OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
MEASURE G1 PARCEL TAX FUND
ELECTION 2016

PERFORMANCE AUDIT

JUNE 30, 2025

DRAFT

OAKLAND MILITARY INSTITUTE COLLEGE PREPARATORY ACADEMY
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FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT
ON PERFORMANCE

Board of Directors
Measure G1 Parcel Tax Fund Oversight Committee
Oakland Military Institute College Preparatory Academy
Oakland, California

Oakland Military Institute College Preparatory Academy Measure G1 Audit Report 2024-25

We are pleased to present the Oakland Military Institute College Preparatory Academy's Measure G1 Performance Audit Report 2024-25. We have completed performance audit procedures specified by the Oakland Unified School District as it relates to the Teacher Retention and Middle School Improvement Act Fund Measure G1 Parcel Tax granted to the Oakland Military Institute College Preparatory Academy (the "Academy") for the fiscal year ended June 30, 2025.

Management's Responsibility

Management of the Academy is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Teacher Retention and Middle School Improvement Act Fund Measure G1 Parcel Tax grant (the "Measure G1 Grant").

Auditor's Responsibility

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Additional Information

General information about the Academy, the Measure G1 Grant and the performance audit procedures performed as well as findings and conclusions resulting from such procedures are further described in the accompanying Performance Audit Results following this Report on Performance.

San Diego, California
_____, 2025

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SECTION I - GENERAL INFORMATION

BACKGROUND

Oakland Military Institute College Preparatory Academy (the "Academy"), was incorporated in the state of California in 2000 as a nonprofit public benefit corporation that is organized under the Nonprofit Public Benefit Corporation Law exclusively for charitable and educational purposes within the meaning of 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law. The Academy's mission is to provide a structured, rigorous academic program where students are developed as leaders, scholars and critical thinker citizens. Through a military framework, the Academy inspires honor and pride within its students and cultivates life-long respect, confidence, and appreciation for others. The Academy provides instruction for Grades 6-12 students.

TEACHER RETENTION AND MIDDLE SCHOOL IMPROVEMENT ACT FUND MEASURE G1 PARCEL TAX

On an election held on November 8, 2016, the Oakland Unified School District Measure G1 Parcel Tax passed with an over two-thirds majority vote. The measure is to levy a tax of $120 per parcel, providing $12.4 million annually, for 12 years, with exemptions for senior and low-income residents.

The Teacher Retention and Middle School Improvement Act Fund ("Measure G1") was established to provide a salary increase to school-site educators and middle school grants in Oakland Unified School District (the "District") schools as well as charter schools in Oakland. Measure G1 requires the District to secure an independent financial auditor to prepare a report ("Report") to be filed with the Board of Education and made publicly available no later than December 31 of each year. In order to meet this deadline, all schools must submit reports/responses to the independent auditor.

The final Report must include the following:

- The amount collected and expended in such year.
- The description of all programs funded, and a determination that the monies expended were for the allowable uses stated in this Measure; and
- The determination that the revenues left over after the raise provided to school-site educators generated by this Measure are being used to supplement, and not supplant, unrestricted general fund revenue so appropriated to schools to serve pupils in grades 6 through 8 based on fiscal year 2024-25 funding.

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SECTION II – PERFORMANCE AUDIT PROCEDURES

OBJECTIVES OF THE AUDIT

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the academy school.
- Ensure expenditures are in support of allowable uses as per the ballot language, separately with respect to middle school grants and salary for school site educators.
- Ensure that the academy school receiving middle school grant funding has an approved education improvement plan with the minimal requirements specified in the ballot.
- For the academy school receiving middle school grant funding, make a positive statement about the issue of supplanting versus supplementing.

SCOPE OF THE AUDIT

Academy school expenditures funded by Measure G1 during fiscal year 2024-25.

METHODOLOGY

1. Obtain parcel tax expenditure detail reports prepared by the academy school and agree amounts to the general ledger.
2. Select a sample of payroll related expenditures and obtain and review the necessary supporting documentation to satisfy ourselves that they were only to provide raises to "school site educators," as the term is used in the ballot text. Test payroll benefits for reasonableness.
3. Ensure the same percentage increase in salary was applied to all school site educators.
4. Review the nature of the expenditures incurred by the academy school sites, and review source documents as appropriate, to ensure they were within the specific purposes of the ballot language.
5. Verify if the parcel tax is funding supplemental activities by performing the following procedures: a) Ascertain if funds were used to provide services which were legally required to be made available by virtue of being a school; and b) Also, perform procedures to ascertain whether the parcel tax funded services that were previously provided with another funding source.
6. Obtain the approved education improvement plans for the academy school and perform the following procedures: Ensure the plan contains the minimal elements required by the ballot; b) Verify if the actual parcel tax expenditures are consistent with the approved plan.
7. Determine, from the expenditure testing performed, if there were any a) control deficiencies, b) significant deficiencies or c) material weaknesses in internal control noted. To the extent there are deficiencies noted, prepare a separate report to the District listing the weakness noted and the recommended corrective action.
8. Examine supporting documentation to validate the amount of Measure G1 Parcel Tax revenues received.

