



Independent Auditor's Report on Compliance  
and Supplementary Schedules  
June 30, 2019

American Indian Model Schools  
Oakland Unified School District  
Measure G1 Parcel Tax



## Independent Auditor's Report

Governing Board  
American Indian Model Schools  
(A California Nonprofit Public Benefit Corporation)  
Oakland, California

### **Compliance**

We have audited American Indian Model Schools (the Schools) compliance with the requirements described in the November 8, 2016 Measure G1 for the year ended June 30, 2019.

### ***Management's Responsibility***

Compliance with the requirements referred to above is the responsibility of American Indian Model Schools management.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on the Schools November 8, 2016 Measure G1 occurred. An audit includes examining, on a test basis, evidence about the Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Schools' compliance with those requirements.

### ***Opinion***

In our opinion, the Schools complied, in all material respects, with the compliance requirements referred to above that are applicable to the November 8, 2016 Measure G1 for the year ended June 30, 2019.

### **Internal Control Over Compliance**

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

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Rancho Cucamonga, California  
February 24, 2020



**Appendix I**  
**Summary of Audit Procedures**

## Objectives of our audit

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the Schools.
- Ensure expenditures are in support of allowable uses as per the ballot language, separately with respect to middle school grants, salary for school site educators, and administrative overhead.
- Ensure that middle school grant expenditures agree with the education improvement plans that were approved by the Citizens' Oversight Committee.
- Ensure that expenditures of Measure G1 are only for supplemental activities.

## Scope

- Schools' expenditures funded by measure G1 during the fiscal year ending June 30, 2019.

## Methodology

The following describes the audit procedures and our related findings.

1. Obtain parcel tax expenditure detail reports prepared by the Schools and agree amounts to the general ledger.

Finding - No exceptions were identified from applying this procedure. The Measure G1 accounting records are complete and include all activity during the fiscal year. The summary financial schedules provided in Appendix II reconcile with the Schools' accounting records.

2. Review the nature of the expenditures incurred by the school sites, and review source documents as appropriate, to ensure they were within the specific purposes of the ballot language.

Finding – No exceptions were identified from applying this procedure. We analytically reviewed the entire population of expenditure accounting records to search for transactions outside the scope of allowable expenditures. Individual transactions were selected for additional audit analysis, which includes reviewing source documents such as invoices, contracts, purchase orders, or payroll records. Subjected to the additional audit analysis were 40 individual transactions aggregating \$74,331 or 100% of the total Schools' site level transactions.

3. Ascertain if salary increases were used to supply raises to "school site educators," as the term is used in the ballot text.

Finding – Not applicable as the Schools did not have any salary expenditures for the period.

4. Ensure the same percentage increase in salary was applied to all school site educators.

Finding – Not applicable as the Schools did not have any salary expenditures for the period.

5. Verify if the parcel tax is funding supplemental activities by performing the following procedures. Ascertain if funds were used to provide services which were required to be made available by virtue of being a school. Also, perform procedures to ascertain whether the parcel tax funded services that were previously provided with another funding source.

Finding – No exceptions were identified from applying this procedure.

6. Recalculate the 65/35 percent allocation between raises for school site educators and middle school grants.

Finding – Not applicable as the Schools did not have any salary expenditures for the period.

7. Test a sample of expenditures to ensure they were spent following the approved education improvement plans.

Finding – No exceptions were identified from applying this procedure. We reviewed 40 transactions and verified that they are consistent with the approved plan.

8. Examine supporting documentation to validate the amount of Measure G1 Parcel Tax revenues received.

Finding – No exceptions were identified from applying this procedure.



**Appendix II**  
**Summary Financial Schedules**

**Table 1, Allocations and Ending Balances as of and for the year ended June 30, 2019**

<u>Site</u>	<u>Carryover at June 30, 2018</u>	<u>FY 2018-19 Allocation</u>	<u>FY 2018-19 Actual expense</u>	<u>Carryover at June 30, 2019</u>
Charter Schools				
American Indian Public Charter li	\$ 53,368	\$ 31,435	\$ 51,485	\$ 33,318
American Indian Public Charter School	26,684	21,114	22,846	24,952
Total	<u>\$ 80,052</u>	<u>\$ 52,549</u>	<u>\$ 74,331</u>	<u>\$ 58,270</u>

**Notes to Table 1**

With respect to charter schools, the "actual" column is reimbursement requests made by the Schools for fiscal year 2018-19.