe:

On January 22, 2018, the Alameda County Office of Education and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement to provide Oakland Unified School District with on-site technical assistance regarding the following:

Phase I

Review the district's 2017-18 general fund budget (and any other fund(s) requiring contributions from the general fund) and develop a consensus among the district, county office of education, and the district's consultant, West Ed, about budget assumptions, including the values of mid-year budget reductions, for the current year. Validate budgeted LCFF revenues using the FCMAT LCFF Calculator.

Using the validated budget assumptions, review the district's 2017-18 general fund cash forecast to determine whether the district has sufficient cash resources through June 2018 to meet the district's obligations.

Phase II

Once consensus has been reached in Phase I above, develop a general fund multiyear financial projection (MYFP) for the current and two subsequent fiscal years to validate the district's financial status using the Phase I budget as the baseline. Identify within the MYFP any structural budget deficits that must be addressed in order for the district to maintain financial solvency. The MYFP will be a snapshot in time and will be developed as a trend based on certain criteria and assumptions rather than a prediction of exact numbers. It will be developed for the district's general fund and will include the review and fiscal impact of other funds on the general fund.

The following management letter contains the results of FCMAT's study team's work regarding Phase I of this engagement.

# Background

In late 2017, Oakland USD petitioned the California Department of Finance (DOF) to defer its remaining current year and budget year payments on the outstanding emergency appropriation (state loan) originally authorized in 2003 pursuant to Senate Bill 39 (Chapter 14/2003) (SB 39). The original state loan was for $100 million.

In 2006, a portion of the state loan was refinanced by the sale of I-Bank bonds of $59,565,000 (principal and accrued interest). After the refinancing, the state general fund portion of the loan was $35 million. The California Department of Education (CDE) reports that as of July 1, 2017, the district owes $39,238,464. The payment schedule for the I-Bank portion of the state loan is monthly, July through January, totaling approximately $3.8 million annually. The annual payment on the state general fund portion of the state loan is approximately $2.1 million, due in June. Payments are made through a State Controller's Office (SCO) intercept of the district's monthly principal apportionment.

In response to the district's petition for a deferral of payments on the state loan, the director of the DOF convened a meeting of stakeholders on December 14, 2017. FCMAT provided a brief overview of the August 15, 2017 fiscal health review of the district conducted at the district's request by FCMAT, in which FCMAT concluded that the district showed signs of fiscal distress.

Subsequently, on January 22, 2018, the Alameda County Office of Education and FCMAT entered into a study agreement for FCMAT to provide on-site technical assistance to the district wherein FCMAT was charged with the two phases of work noted above. FCMAT's engagement preceded the actual finalization of the study agreement and commenced on January 10, 2018.

On January 11, 2018, FCMAT provided the district with a list of preliminary document requests. Shortly thereafter, the district opened a shared folder in Google Drive to share its initial document submissions. As FCMAT's work progressed, various additional requests for documents were made and most of the documents provided to FCMAT were sent individually by e-mail. Throughout the engagement, the district was slow in providing FCMAT documentation and responses to its questions; however, this was attributed to a small, overwhelmed district business staff. FCMAT continued its analysis utilizing the bits and pieces of information as they were provided by the district.

On March 23, 2018, FCMAT provided the Alameda County Office of Education, Oakland Unified School District, DOF and CDE with its preliminary findings, among which was the conclusion that the district had sufficient cash reserves for the 2017-18 fiscal year that did not warrant the deferral of its state loan payments. These same parties were also present for a full-day county office-sponsored fiscal health retreat on April 13, 2017. Between the March 23 meeting and the April 13 retreat FCMAT had only received eight district e-mails regarding document requests, and the district seemed to be further slowing its already measured pace in providing documentation.

FCMAT contacted the interim CFO to discuss a final deadline for documentation. On April 17, 2018, FCMAT was informed by him that the district would no longer be providing FCMAT with further documentation unless it was a "critical path" request. The rationale provided for the cessation of documentation was that the district did not have the staff to devote time to the requests.

Many of FCMAT's financial document requests were for copies of reports from the district's financial system as well as in Excel format. This allows FCMAT to work with the information in Excel but also balance the information to the financial system and ensure there has been no manipulation of the Excel information. With few exceptions, information from the district's financial system was provided in Excel only.

During the course of three months of FCMAT's sending document requests as well as follow-up e-mails asking for clarifications and supplemental documents, some FCMAT requests were completed. Others were partially completed, and numerous requests did not receive a response.

Consequently, while it appeared that the current interim and regular district staff were fully cooperating in the discovery and analysis of information, that cooperation essentially ended at the point in time that FCMAT delivered its preliminary findings. The interim CFO did respond to several mission critical requests after the April 17, 2018 district cutoff of documentation.

## Prior FCMAT Work in Oakland USD

Consistent with practice, SB 39 directed that the Superintendent of Public Instruction assume all of the rights, duties, and powers of the governing board of the district. During this period of time, FCMAT conducted regular assessments of the district's operations that were documented in written status reports. FCMAT issued its last comprehensive review report on December 5, 2008 – its sixth in the series.

As previously noted, at the request of the district, FCMAT conducted a fiscal health review of the district in August 2017.

## Current FCMAT Assignment – Phase I: Cash Flow

The starting point for any cash flow statement is the amount of beginning cash, which should also be the amount of ending cash from the prior fiscal year. In the district's case, FCMAT encountered four different amounts for this one item for the 2017-18 fiscal year:

- The district's accounting system software showed an ending cash balance of $23,440,410.83 on June 30, 2017;
- The district's accounting system software showed a beginning cash balance of $23,882,826.71 on July 1, 2017, a difference of $442,415.88. Each transaction entered into an accounting system must have a date attached to it. Consequently, it is extremely rare and disturbing to have an ending balance that does not agree to the same account's prior year's beginning balance absent some sort of problem in the financial software. FCMAT did not investigate this anomaly but turned it over to district personnel to explore further.
- The district's and its auditor's adjusted June 30, 2017 ending cash balance was $23,913,051.15; and
- The county office's adjusted July 1, 2017 beginning cash balance for the district was $23,641,359.98.

FCMAT reviewed the district's cash reconciliation for June 2017 and found multiple entries dating back to the 2015-16 fiscal year as well as multiple notations that action on the item was pending further examination. These issues, along with the anomaly of the beginning/ending balance in the district's accounting system software described above, caused FCMAT to question the accuracy of these numbers. FCMAT also reviewed the county office's reconciliation and, based on the fact that it is balanced to the district's Alameda County Treasury account and the nature of the dates and descriptions of adjusting items, found it to be more credible. Use of the county office number is also the more conservative approach. Consequently, FCMAT used $23,641,359.98 as the district's 2017-18 beginning cash balance.

In the normal course of preparing a cash flow statement, the district's budget is used to determine the total level of revenues and spending for the year being projected. FCMAT's review of documents such as FCMAT's August 15, 2017 Fiscal Health Risk Analysis and the district's 2017-18 first interim report, as well as interviews with various district personnel, provided sufficient doubt as to the accuracy of the district's budget in January 2018. Items such as the inclusion of contra accounts in budget items (e.g., separate budget line items that offset the normal balance of that budget item), invoices received without an underlying purchase order, large sums incorporated as position vacancy savings without sufficient information to determine if those savings would be reached, and the payment of general fund expenditures from other funds are some of the reasons behind FCMAT's determination not to use the district's budget numbers. For further discussion of the issue of the transfer of general fund expenditures to other funds, please see the section entitled Off-Book Interfund Borrowing and Liabilities below.

Consequently, FCMAT determined that the best methodology for estimating the district's total 2017-18 spending was to utilize the actual cash amounts that had been recorded in the district's accounting system for July 2017 through March 2018 and then employ the following methodologies for April through June 2018 regarding each category below:

- <u>LCFF Revenues</u>: FCMAT's Local Control Funding Formula (LCFF) Calculator is the industry's standard in calculating the funding from the LCFF. As such, FCMAT has used the services of its in-house expert to calculate the district's LCFF funding. FCMAT used various documents as sources of information to provide input into the LCFF calculation and generate the estimate of LCFF revenues. Those documents included:
    - The district's 2017-18 P-1 attendance report and its historical relationship to the P-2 report to estimate the district's 2017-18 P-2 attendance
    - The P-1 J-29 property tax report from the CDE
    - CALPADS information for the 2017-18 enrollment and unduplicated pupil counts
    - The district's historical calculations regarding the shift of charter school students

  FCMAT's estimates of the district's LCFF cash flows are based on this LCFF calculation, district actual receipts for July 2017 through March 2018 and application of the CDE's Principal Apportionment Payment Schedule contained in Education Code Section 14041(a)(2) for the remaining months. However, FCMAT encountered some issues during its calculation of LCFF revenues:

- <u>Ungraded Students</u>: In FCMAT's analysis of attendance information, it was noted that a group of students was associated with the district's young adult program within its special education program. Those students were being accounted for as ungraded students in the district's attendance system. Ungraded students are not eligible for inclusion in the district's average daily attendance (ADA) calculation that is then used in the LCFF calculator. LCFF revenues provide the district with most of its revenues, and the district may be inadvertently missing a portion of the LCFF revenues because it has ungraded students.
- <u>Charter Student Shift</u>: Education Code 42238.051(a)(2) directs the calculation and funding of students that transfer between charter schools and sponsoring school districts. This transfer creates a decrease in LCFF revenue when the sponsoring school district is in declining enrollment. The code specifies that the amount of attendance counted for any pupil may not be greater than the attendance claimed for that pupil by the school district or charter school in

the prior year. The district does not calculate the transfer of students between sponsored charter schools on a per-pupil ADA basis. Instead, the district compares enrollment data on a per-pupil basis periodically during the year and estimates ADA as the district's retention percentage between enrollment and ADA. This method may cause LCFF funding to be overstated or understated in years where the district is in declining enrollment, which is not the case for 2017-18. Based on the district's CALPADS information, enrollment has increased by 288 students since the prior year.

