

**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS
LIGHTHOUSE COMMUNITY CHARTER SCHOOL
LIGHTHOUSE COMMUNITY CHARTER HIGH SCHOOL
LODESTAR: A LIGHTHOUSE COMMUNITY PUBLIC SCHOOL**

MEASURE G1 PARCEL TAX PERFORMANCE AUDIT

FOR THE YEAR ENDED JUNE 30, 2020



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**LIGHTHOUSE COMMUNITY PUBLIC SCHOOLS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Community Public Schools
Lighthouse Community Charter School
Lighthouse Community Charter High School
Lodestar: A Lighthouse Community School
Oakland, California

We have conducted a performance audit of compliance as required by Oakland Unified School District (OUSD) of Lighthouse Community Public Schools' Lighthouse Community Charter School (LCCS), Lighthouse Community Charter High School (LCCHS), and Lodestar: A Lighthouse Community Public School (Lodestar) (collectively referred to as the Charters) compliance with the requirements described in the Teacher Retention and Middle School Improvement Act Fund (Measure G1) as required by Oakland Unified School District (OUSD) 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.

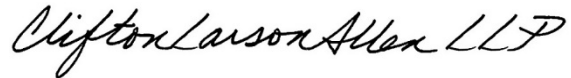
Our audit was limited to the objectives listed in this report which includes determining the Charters' compliance with the performance requirements for the Teacher Retention and Middle School Improvement Act Fund (Measure G1) funds. Management is responsible for the Charters' Measure G1 compliance with 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
Lighthouse Community Public Schools
Lighthouse Community Charter School
Lighthouse Community Charter High School
Lodestar: A Lighthouse Community School

The purpose of this report is intended solely for the information and use of OUSD, the board and management of the Charters 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 fluid and cursive, with the letters "Clifton", "Larson", and "Allen" being more distinct, and "LLP" being more abbreviated.

CliftonLarsonAllen LLP

Glendora, California
October 22, 2020

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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 charter school and agree amounts to the general ledger.
2. We haphazardly selected a sample of 108 payroll related expenditures totaling \$174,086, or 84%, of \$207,152 allocated to the total salary increase for schools site educators of an 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 marginal payroll benefits for reasonableness using an 11.5% estimate of base salary (8% retirement and 3.5% other benefits).

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3. We ensured the same percentage (2.5438%) increase in salary was applied to all school site educators.
4. We reviewed \$119,436, or 96%, of the expenditures allocated to the middle school grant funding, which was paid to two positions that were created as a result of the middle school grant. We reviewed the job descriptions as supporting documents to ensure they were within the specific purpose of the ballot language. The allowable use related to the expenses incurred is for the second and fourth key goals of the ballot. These goals respectively are to increase access to courses in arts, music, and world languages in grades 6-8 and to create a more positive and safe middle-school learning environment.
5. We verified if the parcel tax middle school grant for LCCS and Lodestar is funding supplemental activities by performing the following procedures: 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 that the parcel tax funded services that were previously provided with another funding source for LCCS and Lodestar. We did not perform these procedures for LCCHS as that charter school did not receive the middle school grant funding.
6. We obtained the approved education improvement plans for LCCS and Lodestar and performed the following procedures: Ensured the plan contains the minimal elements required by the ballot. Verified if the actual parcel tax expenditures are consistent with the approved plan. We did not perform these procedures for LCCHS as that charter school did not receive the middle school grant funding.
7. We examined supporting documentation to validate the amount of Measure G1 Parcel Tax revenues received.

FINDINGS AND RESPONSES

None noted.

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YEAR ENDED JUNE 30, 2020**

SCHEDULE OF INCOME STATEMENT ACCOUNTS

FOR THE YEAR ENDED JUNE 30, 2020

	<u>LCCS</u>	<u>LCCHS</u>	<u>Lodestar</u>
Measure G1 Revenues:			
Measure G1 Parcel Tax Revenues	\$ 150,702	\$ 44,661	\$ 129,892
Measure G1 Expenditures:			
Raises to School Site Educators	81,451	51,869	73,832
Middle School Grants	75,973	-	48,355
Total Expenditures	<u>157,424</u>	<u>51,869</u>	<u>122,187</u>
Revenues less Expenditures - Measure G1	<u>\$ (6,722)</u>	<u>\$ (7,208)</u>	<u>\$ 7,705</u>

