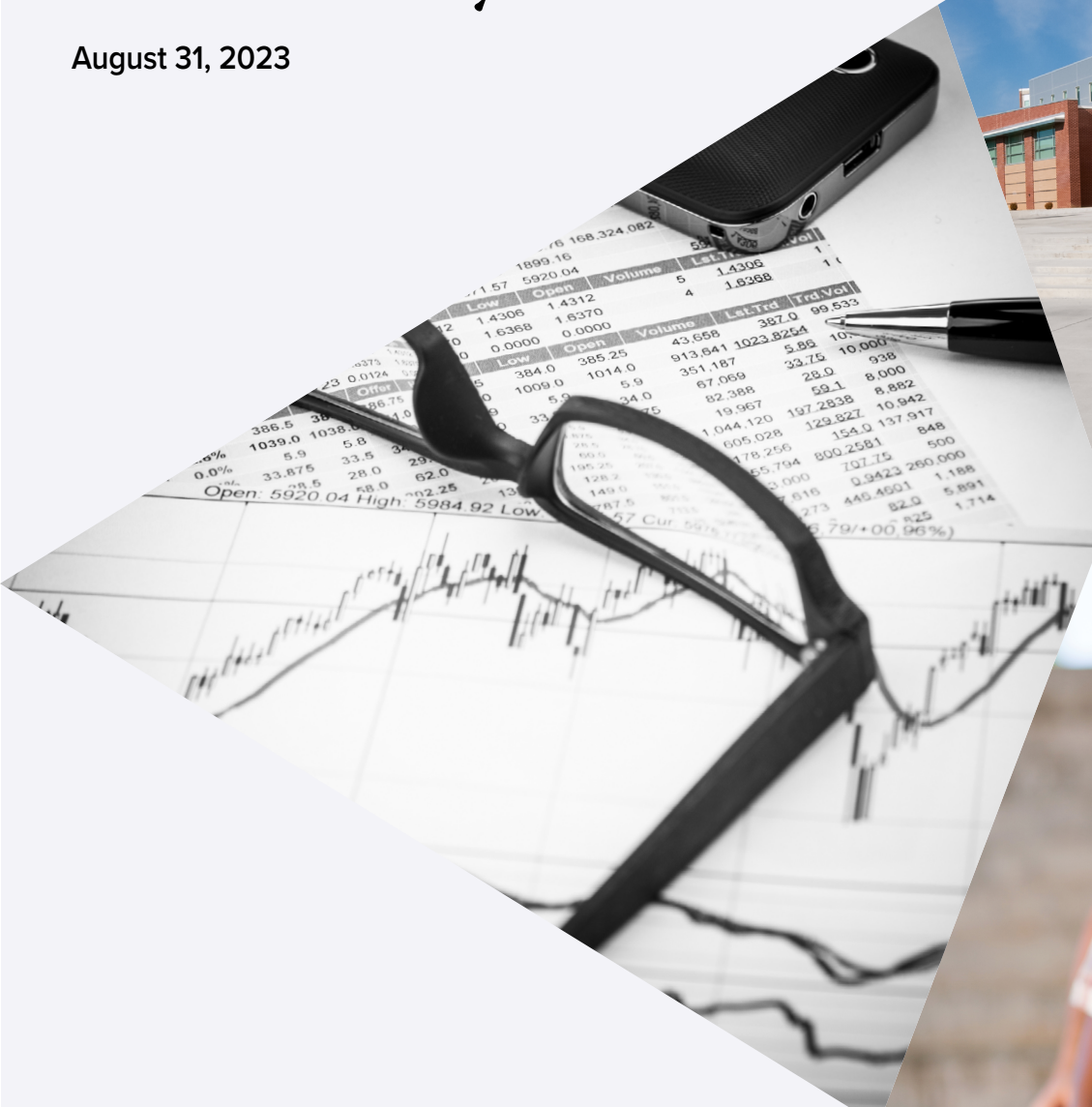


FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

Extraordinary Audit

August 31, 2023



Madera County Superintendent of Schools

Michael H. Fine
Chief Executive Officer



**FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM**

August 31, 2023

Cecilia A. Massetti, Ed.D., Superintendent
Madera County Superintendent of Schools
1105 S. Madera Ave.
Madera, CA 93637

Dear Superintendent Massetti:

In October 2021, the Madera County Superintendent of Schools and the Fiscal Crisis and Management Assistance Team (FCMAT) entered into an agreement for FCMAT to conduct an AB 139 Extraordinary Audit of the Ezequiel Tafoya Alvarado Academy public charter school to determine if fraud, misappropriation of funds or other illegal activities may have occurred.

The agreement states that the main focus of FCMAT's review is to determine, based on the sample testing performed and auditor's judgment, whether the former executive director of the charter, or his family (1) collected compensation or property from the charter they were not entitled to; were involved in any undisclosed or inappropriate related-party transactions that were in conflict with state and federal policies and standards, or that violated conflict of interest laws or board policies, and whether charter funds were used for reasons other than legitimate educational purposes; and (2) based on that assessment, determine whether fraud, misappropriation of funds or other illegal fiscal practices may have occurred.

In accordance with the scope of the study agreement, the team reviewed and tested transactions for fiscal years 2016-17 through 2019-20. Testing and the subsequent results of FCMAT's review are intended to provide reasonable but not absolute certainty about whether the charter's financial transactions and activity were sufficiently accurate.

This report contains the study team's findings and recommendation in the above areas of review.

FCMAT appreciates the opportunity to serve the Madera County Superintendent of Schools and the Ezequiel Tafoya Alvarado Academy public charter school and extends its thanks to the staff for their assistance during fieldwork.

Sincerely,

A handwritten signature in black ink that reads "Michael H. Fine". The signature is written in a cursive, flowing style.

Michael H. Fine
Chief Executive Officer

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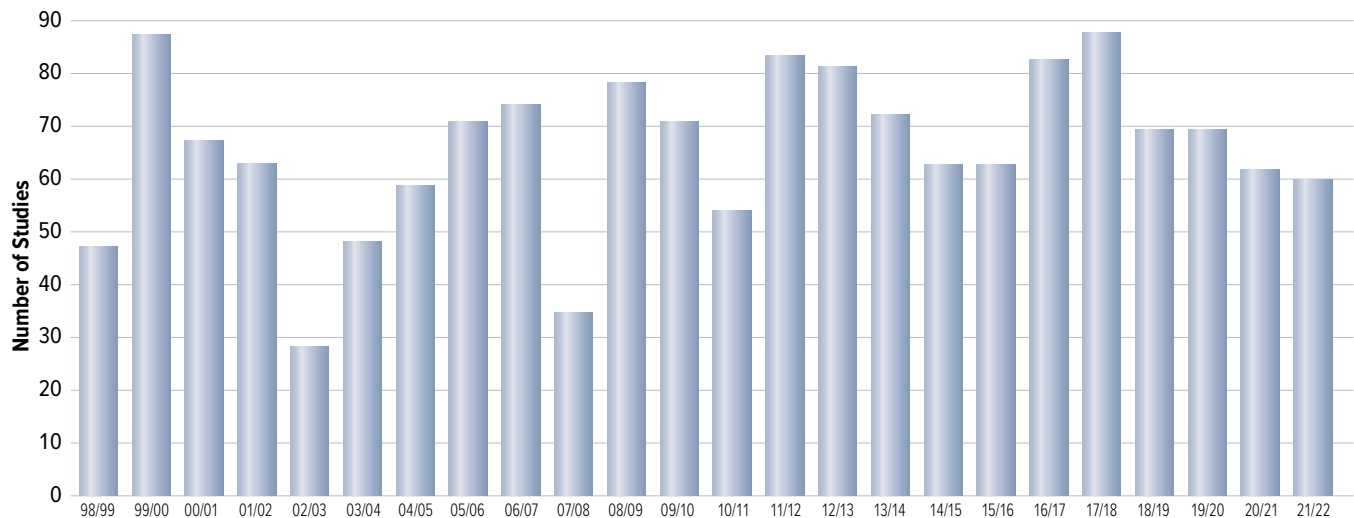
About FCMAT

FCMAT's primary mission is to assist California's local TK-14 educational agencies to identify, prevent, and resolve financial, human resources and data management challenges. FCMAT provides fiscal and data management assistance, professional development training, product development and other related school business and data services. FCMAT's fiscal and management assistance services are used not just to help avert fiscal crisis, but to promote sound financial practices, support the training and development of chief business officials and help to create efficient organizational operations. FCMAT's data management services are used to help local educational agencies (LEAs) meet state reporting responsibilities, improve data quality, and inform instructional program decisions.

FCMAT may be requested to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state superintendent of public instruction, or the Legislature.

When a request or assignment is received, FCMAT assembles a study team that works closely with the LEA to define the scope of work, conduct on-site fieldwork and provide a written report with findings and recommendations to help resolve issues, overcome challenges and plan for the future.

Studies by Fiscal Year



FCMAT has continued to make adjustments in the types of support provided based on the changing dynamics of TK-14 LEAs and the implementation of major educational reforms. FCMAT also develops and provides numerous publications, software tools, workshops and professional learning opportunities to help LEAs operate more effectively and fulfill their fiscal oversight and data management responsibilities. The California School Information Services (CSIS) division of FCMAT assists the California Department of Education with the implementation of the California Longitudinal Pupil Achievement Data System (CALPADS). CSIS also hosts and maintains the Ed-Data website (www.ed-data.org) and provides technical expertise to the Ed-Data partnership: the California Department of Education, EdSource and FCMAT.

FCMAT was created by Assembly Bill (AB) 1200 in 1992 to assist LEAs to meet and sustain their financial obligations. AB 107 in 1997 charged FCMAT with responsibility for CSIS and its statewide data management work. AB 1115 in 1999 codified CSIS' mission.

AB 1200 is also a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. AB 2756 (2004) provides specific responsibilities to FCMAT with regard to districts that have received emergency state loans.

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to those types of LEAs.

On September 17, 2018 AB 1840 was signed into law. This legislation changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting the former state-centric system to be more consistent with the principles of local control, and providing new responsibilities to FCMAT associated with the process.

Since 1992, FCMAT has been engaged to perform more than 1,400 reviews for LEAs, including school districts, county offices of education, charter schools and community colleges. The Kern County Superintendent of Schools is the administrative agent for FCMAT. The team is led by Michael H. Fine, Chief Executive Officer, with funding derived through appropriations in the state budget and a modest fee schedule for charges to requesting agencies.

Introduction

Background

The Ezequiel Tafoya Alvarado Academy is a public charter school located in Madera, CA, about 25 miles northwest of Fresno, CA in Madera County. The rural community is 60% Hispanic or Latino, with a median household income of \$42,581 in 2019. The charter school has 615 students (2021-22), and the unduplicated pupil count, which includes students who qualify for free and reduced-price meals, was 92% in 2021-22.

Founded in 2005, the school serves grades K-8 and is contained on one Madera site of approximately eight acres. The site is shared by a church, Building for Christ Ministry, which also owns both the property and buildings used by the charter. The school has been at this location since its inception.

As a public charter, the school is primarily funded through state apportionments and in-lieu of property taxes and receives public funding specific to various state and federal programs. Similar to more traditional school districts in California, all funds received by a charter school are public, collected from taxpayers to be used in the educational process and subject to the same spending restrictions.

The charter school's sponsoring local educational agency (LEA) is the Madera Unified School District. A sponsoring LEA is required of all public charter schools in the state. The sponsor is responsible for ensuring the charter school complies with all applicable laws and the terms of its charter, as outlined in California Education Code (EC) Section 47604.32. These responsibilities also include monitoring the charter's fiscal condition, ensuring it complies with all reporting requirements, and providing general guidance and assistance on various educational, operational and fiscal issues.

While charter school governance structures vary throughout the state, a public charter is required to have a governing board that typically oversees school policies and procedures, school operations, and the charter's fiscal health. The number of board members can vary by charter school. Between 2016-17 and 2019-20, the ETAA governing board consisted of five to seven trustees, each serving a two-year term, and selected through an application process. The charter requires all trustees to be a parent of a student enrolled at the school, and trustees have the duty of "setting and enforcing school policy," as indicated on the application.

The charter administration consists of an executive director who oversees all the staff and operations of the school. The same executive director was employed by the charter school from the inception of the charter in 2005 until his termination by the governing board in 2020.

In October 2021, the Madera County Superintendent of Schools received information regarding possible fraud, misappropriation of funds or other illegal fiscal practices that may have occurred at ETAA. In consultation with FCMAT, the county superintendent requested that FCMAT conduct an AB 139 extraordinary audit pursuant to EC 1241.5 (c) to determine whether the former executive director or his family collected compensation or property from the charter they were not entitled to; were involved in any undisclosed or inappropriate related-party transactions that were in conflict with state and federal policies and standards, or that violated conflict of interest laws or board policies, and whether charter funds were used for reasons other than legitimate educational purposes. Based on that assessment, FCMAT was asked to determine whether fraud, misappropriation of funds or other illegal fiscal practices may have occurred at ETAA.

