



Independent Auditor's Report on Compliance and
Supplementary Schedules

2008 Proposition A Parcel Tax Fund

June 30, 2022

San Francisco Unified School District



Independent Auditor's Report on Compliance and Report on Internal Control Over Compliance

Board of Education and
Citizens' Oversight Committee
San Francisco Unified School District
San Francisco, California

Report on Compliance

Qualified and Unmodified Opinion on Compliance with the San Francisco Quality Teacher Education Act of 2008

We have audited the San Francisco Unified School District's compliance with the compliance requirements described in Appendix I, Summary of Audit Procedures, applicable to the San Francisco Quality Teacher Education Act of 2008 for the year ended June 30, 2022.

Qualified Opinion on Compliance

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinion section of our report, the San Francisco Unified School District complied, in all material respects, with the compliance requirements applicable to the San Francisco Quality Teacher Education Act of 2008 as described in Appendix I, Summary of Audit Procedures, for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 San Francisco Unified School 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 qualified and unmodified opinion on compliance. Our audit does not provide a legal determination of the San Francisco Unified School District's compliance with the San Francisco Quality Teacher Education Act of 2008.

Matters Giving Rise to Qualified Opinion

As described in the Appendix I, Summary of Audit Procedures, the San Francisco Unified School did not comply with requirements about senior citizen exemptions.

Compliance with such requirements is necessary, in our opinion, for the San Francisco Unified School District to comply with the requirements applicable to the San Francisco Quality Teacher Education Act of 2008.

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 the San Francisco Unified School District's government programs.

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 San Francisco Unified School District's 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 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 San Francisco Unified School District's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, 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 San Francisco Unified School District's 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 San Francisco Unified School District's 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, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Appendix I, Summary of Audit Procedures as item six to be a material weakness.

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 based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Menlo Park, California
May 22, 2024



Appendix I
Summary of Audit Procedures
San Francisco Unified School District

Objectives of Our Audit

- Ensure proceeds and expenditures of the parcel tax are fully accounted in the books and records of the district.
- Ensure District expenditures are in support of permissible uses as per the ballot language.
- Ensure charter school expenditures are in support of permissible uses as per the ballot language.
- Ensure that charter school amounts were allocated as per the ballot language.
- Ensure that the indirect cost does not exceed the 3.51% CDE approved rate.
- Ensure that senior citizen exceptions are supported by source documents.

Scope

- Expenditures funded by Quality Teacher Education Act of 2008 Parcel Tax Fund during the fiscal year 2021-22.

Methodology and Findings

The following describes the audit procedures and our related findings.

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

Finding: There is no exception as a result of applying this procedure. We obtained the details of all revenues and expenditures charged to the Quality Teacher Education Act general ledger accounting records.

2. Separately for District schools and charter schools, review the nature of the expenditures, and review source documents as appropriate, to ensure they were within the permissible uses of the ballot language.

Finding: There is no exception as a result of 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 included reviewing source documents such as payroll records, invoices, and purchase orders.. The following is a summary of the transaction level audit analysis:

- Four charter school expenditures aggregating \$598 thousand.
- 60 District payroll transactions and two journal entries of expenditures aggregating \$1.61 million.
- One vender expenditure of \$50,000.

3. Ascertain if District schools and charter schools used funds to provide services, which they were required to make available by virtue of being a school. Also, perform procedures to determine whether the parcel tax funded services were previously provided with another funding source.

Finding: There is no exception as a result of applying this procedure. We analytically reviewed the entire population of expenditure accounting records to search for transactions outside the scope of allowable expenditures. The individual transactions selected under procedure two were also chosen under this criteria.

4. Recalculate the ratio of indirect cost to total proceeds to ensure that total indirect cost does not exceed the CDE approved amount which is 3.51% of total direct cost.

Finding: No exceptions were noted as a result of applying this procedure. We calculated the indirect cost for each of the resources through June 30, 2022. The District applied the CDE approved rate to each of the resources where indirect cost is allocated. The total indirect cost allocation is below the CDE approved rate of 3.51%.

5. Select a sample of charter schools. Test the allocation of grant proceeds to the sample of schools.

Finding: There is no exception exceptions as a result of applying this procedure. The allocation was consistently applied to across charter schools and there has been no changes in the policy from the previous year.

6. Obtain an understanding of the District process regarding the senior citizen exceptions. Select a sample of exemptions and apply procedures to ensure source documents support them.

Finding: Noncompliance and material weakness internal control over compliance because the District could not provide supporting documents for two of 60 audit samples.

We understood how the District processes the senior citizen exemptions and concluded that the process is reasonable in its purpose. We noted that the District is responsible for updating the tax rolls used by the county treasurer's office to assess and collect the property tax. We selected a sample of 60 random parcels designated by the District as exempt. The District could not provide supporting documentation for two of the audit samples. Had we expanded the audit sample, we believe additional instances of noncompliance would be noted.

7. Examine sufficient supporting documentation to validate the amount of Quality Teacher Education Act of 2008 Parcel Tax Fund revenues received and recorded by the District.

Finding: There is no exception exceptions as a result of applying this procedure. The District correctly recorded the fiscal year 2021-22 revenue in the parcel tax specific accounting records of Quality Teacher Education Act.