



Certified Public Accountants serving  
K-12 School Districts and Charter  
Schools throughout California

## REPORT ON PERFORMANCE

### Independent Auditors' Report

Measure G1 Parcel Tax Oversight Committee and  
Governing Board Members of Yu Ming Charter School  
Oakland, California

#### **RE: Yu Ming Charter School's Measure G1 Audit Report 2019-20**

We are pleased to present the Yu Ming Charter School's Measure G1 Performance Audit Report 2019-20. 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 Yu Ming Charter School (the "Charter") for the fiscal year ended June 30, 2020.

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

Management of the Charter 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 Charter, 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.

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March 10, 2021

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**YU MING CHARTER SCHOOL  
PERFORMANCE AUDIT RESULTS  
MEASURE G1 GRANT  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION I – GENERAL INFORMATION**

**Yu Ming Charter School**

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Yu Ming Charter School (the “Charter”) is an independent charter school operated by Yu Ming Charter School (the “Organization”). Yu Ming Charter School was formed as a nonprofit public benefit corporation on July 7, 2010 for the purpose of operating as a California public school.

Yu Ming Charter School was numbered by the State Board of Education in August 2011 and is authorized by the Alameda County Office of Education. In September 2015, the Alameda County Office of Education approved a charter petition renewal for a five-year term beginning July 1, 2016 and expiring on June 30, 2021. The Charter served roughly 490 students in grades K – 8 during the 2019-20 school year. The Organization leases church-owned space for the Charter, located at 1086 Alcatraz Avenue in Oakland, California to provide classroom-based instruction to its student population.

**Teacher Retention and Middle School Improvement Act Fund Measure G1 Parcel Tax**

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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 2019-20 funding.

**SECTION II – PERFORMANCE AUDIT PROCEDURES**

**Objectives**

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- 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**

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- Charter school expenditures funded by Measure G1 during fiscal year 2019-20.

**YU MING CHARTER SCHOOL  
PERFORMANCE AUDIT RESULTS, continued  
MEASURE G1 GRANT  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION II – PERFORMANCE AUDIT PROCEDURES (continued)**

**Methodology**

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1. Obtain parcel tax expenditure detail reports prepared by the charter 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 charter 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 charter school and perform the following procedures: a) 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**

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In order to properly begin our performance audit, we obtained an understanding by completing the following:

- 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 Yu Ming Charter School
- 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 June 2, 2020
- Obtaining all supporting documentation as it pertains to the *Measure G1 Certification Form*
- Obtaining an understanding of internal controls over payroll and human resources of Yu Ming Charter School as it pertains to management of salaries and benefits charged to Yu Ming Charter School

**Outcome of Performance Procedures**

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1. Detailed information on funding and expenditures associated with the Measure G1 grant agreed to general ledger information maintained for Yu Ming Charter School.
2. We selected a sample of 15 employees from a total of 64 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.”

**YU MING CHARTER SCHOOL  
PERFORMANCE AUDIT RESULTS, continued  
MEASURE G1 GRANT  
FOR THE YEAR ENDED JUNE 30, 2020**

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**SECTION III – FINDINGS AND CONCLUSIONS (continued)**

**Outcome of Performance Procedures (continued)**

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3. Based on review of the payroll incentive calculation, funding was fully expended on a 2.09% salary increase to the 2019-20 base salary of all staff at the school site or all “school site educators.”
4. The *Measure G1 Certification Form* and related salary spreadsheet supporting expenditures charged to Measure G1 noted all funding expended on a 2.09% bonus to 2019-20 base salary. A sample of employees was selected for which payroll transactions and records associated with the sampled employee were examined (see Item 2).
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 Charter.
6. There was no specific education improvement plan provided by the Charter or other documentation that would otherwise serve as such in order for us to ensure that actual expenditures charged to the Measure G1 Grant were consistent with the Charter’s approved plan. Per inquiry with Charter personnel and review of an Oakland Unified School District approved spreadsheet for *2019-20 Measure G1 Staff Retention (65%)*, funding expenditures were in line with the Charter’s intentions to offer a percentage salary increase to employees.
7. Based on our testing of payroll controls, there were no instances that would warrant a separate report on internal control weaknesses.
8. Through review of funding awarded (\$70,634.00) and the *Measure G1 Certification Form* and related salary spreadsheet noting actual costs (\$70,634.44), the Measure G1 Parcel Tax revenues are confirmed as \$70,634.00.

**Conclusion and Recommendations**

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

- We ensured proceeds and expenditures of the Measure G1 Grant are fully accounted in the books and records of Yu Ming Charter School. The Measure G1 Grant was fully expended on a salary incentive/bonus of 2.09% to all “school site educators” and in accordance with the “salary percentage increase” as both terms are defined by the Oakland Unified School District’s Administrative Regulations for Allocation of Measure G1 Funds. There are no recommendations associated with this specific objective.
- We ensured 2019-20 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.
- Yu Ming Charter School did not provide documentation that would specifically be noted as an education improvement plan meeting the minimal requirements specified in the ballot. The *2019-20 Measure G1 Staff Retention (65%)* spreadsheet approved by the Oakland Unified District serves as the approved plan referenced for purposes of this performance audit; however, we recommend that the Charter coordinate with the Oakland Unified School District to ensure applicable documentation exists or can be used to fulfill this program objective.
- 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.