SECTION III – FINDINGS AND CONCLUSIONS

OBTAINING AN UNDERSTANDING

Researching the Measure G1 ballot language and performance audit requirements previously mentioned.

- Requesting a copy of the approved education improvement plan or other documentation, such as a Measure G1 Funding Grant Request/Application, specific to Oakland Military Institute College Preparatory Academy.
- Reviewing meeting minutes of the public meeting held by the Oakland Unified School District's Measure G1 Oversight Committee.
- Obtaining and reviewing a copy of the Measure G1 Certification Form submitted to Oakland Unified School District as signed by the school representative on April 14, 2025, as well as the Measure G1 Charter Reimbursement Request Form submitted and signed by the school representative on June 18, 2025.
- Obtaining all supporting documentation as it pertains to the Measure G1 Certification Form and the Measure G1 Charter Reimbursement Request Form.
- Obtaining an understanding of internal controls over payroll and human resources of Oakland Military Institute College Preparatory Academy as it pertains to management of salaries and benefits charged to Oakland Military Institute College Preparatory Academy as well as internal controls over cash disbursements as it pertains to non-personnel costs charged.

OUTCOME OF PERFORMANCE PROCEDURES

1. Detailed information on funding and expenditures associated with the Measure G1 grant agreed to general ledger information maintained for Oakland Military Institute College Preparatory Academy.

2. We selected a sample of 6 employees from a total of 63 with salary incentives charged to the Measure G1 grant. We reviewed supporting documentation, such as payroll register reports and tax reporting forms (W-2 forms), to ensure all individuals are valid school employees and all employees were deemed to be "school site educators."

3. Based on review of the payroll incentive calculation, funding was fully expended on a 1.13% percentage increase for employees at the school site.

4. The Measure G1 Certification Form and related salary spreadsheet supporting expenditures charged to Measure G1 noted all funding expended on 2024-25 base salaries.

5. Through review of payroll records and personnel documentation, the funds appeared to supplement and not supplant educational activities as the additional bonus to school site personnel would not otherwise be available or required had Measure G1 funding not been available to the Academy.

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SECTION III – FINDINGS AND CONCLUSIONS, continued

OUTCOME OF PERFORMANCE PROCEDURES, continued

6. Auditor reviewed education improvement plans related to and approved use of actual expenditures charted to the Measure G1 Grant were Consistent with the Academy's approved plan. The Academy increased the Middle School music staff and the Middle School Mental Health Counseling. The funding expenditure was in line with the Academy's intention to offer additional faculty support to students. Per Auditor review the faculty expenditures charged for reimbursement were compared to the Academy's initial application and funding request information to verify that the funding was consistent with the approved plan. Funding expenditure appeared in line with the Academy's plan.

7. Based on our testing of payroll controls, there were no instances that would warrant a separate report on internal control weaknesses.

8. Through reviews of funding awarded and the Measure G1 Certification Form, the Measure G1 Charter Reimbursement Request Form, and related salary spreadsheet and other expenditures noting actual costs of $134,617, the Measure G1 Parcel Tax revenues are confirmed as $64,636.

CONCLUSION

The following conclusions and recommendations were made as it pertains directly to the program objectives:

- We ensured the proceeds and expenditures of the Measure G1 Grant are fully accounted in the books and records of Oakland Military Institute College Preparatory Academy. There are no recommendations associated with this specific objective.
- We ensured 2024-25 expenditures are in support of allowable uses as per the ballot language and separately with respect to middle school grants and salary for school site educators. There are no recommendations associated with this specific objective.
- We reviewed the LCAP and proposed education improvements plan to confirm agreement with the goals of the Measure G1 Grant. There were no recommendations associated with this specific element.
- We conclude that all expenditures charged to the Measure G1 Grant were to supplement and not supplant current or required services or programs. There are no recommendations associated with this specific element.

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