

**EDUCATION FOR CHANGE
COX ACADEMY
ACHIEVE ACADEMY
ASCEND
LEARNING WITHOUT LIMITS (LWL)
LAZEAR CHARTER ACADEMY
EPIC CHARTER**

MEASURE G1 PARCEL TAX PERFORMANCE AUDIT

FOR THE YEAR ENDED JUNE 30, 2020



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**EDUCATION FOR CHANGE
TABLE OF CONTENTS
JUNE 30, 2020**

INDEPENDENT AUDITORS' REPORT	1
BACKGROUND INFORMATION	3
OBJECTIVES	3
SCOPE OF THE AUDIT	3
PROCEDURES PERFORMED.....	3
FINDINGS AND RESPONSES.....	4
SCHEDULE OF INCOME STATEMENT ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2020	5



INDEPENDENT AUDITORS' REPORT

Board of Directors
Education for Change
COX Academy, Achieve Academy, ASCEND, Learning Without Limits (LWL),
Lazear Charter Academy, and Epic Charter Academy
Oakland, California

We have conducted a performance audit of Education for Change's COX Academy (COX), Achieve Academy (Achieve), ASCEND, Learning Without Limits (LWL), Lazear Charter Academy (Lazear), and Epic Charter Academy (Epic) (collectively referred to as the Charters) Measure G1 Parcel Tax Performance for the year ended June 30, 2020.

We conducted our performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our 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.

Our audit was limited to the objectives listed on page 3 in this report which includes determining the Charters' compliance with the performance requirements for the Teacher Retention and Middle School Improvement Act Fund (Measure G1) funds. Management is responsible for the Charters' compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the Charters to determine if internal controls were adequate to help ensure compliance with the requirements of Measure G1. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant respects, the Charters expended Measure G1 funds for the fiscal year ended June 30, 2020, only for the specific purposes identified by OUSD and approved by the voters, in accordance with the requirements of Measure G1.

Board of Directors
Education for Change

The purpose of this report is intended solely for the information and use of OUSD, the board of directors, and management of Education for Change, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The script is cursive and fluid, with the letters connected in a continuous line.

CliftonLarsonAllen LLP

Glendora, California
October 28, 2020

**EDUCATION FOR CHANGE
MEASURE G1 PARCEL TAX PERFORMANCE AUDIT
JUNE 30, 2020**

BACKGROUND INFORMATION

The Teacher Retention and Middle School Improvement Act (Measure G1) was authorized by an election of the registered voters of the County of Alameda. Measure G1 was established to provide a districtwide educator salary increase designed to attract/retain teachers; provide enhanced middle school art, music, languages/other programs in addition to core educational programs; improve academic achievement; provide safe, positive schools, and prepare students for college/careers in Oakland Unified School District (OUSD) schools as well as charter schools in Oakland. The funds for this measure will come from OUSD levying a tax of \$120 per parcel, providing \$12.4 million annually, for 12 years, with exemptions for senior and low income residents.

OBJECTIVES

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the charter 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 charter school receiving middle school grant funding has an approved education improvement plan with the minimal requirements specified in the ballot.
- For the charter school receiving middle school grant funding, make a positive statement about the issue of supplanting versus supplementing.

SCOPE OF THE AUDIT

- The scope of our performance audit covered the fiscal period from July 1, 2019 to June 30, 2020. The sample of expenditures tested included object and resource codes associated with the Measure G1. The propriety of expenditures funded through other state, federal, or local funding sources, other than the proceeds of Measure G1, were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2020, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

1. We obtained parcel tax expenditure detail reports prepared by the Charters and agreed amounts to the general ledger.

**EDUCATION FOR CHANGE
MEASURE G1 PARCEL TAX PERFORMANCE AUDIT
JUNE 30, 2020**

PROCEDURES PERFORMED (CONTINUED)

2. We haphazardly selected a sample of 198 payroll related expenditures totaling \$386,022 or 84% of \$461,816 allocated to the total salary increase for school site educators and obtained the necessary supporting documentation of payroll registers to satisfy ourselves that they were only to provide raises to “school site educators”, as the term was used in the ballot text. We also tested payroll benefits for reasonableness using a 30% estimate of base salary (20% STRS/PERS and 10% other benefits).
3. We ensured the same percentage (2.67%) increase in salary was applied to all school site educators.
4. We reviewed \$193,169 or 100% of the expenditures allocated to the middle school grant funding incurred by ASCEND, Lazear, and Epic, which was paid to three Dean of Students by review of the job description as supporting documents, to ensure they were within the specific purpose of the ballot language. The allowable use related to the expense incurred is for the fourth key goal of the ballot, to create a more positive and safe middle school learning environment. These procedures were not performed for COX, Achieve, and LWL as they did not receive middle school grant funds.
5. We verified if the parcel tax middle school grant is funding supplemental activities by performing the following procedures for ASCEND, Lazear, and Epic. We ascertained if funds were used to provide services, which were legally required to be made available by virtue of being a school. We also, performed procedures to ascertain whether the parcel tax funded services were previously provided with another funding source. These procedures were not performed for COX, Achieve, and LWL as they did not receive the middle school grant funds.
6. We obtained the approved education improvement plans for ASCEND, Lazear, and Epic, the charter schools receiving the middle school grant, and perform the following procedures: Ensured the plans contain the minimal elements required by the ballot. Verified the actual parcel tax expenditures were consistent with the approved plan. These procedures were not performed for COX, Achieve, and LWL as they did not receive the middle school grant funds.
7. We examined supporting documentation to validate the amount of Measure G1 Parcel Tax revenues received.

FINDINGS AND RESPONSES

None noted.

**EDUCATION FOR CHANGE
MEASURE G1 PARCEL TAX PERFORMANCE AUDIT
JUNE 30, 2020**

SCHEDULE OF INCOME STATEMENT ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2020

	COX	Achieve	Ascend	LWL	Lazear	Epic
Measure G1 Revenues:						
Measure G1 Parcel Tax Revenues	\$ 90,273	\$ 100,725	\$ 138,959	\$ 67,942	\$ 139,447	\$ 117,160
Measure G1 Expenditures:						
Salary Increase for School Site Educators	94,921	115,611	78,150	69,182	76,845	27,107
Middle School Grants	-	-	61,831	-	64,541	66,797
Total Expenditures	94,921	115,611	139,981	69,182	141,386	93,904
Revenues less Expenditures - Measure G1	\$ (4,648)	\$ (14,886)	\$ (1,022)	\$ (1,240)	\$ (1,939)	\$ 23,256