EC 1241.5(b)(c) permits a county superintendent to review or audit the expenditures and internal controls of any school district or charter school in that county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices may have occurred that merit examination. According to

the Education Code, the review or audit conducted by the county superintendent will focus on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and is to be conducted in a timely and efficient manner. This is in accordance with Education Code Section 42638(b), which states the following:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

FCMAT subsequently began conducting fieldwork at the charter, including compiling relevant documentation to determine whether the alleged fraud, misappropriation of funds, or other illegal fiscal practices may have occurred at ETAA.

Fieldwork

Investigating allegations of fraud requires several steps, including interviewing potential witnesses and gathering evidence from internal and external sources. FCMAT reviewed, analyzed and tested business records including payroll documentation, accounts payable disbursements, reconciliations, general ledger activity, financial reports, board policy and administrative regulations, board meeting minutes, email and hard copy communications, and other internal documents from various departments and independent sources.

FCMAT also conducted interviews with former and current charter personnel, including the business office and other district staff, as well as current and former charter school board members to obtain information on the practices and events that transpired during the 2016-17 through 2019-20 fiscal years, including any alleged mismanagement, fraud or abuse.

Scope and Procedures

This review's primary focus is to determine and report to the Madera County Superintendent of Schools and the charter school whether there are reasonable assurances, based on testing, that fraud, misappropriation of funds or other illegal activities may have occurred.

Specific audit objectives include evaluation of policies and procedures, internal controls, and charter school transactions to determine whether the former executive director or his family collected compensation or property from the charter they were not entitled to; were involved in any undisclosed or inappropriate related-party transactions that were in conflict with state and federal policies and standards, or that violated conflict of interest laws or board policies, and whether charter funds were used for reasons other than legitimate educational purposes.

Fraud investigations consist of gathering adequate information about specific allegations and performing audit test procedures to determine whether fraud has occurred; evaluating the loss; and determining who was involved and how it may have occurred.

During interviews, FCMAT study team members asked questions pertaining to charter and governing board policies and procedures, job responsibilities, internal controls, payment practices and authorizations, compensation adjustment procedures, and open-ended questions designed to elicit information about possible irregularities related to the scope of work.

FCMAT performed the following audit procedures using available documentation requested from the charter school, as well as through the interviews conducted during fieldwork. As previously outlined, the scope of FCMAT's review was 2016-17 to 2019-20.

1. Reviewed the compensation of the former executive director and his family members employed by the charter school between 2016-17 and 2019-20 to determine whether governing board authorizations were obtained prior to any payments being made and to test compensation for reasonableness compared to other positions at the charter school.
2. Determined whether any nepotism policies were in place during the period of review, including whether the former executive director used public funds to improperly compensate personal associates or family members.
3. Reviewed the relationship and transactions between the charter school and the property owner, including the church located on the same property as the charter school as well as a construction company also owned and operated by the property owner.
4. Evaluated the use of any external consultants retained by the charter school during the scope of FCMAT's study.
5. Reviewed all charter vehicle purchases and uses during the scope of study to determine the educational need for each vehicle and the appropriateness of any vehicle usage.
6. Examined the use of fuel cards by the former executive director and his family members employed by the charter school to determine the educational purpose for any fuel purchases that occurred during the scope of FCMAT's review.
7. Examined the purchase and use of various portable electronic devices, such as mobile phones, watches and tablets during the period of study, including the initiation and approval of each purchase and the disposition of each device at the time fieldwork was conducted.
8. Examined cash advances, cash withdrawals and any loans provided to the former executive director during the scope of study, including whether board action or approval was provided for any such transactions.
9. Reviewed trips by the former executive director using public charter school funds during the scope of study to determine each trip's educational purpose.
10. Reviewed the expenditures of public charter school funds made by the former executive director and his family members employed by the charter school. Transactions were reviewed in both the charter school's bank account and through the former executive director's charter school credit and debit cards to determine each expense's educational purpose.
11. Examined whether public charter school funds were used for any personal legal expenses of the former executive director and his family members during the scope of study.
12. Reviewed the charter school's daily student snack bar program to determine if reasonable deposits were made representing the snack bar sales as overseen by the former executive director.

13. Reviewed internal controls to determine any deficiencies in collecting, counting, storing and depositing cash, as well as the reconciliation of the charter school's bank accounts.
14. Examined the donation of public property (i.e., portable buildings) by the charter school to the property owner, including whether governing board approval was obtained for the donation, and determine why the charter school donated rather than sold the portable buildings
15. Reviewed the use of public funds for a book publication by the former executive director to determine the educational purpose to the charter school. Obtained and reviewed governing board policies, board meeting agendas and minutes, and administrative regulations to determine if established processes were followed for the approval of expenditures, compensation adjustments and other fiscal transactions.
16. Interviewed, or attempted to interview, charter school staff and current and former board members to determine their knowledge and involvement in the various transactions reviewed by FCMAT.

FCMAT's findings and recommendations are the result of the above audit procedures.

Study Guidelines

FCMAT initially visited the charter school in March 2022 to begin conducting interviews, collect data and review documents. Subsequent visits occurred to collect additional information. This report is the result of those activities.

Study Team

The study team was composed of the following members:

Jeffrey B. Potter, CFE
FCMAT Intervention Specialist

Marcus Wirowek, CFE
FCMAT Intervention Specialist

Leonel Martínez
FCMAT Technical Writer

Fraud Definition and Internal Controls

Fraud can include an array of irregularities and illegal acts characterized by intentional deception and misrepresentations of material facts. The principal mechanism to deter fraud or illegal practices is strong internal controls. Internal controls include processes designed to provide reasonable assurance that the district's operations are effective and efficient, that its financial information is reliable, and that its operations are compliant with all applicable laws and regulations. The internal control structure includes policies and procedures used by district staff, accounting and information systems, the work environment and the professionalism of employees.

A material weakness is a deficiency in the internal control process whereby errors or fraud may occur. Because of the weakness, employees in the normal course of business may not detect errors in time to correct them. A material weakness also can be a violation of law or regulations.

Although all employees have some degree of responsibility for internal controls, the governing board, superintendent (or equivalent) and senior management are ultimately responsible.

Occupational Fraud

Occupational fraud occurs when an organization's owners, executives, managers or employees use their occupation to deliberately misuse or misapply the employer's resources or assets for personal benefit. The three main types of occupational fraud are asset misappropriation schemes, corruption schemes, and fraudulent financial statement schemes.

Asset misappropriation schemes include cash skimming, falsifying expense reports and/or forging company checks. Corruption schemes involve an employee(s) using his or her influence in business transactions to obtain a personal benefit that violates that employee's duty to the employer or the organization. Financial statement fraud includes the intentional misstatement or omission of material information in financial reports.

Occupational fraud is one of the most difficult types of fraud and abuse to detect; however, the most common method of detection comes from tips, which help prevent occupational fraud three times as often as any other detection method. According to the 2022 Report to the Nations conducted and published by the Association of Certified Fraud Examiners (ACFE), corruption schemes, including those instances where corruption was one of multiple schemes, accounted for 50% of the cases reviewed, with a median loss of \$150,000. There is a direct correlation between the perpetrator's position and authority in an organization and the losses incurred. Losses from fraud by owners and executives are more than double the fraud by managers and nearly three times higher than losses incurred as a result of fraud by employees.

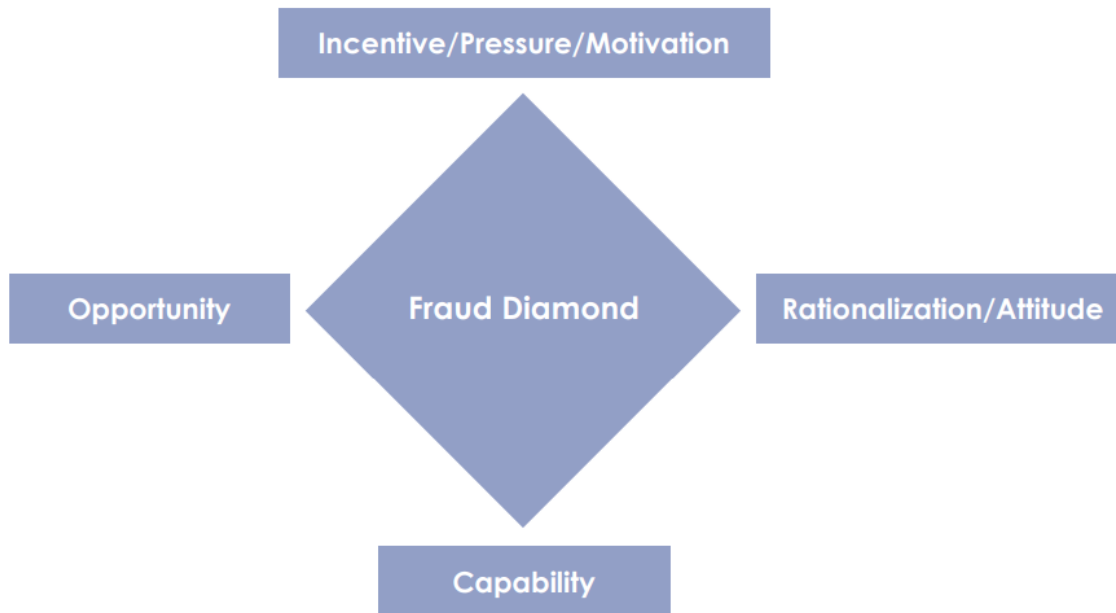
Although there are many different types of fraud, occurrences of potential misappropriation are most common when employees are in positions of trust and have access to assets. When someone who is lawfully entrusted with property takes it for his or her personal use, embezzlement can occur.

Common elements in all fraud include the following:

- Intent, or knowingly committing a wrongful act.
- Misrepresentation to accomplish the act.
- Reliance on weaknesses in the internal control structure.
- Concealment to hide the act.

Disguising personal purchases as purchases of supplies, merchandise, or as payments for property tax, insurance or rent, is also a common fraud scheme. School districts and charter schools can be defrauded when common supplies such as paper, ink and janitorial products are taken home for personal use. Large supply purchases may also include uncommon line-item personal purchases such as work boots, clothing or items for use at home.

Certain factors must be present for a perpetrator's unethical behavior to occur. The ACFE fraud triangle (Cressey, 1953) includes three factors: incentive/pressure/motivation, opportunity, and rationalization/attitude. An extension of the fraud triangle is the fraud diamond, which adds capability to the mix (Wolfe and Hermanson, 2004).



A perpetrator of fraud usually has the following:

- Incentive/Pressure/Motivation
 - A need to get something accomplished, is self-promoting, has financial pressures or personal reputation to protect.
- Opportunity
 - In a position of authority or provides an essential function in the organization.
- Rationalization/Attitude
 - Confident that fraudulent behavior will go undetected, often including a justification that certain acts, behaviors or circumstances are worthy of personal compensation above the individual's annual salary and benefits.
- Capability
 - Able to understand the financial systems and can override internal controls.

This report presents findings demonstrating that the former executive director had the opportunity, motivation, rationalization/attitude, and capability to divert public charter school funds for personal use, including for himself, his family members, his associates, and for other noneducational purposes.

Internal Controls

Internal controls are the principal mechanism for preventing and/or deterring fraud or illegal acts. Illegal acts, misappropriation of assets or other fraudulent activities can include an assortment of irregularities characterized by intentional deception and misrepresentation of material facts. Effective internal control processes provide reasonable assurance that a district's operations are effective and efficient, that the financial information produced is reliable, and that the organization operates in compliance with all applicable laws and regulations.

Internal control elements provide the framework for an effective fraud prevention program. An effective internal control structure includes the policies and procedures used by staff, adequate accounting and information systems, the work environment, and the professionalism of employees. The five interrelated elements of an effective internal control structure and their definitions are included in the table below.

Internal Control Element	Definition
Control Environment	Commonly referred to as the moral tone of the organization, the control environment includes a code of ethical conduct; policies for ethics, hiring and promotion guidelines; proper assignment of authority and responsibility; oversight by management, the board or an audit committee; investigation of reported concerns; and effective disciplinary action for violations.
Fraud Risk Assessment	Identification and assessment of the organization's objectives in order to develop a strategy to react in a timely manner.
Control Activities	The development of policies and procedures to enforce the governing board's directives. These include actions by management to prevent and identify misuse of the district's assets, including preventing employees from overriding controls in the system.
Information and Communication	Establish effective fraud communication. Ensure that employees receive information regarding policies and opportunities to discuss ethical dilemmas. Establishing clear means of communication within an organization to report suspected violations.
Monitoring	Conduct ongoing monitoring that includes periodic performance assessments to help deter fraud by managers and employees.