- Property Taxes: According to a cash flow statement from the district's accounting system generated on April 16, 2018, the district received $51.7 million in property taxes during the month of March 2018, which represents approximately 40% of the district's total property tax revenues. Normally, the district receives a spike in this revenue stream in both December and April as these are the months in which property owners pay their taxes. FCMAT spoke with the county office to determine if the county treasury system had also recorded the $51.7 million, but it reported that only $27 million had been recorded. FCMAT does not know the source of the anomaly in property tax receipts for March but asked for another cash flow statement from the district's system on May 1, 2018. That cash flow statement reflected $27.2 million for property tax receipts, which seems to match that of the county office of education's documentation but still represents a spike in that revenue stream for March 2018. No matter how the funds are received, FCMAT has relied on the 2017-18 P-1 J-29 property tax estimates for the total annual amount of property taxes to be received. As a result, this turns into a timing issue in the months of March through June 2018, and any additional revenues received in March through May 2018 that exceed the total would then result in a smaller, possibly negative revenue stream in June 2018.
- Transfers to Charter Schools in Lieu of Property Taxes: The district is required to transfer a portion of the property tax revenue that it receives each year to each of its charter schools pursuant to the lesser of two amounts in Education Code Section 47635(a). The payment of those amounts are defined in Education Code Section 47635(b) as 6% in August, 12% in September and 8% in October to February based on the amount of property taxes received in the prior fiscal year. The March to June payments are based on the amount of property taxes reported at the P-1 certification and are funded as 1/6 per month of the remainder of funding to be received for the year, except for the month of March, which is funded as 1/3 of the remainder of funding to be received for the year. This equates to approximately 7% per month of the annual value and 14% in March. The final 1/6, or 7%, for the year is transferred in July of the following year. Additionally, EC 47635(b) specifies the transfers must occur no later than the $15^{th}$ of the scheduled month. The formula used to determine transfers by the district is unclear, and the district's three-year transfer history does not reflect the Education Code defined schedule. Instead, for the 2017-18 fiscal year, it shows that no payments were made in July, and a few months where the payment exceeds the percentage required but most where the payment falls short of the percentage required. It is unknown why the district has chosen this inconsistent methodology. Correction of the formula may cause increased or decreased expected cash flows in the correcting months for the district but more reliable estimates of cash flow in future months for both the district and its charter schools.
- LCFF Accruals: FCMAT was able to review the district auditor's 2016-17 work papers to analyze the prior year's June revenue activity to pull out any accruals and place them in the appropriate category so that both the prior year and the current year's cash flow statements reflect only cash for the month of June.

- FCMAT's estimate of the current year-end accrual is based on the application of the prior year's percentage of the accruals posted in June divided by the total annual revenue in the applicable category. That percent was then multiplied by FCMAT's estimate of the total current year revenue in the specific revenue category to arrive at the current year's estimated accrual.

The comparison of FCMAT's estimated LCFF calculation with the district's 2017-18 second interim report is as follows:

| OAKLAND UNIFIED SCHOOL DISTRICT | | | |
|---|---|---|---|
| LCFF Revenue Comparisons | | | |
| 2017-18 | | | |
| | | | |
| | FCMAT's Estimate | OUSD's 2nd Interim Report | Difference |
| State Apportionment | $224,486,006 | $223,230,632 | $1,255,374 |
| Education Projection Account | $44,578,148 | $44,473,721 | $104,427 |
| Property Taxes | $129,422,164 | $129,422,164 | $- |
| Transfers to Charter Schools in Lieu of Property Taxes | $(32,181,715) | $(32,002,370) | $(179,345) |
| | | | |
| TOTAL | $366,304,603 | $365,124,147 | $1,180,456 |

As is shown above, FCMAT's calculation results in $1,180,456 more revenue than the district's calculation. This is primarily the result of FCMAT not having the district's actual 2017-18 P-2 attendance report but using a three-year historical ratio between the P-1 and P-2 attendance reports. That ratio produced an additional 59.80 ADA in FCMAT's calculation.

- <u>Other Revenues</u>: FCMAT was able to review the district auditor's 2016-17 work papers to analyze the prior year's June revenue activity to pull out any accruals and place them in the appropriate category so that both the prior year and the current year cash flow statements reflect only cash for the month of June.

  FCMAT traced other sources of revenue to source documentation such as state and federal allocation documents posted online and documentation from consultants in various specialties (e.g. E-Rate and redevelopment revenues), and included carryover funding, if applicable, from the district's 2016-17 Form CAT. For areas of revenue where FCMAT was unable to obtain additional documentation, the study team used either the current year budget or the prior year revenue receipts, whichever was less. In areas where the district had not budgeted revenues but where the general ledger showed funds having been received, FCMAT used the current cash collections to date.

  These methodologies produced total revenues outside of LCFF source funding (i.e., principal apportionment, Education Protection Account, property taxes and miscellaneous funds including in-lieu taxes) of $166,626,216.78. This number is $31,580,533.55 less than the district's 2017-18 second interim budget of $198,206,750.33 but only $13,455,274.61 less than the district's 2016-17 unaudited actuals. Some of the areas where the district and FCMAT's estimated revenues showed the largest differences are discussed below. Most of the information analyzed was based on a spreadsheet provided by the district showing information as of

December 31, 2017, and there were several accounts where updated information was provided based on questions from FCMAT. FCMAT was not made aware of any condition that would have generated such a large fluctuation in revenue, but information may have changed between the date of the information to FCMAT and submission of the district's 2017-18 second interim report. However, without it being submitted to FCMAT, it would neither have been known nor analyzed for use in this report.

- E-Rate: The district budgeted $2,026,663 for this revenue source and had received $16,521.92 as of December 31, 2017. FCMAT obtained documentation from the district showing that its E-Rate consultant estimated 2017-18 revenues at $1,628,603.08. The district did not respond to FCMAT's inquiries regarding documentation supporting additional E-Rate revenues beyond the $1.6 million. Without further information, FCMAT budgeted this line item at $1,628,603.08.
- Leases & Rentals: The district had budgeted $619,348 in this category but had not received any revenues as of December 31, 2017, nor had there been revenues received in the prior year. The district did not respond to FCMAT's inquiries regarding documentation supporting its budget. Without further information, FCMAT budgeted this line item based on the revenues received to date.
- Authorized Interfund Transfers In: The district had budgeted $564,067 in this category; however, based on questionable practices as discussed in the Off-Book Interfund Borrowing and Liabilities section below, FCMAT did not include revenue in this line item.
- Medi-Cal Billing: The district had budgeted $1 million but had received $323,122.03 in revenues as of December 31, 2017. The district did not respond to FCMAT's inquiries regarding documentation supporting its $1 million budget. The district should exercise care in the amount that is budgeted for Medi-Cal due to recent audits in this area and increased demands for the return of funds based on audit findings. Lacking further information, FCMAT budgeted this line item based on the revenues received to date.
- Special Education Apportionments – Current Year: The district budgeted $21,202,270 for this line item. State allocation documentation shows the anticipated revenue should be $20,232,603. The district did not respond to FCMAT's inquiries regarding documentation supporting the $969,667 difference, and care should be taken in this resource to avoid double counting of property taxes should they be separately accounted for in object 8097. Without further information, FCMAT utilized the information from the state allocation documents.
- Proposition 47: The district budgeted $343,831 and had received $586,467 as of December 31, 2017 for this program. FCMAT reviewed the online list of those participating in cohort 1 but the district was not listed, and the list for cohort 2 will not be announced until May 8, 2018. FCMAT observed that the Alameda County Office of Education was to receive funding through cohort 1 and contacted the county office to determine if the district's revenue was a pass-through. The county office confirmed that it was not providing funding to the district for Prop. 47 but suggested that perhaps the district's funding was coming from another agency or the state. FCMAT requested documentation to support this revenue stream and the district provided an Excel spreadsheet showing the detailed general ledger for this account but nothing that would support their participation in this program.

Consequently, FCMAT is unsure that the funds received have been posted to the correct resource, and the funds may belong to another grant. However, because the funds have already been received, FCMAT has included them in the total revenues under the assumption that they will be applied to the correct revenue source at some future date.

- STRS Pension Contributions: The district budgeted $10,653,833 for this line item. FCMAT believes these are the district's on-behalf costs represented in its books as revenue with a corresponding debit to expenditures, with no effect on the district's financial statements. This is a "paper only" entry that is not related to cash. Consequently, FCMAT did not include it in its revenue estimates.
- Chabot SSC JPA: The district had budgeted $171,067.41 for this revenue source but had not received any funds as of December 31, 2017. Note 10 in the district's 2015-16 audited financial statements states that the district should be receiving $450,000 per year from this source payable in quarterly installments of $112,500. The Chabot JPA notified the district in November 2013 that it was unable to make its scheduled payments. The district then entered into a two-year forbearance agreement with Chabot. Under the terms of the forbearance agreement, the district would temporarily forbear from exercising its rights under the lease-leaseback agreements, and Chabot is to make payments to the district as follows: 1) during the 2014-15 fiscal year, a payment of $150,000 toward the 2013-14 indebtedness, and a payment of $200,000 during the 2015-16 fiscal year toward the 2013-14 indebtedness; 2) subject to approval by the Oakland City Council, the 2013-14 partial payment, payable in the 2014-15 and 2015-16 fiscal years, will be made by the city of Oakland for the benefit of Chabot. These payments from Chabot had not been made as of June 20, 2016. Chabot made one $50,000 payment to the district under the forbearance agreement. No payments have been made by the city of Oakland on behalf of Chabot under the forbearance agreement. The forbearance agreement expired on June 30, 2016. The district, the city of Oakland and Chabot are currently engaged in active negotiations to decide on how to proceed. The district is reviewing all its rights under the joint powers agreement. The district's prior year's revenues for this line item reflect a total of $60,000. FCMAT has utilized the information from the district's audited financial statements as its basis for this revenue source. However, it should be noted that significant time has elapsed since the expiration of the forbearance agreement and Chabot SSC JPA is severely delinquent in its payments.
- SEMP Mental Health: The district has budgeted $1,197,549 for this line item and had reclassified $159,112.91 from this restricted resource to the unrestricted general fund in October 2017. This results in negative revenue of $159,112.91. FCMAT has been unable to determine what documentation the district is relying on for the $1.197 million in this budget line and has even contacted the county office and the Alameda County Department of Behavioral Health to try to find an answer. Neither was able to provide FCMAT with any information. As a result, FCMAT has budgeted ($159,119.12) for this resource.
- City of Oakland PEG Grant: The district has budgeted $240,667 from this revenue source and also shows that $98,269.05 was received in 2016-17. FCMAT's research reflects that this grant was funded through 2017-18 but could find no documentation to support the increase in funding to the district. Consequently, FCMAT has budgeted this line item with the level of funding received in the prior year.

