



Independent Auditor's Report on Compliance
and Supplementary Schedules
June 30, 2023

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

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Independent Auditor's Report on Measure G1 Compliance

Governing Board
American Indian Model Schools
Oakland, California

Report on Compliance

Opinion on Compliance with Measure G1

We have audited the American Indian Model Schools' (the Schools) compliance with the requirements described in Appendix I, Summary of Audit Procedures, applicable to the November 8, 2016 Measure G1 for the year ended June 30, 2023.

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, 2023.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Measure G1.

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Measure G1, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Measure G1, but not for the purpose of expressing an opinion on the effectiveness of the Schools' internal control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the Schools' compliance with laws and regulations applicable to Measure G1.

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

Report on Internal Control Over Compliance

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

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

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

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

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

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
December 13, 2023



Appendix I
Summary of Audit Procedures
June 30, 2023

American Indian Model Schools

Objectives of the 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 of the Audit

- Schools' expenditures funded by Measure G1 during the fiscal year ending June 30, 2023.

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 18 individual transactions aggregating \$151,778 or 80% 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 – No exceptions were identified from applying this procedure. The administrative regulations define a "school site educator" as an employee who spends at least 75% of their time at school sites, or who is a union-represented employee. The salary increases funded by Measure G1 were provided to these groups for the year ending June 30, 2023 through increases to the Charter School's salary schedule.

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

Finding – No exceptions were identified in applying this procedure. We recalculated the salary increases and noted that the same percentage was applied to all school site educators.

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% allocation between raises for school site educators and middle school grants.

Finding – Not applicable as the Charter School did not have any administrative overhead costs.

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 18 transactions representing 80% 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 (Unaudited)
June 30, 2023
American Indian Model Schools

American Indian Model Schools
 Summary Financial Schedule
 June 30, 2023

Table 1

Allocations and Ending Balances as of and for the year ended June 30, 2023:

Site	Carryover at June 30, 2022	FY 2022-23 Allocation	FY 2022-23 Actual	Carryover at June 30, 2023
Charter Schools				
American Indian Public Charter School	\$ 38,310	\$ 111,350	\$ 98,837	\$ 50,823
American Indian Public Charter II	34,789	109,702	92,035	52,456
Total	<u>\$ 73,099</u>	<u>\$ 221,052</u>	<u>\$ 190,872</u>	<u>\$ 103,279</u>

Notes to Table 1

The “actual” column is reimbursement requests made by the Schools for fiscal year 2022-2023.