The following is a partial list of deficiencies and omissions that can cause internal control failures:

- Failure to adequately segregate duties and responsibilities related to authorization.
- Failure to limit access to assets or sensitive data (e.g. cash, fixed assets, personnel records).
- Failure to record transactions, resulting in lack of accountability and the possibility of theft.
- Failure to reconcile assets with the correct records.
- Unauthorized transactions, resulting in skimming, embezzlement or larceny.
- Lack of monitoring or implementation of internal controls by the governing board and management, or because personnel are not qualified.
- Collusion among employees where little or no supervision exists.

A system of internal controls consists of policies and procedures designed to provide the governing board and management with reasonable assurance that the organization is achieving its objectives and goals. Traditionally referred to as hard controls, these include segregation of duties; limiting access to cash; management review and approval; and reconciliations. Other types of internal controls, typically referred to as soft controls, include management tone, performance evaluations, training programs, and maintaining established policies, procedures and standards of conduct.

A strong system of internal controls that includes all five of the above elements can provide reasonable but not absolute assurance that the organization will achieve its goals and objectives.

Control Environment

The internal control environment is critical because it establishes the moral tone of the organization. Though intangible, it begins with the leadership and consists of employees' perception of the ethical conduct displayed by the governing board and executive management.

The control environment is a prerequisite that enables other components of internal control to be effective in achieving the goals and objectives to prevent and/or deter fraud or illegal acts. It sets the tone for the organization, provides discipline and control, and includes factors such as integrity, ethical values and competence of employees.

The control environment can be weakened significantly by a lack of experience in financial management and internal controls.

Control Activities

Control activities are a fundamental element of internal controls and are a direct result of policies and procedures designed to prevent and identify misuse of the district's assets, including preventing any employee from overriding controls in the system. Control activities include the following:

1. Performance reviews, which compare actual data with expectations. In accounting and business offices, this most often occurs when budgeted amounts are compared with actual expenditures to identify variances and followed up with budget transfers to prevent overspending.
2. Information processing, which includes the approvals, authorizations, verifications and reconciliations necessary to ensure that transactions are valid, complete and accurate.
3. Physical controls, which are the processes and procedures designed to safeguard and secure assets and records.
4. Segregation of duties, which consists of processes and procedures that ensure that no employee or group is placed in a position to be able to commit and conceal errors or fraud in the normal course of duties. In general, segregation of duties includes separating the custody of assets, the authorization or approval of transactions affecting those assets, the recording or reporting of related transactions, and the execution of the transactions. Adequate segregation of duties reduces the likelihood that errors will remain undetected by providing for separate processing by different individuals at various stages of a transaction, and for independent review of the work.

Findings

Board Meetings

During the period of FCMAT's audit (2016-17 to 2019-20), board meetings were short, often lasting less than one hour, according to current and former board members. Attendance was sparse; meetings were typically attended only by the board members and charter administration, and rarely included community members or other staff. No representative from the charter's sponsoring district, Madera Unified, attended the meetings during this time.

The former executive director, with the assistance of his business manager, created the agenda for each meeting without regular input from governing board members. Board packets containing the agenda and any supporting documentation were provided to board members upon their arrival at each meeting, preventing any prior review. All packets were collected by the former executive director following each meeting's adjournment.

Interviews indicated that former board members lacked sufficient knowledge of their roles and responsibilities and were unaware of their oversight responsibilities related to areas such as charter policies and governance, school operations, and expenditure authorizations. Some board members indicated the former executive director asked them to serve on the board. The charter school requires all board members to be parents of students who are enrolled at the charter school.

Board members also indicated that expenditures of school funds were generally approved at each board meeting, although this was a brief action that occurred within the meeting's consent agenda. Any questions about expenditures by board members were often discouraged or went unanswered by the former executive director to ensure the meetings were brief. Because the board packets were provided upon arrival at the meeting, the list of expenditures could not be reviewed beforehand, and board members could not determine if the list was correct or complete. Expenditures typically lacked any supplemental information or details.

During the period of FCMAT's review, board members were unaware of any comprehensive governing board policies or administrative regulations although the charter has indicated that such policies have since been developed and implemented. Governing board policies and administrative regulations are the cornerstone of an educational entity and lay the foundation for effective local governance and oversight. A lack of formal policies or adherence to any adopted policies prevents a governing board from addressing charter school issues timely, effectively and consistently, and makes it difficult to understand the school's rules and regulations.

Relationship Between Former Executive Director and Property Owner

The former executive director was employed in the same capacity by ETAA from the charter school's inception until his termination by the governing board in 2020. During his tenure, he maintained a close relationship with the charter school's property owners, Building for Christ Ministry. In addition to the church, the property owners also own and operate a construction company, Alvarado Construction.

The primary principal of Building for Christ Ministry and Alvarado Construction is also a cofounder of ETAA, and this is reflected in the charter school's name, Ezequiel Tafoya Alvarado Academy. (Ezequiel Tafoya was the principal's father.) The primary principal is a former ETAA board member, and the former senior pastor of the church. Numerous building improvements initiated by ETAA have been performed primarily, or exclusively by Alvarado Construction.

The former executive director purchased property from the principal within Madera County, and secured a private party mortgage for the purchase from the principal. The principal's family members performed construction services at the charter's site, which were paid by ETAA, and the principal's spouse was previously employed by the charter, according to staff interviews. In October 2017, the charter school also paid the funeral reception costs for the property owners' daughter (included in the Miscellaneous Expenditures section of this report).

Interviews indicated that following the former executive director's departure in 2020, the relationship between ETAA and the property owner has steadily deteriorated, with the property owner indicating in February 2023 that it would like ETAA to vacate the property. The charter school subsequently filed legal action to halt this process. The dispute was ongoing at the time FCMAT's fieldwork was concluded.

Gifts of Public Funds

For purposes of state law, public funds are identified as any monies that are collected and retained by a school district or charter school or are deposited in a school district's or charter school's account. All funds received by the charter school, regardless of the funding source, are considered public funds unless the school is acting as a custodian for privately raised funds in a separately maintained agency fund or account.

The legality of any expenditure is determined by the "gift of public funds" provision in Article 16, Section 6 of the California Constitution. This constitutional provision prohibits making any gift of public money to any individual (including public employees), corporation, or other government agency. For educational entities, it precludes the use of public funds for personal or noneducational purposes, either by those in a capacity to expend or obligate public funds, or through the donation of public funds to other individuals or entities for noneducational purposes. In the absence of a statute granting public local educational agencies the legal authority to make a special, or noneducational expenditure, the California Constitution states the following:

...the Legislature shall have no...power to make any gift, or authorize the making of any gift, of any public money or thing of value to any individual, municipal or other corporation whatever...

To avoid being a gift, expenditures of public school funds, including those of a public charter school, must be for a direct and primary public purpose. An approved public purpose must be within the scope of a school's jurisdiction and purpose, which does not extend to purposes such as aid to the indigent or the promotion of social welfare, though these may be lawful public purposes for other agencies.

It is also well established that expenditures of public funds that involve a benefit to private persons (including public employees) are not gifts within the meaning of the California Constitution if those funds are expended for a public purpose. This means that public funds may be expended only if a direct and substantial public purpose is served by the expenditure, and private individuals are benefited only incidentally to the promotion of the public purpose. To justify the expenditure of public funds, an LEA's governing board must determine that the expenditure will benefit the education of students within its schools. Expenditures that most directly and tangibly benefit students' education are more likely justified. Expenditures driven by personal motives are not justified even if they have been a longstanding local custom or are based on benevolent feelings.

If an LEA's governing board determines that a particular expenditure serves a public purpose, the expenditure is less likely to represent a gift of public funds. Accordingly, if an educational entity has governing board policies stating that specific expenditures are allowable, there is increased certainty that the expenditure may be considered an appropriate use of public funds. As noted above, the charter had no such policies in place during the period under review.

Nepotism

Similar to other public entities, LEAs in California must be aware of any conflicts of interest involving family members, relatives, and associates within their organizations. Nepotism is defined as the practice among those with power or influence of favoring family members, friends, or associates, especially by giving them jobs, additional compensation, perks or other benefits, that may not necessarily be available to other employees. To prevent issues or concerns related to nepotism, it is imperative that LEAs have approved policies, procedures, employee handbooks and other measures in place to minimize or eliminate exposure to this practice.

Board policies on nepotism often include a clause prohibiting the appointment of any person to a position for which their relative maintains management, supervisory, evaluation, or promotion responsibilities and prohibits any employee from participating in any decision that singularly applies to any of his or her relatives.

During the period of FCMAT's audit, ETAA lacked a board policy on nepotism. Such a policy was not adopted and implemented until 2020-21. The ETAA Employee Handbook for 2019-20 also addresses nepotism, although the charter could not locate any charter policies or an employee handbook that included nepotism provisions prior to the 2019-20 school year.

FCMAT found several instances where the former executive director's family members and associates may have been provided additional compensation, perks, and/or benefits that may have not been provided to other employees. In addition, many of these perks were not board-approved.

Son #1

The former executive director's son, Son #1, was hired in the summer of 2014 as a custodian. Around November 2014, he was promoted to kitchen staff, and in 2015 or 2016, he was promoted to perform night security. He was ultimately terminated on June 30, 2019. According to interviews, the positions were funded from the unrestricted general fund.

Son #1 was required to provide night security at ETAA's only charter school site, located at 26247 Ellis Street in Madera, CA. The minimum qualifications for the night security position were not available to FCMAT. Accordingly, FCMAT could not determine if Son #1 was qualified for the position. FCMAT was also unable to locate a policy on charter vehicles issued to employees to determine whether this position qualified for the use of a charter vehicle.

During his employment, Son #1 was issued a vehicle to perform his duties. Staff stated that Son #1 was initially issued a 2014 Mazda 3, and later a Ford F-150 Raptor pickup truck. FCMAT could not determine why Son #1 was issued a vehicle to perform his security duties for a school with only one site covering only eight acres. In addition, FCMAT could not determine why Son #1 was issued a premium, high-performance off-road pickup truck. Interviews and documentation indicated that, aside from the former executive director's family members, no other employees were issued vehicles to perform their duties. The vehicle was not stored at the charter school and was driven exclusively by Son #1.

In February 2018, Son #1 was involved in an auto accident in the Ford F-150 Raptor. According to an email by the former executive director, "(Son #1) was the driver. No witnesses. No charges filed. He accidentally hit a cement wall while reaching for an item in the truck....". FCMAT could not determine if the accident resulted in any disciplinary action by the charter school.

Along with a vehicle issued to Son #1, FCMAT also determined he was issued a fuel card. Interviews with staff indicated that Son #1 may have used the card to purchase gasoline beyond the capacity of his assigned vehicle. In some instances, FCMAT identified multiple fuel purchases in the same day using the same card. Son #1's first vehicle, a Mazda 3, has a fuel tank capacity of approximately 13.2 gallons. Depending on the year and according to Edmunds.com, most F-150 pickup trucks have a fuel tank capacity of either 23.0 or 26.0 gallons, and an mpg of between 17 city / 23 highway and 19 city / 26 highway.

Below is a sample of dates and times when fuel purchases exceeded the vehicle's fuel tank capacity, or where multiple purchases occurred in a single day.

- Wednesday, June 7, 2017

Son #1's fuel card was used to purchase 23.7 gallons at 8:48 p.m. and an additional 17.8 gallons eight minutes later, at 8:56 p.m. The total gallons purchased that day were 41.5 gallons. These purchases occurred in Fresno, CA, 25 miles from ETAA.

- Tuesday, June 13, 2017

Son #1's fuel card was used to purchase 15.1 gallons at 5:32 p.m., 17.6 gallons at 5:33 p.m., and 15.2 gallons at 11:43 p.m. The total gallons purchased within several hours were 47.9 gallons. These purchases occurred in Fresno, CA and Clovis, CA. Clovis is approximately 27 miles from ETAA.

- Thursday, June 15, 2017

Son #1's fuel card was used to purchase 21.4 gallons at 6:17 a.m., 13.3 gallons at 1:08 p.m., 17.3 gallons at 2:36 p.m., and 13.9 gallons at 8:50 p.m. The total purchased that day was 65.9 gallons. These purchases occurred in Fresno, CA and Clovis, CA.

- Tuesday, June 27, 2017

Son #1's fuel card was used to purchase a total of 54.1 gallons at 6:31 p.m. This purchase occurred in Fresno, CA.

- Wednesday, June 28, 2017

Son #1's fuel card was used to purchase 24.2 gallons at 8:11 p.m. and another 33.4 gallons at 8:27 p.m. The total gallons purchased that day was 57.6 gallons. These purchases occurred in Fresno, CA.

Although FCMAT could not obtain all fuel statements for the period of the audit, total fuel charges for Son #1 were determined to be as follows:

Month of Purchase	Purchasing Party	Total Gallons	Cost (\$)
December 2016	Son #1	185.90	539.51
June 2017	Son #1	853.10	2,727.59
October 2018	Son #1	130.70	500.76
March 2019	Son #1	50.30	194.88
April 2019	Son #1	115.70	450.16
	Totals	1,335.70	4,412.90

Based on the fuel statements received by FCMAT, the total fuel used by Son #1's assigned fuel card in the months sampled by FCMAT was 1,335.7 gallons at a cost of \$4,412.90. FCMAT could not determine the educational purpose of these charges. FCMAT also could not locate a policy on employee use of gas cards.