- Atlantic Philanthropies: The district had budgeted $594,126.78 as revenues from this source. No funds had been received as of December 31, 2017; however, the district reported that it had received $2.9 million on February 28, 2018. As a result, FCMAT budgeted the $2.9 million received to date.

FCMAT's estimates of the district's April to June 2018 cash flows are based on the application of the prior year's percentage of the revenues received in the applicable month divided by the total annual revenues in the applicable category. That percent was then multiplied by FCMAT's estimate of the total current year revenues in the specific revenue category to arrive at the current month's estimated receipts. FCMAT's estimate of the accruals is also based on this same mathematical equation. FCMAT was also notified by the district that it had overestimated its receivable E-Rate funds for 2016-17 by $900,000. FCMAT has included that amount as an adjustment to accounts receivable within the balance sheet items on the statement of cash flow.

- Salary and Benefits: FCMAT obtained the total 2016-17 accrual of salaries and benefits from the district auditor's work papers and applied them proportionately among certificated salaries, classified salaries and benefits to estimate the cash payroll transactions for the month of June 2017. This then provided FCMAT with the cash transactions for each of the months in the 2016-17 school year for use in estimates for the 2017-18 fiscal year.

  To estimate the total salaries and benefits expenses for fiscal year 2017-18, FCMAT obtained payroll reports from the district for the months of November and December 2017 and January 2018. FCMAT balanced those to the corresponding month's cash flow statement without exception. Using the cash flow amounts reported in the district's financial system, FCMAT then calculated the monthly average salary for September 2017 through March 2018 for certificated and classified employees as well as the monthly average for employee benefits. The months of July and August 2017 were omitted from the monthly average calculation because the salary and benefits expenditures are 38%-40% lower than other months due to school recess and would cause the average to be artificially low. This average was then used for the estimated expenditures for the months of April and May 2018. The district's June payroll is normally larger than other months due to the upcoming summer months. As with many other districts, Oakland USD recognizes the expenses associated with summer salaries and benefits for its employees earned in the fiscal year and paid over the summer months. There are also year-end type payroll expenditures such as vacation payouts, stipends, etc. As a result, FCMAT used the prior year ratio of May to June payroll expenditures and multiplied those by the FCMAT estimates for the month of May 2018 to arrive at the estimate for the June 2018 estimated payroll expenditures. The total actual expenditures for the months of July 2017 through March 2018 were then added to the anticipated expenditures for April through June 2018 to produce the annual budget for these items.

  FCMAT's estimate of year-end accruals is based on the application of the prior year's percentage of the accruals posted in June divided by the total annual expenditure in the applicable category. That percentage was then multiplied by FCMAT's estimate of the total current year expenditure in the specific expenditure category to arrive at the current year's estimated accrual.

  This resulted in FCMAT estimating total salaries and benefits at $289,622,319.62 and $134,792,877.16, respectively, for 2017-18. The district's 2017-18 second interim report estimated $288,325,695.43 in total salaries, $1,296,624.19 less than FCMAT's estimate; and $133,693,066.12 in total benefits, which is $1,099,811.04 less than FCMAT's estimate.

FCMAT encountered other items for consideration in its calculation of salaries and benefits for 2017-18:

- <u>Cafeteria Fund</u>: FCMAT included $85,756.24 in current year expenditures for an accounts payable technician who had been erroneously charged to the cafeteria fund (Fund 13) since 2006-07. In this case, the accounts payable technician was being charged directly to the cafeteria fund while the cafeteria fund was also paying indirect costs. The salary of the accounts payable technician was also coded so that it was being included in the calculation of the indirect cost rate. This would represent a duplicate payment for the services provided.

  The prior year's expenditures for this accounts payable technician are estimated by the district to be $518,806.98 but have not been included in FCMAT's current year estimate. The district should work with its auditors on this item to include it in its financial statements.

- <u>Collective Bargaining</u>: FCMAT was informed of two collective bargaining settlements during its interviews.
  - The first was regarding an additional step to be added to the salary schedules of the district's police officers agreed to in January 2017. FCMAT requested information regarding the details and the cost of this settlement both at the time of FCMAT's interviews of district personnel in January 2018 when the matter was first disclosed and in subsequent emails. However, no information was ever provided. This information should have been readily available from the district's AB 1200 disclosure required by the county office. FCMAT tried to obtain a copy of the AB 1200 disclosure from the county office only to find that the county office had not been provided with the disclosure of this settlement and was unaware that a settlement had been reached. Government Code Section 3540.2(a) requires districts with qualified or negative certifications to provide the county office with the proposed agreement and allow it at least 10 working days for review and comment. While the district had self-certified as positive in its 2016-17 first interim report dated December 15, 2016, the district's status was changed by the county office and reported to CDE as qualified. Consequently, an AB 1200 disclosure should have been prepared and submitted. As a result of the district's inability to provide FCMAT with information on the details of the contract settlement or the financial impact, FCMAT was unable to specifically trace the implementation of the salary increase in the district's payroll records. However, given the length of time that has passed since the district's discovery of this settlement, it was assumed that the district had processed it, including the retroactive portion due to employees.
  - The second was a settlement from late 2016-17 with the Oakland Educators Association that had reportedly not been incorporated into the budget. FCMAT inquired multiple times regarding the terms of the settlement as well as when the effect of that settlement was incorporated into payroll. Again, FCMAT did not receive the information requested.
  - Consequently, if retroactive payments for either of the above were included in any of the months used to calculate the district's average monthly payroll expenditures,

FCMAT's average would be higher than if those amounts had been excluded. As is noted above, FCMAT was unable to obtain information from the district to eliminate any retroactive payments.

- Mid-Year Reductions/Layoffs: The district's board agendas had included the following reductions in force commencing after preparing its 2017-18 first interim report:
  - Classified Staff
    - On December 13, 2017 the governing board approved a resolution to implement a mid-year reduction in workforce of 45.52 FTE in classified positions including 31.30 FTE at the district's central office.
      - However, before the reduction could be implemented, the board announced on January 10, 2018 that the layoff notice of the library manager had been rescinded and that her position would be reduced to a four-day work week for the 2017-18 school year. The news article on this action reported that the district had successfully eliminated some expenses to fund the position for the remainder of the school year.
      - FCMAT's review of the district's spreadsheet documentation to quantify the effect of the December 13, 2017 reduction in force reflected another position, in addition to the library manager, that had been restored. Additionally, the resolution called for a reduction in force of 45.52 FTE; however, district documentation provided to FCMAT showed that only eight people would exit the district.
      - FCMAT has been unable to determine the amount that the district would have saved from this staffing reduction. While the district had provided FCMAT with a list of the people who would ultimately exit the district, FCMAT was unable to obtain the date on which they left the district's payroll or any vacation payout that would have offset the savings for 2017-18.
    - FCMAT's review of board agendas and minutes online showed that the table of contents for the board's March 14, 2018 meeting had four agenda items related to possible reassignment of administrative/supervisory certificated employees, notice of release of probationary and temporary contract certificated employees, notice to categorically funded certificated employees of possible reassignment and additional layoffs of classified positions. However, even though those items had been listed in the table of contents, they were not contained in the body of the board agenda nor in the board minutes for that meeting. The district did not respond to FCMAT's inquiry regarding what had happened to these four agenda items.
    - The board passed a resolution at its April 11, 2018 meeting authorizing a net reduction in force of 55.13 classified FTE. However, the information provided to the board and public on this item included the following statements that could allow the district to contravene the intent of the board action:

      "This resolution contains the decreases, increases, and overall net effect for authorized classified positions affected for the 2018-19 fiscal year.

> "Although employees affected by the reduction or elimination of positions will receive layoff notices, some may retain District employment by being reassigned as permitted by the Education Code. **In addition, other positions may be created to meet student needs and affected employees may be reassigned into newly-created positions, if eligible.**" [Emphasis added.]

    - Certificated Staff: Other than the items listed in the table of contents for the governing board's March 14, 2018 meeting that had not been acted upon, FCMAT was unable to find any board resolutions that the board had adopted related to reductions in force/layoffs in its certificated staff. District staff reported to FCMAT that they did not believe a formal reduction in force was necessary because they had sufficient turnover each year, making this step superfluous.

  - STRS On-Behalf Pension Contributions: The district budgeted $10,653,833 for this line item. FCMAT believes that this is the district's on-behalf costs and is represented in its books as an expense with a corresponding credit to state revenue, which produces no effect on the district's financial statements. This is a "paper only" entry and is not related to cash. Consequently, FCMAT did not include it in its expenditure estimates.