While the charter school has several buses for student transportation, these vehicles use diesel fuel, which was not purchased using Son #1's fuel card. The buses obtain fuel at a local fuel depot, rather than at more traditional gas stations where the fuel card was used.

Lastly, documents revealed that Son #1 was also issued a charter cell phone. Issuing cell phones to certain positions can be a common practice, but FCMAT determined that most employees at the charter were not provided with these devices. FCMAT could not locate a policy on charter cell phones issued to employees.

Son #1 - Criminal History

In California, all public-school employees must follow Education Code 45125, which states:

....to have two fingerprint cards bearing the legible rolled and flat impressions of the person's fingerprints together with a personal description of the applicant prepared by a local public law enforcement agency having jurisdiction in the area of the school district, which agency shall transmit the cards, together with the fee required by subdivision (f), to the Department of Justice; except that any district, or districts with a common board, may process the fingerprint cards if the district so elects.

LEAs are required to monitor criminal reports received from the Department of Justice. It is important for LEAs to determine any relationship between an employee's assigned duties, such as being responsible for the school's night security, and any criminal convictions that may occur during employment. The list below outlines several instances where Son #1 was charged with various criminal conduct. Although the decision to hire or retain is ultimately up to the governing board, interviews indicated that the board was unaware of the crimes that Son #1 was charged with.

- February 3, 2016: Driving under the influence with a blood alcohol level of 0.08% or more.
- March 27, 2016:
 - Assault by means likely to produce great bodily injury.
 - Battery with serious bodily injury.
 - Second degree robbery.
- December 16, 2016: Assault by means likely to produce great bodily injury.
- November 13, 2017: Driving under the influence. This charge occurred while operating a vehicle assigned by ETAA. In an internal email communication, the former executive director stated the following to charter staff:

From: Nicolas Retana <nicolasretana@hotmail.com>
Sent: Tuesday, December 17, 2019 9:07 AM PST
To: Zarasua, Lupita <l.zarasua@etaacharter.com>
Subject: John Austin

On 11/13/17 employee, John Retana, was arrested for a DUI while driving the ETAA truck used by security. On 11/14/17, he was notified that he was banned from using said vehicle.

My practice on these incidents, for all employees, is to provide counsel and suggest rehab if necessary.

Although being charged with a crime does not necessarily jeopardize employment with an LEA, FCMAT has concerns regarding the treatment that Son #1 received. Aside from Son #2, FCMAT could not determine if other employees were allowed to retain their employment with the number and severity of the charges filed against Son #1.

Son #2

Much like Son #1, Son #2 was hired as a custodian in the summer of 2014. He later joined the kitchen staff in November 2014, and became the night security in 2015 or 2016. He was ultimately terminated on June 30, 2019. During his employment, Son #2's positions were funded by the unrestricted general fund.

On May 9, 2019, an email from the former executive director to the fiscal manager stated that both sons were "...suspended with pay" until June 30, 2019, at which time they would be using a "reduction in force" as the reason for termination, effectively allowing the sons to apply for unemployment benefits. That email is shown below. During FCMAT's interview with the former executive director, he stated he did not approve any unemployment benefits for Son #2 and indicated such benefits would not be appropriate given the circumstances of the termination.

From: Barreras, Isabel <i.barreras@etaacharter.com>
Sent: Tuesday, May 14, 2019 8:17 AM PDT
To: Zarasua, Lupita <l.zarasua@etaacharter.com>
CC: dr.retana <dr.retana@etaacharter.com>
Subject: Re: Jacob and John

ok, just make a note on your end for payroll purposes. I am short handed at the moment. Thanks

On Mon, May 13, 2019 at 4:28 PM Zarasua, Lupita <l.zarasua@etaacharter.com> wrote:

Per Dr. Retana, we are RIFing John and Jacob at the end of this school year. Their last paycheck will be on June 30th. Can you initiate the process when their contract expires? Thanks.

----- Forwarded message -----

From: Retana, Nicolas <dr.retana@etaacharter.com>
Date: Thu, May 9, 2019 at 10:32 AM
Subject: Re: Jacob and John
To: Zarasua, Lupita <l.zarasua@etaacharter.com>

Currently suspended with pay. But I am RIFing (Reduction in Force) them as of June 30. They can get unemployment that way.

On Thu, May 9, 2019, 9:46 AM Zarasua, Lupita <l.zarasua@etaacharter.com> wrote:

What is their employment status? I can't remember what you told me this morning.

--


A Notice of Unemployment Insurance Claim filed from the Employment Development Department (EDD) states that the position of night security was eliminated on July 7, 2019, with a last day worked on June 30, 2019. After a review of board agendas for June and September of 2019, FCMAT could not determine if the board approved either son's termination and position elimination. According to interviews with charter staff, the position of night security was not filled the following school year.

UI CENTER SACRAMENTO
PO BOX 419091
RANCHO CORDOVA CA 95741-9091



Mail Date: 07/12/2019

Claimant Phone #: (559) 999-6639

JOHN A RETANA
MADERA CA 93637-4110

EDD TELEPHONE NUMBERS:
English 1-800-300-5616
Spanish 1-800-326-8937
Cantonese 1-800-547-3506
Mandarin 1-866-303-0706
Vietnamese 1-800-547-2058
TTY (non-voice) 1-800-815-9387
website: www.edd.ca.gov

NOTICE OF UNEMPLOYMENT INSURANCE CLAIM FILED

You filed a claim for Unemployment Insurance (UI) benefits effective **07/07/2019**. When you filed your claim you stated:

1. Your last employer was: **EZQUIEL TAFOYA ALVARADO A**
29453 AVENUE 16 1/4
MADERA, CA 93636-1306
2. The last day you worked for that employer was **06/30/2019**.
3. The reason you are no longer working for the above employer is:
POSITION ELIMINATED
4. You are not receiving a pension or other income that may be deductible from your UI benefits.
5. You are able and available to accept full-time work.
6. You have the legal right to work in the United States.

(Social Security number and address redacted by FCMAT.)

After a review of personnel files, FCMAT could not determine if Son #2 was qualified for the position of night security. Along with Son #1, Son #2 was hired to provide night security at ETAA's only school site and issued a Ford F-150 Raptor for his position. As with Son #1, FCMAT could not determine why Son #2 was issued a vehicle to perform his duties for a charter school having only one, eight-acre site. FCMAT could not determine why Son #2 was also issued the same high-performance off-road vehicle.

In August 2016, Son #2 was involved in a traffic accident. Although FCMAT could not locate or determine the details of the accident, it confirmed that the charter vehicle issued to Son #2, the Ford F-150 Raptor, was involved.

In April 2017, Son #2 was involved in a hit-and-run accident with the assigned Ford F-150 Raptor. According to the police report, Son #2 did not provide a statement to the responding police officer. On September 22, 2017, a claim was filed with ETAA's auto liability insurance. The description from the claim states:

... was driving when it struck a fence, causing damage. IV incurred minor damage. No injuries reported.

After the accident, Son #2 was assigned a different Ford F-150, which also belonged to the charter school. That vehicle was not the high-performance Raptor model. FCMAT is uncertain why there was a delay of nearly six months in reporting the accident to ETAA's insurance company.

In October 2017, Son #2 was involved in another auto accident. In an email communication, the charter's insurance adjuster asked the following questions:

(Son #2) veered into his lane while they were on Olive Street and they were trying to get onto Northbound Highway 99. Can you please ask (Son #2) to confirm what happened? Did he veer into the lane of the other car and hit the other car's left side with his truck's front end? Any damage to the school's truck? The truck is a Ford truck license no: 4343WJ.

FCMAT could not determine if any disciplinary action was taken or if Son #2 was assigned another vehicle.

FCMAT found that a gas card was also issued to Son #2 and may have been used for noneducational purposes. In addition to the amount of fuel purchased, FCMAT found some instances where Son #2, much like Son #1, used the fuel card multiple times in one day. Again, depending on the year, most F-150s have a fuel tank capacity of either 23.0 or 26.0 gallons. Below is a sample of dates and times when fuel purchases exceeded the vehicle's fuel tank capacity or where multiple charges occurred in a single day. Note that all dates provided below occurred within a period of one week, totaling 244.4 gallons of fuel purchased, and included the weekend, which are nonwork days

- Sunday, June 4, 2017

The Son #2 purchased 10.0 gallons at 1:38 a.m., 8.6 gallons at 2:23 a.m., and 12.5 gallons at 4:46 a.m. The total purchased within four hours was 31.1 gallons. The purchases occurred in Fresno, CA, 25 miles from ETAA.

- Tuesday, June 6, 2017

Son #2 purchased 11.8 gallons at 5:50 p.m., 11.3 gallons at 6:47 p.m., and 37.0 gallons at 6:50 p.m. The total purchased in one hour was therefore 60.1 gallons. The purchases occurred in Fresno, CA.

- Wednesday, June 7, 2017

Son #2 purchased 16.7 gallons at 1:26 a.m., 14.6 gallons at 4:22 p.m., and 17.3 gallons at 8:03 p.m. The total purchased that day was 48.6 gallons. The purchases occurred in Fresno, CA and Clovis, CA. Clovis is approximately 27 miles from ETAA.

- Friday, June 9, 2017

Son #2 purchased 12.1 gallons at 8:31 p.m., 8.8 gallons at 9:46 p.m., and 37.5 gallons at 9:50 p.m. The total purchased in two hours was 58.4 gallons. The purchases occurred in Fresno, CA.

- Saturday, June 10, 2017

Son #2 purchased 25.1 gallons at 8:31 p.m., and 21.1 gallons at 11:31 p.m. The total purchased in three hours was 46.2 gallons. The purchases occurred in Fresno, CA.

Based on internal ETAA emails, Son #2's gas card was eventually revoked. FCMAT could not find any documentation that required repayment of any fuel purchases that may not have been for an educational purpose since the personnel files for both sons were missing and unavailable to FCMAT.

Based on bank statements from ETAA's Valero Fleet Services account, it appears Son #2 was issued a gas card again in November 2018 and charged an additional 127.1 gallons of gas for that billing cycle.

From the sample audited by FCMAT, total fuel charges for Son #2 were as follows:

Month of Purchase	Purchasing Party	Total Gallons	Cost (\$)
December 2016	Son #2	161.10	413.77
June 2017	Son #2	478.90	1,587.49
October 2018	Son #2	127.10	500.53
	Total	767.10	2,501.79

Total fuel costs incurred on Son #2's assigned gas card was \$2,501.79. FCMAT could not determine the educational purpose of these charges.

Son #2 - Criminal History

The list below outlines several instances where Son #2 was charged with various criminal conduct. Interviews indicated that the board was unaware of these charges.

- January 26, 2017: Possession of a controlled substance.
- October 8, 2017: Driving under the influence with a blood alcohol level of 0.08% or more.
- August 13, 2018: Vandalism.
- April 25, 2019:
 - Assault: Deadly weapon other than a firearm.
 - Inflict corporal injury on spouse/cohabitant.
- June 9, 2019:
 - Inflict corporal injury on spouse/cohabitant.
 - Commit offense while on bail.
 - Assault with a deadly weapon with great bodily injury.
 - False imprisonment.
 - Violate court order to prevent domestic violence.

As with Son #1, although being charged with a crime does not necessarily jeopardize employment with an LEA, FCMAT has concerns about Son #2's treatment. FCMAT did not attempt to contact Son #2, as he was incarcerated at the time of the audit.

Daughter

According to her employment agreements, the former executive director's daughter was initially hired on July 1, 2013 as a school community relations/multimedia specialist, with an annual salary of \$38,000. On August 7, 2014, she became the charter's grants & media coordinator with an annual salary of \$45,000, and on July 1, 2015, her position became the public relations coordinator with a salary of \$58,000 annually. On July 1, 2016, she was hired as a teacher with an annual salary of \$64,000, and finally, on July 1, 2018, she was retained as a teacher receiving \$67,898 per year. She remained in this position until June 30, 2019. FCMAT noted that the positions of school community relations/multimedia specialist, grants & media coordinator, and public relations coordinator no longer exist at ETAA.

Although hired into various positions at the charter school, staff interviews indicated the daughter was regularly on leave or on vacation, and some staff suggested she was working on other employment options. ETAA did not keep attendance calendars for staff, so FCMAT could not determine the extent of reported leaves or vacations.

During interviews with staff and a review of available documentation, FCMAT discovered that ETAA had issued the daughter a cell phone, paid her college tuition, issued her a gas card, and used charter funds to repair her vehicle, which was not owned by ETAA. After reviewing the daughter's various employment contracts, FCMAT determined that none of these perks or benefits were included in her employment contracts.

FCMAT reviewed a Verizon Wireless bill from ETAA dated September 29, 2018 and determined that an iPhone XS Max was sent to the daughter's home residence (see the Cell Phones and Other Electronic Devices section of this report). Total charges for the phone were \$1,249.99. An Apple Watch (Series 4 with

GPS + cellular) was also sent to the same address. These charges totaled an additional \$499.99. FCMAT determined that no other employees in similar classifications were issued an iPhone or an Apple Watch. FCMAT could not locate a policy on cell phones or other electronic devices issued to employees.

ETAA provided FCMAT with a list of charges from various educational institutions. Interviews with charter staff indicated that these charges were for the daughter's college education. No policy was provided to FCMAT for employee educational reimbursement or payment. According to the Commission on Teacher Credentialing, the daughter received her preliminary credential on September 1, 2017, a date that coincides with her first employment contract as a teacher at ETAA. The exhibit below outlines the dates of the tuition charges, the name of the vendor, and the amount, sorted by the vendor's name.

Date	Vendor	Cost (\$)
7/7/16	Alliant Intl Univ	65.00
7/7/16	Alliant Intl Univ	850.00
8/24/16	Alliant Intl Univ	3,913.00
9/12/16	Alliant Intl Univ	1,919.00
10/24/16	Alliant Intl Univ	3,000.00
10/26/16	Alliant Intl Univ	444.00
12/15/16	Alliant Intl Univ	444.00
1/9/17	Alliant Intl Univ	1,944.00
2/3/17	Alliant Intl Univ	1,944.00
3/3/17	Alliant Intl Univ	3,888.00
4/10/17	Alliant Intl Univ	1,000.00
5/5/17	Alliant Intl Univ	2,888.00
7/6/17	Alliant Intl Univ	972.00
8/2/17	Alliant Intl Univ	972.00
8/30/17	Alliant Intl Univ	876.25
2/21/18	Alliant Intl Univ	225.50
8/14/18	Alliant Intl Univ	100.00
6/7/16	ASU NBS	49.59
7/5/16	ASU NBS	49.58
8/2/16	ASU NBS	110.79
1/19/17	ASU NBS	24.00
2/3/17	ASU NBS	50.06
6/7/16	ASU Student Account	2,066.40
7/5/16	ASU Student Account	2,066.00
8/2/16	ASU Student Account	4,616.40
1/19/17	ASU Student Account	1,000.00
2/3/17	ASU Student Account	2,086.00
	Total	37,563.57

The total amount of charter funds used for the daughter's college education was \$37,563.57. During interviews, FCMAT learned of another classified employee whose education was also paid using charter funds, although FCMAT could not determine the amount of funds that were provided for that particular employee.

In addition to other potential benefits, the daughter was also assigned a gas card. FCMAT reviewed board meeting minutes around the date of the opening of the account but could not locate board approval for the new account. The following are monthly charges that were placed on the gas card assigned to the daughter.

Month of Purchase	Purchasing Party	Total Gallons	Cost (\$)
December 2016	Daughter	54.0	144.00
June 2017	Daughter	24.0	78.24
July 2017	Daughter	33.5	103.55
August 2017	Daughter	106.3	333.58
September 2017	Daughter	36.2	125.00
October 2017	Daughter	23.3	76.17
November 2017	Daughter	32.4	108.37
December 2017	Daughter	35.2	114.96
January 2018	Daughter	33.0	109.35
March 2019	Daughter	32.5	118.08
April 2019	Daughter	67.7	276.38
May 2019	Daughter	60.8	255.44
August 2019	Daughter	52.1	197.56
September 2019	Daughter	79.4	309.19
November 2019	Daughter	22.0	87.20
	Totals	692.4	2,437.07

Based on bank statements provided to FCMAT, total fuel used by the daughter's assigned gas card was 692.4 gallons of fuel, at a total cost of \$2,437.07. FCMAT could not determine the educational purpose of these charges and no other employee in a similar classification was issued a gas card. As stated above, FCMAT also could not locate a policy on gas cards issued to employees.

On June 6, 2016, the former executive director received an email from an insurance company indicating an auto insurance policy listing both himself and his daughter as the policyholders or insured drivers. The vehicle being insured was a 2011 Volkswagen Tiguan. This vehicle was never owned by the charter school, but charter funds were used for its maintenance and repairs. On December 8, 2017, FCMAT identified a check request for \$4,310.11 for Madera Glass & Body digitally signed by the former executive director. On December 11, 2017, a check register report indicates that a check was issued to the same body shop for that amount. The check register is accompanied by a preliminary estimate of the repairs approved by the former executive director on December 7, 2017.

On September 17, 2018, FCMAT also identified an invoice from a vendor called German Auto Repair for \$287.83 for a Volkswagen Tiguan. This expense was charged using the former executive director's charter credit card.

FCMAT attempted to contact the daughter at the last known address and email; however there was no response. Therefore, FCMAT could not determine whether the expenses identified above were for a legitimate educational purpose.

Former Spouse

The former executive director's ex-wife was also employed by the charter school as both a teacher, and later as an administrator. Emails indicated her positions were both co-founder / director of curriculum and instruction, as well as curriculum director. FCMAT determined that she retained a valid credential during the time of her employment, and that her salary appeared to be consistent with her positions. While some of her work appears to have been completed remotely, this happened at the start of the COVID-19 pandemic and is therefore not otherwise inconsistent with common practices during that time.

Associate #1

During FCMAT's interviews, several staff members reported that the former executive director had a social or romantic relationship with a former employee, Associate #1, and this was confirmed by electronic communications between these two individuals. At the time of the apparent relationship, ETAA did not have a policy on personal relationships between supervisors and subordinates in the workplace; however, ETAA's current employee handbook prohibits these relationships.

FCMAT discovered various retail charges from the former executive director's charter school debit and credit cards originating in Los Banos, CA, approximately 47 miles from ETAA. Both the charter school and FCMAT are uncertain why the former executive director would drive this distance to purchase items from retail establishments that have locations in Madera, CA. Interviews with staff and additional research revealed that Associate #1 lives in Los Banos, CA. Staff also indicated they were unsure what the specific credit and debit card charges were for, and FCMAT could not determine the educational purpose of the expenditures.

The following list outlines these charges, listed in chronological order. The debit and credit cards have been combined for the purpose of this schedule. Note that these charges are a subset of those included in the Miscellaneous Expenditures section of this report.

Date	Vendor	Location	Charge (\$)
2/29/16	A. Wireless	Los Banos, CA	53.99
10/17/16	A. Wireless	Los Banos, CA	37.78
12/15/16	See's Candy	Los Banos, CA	137.40
12/22/16	A. Wireless	Los Banos, CA	102.57
1/3/17	A. Wireless	Los Banos, CA	133.37
2/4/17	Home Depot	Los Banos, CA	64.52
3/18/17	Hobby Lobby	Los Banos, CA	127.22
9/21/17	McDonald's	Los Banos, CA	7.98
12/17/17	Chase	Los Banos, CA	48.78
6/25/18	McDonald's	Los Banos, CA	9.07
7/26/18	Starbucks	Los Banos, CA	20.90
8/11/18	Hobby Lobby	Los Banos, CA	103.82
10/31/18	O'Reilly's	Los Banos, CA	74.62
11/13/18	Home Depot	Los Banos, CA	1,148.44
11/13/18	Home Depot	Los Banos, CA	152.48
12/23/18	Tractor Supply	Los Banos, CA	182.06

Date	Vendor	Location	Charge (\$)
2/11/19	Home Depot	Los Banos, CA	27.97
2/28/19	AutoZone	Los Banos, CA	67.41
3/3/19	Tractor Supply	Los Banos, CA	71.39
4/14/19	Home Depot	Los Banos, CA	240.09
4/14/19	True Value	Los Banos, CA	26.72
4/16/19	Home Depot	Los Banos, CA	648.75
4/18/19	O'Reilly's	Los Banos, CA	58.14
4/19/19	Home Depot	Los Banos, CA	420.31
4/19/19	Tractor Supply	Los Banos, CA	140.43
4/20/19	True Value	Los Banos, CA	93.09
4/22/19	Home Depot	Los Banos, CA	239.63
4/22/19	Home Depot	Los Banos, CA	53.55
4/23/19	Home Depot	Los Banos, CA	1,075.22
4/26/19	Home Depot	Los Banos, CA	590.27
4/28/19	Home Depot	Los Banos, CA	519.25
4/29/19	Mister Car Wash	Los Banos, CA	12.00
4/30/19	Mister Car Wash	Los Banos, CA	15.00
5/3/19	Tractor Supply	Los Banos, CA	61.75
5/8/19	Harbor Freight	Los Banos, CA	46.74
5/16/19	Tractor Supply	Los Banos, CA	298.59
5/18/19	Home Depot	Los Banos, CA	752.17
5/20/19	Hobby Lobby	Los Banos, CA	387.98
5/22/19	Hobby Lobby	Los Banos, CA	374.77
8/5/19	Chase	Los Banos, CA	63.78
		Total	8,690.00

Based on documents reviewed by FCMAT, questioned debit and credit card charges occurring in Los Banos, CA, and for which no educational purpose is known, total \$8,690.00.

Fuel charges made by the former executive director while in Los Banos, CA are addressed in the Fuel section.

FCMAT attempted to contact Associate #1 using the last known address and email, but received no response.

Associate #2

According to ETAA board minutes, on September 26, 2019, the board approved an invoice to pay a consultant retained by the former executive director, Associate #2. Although no formal contract for service was located, the invoice described the following services to be provided:

There will be a total of 6 one-hour long sessions with all 8th grade students, teaching them about life skills, success and happiness. Preparing the students for success in high school and beyond.

INVOICE

559-362-8522
hannahspanke@gmail.com

2410 E Arlen Ave,
Visalia, CA 93292

Attn: Ezequiel Tacoma Alvarado Academy
26247 Ellis St.
Madera, CA 93638
Date: 9/22/2019

Project Title: 8th Grade Life Coaching Workshops

Project Description: There will be a total of 6 one-hour long sessions with all 8th grade students, teaching them about life skills, success and happiness. Preparing the students for success in high school and beyond.

Project dates: 10/18/19, 10/25/19, 11/5/19, 11/22/19, 12/6/19, 12/20/19

Invoice Number: 68700

Project Duration: 90 days

Description	Quantity	Unit Price	Cost
Preparation Time (hourly)	80	\$ 75.00	\$ 6,000.00
Presentations	6	\$ 1,000.00	\$ 6,000.00
October 1, 2019	25% due		\$ 3,000.00
November 1, 2019	40% due		\$ 4,800.00
December 1, 2019	35% due		\$ 4,200.00
Subtotal			\$12,000.00
Total			\$12,000.00

Thank you for your business, I look forward to working on this project.

Sincerely,

Hannah Spanke

The former executive director indicated during the interview that he located this individual through a search on Google for “life coach.” FCMAT could not duplicate this search, possibly because FCMAT could not identify any life-coaching experience that Associate #2 may have provided to students in a K-12 environment.

Life coaching sessions were scheduled to occur on the following dates: October 18, 2019, October 25, 2019, November 5, 2019, November 22, 2019, December 6, 2019, and December 20, 2019. FCMAT interviews indicated the sessions happened in accordance with the above schedule. According to the invoice, ETAA paid a total of \$12,000 for the life coaching services.

Staff interviews indicated that Associate #2 may not have been appropriately qualified to provide life coaching sessions, and the relationship between the former executive director and Associate #2 may have been romantic. FCMAT was presented with concerns from staff and reviewed further details of Associate #2.

Although FCMAT is unaware of any established industry qualifications for a life coach, it determined that Associate #2 publicly describes herself as a “former porn star” on her website. Associate #2 does not possess any type of teaching or counseling credential in California, and no relevant educational qualifications or references could be identified. A review of the state of California’s Department of Consumer Affairs indicates that, at the time services were rendered to the charter school, Associate #2 did not possess a relevant Marriage & Family Therapist license and was not a Licensed Clinical Social Worker. In addition, FCMAT located Associate #2’s business website indicating that she provides the following services:

Relationship coach. Sex & intimacy expert. The gold-standard mentor you need, to achieve the love life you want. Here to welcome you into the great-communication-and-hot-sex reality that's waiting for you just around the corner.

Because Associate #2's website does not indicate or mention any services related to life coaching for students, FCMAT attempted to interview Associate #2 to more definitively determine the actual services provided to both ETAA and the former executive director, as well as better understand the educational purpose for which charter funds were spent. FCMAT also intended to better understand whether other, similar services were rendered to other educational institutions, either within or outside of California. However, Associate #2 declined the requested interview.

Acquisition of Vehicles

When an LEA purchases vehicles or other major equipment, the purchase must be used primarily for educational purposes and/or to conduct LEA business. The LEA's executive leadership has a responsibility to ensure that all employees and other potential users of school-owned vehicles and equipment understand the appropriate uses and that any misuse may be cause for disciplinary action and/or loss of usage privileges. The governing board should approve all vehicle and major equipment purchases beforehand.