  - Health Benefit Governing Board: As is further discussed later in this letter in Off-Book Interfund Borrowing and Liabilities, it is estimated that the general fund owes its self-insurance fund (Fund 67) approximately $9 million for this item. The district has been in negotiations with its bargaining units regarding the payment plan for this obligation but, as of the writing of this report, there has been no definitive settlement. As a result, FCMAT has not included any amount as the current year's payment toward this obligation until such time as the district and its bargaining units have reached a binding settlement.

- Other Expenditures: FCMAT obtained the total 2016-17 accrual for vendors from the district auditor's work papers and applied them proportionately between books and supplies, services and capital outlay to obtain the cash transactions for the month of June 2017. This then provided FCMAT with the cash transactions for each of the months in the 2016-17 school year for use in estimates for the 2017-18 fiscal year.

  FCMAT's primary approach to estimating expenditures in objects 4000-7999 involved utilizing the district's actual expenditures for the period July 1 to December 31, 2016 to establish the percentage of the 2016-17 budget consumed in this period. It was then assumed that the current year expenditures occurring from July 1 to December 31, 2017 represented the same fraction of current year's budget. That fraction was then applied to the total expenditures through December 31, 2017 to arrive at the total estimated 2017-18 budget for each major object code. FCMAT then reviewed the amounts generated by the mathematical application and, for those where the product was not logical or where there was a large budget but little expenditure, an analysis of the detailed general ledger was performed.

  During the process of reviewing the district's expenditures in objects 4000-7999, FCMAT encountered the following:

  - Objects 4391 – 4399: While these object codes had a combined budget of over $25.6 million for 2017-18 at December 31, 2017, examination of prior years' final expenditures revealed that, at closing, the expenditure accounts were brought to zero. FCMAT was unsure whether the accounts were being used as placeholders, meaning that budgets were placed here but when the funds were needed in another object the budget would be transferred; or if the expenditures were being transferred to other objects without the corresponding budgets to go along. Or, budget lines may have been included with no expectation that the funds would be used. FCMAT inquired of district management as to how these accounts were being utilized and the district stated that it has been very poor in budgeting in this area. These accounts had been used only minimally and, as of April 30, 2018, had a total of actual expenditures and encumbrances of $367,398. However, the information that FCMAT had been provided showed actual expenditures at December 31, 2017 of $4,151,528.26. This would mean that most of the expenditures had been transferred to other objects, but FCMAT was not provided that information. As a result, FCMAT has budgeted the $4,151,528.76 and reduced the budgets for objects 4391 – 4399 to that amount for a savings of $21,493,801.69 from the budget at December 31, 2017.

- Object 5100: This object is to be used to record expenditures for subagreements, recording amounts that exceed $25,000 per agreement, and is primarily associated with contracts in special education programs. The district's 2017-18 budget for this line item was zero as of December 31, 2017, with no recorded expenditures as of that date. FCMAT's review of the prior year general ledger showed that the district had expended $12,882,393 in this object. FCMAT attempted on multiple occasions to determine how this account was used; however, the information received did not answer the question. FCMAT theorizes that the actual expenses reside in some other object code(s) and are then transferred into object 5100 when the district closes its books. However, without confirmation of this practice, FCMAT cannot be sure. As a result, FCMAT has utilized the prior year's expenditure number as the current year's budget and this category may be overbudgeted by the $12.9 million but, absent an explanation to FCMAT regarding how the account is used, this is the most conservative approach to be certain that the district has sufficient resources for its expenditures.
- Object 5825: The district uses this object to budget for its consultants and has budgeted $30,245,386 in this category, with $9,069,449 expended as of December 31, 2017. Since the current unrestricted expenditures represent a six-month period, FCMAT annualized them by multiplying by two. On the restricted side, the prior year's expenditures at December 31, 2016 represented 64% of the annual total for an estimated budget of $15,524,878 and also a savings of $14,720,508 for the 2017-18 fiscal year.

  FCMAT also noted that transfers of selected legal expenses were occurring out of this object and flowing to the district's self-insurance fund (Fund 67). This practice is discussed further in the Off-Book Interfund Borrowing and Liabilities section.
- Object 5826: The district reported that this object code was used for its external work order system, and has a $2,633,198 budget and $1,164,881 in expenditures through December 31, 2017. The prior year's expenditures at December 31, 2016 represented 23% of the annual total on the unrestricted side and 34% on the restricted side of the general fund. Annualizing this expenditure pattern produces an estimated 2017-18 budget of $4,370,734.63, which means that the district's budget appears to be underbudgeted by $1,737,536.71. While the district's definition for the activity in the account was for an external work order system, the district never provided a specific definition of that term. FCMAT's review of the activity in this account reveals that it appears to be used as a clearing account, with large numbers of transactions coming into the account and then being

journaled out and, if that is correct, the amount that is underbudgeted may exist in another object code. However, without knowledge certain that this is the case, the most conservative approach is to utilize the annualized estimated budget of $4,370,734.63.

- Object 5846: The district uses this object code for data processing expenditures. The district's budget for this line item is $5,621,177, with $3,724,134 expended as of December 31, 2017. The prior year's expenditures at December 31, 2016 represented 88% of the annual total on the unrestricted side and 66% on the restricted side of the general fund. Annualizing this expenditure pattern produces an estimated 2017-18 budget of $4,247,662.11, which means that the district's budget appears to be overbudgeted by $1,373,514.89. This budget line also included expenditures for the accounting system conversion that will go live on July 1, 2018. The district's 2017-18 second interim report noted that this specific item had approximately $1.1 million in expenditures associated with it and had already exceeded its budget estimate.

- Object 5880: The district records its home-to-school transportation expenditures in this object code, and the district's 2017-18 second interim report stated that the budget for this item had been increased by $880,000. However, FCMAT's analysis of the account revealed that an additional $3,314,666.92 was necessary to complete the 2017-18 fiscal year. The district showed $3,274,844 in expenditures as of January 17, 2018. The prior year's expenditures at December 31, 2016 represented 27% of the annual total on the unrestricted side and there were no expenditures on the restricted side of the general fund. Annualizing this expenditure pattern produces an estimated 2017-18 budget of $11,025,984.92, which represents the additional $3,314,666.92 needed for this line item and far exceeds the additional $880,000 provided in the 2017-18 second interim report.

- Objects 5520, 5555 and 5930: These objects record the district's utilities, water/sewage and phone, respectively. These objects have a total combined budget of $10,936,670, with $4,426,672 expended through December 31, 2017. The prior year's expenditures at December 31, 2016 represented 31%, 46% and 35%, respectively, of the annual total on the unrestricted side, and there were no expenditures on the restricted side of the general fund. Annualizing this expenditure pattern produces an estimated 2017-18 budget of $12,951,981.98, which represents an additional $2,015,311.98 needed for these line items.

- Objects 7000-7999: These accounts are used for various items related to tuition paid for the district's special education students, transfers to its child development fund and cafeteria fund and payments related to its state loan. The district's 2017-18 second interim report shows a total of $10,088,430 for these accounts, with $5,639,468.53 expended as of April 28, 2018. FCMAT's estimate of the district's budget for these accounts is $13,163,022.53, with the primary differences between the district's budget and FCMAT's as follows:

  - Object 7142: This budget line is used to pay for special education services from the county office. The district has budgeted $285,000 for this line item for 2017-18 but expended $805,000 in the prior year. It is extremely rare to see such a decline in expenditures. Consequently, FCMAT has budgeted the prior year expenditure amount.

  - Object 7438: The district expends these funds for the interest on the district's state loan. The district has budgeted $1,054,802 for this item for 2017-18; however, FCMAT was able to obtain loan amortization schedules that show a total of $307,269 interest to be paid for the 2017-18 fiscal year. This reduces this budget item by $747,533.

- Object 7439: The district expends these funds for the principal on the district's state loan. The district has budgeted $4,930,675 for this item for 2017-18; however, FCMAT was able to obtain loan amortization schedules that show a total of $5,506,671.79 of principal for the 2017-18 fiscal year. This increases this budget item by $575,996.79.
- Object 7611: The district makes this transfer to its child development program due to that program's expenditures exceeding its revenues. While the district did not include a transfer to child development in its 2017-18 second interim report, comparison of that report with the 2016-17 unaudited actuals shows that the district may be too optimistic regarding its expenditures. Therefore, to be conservative and plan for the event that a transfer will be needed as has been the case for the past five fiscal years, FCMAT has included a budget of $2,204,600.54. This number mathematically represents the prior year's transfer plus a cost of living increase of 1.56%.
- Object 7699: The district makes this transfer to its food service or cafeteria program because that program's expenditures exceed its revenues. The district had budgeted a transfer of $3,251,238 in its 2017-18 second interim report; however, in the narrative presented with that report, it stated that an additional $500,000 would be needed. As a result, FCMAT has budgeted $3,751,238 for this line item.

FCMAT's estimate of year-end accruals is based on the application of the prior year's percentage of the accruals posted in June divided by the total annual expenditure in the applicable category. That percent was then multiplied by FCMAT's estimate of the total current year expenditure in the specific expenditure category to arrive at the current year's estimated accrual.

- Balance Sheet Accounts: FCMAT reviewed the district's auditor's work papers to arrive at the beginning balances of its balance sheet accounts. Those same work papers were used to also eliminate year-end accruals in the prior year to provide a true picture of cash transactions as discussed above.

  As with the revenue and expenditure accounts, FCMAT used the district's actual activities for the months of July 2017 through March 2018. FCMAT's estimates of the district's April to June 2018 cash flows are based on the application of the prior year's percentage activity in the applicable month multiplied by beginning balance in this category. The month of June 2018 is then further adjusted so that the district's activity for the year does not exceed its beginning balance, which is based on the theory that the activity in these accounts should be only that related to prior year balances and not contain current year activity.

FCMAT has not included the district's projected savings from the board's December 13, 2017 resolution to attain $9 million in expenditure reductions for the 2017-18 fiscal year. This exclusion is based on the following:

- A history of deficit spending exacerbated by the district attempting to implement a spending reduction protocol in the 2016-17 fiscal year only to have those savings not materialize and, instead, produce additional deficit spending.

- In FCMAT's interviews with district personnel, many acknowledged that weak internal controls allowed them to circumvent the purchasing process in prior years. Those bypass procedures have not been cured for the current year. The most important factor in successfully implementing the current year's cost reduction plan is individual site/department dedication toward that goal.
- The board's December 13, 2017 resolution to implement a mid-year reduction in workforce of 45.52 FTE in classified positions including 31.30 FTE at the district's central office. Some of these positions contribute to the district's business office internal controls regarding budgeting and/or cost containment, with the net effect of these layoffs potentially contributing to a further relaxation of internal controls.
- The board's January 10, 2018 announcement to rescind the layoff notice of the library manager but reduce her position to a four-day work week for the 2017-18 school year. The news article announcing this decision reported that the district had been successful in eliminating some expenses to fund the position for the remainder of the school year.
- FCMAT's review of the documentation to quantify the effect of the December 13, 2017 reduction in force reflected that another position, in addition to the library manager, had been restored. Furthermore, the resolution called for a reduction in force of 45.52 FTE; however, documentation provided to FCMAT showed that only eight people would exit the district.
- The board's April 11, 2018 resolution to augment classified layoffs by a net 55.13 FTEs but also acknowledging that there may be "newly created positions" to which classified personnel can be assigned. Implementation of this action would not create the savings that are intended in a layoff.

These actions call into question both the district's and its board's political will to implement the proposed $9 million in expenditure reductions. Without evidence to support that the board can withstand both public and internal pressure to continue its past practices, FCMAT cannot assume that cost reductions will occur.

## Off-Book Interfund Borrowing and Liabilities

Previous district leadership appears to have had a practice of intentionally manipulating the general fund balance to sustain the minimally required state reserve levels by inappropriately transferring general fund obligations to and from other funds. This practice essentially created off-book interfund borrowing that positively impacted the general fund cash flow and fund balance. As noted previously, any corrective action is not accounted for in the current year assessment above.

FCMAT was not engaged to conduct an audit of the district. However, in the course of FCMAT's work to determine if activity in other funds would impact the general fund, inappropriate activity was discovered. Current interim and regular district staff appear to have cooperated throughout most of the discovery and analysis of this information; however, that cooperation did not extend through the entirety of FCMAT's engagement. Regardless of the district's cooperation or lack thereof, a thorough audit reaching back multiple years will be necessary to properly assess the extent of the activity.

Because FCMAT was not engaged to perform the in-depth audit of this issue, many details are still to be determined. What is known at this point is summarized as follows:

- The district estimated in January 2018 that the general fund owed the self-insurance fund (Fund 67) $14.8 million. Most of this amount was reported to be from the use of an artificially low workers' compensation rate distributed to general fund budget lines while the self-insurance fund incurred the full cost of the workers' compensation expenditures. FCMAT requested an official accounting of what is included in the $14.8 million from the district; however, that request was not fulfilled. In initial MYFP data, the district had outlined a plan to repay the self-insurance fund $2 million per year over the MYFP projection period, which may or may not be sufficient depending on self-insurance obligations that arise. This amount was reflected in the 2017-18 second interim report's multiyear projections fund balance for future years as an unassigned/unappropriated amount and not as a budgeted transfer of funds.

- The district initially advised FCMAT that costs for nonpublic school and nonpublic agency services for special needs students that are the result of settlement agreements between the district and parents were charged to the self-insurance fund (Fund 67). This is not standard practice, and there are no sources of funds to cover these expenditures in the self-insurance fund. Analysis of the journal entries along with the district's written explanations of the entries related to this expenditure transfer revealed that this was not related to specific services/expenditures but was instituted during the 2016-17 year-end closing process to artificially sustain the state minimum reserve level of 2% in the general fund. Transaction details reflect that approximately $3.8 million of the potential $4 million of special education expenditures identified were transferred to the self-insurance fund. Subsequent review of the notes in the district's 2016-17 audited financial statements show that a total of $4,772,512 of general operations expenditures was transferred from the general fund to Fund 67.
  - In addition to the $14.8 million discussed above for the 2016-17 fiscal year, $1,875,558 of general operating expenditures was transferred from the general fund to Fund 67 in fiscal year 2015-16. This amount was not captured in the notes to the district's 2015-16 audited financial statements.
- Further review of the notes regarding interfund transfers in the audited financial statements for fiscal years 2010-11 through 2016-17 shows the following total amounts having been transferred to the general fund:
  - $1,247,977 from the adult education fund (Fund 11) for the transfer of adult education apportionments.
  - $340,754 from the child development fund (Fund 12) for repayment of that fund's share of the state loan pursuant to the Multi-Year Fiscal Recovery Plan. Review of the district's unaudited actuals for fiscal years 2013-14 through 2016-17 show that this fund typically pays indirect costs to the general fund of approximately $555,000-$682,000 annually. Transfer of additional amounts to pay the state loan could be considered a duplicate charge to this fund.
  - $1,197,460 from the cafeteria fund (Fund 13) for repayment of that fund's share of the state loan pursuant to the Multi-Year Fiscal Recovery Plan. Review of the district's unaudited actuals for fiscal years 2013-14 through 2016-17 shows that this fund typically pays indirect costs to the general fund of approximately $885,000-$998,000 annually. Transfer of additional amounts to pay the state loan could be considered a duplicate charge to this fund. Additionally, if the funds are transferred from federal resources, this could be viewed as an inappropriate use of federal funds that are restricted to the district's food service program.
  - $2,094,903 from the special reserve for other than capital projects fund (Fund 17). The source of the funds in Fund 17 is unknown and, consequently, FCMAT is unable to determine whether the transfer was appropriate.

- $8,375,128 from the building fund (Fund 25) for payment of the district's deferred maintenance state matching. Funds deposited in Fund 25 are primarily from fees levied on development projects within the district's boundaries and interest thereon (Education Code Sections 17620-17626). Expenditures from this fund are restricted to those specified in Government Code Sections 65970-65981, Government Code Section 65995 et seq. or to the items in agreements with the developer. While it is unknown if there are any specific agreements with developers that would allow a portion of funds in Fund 25 to be used for deferred maintenance, the laws cited here reference school construction. Consequently, use of funds from Fund 25 for deferred maintenance would be prohibited.
- $4,264,498 from the self-insurance fund (Fund 67) for property/liability/legal settlements, returned premiums and reimbursements of insurance claim expenses.
- $7,676,836.77 from the capital facilities fund (Fund 25) to the debt service fund (Fund 56) for the Chabot certificates of participation (COPs) debt payment. Chabot refers to the Chabot Observatory & Science Center, which is a joint powers agency (JPA) formed in 1989 between the City of Oakland, Oakland Unified School District, East Bay Regional Park District and Eastbay Astronomical Society.

  In addition to the $7.7 million identified above in the district's 2010-11 audited financial statements, detailed general ledgers provided by the district show that an additional $1,044,680.06 was paid regarding the Chabot debt, $291,892 from the general fund and $752,788.06 from fund 25. The additional $1,044,680.06 was not disclosed in the district's audited financial statements.

  The district's establishment of the JPA, its relationship with Chabot, the district having incurred debt in the form of COPs to provide a loan to Chabot, the payment of the COP debt and the restructuring of the loan in the form of lease lease-back payments to the district at $450,000 per year are disclosed in the notes to the district's financial statements; however, use of developer fees for payment of the debt for this JPA could be considered a misuse of funds. FCMAT was unable to see lease revenues being repaid to Fund 25 and, as noted above in Other Revenues, there appears to be significant issue with the collection of these funds.

  Chabot's website also provides a timeline that shows in 2005 "[m]ore classroom spaces open per Measure G funding." It is unknown if the Measure G funding noted here was a result of voter approved debt from the district or whether it was raised by the JPA itself.

- The district has charged approximately $2.8 million per year for at least three years to the state school facilities fund (Fund 35) for rent expense associated with the district's downtown Oakland district office. The use of state school apportionments is not legal for this purpose. The district has made plans to transfer this expense, plus interest, to the district's local bond program proceeds (Fund 21) to restore the state apportionments plus interest. Originally, this expense was determined to belong to the general fund.
- The district has charged approximately $288,000 per year for at least four years to the self-insurance fund (Fund 67) to cover parking charges for employees who work in the downtown Oakland district office and Community Student Services Program. This is a general fund obligation.

In addition to inappropriate off-book interfund borrowing, the district has confirmed that since it signed an agreement with its employee associations to establish the Health Benefits Governance Board on May 13, 2015, the activities of that board have never been encapsulated in the district's accounting records. At present, it is estimated that the district would post a liability of approximately $9 million under this agreement for fiscal year 2017-18 into the self-insurance fund. The vast majority of that sum would be attributable to the general fund and cash would also need to be transferred. However, discussions are taking place that would allow the district's general fund to repay the self-insurance fund for the liability over a number of years.

The district's current leadership and outside agencies have been hindered by these practices in achieving an honest and open assessment of the district's current financial condition. These practices are highly unusual, could be considered suspicious and should be further investigated. Additionally, the district's independent auditor should be questioned about their analysis and reporting of such data.