LEAs should develop and follow effective board policies and administrative regulations that delineate how vehicles are purchased, positional staff that may use the vehicles, permissible and prohibited uses, and so on. With a lack of oversight, vehicles and other items can be purchased using public funds for reasons that deviate from appropriate educational purposes. During the scope of FCMAT's audit, ETAA lacked these board policies and administrative regulations.

FCMAT identified only one policy that mentioned vehicle usage. This was in the charter school's 2019-20 Employee Handbook, which states that employees should not drive a school vehicle at any time while under the influence of alcohol or an illegal substance. However, this was in a section titled "Drug-Free Workplace Policy," and the policy did not further elaborate on charter vehicle usage.

Documents provided to FCMAT indicate that the former executive director may have used charter funds to purchase and/or repair over 10 different vehicles. Some vehicles were used for legitimate educational purposes for ETAA; however, FCMAT found where vehicle usage or related expenses for repairs, maintenance, fuel, etc. lacked a clear educational purpose.

The former executive director's most recent employment agreement included provisions on vehicle usage. FCMAT found that, for the employment agreement dated July 1, 2017 through June 30, 2020, under the section titled "Use of Vehicle," the contract states, "The executive director shall have use of a Ford F-150."

A review of previous contracts dated July 1, 2012 through June 30, 2015 revealed no language regarding vehicle usage or acquisition by the charter school. An amendment on June 30, 2015 extended the former executive director's contract to June 30, 2018. However, once again, the contract included no language regarding vehicle usage.

FCMAT identified the following vehicles and related equipment that were either acquired, used, maintained, repaired, wrecked or sold during the scope of the study.

Vehicle Summaries

1. 2009 Ford F-150.
 - a. Vehicle Type: Pickup truck.
 - i. VIN ending: 77614
 - b. Purchase Date: Unknown.
 - c. Purchase Amount: Unknown.
 - d. Funding Source Used for Purchase: Unknown.
 - e. Board Approval Date: Unknown.
 - f. Educational Purpose: May have been purchased for maintenance and groundwork purposes.
 - g. Repair/Maintenance Costs Paid by Charter: Unknown.
 - h. Disposition: ETAA still has this vehicle and uses it for educational purposes.

2. 2010 Ford F-150 Raptor

- a. Vehicle Type: Pickup truck.
 - i. VIN ending: 44171.
- b. Purchase Date: Unknown.
- c. Purchase Amount: \$40,062.73. Charter funds were used to register and insure the vehicle.

VEHICLE REGISTRATION RENEWAL NOTICE

VIN	MAKE	YR	BODY TYPE	LICENSE PLATE	AMOUNT DUE	DUE DATE
1FTEX1E69AFD44171	FORD	2010	PK	87257U1	\$564	02/28/2020

To renew, just provide:



Renewal Fees



**RENEW VIA INTERNET
OR TELEPHONE**
Your Renewal Identification
Number is 061117
VISIT WWW.DMV.CA.GOV or
CALL 1-800-921-1117

(see insert)



Return by Mail

FEES

REGISTRATION FEE	\$143
LICENSE FEE (May be an income tax deduction)	\$118
WEIGHT FEE	\$204
SPECIAL PLATE FEE	\$0
COUNTY/DISTRICT FEES	\$22
OWNER RESPONSIBILITY FEE	\$0

PARK/TOLL VIOLATIONS

Date	Agency	Violation No.	Code	
06/13/19	OAKLAND	1732720942	01301	\$77

TOTAL DUE ON OR BEFORE 02/28/2020 \$564

OR \$22 TO FILE PLANNED NONOPERATION

LATE PAYMENT

POSTMARKED	RENEWAL	PNO
After 02/28/20 through 03/09/20	\$818	\$84
After 03/09/20 through 03/29/20	\$858	\$101
After 03/29/20 through 05/28/20	\$817	\$245
AFTER 05/28/2020	\$817	NO PNO

PLANNED NONOPERATION

If you plan not to operate (PNO)
this vehicle, please check the box
and return the bottom part with
your PNO payment.



DETACH AND RETURN

Planned Nonoperation

Change of Address (see back)

For DMV Use Only

020301 08070205073001 0058400 05900404010000

00050701000 0000025300 16215999 58

Alameda C121019S02 69132 present

LICENSE NUMBER MAKE

87257U1 FORD

VIN

1FTEX1E69AFD44171

DMV USE DUE DATE AMOUNT DUE

02/28/2020 \$564

MAKE PAYMENT TO:

DMV RENEWAL

P.O. BOX 942897

SACRAMENTO CA 94297-0897

ETAA CHARTER SCHOOL
26247 ELLIS ST
MADERA CA 93638-0813

ETAA Invoice Stamp

Date Received 02-23-2020

Approved: [Signature]

Account: 5893 Resource:

020301080702050730010058400059004040100000005070100000000253001621599958

CALIFORNIA INSURANCE IDENTIFICATION CARD

COMPANY NUMBER

41840

COMPANY NAME AND ADDRESS

Allmerica Financial Benefit Insurance Company

440 Lincoln Street

Worcester, MA 01653-0002

POLICY NUMBER

AWFD966338

EFFECTIVE DATE EXPIRATION DATE

07/01/2019 07/01/2020

THIS POLICY MEETS THE REQUIREMENTS OF 16056 OF THE CALIFORNIA VEHICLE CODE

YEAR

2010

MAKE/MODEL

Ford Raptor

VEHICLE IDENTIFICATION NUMBER

1FTEX1E69AFD44171

AGENCY/COMPANY ISSUING CARD

DiBuduo & DeFendis Insurance Brokers, LLC

P.O. Box 5479

Fresno, CA 93755-5479

INSURED

Ezequiel Tafuya Alvarado Academy
26247 Ellis Street
Madera, CA 93638

L

SEE IMPORTANT NOTICE ON REVERSE SIDE

- d. Funding Source Used for Purchase: Unknown.
- e. Board Approval Date: FCMAT could not determine the board approval date, which likely occurred prior to the period of FCMAT's audit.
- f. Educational Purpose: For use by Son #1 for night security.

During the FCMAT interview, the former executive director stated that he purchased this vehicle, as well as the other Ford F-150 Raptor (see #4, below), to allow the charter school to qualify for a bank loan. He stated that, without assets such as a fleet of vehicles, the charter lacked any assets against which the charter could borrow. Two Raptors were purchased in part because they hold their value better than a regular F-150 pick-up truck. FCMAT could not determine how the purchase of depreciable assets increased the charter school's ability to borrow from a bank.

Further, two of the F-150 pick-up trucks were registered by the former executive director in his own name, rather than in the name of the charter school (see vehicles #5 & #6, below). This would not have contributed to the charter's potential for obtaining a bank loan.

Current charter school staff indicated they are unaware of any bank loan that was secured as a result of the acquisition of the vehicles.

- g. Repair/Maintenance and Other Related Costs Paid by Charter

Date of Repair	Vendor/Description	Cost (\$)
1/4/18	Valvoline Instant Oil Change	102.57
1/4/18	Schoettler Tire	1,483.43
1/24/18	Madera Ford	225.00
1/30/18	Lalo's Auto Repair *	4,241.80
3/29/18	Torres Body Shop *	3,623.68
5/31/18	Madera Ford	1,237.36
3/1/19	Smog Technology Center	58.00
3/1/19	Valvoline Instant Oil Change	110.15
6/3/19	Parking Citation in Oakland, CA	77.00
7/4/19	WeatherTech floor liners	245.21
8/6/19	Torres Body Shop	990.96
8/14/19	Lalo's Auto Repair	339.03
	Total	12,734.19

* Potentially used to repair vehicle due to an auto accident.

- h. Disposition: Sold to Carmax by ETAA.

3. 2014 Mazda 3.

- a. Vehicle Type: Car.
 - i. VIN ending: 04359.

- b. Purchase Date: June 24, 2014.
- c. Purchase Amount: \$27,808.95.
- d. Funding Source Used for Purchase: Unknown.
- e. Board Approval Date: Unknown.
- f. Educational Purpose: Purchased for use by Son #1.
- g. Repair/Maintenance Costs Paid by Charter:
 - i. Service contract for \$2,706.00.
 - ii. New wheels and tires for \$2,090.00.
- h. Disposition: Traded for a Ford F-150 Raptor pickup truck (VIN 10773) on February 8, 2016.

4. 2012 Ford F-150 Raptor.

- a. Vehicle Type: Pickup truck.
 - i. VIN ending: 10773.
- b. Purchase Date: February 8, 2016.
- c. Purchase Amount: \$39,373.40.
- d. Funding Source Used for Purchase: Unknown. On February 8, 2016, two withdrawals were made from the charter's bank account for \$20,010.00 and \$19,373.40, respectively, approximately totaling the purchase price of \$39,373.40.
- e. Board Approval Date: Unknown. FCMAT reviewed board agendas around the time of purchase and could not locate any board approval.
- f. Educational Purpose: For use by Son #2 for night security.

During the FCMAT interview, the former executive director stated that he purchased this vehicle, as well as the other Ford F-150 Raptor (see #2, above), to allow the charter school to qualify for a bank loan. He stated that, without assets such as a fleet of vehicles, the charter lacked any assets against which the charter could borrow. Two Raptors were purchased in part because they hold their value better than a regular F-150 pick-up truck. FCMAT could not determine how the purchase of depreciable assets increased the charter's ability to borrow from a bank.

Further, two of the F-150 pick-up trucks were registered by the former executive director in his own name, rather than in the name of the charter school (see vehicles #5 & #6, below). This would not have contributed to the charter's potential for obtaining a bank loan.

Current charter school staff indicated they are unaware of any bank loan that was secured as a result of the acquisition of the vehicles. Repair/Maintenance Costs Paid by Charter: Lalo's Auto Repair for \$368.96 on January 22, 2018.

- g. Disposition: The vehicle was in two accidents on August 23, 2016 and April 9, 2017. ETAA received an insurance payment for the accidents totaling \$31,478.98. According to interviews, the insurance funds were used to repair the vehicle, which was subsequently sold by ETAA.

5. 2015 Ford F-150.

- a. Vehicle Type: Pickup truck.
 - i. VIN ending: 37254
- b. Purchase Date: July 11, 2015.

- c. Purchase Amount: \$47,371.45. Charter funds were used to register and insure the vehicle.

CALIFORNIA INSURANCE IDENTIFICATION CARD

COMPANY NUMBER 41840		COMPANY NAME AND ADDRESS Allmerica Financial Benefit Insurance Company 440 Lincoln Street Worcester, MA 01653-0002
POLICY NUMBER AWFD966338		
EFFECTIVE DATE 07/01/2019	EXPIRATION DATE 07/01/2020	
THIS POLICY MEETS THE REQUIREMENTS OF 16056 OF THE CALIFORNIA VEHICLE CODE		
YEAR 2015	MAKE/MODEL FORD F150	VEHICLE IDENTIFICATION NUMBER 1FTFW1EG8FKD37254
AGENCY/COMPANY ISSUING CARD DiBuduo & DeFendis Insurance Brokers, LLC P.O. Box 5479 Fresno, CA 93755-5479		
INSURED Ezequiel Tafoya Alvarado Academy 26247 Ellis Street Madera, CA 93638		

SEE IMPORTANT NOTICE ON REVERSE SIDE

STATE OF CALIFORNIA - DEPARTMENT OF MOTOR VEHICLES VALIDATED REGISTRATION CARD

TYPE VEHICLE USE COML	REGISTRATION VALID FROM 07/31/2019 TO 07/31/2020	TYPE 31	LICENSE NUMBER 44343W1	ENGINE NUMBER	MISC KFO 40
VEHICLE IDENTIFICATION NUMBER 1FTFW1EG8FKD37254	MAKE FORD	VLF CLASS MT	*YR 0000	YR MODEL 2015	DATE ISSUED 07/30/2019
BODY TYPE MODEL PK	DATE FIRST SOLD 2015	MP G	AX 2	WC D	UNLADEN / G / CGW 04954
TOTAL FEES PAID \$625			CC/ALCO 20/00		

REGISTERED OWNER
RETANA NICK
26247 ELLIS ST

MADERA CA 93638
LIENHOLDER
CHECK INTO CASH

(Address On File With DMV)

STICKER INSTRUCTIONS

- 1) CLEAN SURFACE - SCRUBBE OFF ACCUMULATED STICKERS (WILL NOT STICK IF WET OR DIRTY).
- 2) REMOVE DECAL BY REMOVING PAPER ALONG DOTTED LINE.
- 3) LIFT EDGE OF DECAL AND SLOWLY PEEL.
- 4) PLACE STICKER ON REAR PLATE AS SHOWN BELOW.