## Other Information

During this engagement, FCMAT discovered that the district did not have an audit performed on its financial records for fiscal years 2008-09 and 2009-10. This is in violation of Education Code Section 41020. Page 3 of the fiscal year 2010-11 Independent Auditor's Report by the SCO states, "An audit of the Oakland Unified School District's financial statements for the two prior fiscal year periods ending June 30, 2009, and June 30, 2010, has not been performed because the Oakland Unified School District did not engage an independent auditor to perform these audits. Therefore, we were unable to obtain sufficient evidence about whether the beginning balances contain misstatements that may affect the financial statements as of June 30, 2011."

The fiscal years when no independent audit was performed were also those in which local governance authority had been returned to the district (2008-09), and the following year. Despite the SCO's statement in its fiscal year 2010-11 report, FCMAT understands that responsibility for conducting the audits in fiscal years 2008-09 and 2009-10 rested with the SCO. This responsibility wasn't relinquished by the SCO until fiscal year 2015-16 (reference AB 625 [Chapter 331/2015]).

## Conclusion

Based on the methodologies outlined above and as shown in the 2017-18 Cash Flow Statement attached, FCMAT believes that Oakland Unified School District will end the current fiscal year with a positive cash position in the general fund. Specifically, FCMAT estimates that ending cash in the general fund will be approximately $17.4 million, which is approximately $6.2 million less than the current year's beginning cash balance and approximately $22.5 million less than the beginning cash in 2016-17. The district's cash is on a declining trajectory – a 56.5% reduction in the past two years – and the district continues to deficit spend. For the 2017-18 year, FCMAT estimates the district's expenditures will exceed its revenues by approximately $13.5 million. With a 2016-17 total general fund ending fund balance of approximately $23.5 million, this is not sustainable.

Comparison of FCMAT's estimates of revenue and expenditure for the 2017-18 fiscal year and the district's 2016-17 unaudited actuals shows that the district's financial picture has not changed considerably. Revenues are estimated to decline by approximately $2.9 million and expenditures are estimated to decline by approximately $520,000 from 2016-17 levels. Consequently, it does not appear that the district's efforts to reduce expenditures have been successful thus far.

As discussed above, FCMAT was unable to obtain sufficient information in some areas on which to base increased revenue estimates. Should those differences in revenue come to fruition, those increases would serve to strengthen the district's ending cash position, and close or eliminate the forecasted deficit spending.

The district does have local remedies available to it to meet its short-term cash needs through June 2019. Those remedies include on-book interfund borrowing, borrowing from the county treasurer, one or more series of tax and revenue anticipation notes (TRANs), and continued cost containment commitments.

However, the district is in financial distress. Without significant corrective action, the district's fund balance, and its longer-term cash balance, will continue to decline. The district's general fund has substantial off-book interfund borrowing that must be thoroughly audited, quantified and repaid. A multiyear plan to reverse these borrowings and restore cash balances in other funds is essential to the long-term health of the district.

As is discussed above, FCMAT encountered what appears to be a past pattern of intentional manipulation of the general fund balance to sustain the minimally required state reserve levels by inappropriately transferring general fund obligations to and from other funds and other funds transferring cash into the general fund. This has hindered an honest and open assessment of the district's current financial condition by its current leadership and outside agencies. These practices are highly unusual, could be considered suspicious and should be further investigated.

FCMAT would like to thank the Alameda County Office of Education and Oakland Unified School District staff for their cooperation and assistance in this review.