VEHICLES:
In Top Right Corner
CALIFORNIA
44343W1

MOTORCYCLES ONLY:
Right Hand of This Wheel
CAL
44343W1

IMPORTANT INSTRUCTIONS ON REVERSE SIDE

- d. Funding Source Used for Purchase: Unknown. On July 13, 2015, there was a withdrawal for \$47,371.45 from the charter's bank account, which equals the purchase price of the vehicle.
- e. Board Approval Date: Unknown. FCMAT reviewed board agendas around the time of purchase and could not locate any board approval.
- f. Educational Purpose: Unknown.
- g. Repair/Maintenance Costs Paid by Charter:

Date of Repair	Vendor/Description	Cost (\$)
3/1/16	Valvoline Instant Oil Change	93.74
11/9/16	Valvoline Instant Oil Change	171.47
8/18/17	Valvoline Instant Oil Change	117.72
2/10/18	Safelite Auto Glass	463.97
7/17/19	Torres Body Shop, due to accident	4,132.41
7/24/19	Valvoline Instant Oil Change	180.76
7/30/19	Safelite Auto Glass	549.84
	Total	5,709.91

h. Disposition: Sold by former executive director.

According to interviews with staff, the former executive director registered the vehicle in his name at the Department of Motor Vehicles (DMV). He responded to a question from the governing board regarding this issue by stating it was easier to place the vehicle in his name, rather than in the charter school's name.

FCMAT confirmed that a 2019-20 DMV registration card shows the vehicle is registered to the former executive director; however, the address used is ETAA's physical address. Interviews indicated this may have been a replacement vehicle for the wrecked Ford F-150 Raptor (VIN 10773). ETAA attempted to report the vehicle as stolen; but local authorities indicated it was not in the charter school's name and ETAA was not the registered owner.

Staff indicated this vehicle was removed from the charter school's premises by the former executive director at the time of his termination. During FCMAT's interview, the former executive director confirmed to FCMAT that he took possession of the vehicle upon his termination and later sold the vehicle, retaining the proceeds for himself. FCMAT cannot accurately determine the value of the vehicle at the time of sale since the mileage, options, condition, etc. are unknown. A reasonable estimate is \$25,000, based on current used vehicle prices.

The vehicle has not been reported as income on the former executive director's annual Form W-2. The former executive director confirmed this during FCMAT's interview. Unless the former executive director returns the vehicle to ETAA, the vehicle must be reported as income in accordance with IRS regulations at an estimated value at the time of his termination from ETAA.

6. 2016 Ford F-150.

- a. Vehicle Type: Pickup Truck.
 - i. VIN ending: 89832.
- b. Purchase Date: June 13, 2018.
- c. Purchase Amount: \$39,000. Charter funds were used to register and insure the vehicle.

CALIFORNIA INSURANCE IDENTIFICATION CARD		
COMPANY NUMBER 41840	COMPANY NAME AND ADDRESS Allmerica Financial Benefit Insurance Company 440 Lincoln Street Worcester, MA 01653-0002	
POLICY NUMBER AWFD966338		
EFFECTIVE DATE 07/01/2019	EXPIRATION DATE 07/01/2020	
THIS POLICY MEETS THE REQUIREMENTS OF 16056 OF THE CALIFORNIA VEHICLE CODE		
YEAR 2016	MAKE/MODEL FORD F150	VEHICLE IDENTIFICATION NUMBER 1FTEW1EP5GKD89832
AGENCY/COMPANY ISSUING CARD DiBuduo & DeFendis Insurance Brokers, LLC P.O. Box 5479 Fresno, CA 93755-5479		
INSURED Ezequiel Tafoya Alvarado Academy 26247 Ellis Street Madera, CA 93638		
SEE IMPORTANT NOTICE ON REVERSE SIDE		

REGISTRATION CARD VALID FROM: 06/30/2019 TO: 06/30/2020

MAKE YR MODEL YR 1ST SOLD VLP CLASS *** TYPE VEH TYPE LIC LICENSE NUMBER
 FORD 2016 0000 KB 2018 37P 31 87463M2

VEHICLE ID NUMBER
 1FTEW1EP5GKB89832

STICKER ISSUED
 P6717751

PR EXP DATE: 06/30/2019

AMOUNT PAID
 \$ 762.00

REGISTERED OWNER
 RETANA NICOLAS
 26247 ELLIS ST
 MADERA CA 93638

LIENHOLDER
 ONEMAIN FNCL GRP LLC
 PO BOX 278
 WILMINGTON OH 45177

AMOUNT REC'D
 \$ 762.00 CASH :
 CHCK :
 CRDT :

F11 533 16 0076200 0019 CB F11 101019 31 87463M2 83

- d. Funding Source Used for Purchase: Unknown. As shown above, the registration listed a lienholder on the vehicle, however, FCMAT could not further determine the reason for this.
- e. Board Approval Date: Unknown; however, the use of a Ford F-150 is included in the former executive director's employment agreement, which did receive board approval.
- f. Educational Purpose: Likely purchased for use by the former executive director who drove the vehicle.
- g. Repair/Maintenance Costs Paid by Charter:
 - i. Torres Body Shop (October 12, 2018) for \$520.00.
 - ii. Valvoline Instant Oil Change (April 24, 2019) for \$122.54.
- h. Disposition: Confirmed to be in the possession of the former executive director. During FCMAT's interview, the former executive director stated he is currently using this vehicle.

According to interviews with staff, the former executive director registered the vehicle in his name at the DMV. He responded to a question from the governing board regarding this issue by stating it was easier to place the vehicle in his name, rather than in charter school's name.

FCMAT confirmed that a 2019-20 DMV registration card shows the vehicle is registered to the former executive director, however the address used is ETAA's physical address. ETAA attempted to report the vehicle as stolen, however local authorities informed ETAA that the vehicle was not in the name of the charter school and ETAA is not the registered owner.

Interviews indicated the former executive director removed this vehicle from the charter school's premises at the time of his termination. FCMAT cannot accurately determine the value of the vehicle at the time of his termination, as the mileage, options, condition, etc. are unknown. A reasonable estimate is \$25,000, based on current used vehicle prices.

The vehicle has not been reported as income on the former executive director's annual Form W-2. The former executive director confirmed this during FCMAT's interview. Unless the former executive director returns the vehicle to ETAA, the vehicle must be reported as income in accordance with IRS regulations at an estimated value at the time of his termination from ETAA.

7. 2006 Honda Accord.

- a. Vehicle Type: Car.
 - i. VIN ending: 84723
- b. Purchase Date: Unknown.
- c. Purchase Amount: Unknown. Charter funds were used to register and insure the vehicle.

CALIFORNIA INSURANCE IDENTIFICATION CARD

COMPANY NUMBER 41840	COMPANY NAME AND ADDRESS Allmerica Financial Benefit Insurance Company 440 Lincoln Street Worcester, MA 01653-0002
POLICY NUMBER AWFD966338	
EFFECTIVE DATE 07/01/2019	EXPIRATION DATE 07/01/2020

THIS POLICY MEETS THE REQUIREMENTS OF 16056 OF THE CALIFORNIA VEHICLE CODE

YEAR 2006	MAKE/MODEL HONDA ACORD	VEHICLE IDENTIFICATION NUMBER 1HGCM56746A184723
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AGENCY/COMPANY ISSUING CARD
**DiBuduo & DeFendis Insurance Brokers, LLC
P.O. Box 5479
Fresno, CA 93755-5479**

INSURED
☐ Ezequiel Tafoya Alvarado Academy
 26247 Ellis Street
 Madera, CA 93638
☐

SEE IMPORTANT NOTICE ON REVERSE SIDE


STATE OF CALIFORNIA - DEPARTMENT OF MOTOR VEHICLES **VALIDATED REGISTRATION CARD**

TYPE VEHICLE USE AUTO	REGISTRATION VALID FROM 08/08/2019 TO 08/08/2020	TYPE 11	LICENSE NUMBER 7FEC643	ENGINE NUMBER	MISC KFO 50
VEHICLE IDENTIFICATION NUMBER 1HGCM56746A184723	MAKE HOND	VLF CLASS AJ	*YR 2018	YR MODEL 2006	DATE ISSUED 10/18/2019
BODY TYPE MODEL 4D	DATE FIRST SOLD 2006	MP G	AX WC	UNLADEN / G / CGW	TOTAL FEES PAID \$205
				CCALCO 20/00	

LIENHOLDER

REGISTERED OWNER
RETANA NICOLAS

26247 ELLIS ST
MADERA CA 93638

 **W 00000**
R 00111
L 00008

VEHICLES:
In Top Right Corner

MOTORCYCLES ONLY:
Right Half of This Web

STICKER INSTRUCTIONS

- 1) CLEAN SURFACE - SCRAPE OFF ACCUMULATED STICKERS (WILL NOT STICK IF WET OR DIRTY).
- 2) REMOVE DECAL BY BENDING PAPER ALONG HOLED LINE.
- 3) LEFT EDGE OF DECAL AND SLOWLY PEEL.
- 4) PLACE STICKER ON REAR PLATE AS SHOWN BELOW.

IMPORTANT INSTRUCTIONS ON REVERSE SIDE

- d. Funding Source Used for Purchase: Unknown.
- e. Board Approval Date: Unknown. FCMAT reviewed board agendas around the time of purchase and could not locate any board approval.
- f. Educational Purpose: FCMAT located an email from the former executive director dated 8/24/18 stating the following:

This is the car I bought and had fixed for fiscal services...I don't want {charter school staff} using your own vehicles to run errands off campus...

FCMAT confirmed that a 2019-20 DMV registration card shows the vehicle is registered to the former executive director; however, the address used is ETAA's physical address.


- g. Repair/Maintenance Costs Paid by Charter:
 - i. Lalo's Auto Repair (January 30, 2018) for \$310.04
 - ii. Madera Glass and Body (August 27, 2018) for \$5,559.83
- h. Disposition of Vehicle: Unknown.

8. 2011 Volkswagen Tiguan.

- a. Vehicle Type: Sport Utility Vehicle (SUV)
 - i. VIN ending: 24495.
- b. Purchase Date: ETAA did not own this vehicle. Based on an insurance card reviewed by FC-MAT, the SUV appears to be a personal vehicle belonging to the former executive director or his daughter. The former executive director insured this vehicle under his insurance policy.

**Nicolas M Retana
Kira N Retana**

Valued Customer Since 2014



Form A022 (03/11)

IF YOU'RE IN AN ACCIDENT

1. Remain at the scene. Don't admit fault.
2. Find a safe location, call the police, and exchange driver information.
3. Call Progressive right away.

TO REPORT A CLAIM
Call 1-800-274-4499 or go to claims.progressive.com.

PROGRESSIVE

KEEP THIS CARD IN YOUR VEHICLE WHILE IN OPERATION.

INSURANCE IDENTIFICATION CARD - California

Policy Number: 61969601 NAIC Number: 10192
 Effective Date: 03/11/2019 Expiration Date: 09/11/2019
 Insurer: Progressive Select Ins Co 1-800-776-4737
 PO Box 31260 Tampa, FL 33631

Named Insured(s):
 Nicolas M Retana
 Kira N Retana

Year	Make	Model	VIN
2011	Volkswagen	Tiguan	WVGAV7AX08W524495
2012	Jeep	Grand Cherokee	1C4RJFCG7CC199891
2017	Ford	Fusion	3FA6P0K92HR131496
2017	Mercedes-Benz	Clas250	WDDSJ4EB9HN441766

Your policy meets the requirements of Section 16056.

PROGRESSIVE

(Names redacted by FCMAT.)

- c. Purchase Amount: N/A (Vehicle not owned by ETAA.)
- d. Funding Source Used for Repairs: Unknown.
- e. Board Approval Date: Unknown. FCMAT reviewed board agendas around the time of the repairs and could not locate any board approval.
- f. Educational Purpose Repairs: Unknown.
- g. Repair/Maintenance and Other Related Costs Paid by Charter:

Date of Repair	Vendor/Description	Cost (\$)
12/11/17	Madera Glass and Body Shop	4,310.11
4/12/18	Torres Body Shop	6,444.86
9/20/18	German Auto Repair	287.83
5/30/19	Parking ticket from Fresno State Univ.	94.00
	Total	11,136.80

Based on body shop repairs of more than of \$10,000, FCMAT assumes the personal vehicle was involved in one or more accidents for which public funds were used to repair.

- h. Disposition of Vehicle: N/A (Vehicle not owned by ETAA.) According to staff interviews, the car


was retained by the former executive director following his termination since the vehicle was registered in his name.

9. 2012 Jeep Grand Cherokee.

- a. Vehicle Type: SUV.
 - i. VIN ending: 99891.
- b. Purchase Date: ETAA did not own this vehicle. Based on an insurance card reviewed by FC-MAT, the SUV appears to be a personal vehicle belonging to the former executive director or his daughter. Vehicle was insured by the former executive director under his insurance policy. Vehicle was repaired using public charter school funds.