Sincerely,

Julie Auvil, CPA, CGMA, CICA
Intervention Specialist

# CASH FLOW
## 2016-17

| | Object | Beginning Balance (Ref. Only) | July | August | September | October | November | December | January | February | March | April | May | June | Accruals | Adjustments | TOTAL | BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ACTUALS THROUGH THE MONTH OF (Enter Month Name): | JUNE | | | | | | | | | | | | | | | | | |
| A. BEGINNING CASH | | | 39,882,755.21 | 26,733,237.32 | 29,500,660.08 | 25,591,805.04 | (3,516,908.25) | 9,617,154.81 | 83,609,357.31 | 62,470,296.52 | 46,270,943.95 | 32,500,294.92 | 29,332,947.15 | 10,256,330.07 | | | | |
| B. RECEIPTS | | | | | | | | | | | | | | | | | | |
| LCFF/Revenue Limit Sources | | | | | | | | | | | | | | | | | | |
| Principal Apportionment | 8010-8011, 8013-8019 | | 11,236,790.00 | 11,236,790.00 | 20,757,490.00 | 20,226,217.60 | 20,226,222.00 | 20,505,696.00 | 20,226,222.00 | 17,959,003.00 | 17,959,003.00 | 17,959,003.00 | 17,959,003.00 | 18,615,034.00 | 922,009.00 | | 215,788,482.60 | 215,788,482.60 |
| Education Protection Account | 8012 | | | | 11,603,858.00 | | | 11,603,858.00 | | | 12,582,550.00 | | | 10,783,747.00 | 247,968.00 | | 46,821,981.00 | 46,821,981.00 |
| Property Taxes | 8020-8079 | | | 4,670,384.61 | 4,167,711.03 | (606.17) | 834,800.70 | 48,420,847.59 | 526,640.21 | 14,466,104.91 | (1,188,954.44) | 28,455,359.79 | 8,715,861.60 | 13,316,133.98 | | | 122,384,283.81 | 122,384,283.81 |
| Miscellaneous Funds including In-Lieu Taxes | 8080-8099 | | | (4,934,729.00) | (2,724,483.00) | | (2,193,215.00) | (2,472,689.00) | (1,260,148.00) | (7,552,781.00) | (2,688,015.00) | (2,688,015.00) | (1,413,296.00) | (998,673.00) | (1,447,832.00) | | (30,373,876.00) | (30,373,876.00) |
| Federal Revenue | 8100-8299 | | | 65,464.07 | 3,641,812.56 | 324,588.71 | 2,022,456.92 | 13,287,197.02 | 1,206,311.22 | 108,802.87 | 3,751,477.97 | 1,732,929.67 | 2,323,424.14 | 10,339,549.98 | 5,832,372.00 | | 44,636,387.13 | 44,636,387.13 |
| Other State Revenue | 8300-8599 | | 1,789,646.00 | 2,245,282.00 | 3,043,332.67 | 2,165,380.95 | 3,879,778.13 | 11,195,554.29 | 6,441,848.19 | 2,256,485.00 | 4,513,620.52 | 5,390,457.16 | 2,070,183.19 | 10,191,961.36 | 9,735,302.00 | | 64,918,831.46 | 64,918,831.46 |
| Other Local Revenue | 8600-8799 | | 5,256,575.30 | 2,063,081.20 | 899,120.79 | 1,310,251.67 | 5,110,585.46 | 20,345,732.26 | 1,847,074.83 | 889,176.23 | 1,722,012.55 | 17,461,577.17 | 6,333,129.34 | (2,121,293.00) | 9,409,249.00 | | 70,526,272.80 | 70,526,272.80 |
| Interfund Transfers In | 8910-8929 | | | | | 248,085.18 | | 439,113.53 | | | 159,833.13 | | | 4,189,546.74 | - | | 5,036,578.58 | 5,036,578.58 |
| All Other Financing Sources | 8930-8979 | | | | | | | | | | | | | | - | | - | - |
| TOTAL RECEIPTS | | | 18,283,011.30 | 15,346,272.88 | 41,388,842.05 | 24,273,917.94 | 29,880,628.21 | 123,325,309.69 | 28,987,948.45 | 28,126,791.01 | 36,811,527.73 | 68,311,311.79 | 35,988,305.27 | 64,316,007.06 | 24,699,068.00 | - | 539,738,941.38 | 539,738,941.38 |
| C. DISBURSEMENTS | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 1000-1999 | | 5,105,367.03 | 4,259,691.88 | 17,499,398.44 | 21,056,037.16 | 19,506,382.79 | 18,656,806.99 | 18,451,987.01 | 19,144,193.60 | 18,739,959.78 | 18,789,689.30 | 18,982,995.18 | 20,341,181.64 | 1,073,902.51 | | 201,607,593.31 | 201,607,593.31 |
| Classified Salaries | 2000-2999 | | 5,656,874.95 | 5,874,212.51 | 8,249,386.04 | 8,703,262.82 | 8,616,509.47 | 8,751,916.38 | 9,302,186.24 | 8,725,132.82 | 8,572,261.66 | 8,814,697.19 | 8,514,696.94 | 9,103,280.87 | 480,603.16 | | 99,365,021.05 | 99,365,021.05 |
| Employee Benefits | 3000-3999 | | 4,242,350.73 | 3,867,328.89 | 11,268,024.87 | 12,289,223.51 | 11,881,392.89 | 11,673,683.91 | 12,023,102.76 | 11,876,361.75 | 11,083,074.67 | 11,069,988.62 | 10,994,999.49 | 20,472,612.40 | 1,080,841.33 | | 133,822,985.82 | 133,822,985.82 |
| Books and Supplies | 4000-4999 | | 17,631.98 | 593,115.69 | 1,898,922.87 | 2,046,046.14 | 1,624,467.90 | 954,822.79 | 1,453,026.74 | 1,124,368.06 | 924,114.93 | 997,378.51 | 1,222,314.71 | 20,773.50 | 1,498,218.95 | | 14,375,202.77 | 14,375,202.77 |
| Services | 5000-5999 | | 963,706.47 | 2,386,676.36 | 4,845,985.44 | 6,888,970.73 | 5,380,171.51 | 8,889,010.62 | 7,067,878.63 | 7,464,973.88 | 8,316,318.98 | 8,476,345.81 | 9,971,113.46 | 234,232.74 | 16,893,251.42 | | 87,778,636.05 | 87,778,636.05 |
| Capital Outlay | 6000-6599 | | | 285,557.07 | 1,401,173.24 | 272,871.44 | 43,777.79 | 14,455.03 | 16,104.60 | 152,368.92 | 1,703.00 | 121,434.70 | 326,148.07 | 3,781.12 | 272,700.63 | | 2,912,075.61 | 2,912,075.61 |
| Other Outgo | 7000-7499 | | 553,191.33 | 553,446.99 | 553,702.65 | 1,996,337.48 | 554,759.98 | 799,111.59 | (164,506.41) | | (36,158.24) | 805,000.00 | (0.34) | 1,460,134.58 | - | | 7,075,019.61 | 7,075,019.61 |
| Interfund Transfers Out | 7600-7629 | | | | | 40,070.00 | | | | | | - | | 5,381,905.85 | - | | 5,421,975.85 | 5,421,975.85 |
| All Other Financing Uses | 7630-7699 | | | | 606.78 | -606.78 | | | | | | | | | - | | - | - |
| TOTAL DISBURSEMENTS | | | 16,539,122.49 | 17,820,029.39 | 45,717,200.33 | 53,292,212.50 | 47,607,462.33 | 49,739,807.31 | 48,149,779.57 | 48,487,399.03 | 47,601,274.78 | 49,074,534.13 | 50,012,267.51 | 57,017,902.70 | 21,299,518.00 | | 552,358,510.07 | 552,358,510.07 |
| D. BALANCE SHEET ITEMS | | | | | | | | | | | | | | | | | | |
| Assets and Deferred Outflows | | | | | | | | | | | | | | | | | | |
| Cash Not In Treasury | 9111-9199 | 253,092.42 | (104,441.45) | (27,761.15) | (22,708.76) | (72,966.51) | 51,824.50 | (22,760.79) | (10,484.60) | 113,111.89 | (14,703.91) | (6,292.97) | 2,596.12 | (133,438.78) | - | | 5,066.01 | |
| Accounts Receivable | 9200-9299 | 23,337,363.75 | 4,899,437.44 | 2,887,843.65 | 2,156,868.44 | 4,003,956.97 | 4,651,413.93 | 34,348.45 | 879,768.11 | 72,673.02 | 91,955.80 | 772.91 | 1,612.29 | 4,669,617.68 | (25,898,932.00) | | 21,788,700.44 | |
| Due From Other Funds | 9310 | 3,588,645.29 | | 654,290.37 | | 60,965.88 | | 1,000,000.00 | 312,718.17 | | (2,000,000.00) | 1,560,670.87 | (2,000,000.00) | (4,453,038.55) | | | (1,275,747.97) | |
| Stores | 9320 | | | | | | | | | | | | | | | | - | |
| Prepaid Expenditures | 9330 | | | | | | | | | | | | | (363,174.29) | | | (363,174.29) | |
| Other Current Assets | 9340 | | | | | | | | | | | | | | - | | - | |
| Deferred Outlfows of Resources | 9490 | | | | | | | | | | | | | | - | | - | |
| SUBTOTAL | | 27,179,101.46 | 4,794,995.99 | 3,514,372.87 | 2,134,159.68 | 3,991,956.34 | 4,703,238.43 | 1,011,587.66 | 1,182,001.68 | 185,784.91 | (1,922,748.11) | 1,555,150.81 | (1,995,791.59) | (280,033.94) | (25,898,932.00) | - | 20,154,844.19 | |
| Liabilities and Deferred Inflows | | | | | | | | | | | | | | | | | | |
| Accounts Payable | 9500-9599 | 24,433,974.91 | 19,770,080.11 | (3,539,197.88) | 198,178.02 | 3,965,025.46 | (658.75) | 701,503.28 | (745,557.25) | (4,036,499.24) | 1,085,703.87 | (2,817,737.88) | 3,056,863.25 | 3,910,542.40 | (21,299,518.00) | | 24,682,702.30 | |
| Due to Other Funds | 9610 | 6,725,893.04 | | 2,003,391.48 | | | | | 3,722,501.56 | | | 1,000,000.00 | | (5,384,395.01) | - | | 8,067,391.07 | |
| Current Loans | 9640 | | | | | | (26,000,000.00) | | | | | 26,000,000.00 | | | - | | - | |
| Unearned Revenues | 9650 | 1,399,293.27 | | | 1,258,456.56 | 107,694.05 | | | | | | (109,000.00) | | (4,848,993.64) | - | | (2,192,549.76) | |
| Deferred Inflows of Resources | 9690 | | | | | | | | | | | | | | - | | - | |
| SUBTOTAL | | 32,559,161.22 | 19,770,080.11 | (1,535,806.40) | 1,456,634.58 | 4,072,719.51 | (26,000,658.75) | 701,503.28 | 2,976,944.31 | (4,036,499.24) | 1,085,703.87 | 24,073,262.12 | 3,056,863.25 | (6,322,846.25) | (21,299,518.00) | - | 30,557,543.61 | |
| Nonoperating | | | | | | | | | | | | | | | | | | |
| Suspense Clearing | 9910 | | 81,677.42 | 191,000.00 | (258,021.86) | (9,655.56) | 157,000.00 | 96,615.74 | (182,287.04) | (61,028.70) | 27,550.00 | 113,985.88 | | (156,835.88) | | | - | |
| TOTAL BALANCE SHEET ITEMS | | (5,380,059.76) | (14,893,406.70) | 5,241,179.27 | 419,503.24 | (90,418.73) | 30,860,897.18 | 406,700.12 | (1,977,229.67) | 4,161,255.45 | (2,980,901.98) | (22,404,125.43) | (5,052,654.84) | 5,885,976.43 | (4,599,414.00) | - | (10,402,699.42) | |
| E. NET INCREASE/DECREASE (B-C+D) | | | (13,149,517.89) | 2,767,422.76 | (3,908,855.04) | (29,108,713.29) | 13,134,063.06 | 73,992,202.50 | (21,139,060.79) | (16,199,352.57) | (13,770,649.03) | (3,167,347.77) | (19,076,617.08) | 13,184,080.79 | (1,199,864.00) | - | (23,022,268.11) | (12,619,568.69) |
| F. ENDING CASH (A+E) | | | 26,733,237.32 | 29,500,660.08 | 25,591,805.04 | (3,516,908.25) | 9,617,154.81 | 83,609,357.31 | 62,470,296.52 | 46,270,943.95 | 32,500,294.92 | 29,332,947.15 | 10,256,330.07 | 23,440,410.86 | | | | |
| G. ENDING CASH, PLUS CASH ACCRUALS AND ADJUSTMENTS | | | | | | | | | | | | | | | | | 22,240,546.86 | |

**CASH FLOW**
**2017-18**

| | Object | Beginning Balance (Ref. Only) | July | August | September | October | November | December | January | February | March | April | May | June | Accruals | Adjustments | TOTAL | BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ACTUALS THROUGH THE MONTH OF (Enter Month Name): | MARCH | | | | | | | | | | | | | | | | | |
| A. BEGINNING CASH | | | 23,641,359.98 | 12,941,545.32 | 11,957,871.45 | 16,183,097.00 | 12,823,638.26 | 6,920,163.16 | 51,280,144.88 | 47,133,893.78 | 34,114,135.09 | 52,254,093.01 | 51,807,610.96 | 33,738,356.61 | | | | |
| B. RECEIPTS | | | | | | | | | | | | | | | | | | |
| LCFF/Revenue Limit Sources | | | | | | | | | | | | | | | | | | |
| Principal Apportionment | 8010-8011, 8013-8019 | | 11,247,081.00 | 11,247,081.00 | 20,427,051.00 | 20,244,747.00 | 20,244,747.00 | 20,244,747.00 | 20,327,000.00 | 20,022,039.00 | 20,022,039.00 | 20,100,710.40 | 20,100,710.40 | 19,298,881.91 | 959,171.29 | | 224,486,006.00 | 224,486,006.00 |
| Education Protection Account | 8012 | | - | - | 11,118,430.00 | | | 11,118,431.00 | - | - | 12,447,434.00 | - | - | 9,657,768.28 | 236,084.72 | | 44,578,148.00 | 44,578,148.00 |
| Property Taxes | 8020-8079 | | 465,256.47 | 4,520,210.85 | 3,910,634.96 | | 940,815.08 | 34,138,783.28 | 6,639,533.50 | 4,875,787.50 | 27,217,896.25 | 30,763,891.34 | 9,422,963.59 | 9,417,325.19 | | | 132,313,098.00 | 132,313,098.00 |
| Miscellaneous Funds including In-Lieu Taxes | 8080-8099 | | | (5,803,747.00) | (2,729,787.00) | (2,579,445.00) | (2,611,407.00) | (2,579,445.00) | 894,608.00 | (7,614,974.00) | - | (2,848,004.41) | (1,497,414.72) | (3,278,092.58) | (1,534,006.29) | | (32,181,715.00) | (32,181,715.00) |
| Federal Revenue | 8100-8299 | | 850,050.08 | 25,227.98 | 5,177,561.94 | 2,089,033.02 | 1,504,635.30 | 2,990,237.30 | 1,662,270.95 | 956,815.41 | 7,117,035.13 | 1,904,749.14 | 2,553,790.97 | 15,820,014.69 | 6,410,649.98 | | 49,062,071.89 | 49,062,071.89 |
| Other State Revenue | 8300-8599 | | 4,406,835.92 | 1,032,104.39 | 3,331,733.04 | 2,372,771.85 | 3,292,798.05 | 14,796,907.83 | 4,439,516.00 | 418,658.86 | 2,655,335.26 | 4,838,911.41 | 1,858,364.29 | 6,093,273.51 | 8,739,196.43 | | 58,276,406.84 | 58,276,406.84 |
| Other Local Revenue | 8600-8799 | | 796,291.11 | 3,043,349.43 | 1,181,911.83 | 3,939,509.47 | 4,422,339.65 | 22,232,733.00 | 5,390,135.16 | 3,832,062.78 | 1,979,359.14 | 14,670,669.25 | 5,320,896.56 | (15,460,651.63) | 7,905,355.78 | | 59,253,961.53 | 59,253,961.53 |
| Interfund Transfers In | 8910-8929 | | | | 46,128.89 | | | 264,067.00 | 29,599.87 | - | 36,161.62 | - | - | (342,180.86) | | | 33,776.52 | 33,776.52 |
| All Other Financing Sources | 8930-8979 | | | | | | | | | | | | | | | | - | - |
| TOTAL RECEIPTS | | | 17,765,514.58 | 14,064,226.65 | 42,463,664.66 | 26,066,616.34 | 27,793,928.08 | 103,206,461.41 | 39,382,663.48 | 22,490,389.55 | 71,475,260.40 | 69,430,927.14 | 37,759,311.08 | 41,206,338.50 | 22,716,451.91 | - | 535,821,753.78 | 535,821,753.78 |
| C. DISBURSEMENTS | | | | | | | | | | | | | | | | | | |
| Certificated Salaries | 1000-1999 | | 4,246,818.68 | 4,279,730.52 | 18,107,474.52 | 19,351,376.63 | 18,755,859.40 | 18,349,571.40 | 18,137,100.49 | 18,515,275.54 | 18,365,820.93 | 18,257,662.87 | 18,445,495.33 | 20,043,431.69 | 1,043,495.17 | | 195,899,113.17 | 195,899,113.17 |
| Classified Salaries | 2000-2999 | | 5,610,900.12 | 5,746,200.01 | 8,058,561.00 | 8,053,040.32 | 8,316,310.46 | 8,092,163.03 | 7,985,775.09 | 8,333,783.82 | 8,042,176.37 | 8,314,210.33 | 8,031,243.70 | 8,685,527.05 | 453,315.15 | | 93,723,206.45 | 93,723,206.45 |
| Employee Benefits | 3000-3999 | | 3,850,033.13 | 3,928,105.47 | 11,217,368.45 | 11,459,316.47 | 11,447,112.09 | 11,395,038.40 | 11,364,231.81 | 11,542,998.08 | 11,416,931.22 | 10,984,776.87 | 10,910,364.97 | 22,204,078.70 | 1,072,521.50 | | 132,792,877.16 | 132,792,877.16 |
| Books and Supplies | 4000-4999 | | 601,800.43 | 782,875.02 | 1,335,702.86 | 1,223,423.28 | 1,228,693.99 | 1,233,280.09 | 1,035,046.53 | 724,841.37 | 840,492.56 | 1,399,719.64 | 1,715,394.80 | 5,950,270.99 | 2,102,598.44 | | 20,174,140.00 | 20,174,140.00 |
| Services | 5000-5999 | | 811,266.14 | 3,220,281.59 | 2,962,445.95 | 6,811,848.08 | 7,283,528.11 | 7,284,480.19 | 5,344,798.40 | 8,329,299.61 | 6,431,804.76 | 8,736,294.21 | 10,276,902.65 | 5,566,312.98 | 17,411,325.33 | | 90,470,588.00 | 90,470,588.00 |
| Capital Outlay | 6000-6599 | | | | 18,629.54 | 5,886.43 | 34,517.77 | 27,678.87 | - | 1,729.76 | 39,473.48 | 8,081.66 | 21,705.64 | 17,951.21 | 18,148.64 | | 193,803.00 | 193,803.00 |
| Other Outgo | 7000-7499 | | 551,895.19 | 2,189,508.62 | 500,211.27 | 623,737.71 | 553,148.63 | 372,371.10 | 666,550.51 | 419,395.00 | (141,404.43) | 1,497,696.62 | (0.63) | 5,929,912.74 | | | 13,163,022.33 | 13,163,022.33 |
| Interfund Transfers Out | 7600-7629 | | | | | | | | | - | - | - | - | - | | | - | - |
| All Other Financing Uses | 7630-7699 | | | | | | | | | | | | | | | | - | - |
| TOTAL DISBURSEMENTS | | | 15,672,713.69 | 20,146,701.23 | 42,200,393.59 | 47,528,628.92 | 47,619,170.45 | 46,754,583.08 | 44,533,502.83 | 47,867,323.18 | 44,995,294.89 | 49,198,442.20 | 49,401,106.46 | 68,397,485.37 | 22,101,404.22 | - | 546,416,750.11 | 546,416,750.11 |
| D. BALANCE SHEET ITEMS | | | | | | | | | | | | | | | | | | |
| Assets and Deferred Outflows | | | | | | | | | | | | | | | | | | |
| Cash Not In Treasury | 9111-9199 | 501,118.83 | 200,818.96 | (205,925.81) | 349,881.61 | (110,295.95) | 117,238.94 | (11,507.18) | (632,286.73) | 632,692.33 | (10,514.22) | (12,459.98) | 5,140.27 | (322,782.25) | | | (0.00) | |
| Accounts Receivable | 9200 | 27,574,426.00 | 6,273,993.95 | 3,154,852.81 | 2,295,648.84 | 4,126,081.69 | 398,668.54 | 62,615.40 | 1,083,019.05 | 1,597,166.33 | 429,428.36 | 913.24 | 1,905.01 | 8,150,132.78 | | (900,000.00) | 26,674,426.00 | |
| Due From Other Funds | 9310 | 6,345,428.00 | 4,614,972.64 | 3,613,065.91 | 225,000.00 | (6,900,000.00) | | | | 2,700,000.00 | (3,500,000.00) | 2,759,571.88 | (3,536,391.86) | 6,369,209.43 | | | 6,345,428.00 | |
| Stores | 9320 | | | | | | | | | | | | | | | | - | |
| Prepaid Expenditures | 9330 | 363,174.29 | 363,174.29 | | | | | | | | | | | | | | 363,174.29 | |
| Other Current Assets | 9340 | | | | | | | | | | | | | | | | - | |
| Deferred Outlfows of Resources | 9490 | | | | | | | | | | | | | | | | - | |
| SUBTOTAL | | 34,784,147.12 | 11,452,959.84 | 6,561,992.91 | 2,870,530.45 | (2,884,214.26) | 515,907.48 | 51,108.22 | 450,732.32 | 4,929,858.66 | (3,081,085.86) | 2,748,025.14 | (3,529,346.57) | 14,196,559.96 | - | (900,000.00) | 33,383,028.29 | |
| Liabilities and Deferred Inflows | | | | | | | | | | | | | | | | | | |
| Accounts Payable | 9500 | 23,165,055.00 | 19,909,462.37 | (4,136,155.64) | 631,883.82 | 3,639,201.86 | (3,364,859.79) | 2,984,555.22 | (843,992.55) | (4,833,994.28) | 6,251,890.09 | (2,671,405.42) | 2,898,112.39 | 2,700,356.94 | | | 23,165,055.00 | |
| Due to Other Funds | 9610 | 3,276,784.00 | 96.02 | 5,384,298.99 | | | (10,000,000.00) | 10,000,000.00 | | - | - | 487,189.43 | - | (2,594,800.44) | | | 3,276,784.00 | |
| Current Loans | 9640 | | | | | (26,000,000.00) | | | | | | 26,000,000.00 | | | | | - | |
| Unearned Revenues | 9650 | 4,991,136.30 | 4,336,017.00 | 350,250.00 | 150,850.00 | 154,019.30 | | | - | - | - | (388,791.88) | - | 388,791.87 | | | 4,991,136.30 | |
| Deferred Inflows of Resources | 9690 | | | | | | | | | | | | | | | | - | |
| SUBTOTAL | | 31,432,975.30 | 24,245,575.39 | 1,598,393.35 | 782,733.82 | (22,206,778.84) | (13,364,859.79) | 12,984,555.22 | (843,992.55) | (4,833,994.28) | 6,251,890.09 | 23,426,992.14 | 2,898,112.39 | 494,348.37 | - | - | 31,432,975.30 | |
| Nonoperating | | | | | | | | | | | | | | | | | | |
| Suspense Clearing, Adjustments & Restatements | 9910 | | | 135,201.15 | 1,874,157.85 | (1,220,010.74) | 41,000.00 | 841,550.39 | (290,136.62) | 2,593,322.00 | 992,968.36 | | | | | | 4,968,052.39 | |
| TOTAL BALANCE SHEET ITEMS | | 3,351,171.82 | (12,792,615.55) | 5,098,800.71 | 3,961,954.48 | 18,102,553.84 | 13,921,767.27 | (12,091,896.61) | 1,004,588.25 | 12,357,174.94 | (8,340,007.59) | (20,678,966.99) | (6,427,458.96) | 13,702,211.59 | - | (900,000.00) | 6,918,105.38 | |
| E. NET INCREASE/DECREASE (B-C+D) | | | (10,699,814.66) | (983,673.87) | 4,225,225.55 | (3,359,458.74) | (5,903,475.10) | 44,359,981.72 | (4,146,251.10) | (13,019,758.69) | 18,139,957.92 | (446,482.05) | (18,069,254.35) | (13,488,935.27) | 615,047.69 | (900,000.00) | (3,676,890.95) | (10,594,996.33) |
| F. ENDING CASH (A+E) | | | 12,941,545.32 | 11,957,871.45 | 16,183,097.00 | 12,823,638.26 | 6,920,163.16 | 51,280,144.88 | 47,133,893.78 | 34,114,135.09 | 52,254,093.01 | 51,807,610.96 | 33,738,356.61 | 20,249,421.33 | | | | |
| G. ENDING CASH, PLUS CASH ACCRUALS AND ADJUSTMENTS | | | | | | | | | | | | | | | | | 19,964,469.03 | |