**Nicolas M Retana
Kira N Retana**

Valued Customer Since 2014



Form A022 (03/11)

IF YOU'RE IN AN ACCIDENT

1. Remain at the scene. Don't admit fault.
2. Find a safe location, call the police, and exchange driver information.
3. Call Progressive right away.

TO REPORT A CLAIM
Call 1-800-274-4499 or go to claims.progressive.com.

PROGRESSIVE

KEEP THIS CARD IN YOUR VEHICLE WHILE IN OPERATION.

INSURANCE IDENTIFICATION CARD - California

Policy Number: 61969601 **NAIC Number:** 10192
Effective Date: 03/11/2019 **Expiration Date:** 09/11/2019
Insurer: Progressive Select Ins Co 1-800-776-4737
 PO Box 31260 Tampa, FL 33631

Named Insured(s):
 Nicolas M Retana
 Kira N Retana

Year	Make	Model	VIN
2011	Volkswagen	Tiguan	WVGAV7AX08W524495
2012	Jeep	Grand Cherokee	1C4RJFCG7CC199891
2017	Ford	Fusion	3FA6P0K92HR131496
2017	Mercedes-Benz	Cla250	WDD5J4EB9HN441766

Your policy meets the requirements of Section 16056.

PROGRESSIVE

- c. Purchase Amount: N/A (Vehicle not owned by ETAA.)
- d. Funding Source Used for Repairs: Unknown.
- e. Board Approval Date: Unknown. FCMAT reviewed board agendas around the time of the repairs and could not locate any board approval.
- f. Educational Purpose for Repairs: Unknown.
- g. Repair/Maintenance Costs Paid by Charter

Date of Repair	Vendor/Description	Cost (\$)
10/4/18	eBay Purchase - Front Right Interior Door	256.95
10/5/18	Valvoline Instant Oil Change	88.76
10/8/18	Lalo's Auto Repair - ignition & running lights	330.39
1/3/19	Gill Auto Group	580.00
	Total	1,256.10

- h. Disposition: N/A (Vehicle not owned by ETAA.)

10. 2016 R Pod 179-Trailer/Camper.

- a. Vehicle Type: Travel Trailer
 - i. VIN ending: 10080.
- b. Purchase Date: January 27, 2016.
- c. Purchase Amount: \$19,500.00.
- d. Funding Source Used for Repairs: Unknown.
- e. Board Approval Date: Unknown. FCMAT reviewed board agendas around the time of the repairs and could not locate any board approval.
- f. Educational Purpose: Interviews with staff and board members indicated that the former executive director stated that the purpose of the travel trailer was to house a homeless family that attended ETAA.

However, according to the California Department of Education's DataQuest reporting system, the charter school did not report any homeless students in 2015-16 or 2016-17. Interviews confirmed that a family temporarily resided in the trailer for an unspecified amount of time.

After a review of documents and information provided to FCMAT, the travel trailer was also used for trips by the former executive director to the following locations:

- Casa De Fruta RV Park in Gilroy, CA.
- Sun Outdoors Santa Barbara RV Park in Goleta, CA.
- Pismo Coast Village RV Park in Pismo Beach, CA.

Reservations, travel confirmations and other details were included in email communications from the former executive director. Any identified costs are included in the Trips section of this report.

- g. Repair/Maintenance Costs Paid by Charter: None identified.
- h. Disposition: Sold in 2020 by ETAA.

Any supplies, equipment, buildings, vehicles or other property belonging to a public school, including a public charter school, must be disposed of or sold with governing board approval and in accordance with other local policies regarding surplus property, including the charter school's bylaws. Any disposal of public property done unilaterally or without following a formal process can result in a gift of public funds and may constitute misappropriation of public assets.

As a nonprofit entity, capital assets must be disposed of in accordance with Generally Accepted Accounting Principles (GAAP), meaning a gain or loss from the sale or disposal must be recognized in the charter's financial statements. Accordingly, the charter school should ensure that all vehicles no longer belonging to the charter school are properly reflected as such in the charter's financial reports.

Cell Phones and Other Electronic Devices

All LEAs should have a local governing board policy outlining which employees and positions qualify for certain electronic devices, including cell phones, to be paid using public funds. Without such a policy, school districts and charter schools cannot effectively control the purchase and distribution of devices, and lack any consistency in how devices are allocated and used by employees.

ETAA's board policy titled "Financial Policies and Procedures," adopted on December 10, 2012, stated the following regarding the reimbursement of cell phone expenditures, however no further information or policy could be located by FCMAT, including any policy related to electronic devices other than cellular phones:

Employee Reimbursements: Business use of telephones or cell phones shall be reimbursed.

Interviews with current and former governing board members indicated the board did not know how many devices were purchased using charter school funds and how many monthly service agreements or phone lines the charter paid.

FCMAT identified 55 individual phone lines paid by the charter during the period of the audit. Five lines were allocated to employees who may have had a reasonable educational purpose for having a phone paid using charter school funds, such as the maintenance supervisor and fiscal staff. Another five were allocated to the former executive director, his two sons, his daughter and his former spouse.

The former executive director was provided with a cell phone paid by the charter school in accordance with his final employment agreement, dated July 1, 2017 to June 30, 2020, which stated the following (emphasis added):

Business Expenses: ETAA shall reimburse the executive director for reasonable and necessary business expenses incurred by the executive director in the continuing performance of his duties. ETAA will also provide the executive director with a cellular phone.

The charter school staff and governing board did not know who owned the remaining 45 phone lines paid using public charter school funds. Testing by FCMAT determined that the lines were all established in the name of the former executive director, as indicated on the monthly statement of the cellular phone carrier. Some lines were tied to a smart phone, while others were connected to a smart watch or tablet. FCMAT could not locate any governing board approval for the 45 lines. The carrier for all devices was Verizon Wireless.

Shortly before the termination of the former executive director, in December 2019, the governing board requested that the unknown phone lines be cancelled with the wireless carrier. The early cancellation for 34 of the lines that had a remaining contractual term cost the charter \$22,364.03, as shown below.



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Get Minutes Used	Get Data Used	Get Balance
#MIN + SEND	#DATA + SEND	#BAL + SEND

Payments

Previous Balance	\$14,564.44
Payment - Thank You	
Payment Received 11/25/19	-5,092.53
Total Payments	-5,092.53
Balance Forward Due Immediately	\$9,471.91

Account Charges and Credits

Late Fee	118.41
Subtotal	\$118.41

Device Payment Charges

Device Payment Buyout Charge (24 - 24) Agreement 1308126672	47.91
Device Payment Buyout Charge (22 - 24) Agreement 1308398031	143.73
Device Payment Buyout Charge (18 - 24) Agreement 1309236922	335.37
Device Payment Buyout Charge (16 - 24) Agreement 1309977950	348.66
Device Payment Buyout Charge (15 - 24) Agreement 1310294734	479.10
Device Payment Buyout Charge (15 - 24) Agreement 1310298049	395.80
Device Payment Buyout Charge (15 - 24) Agreement 1310341299	520.80
Device Payment Buyout Charge (14 - 24) Agreement 1310512027	504.13
Device Payment Buyout Charge (14 - 24) Agreement 1310625221	572.88
Device Payment Buyout Charge (13 - 24) Agreement 1310768265	724.92
Device Payment Buyout Charge (13 - 24) Agreement 1310769492	189.96
Device Payment Buyout Charge (12 - 24) Agreement 1311063275	785.33
Device Payment Buyout Charge (12 - 24) Agreement 1311063506	487.37



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Account Charges and Credits, continued

Device Payment Buyout Charge (12 - 24) Agreement 1311092833	287.04
Device Payment Buyout Charge (11 - 24) Agreement 1311174720	787.36
Device Payment Buyout Charge (9 - 24) Agreement 1311674851	353.28
Device Payment Buyout Charge (9 - 24) Agreement 1311674864	633.28
Device Payment Buyout Charge (9 - 24) Agreement 1311679649	253.28
Device Payment Buyout Charge (9 - 24) Agreement 1311685743	333.28
Device Payment Buyout Charge (7 - 24) Agreement 1312013419	1,087.38
Device Payment Buyout Charge (7 - 24) Agreement 1312055280	937.44
Device Payment Buyout Charge (6 - 24) Agreement 1312202483	1,147.79
Device Payment Buyout Charge (5 - 24) Agreement 1312380918	1,041.60
Device Payment Buyout Charge (4 - 24) Agreement 1312578149	1,049.79
Device Payment Buyout Charge (4 - 24) Agreement 1312599158	1,268.61
Device Payment Buyout Charge (4 - 24) Agreement 1312599177	463.68
Device Payment Buyout Charge (4 - 24) Agreement 1312698242	463.68
Device Payment Buyout Charge (4 - 24) Agreement 1312702736	1,093.68
Device Payment Buyout Charge (3 - 24) Agreement 1312990487	916.52
Device Payment Buyout Charge (3 - 24) Agreement 1312991122	485.76
Device Payment Buyout Charge (3 - 24) Agreement 1312991140	870.76
Device Payment Buyout Charge (2 - 24) Agreement 1313154222	1,197.84
Device Payment Buyout Charge (2 - 24) Agreement 1313181468	1,389.43
Device Payment Buyout Charge (2 - 24) Agreement 1313181748	766.59
Total Device Payment Charges	\$22,364.03

Additionally, FCMAT identified 11 electronic devices purchased by the former executive director using public charter school funds, most of which were shipped either to his home or to the residences of his family members. This excludes the phone he purchased for his own use, which was authorized in accordance with his employment agreement mentioned previously.

A list of the devices is shown below in chronological order and totaling \$9,504.74, including a purchase for premium device accessories.

Order Date	Item Description	Possible Owner	Shipping Address	Cost (\$)
Cell phones:				
9/29/18	iPhone XS Max	Daughter	Home of Daughter	1,249.99
iPads/Apple Watches:				
10/20/17	Apple Watch - Series 3, GPS + Cellular	Unknown	ETAA	429.99
10/20/17	Apple Watch - Series 3, GPS + Cellular	Unknown	ETAA	429.99
9/27/18	Apple Watch - Series 4, GPS + Cellular	former executive director	Home of former executive director	529.99
9/29/18	Apple Watch - Series 4, GPS + Cellular	Daughter	Home of Daughter	499.99
10/18/18	Apple Watch - Series 4, GPS + Cellular	former executive director	Home of former executive director	529.99
12/24/18	Apple Watch - Series 4, GPS + Cellular	former executive director	ETAA	529.99
8/7/19	12" Apple iPad Pro	Unknown	Fresno, CA	1,299.99
10/16/19	11" Apple iPad Pro	former executive director	Home of former executive director	1,199.99
10/16/19	11" Apple iPad Pro	former executive director	Home of former executive director	1,199.99
10/16/19	Apple Watch - Series 5	former executive director	Home of former executive director	799.99
Accessories:				
10/16/19	Cases, AirPods, chargers, etc.	Son #1	Home of former executive director	804.85
Total:				9,504.74

FCMAT recognizes that there could be a legitimate educational purpose for certain devices, especially electronic tablets that may be used by students or educators to supplement the classroom instruction. However, none of the tablets were shipped to the charter school, and staff interviews indicated none of the devices were used for a known educational purpose. Instead, two of the three tablets were shipped to the home of the former executive director, with a third shipped to an unknown address in Fresno, CA. A legitimate educational purpose is also less likely for items such as smart watches and ear pods (headphones), which are usually purchased for personal use.

The charter school does not have any of these devices, and none were returned upon termination by the former executive director or any of his family members identified above. The former executive director stated that he intended to reimburse the charter for both the devices and the additional phone lines; however the board would not permit such a reimbursement.

Cash Withdrawals

In December 2012, the governing board approved Financial Policies and Procedures. Under the “Credit and Debit Card Usage” section, the policy states the following:

Unless otherwise specified by the Board, the use of School credit and debit cards shall not be allowed for any School purchase. No School credit and/or debit card may be used for cash advances or cash withdrawals at any time, even if the cash is to be used for a School-related purpose.

In addition, under a policy titled “Petty Cash-Purpose and Usage”, adopted on December 5, 2012, the regulation states the following:

1. The purpose of the Petty Cash Checking Account is for payment of incidental expenses when there is insufficient time for processing through the General Checking Account. Examples of proper expenses include, but are not limited to, food/meals for teachers doing curriculum work and emergency plumbing repairs. Petty cash shall not be used for teacher reimbursements, employee expense reimbursements or independent contractor payments.
2. The executive director shall have access to petty cash not to exceed \$3,000. Such funds shall be used at the discretion of the executive director, subject to Board oversight and consistent with the approved budget and School rules and regulations. The executive director and Office Manager must obtain each other’s authorization on petty cash checks made payable to their names. Use of petty cash shall require original receipts for all purchases.

While outside the scope of FCMAT’s audit, FCMAT found during the investigation that for fiscal year 2012-13, ETAA received an audit finding indicating a lack of board approval for reimbursements to the former executive director.

FCMAT identified at least 24 cash withdrawals from ETAA’s bank account made by the former executive director that lacked board approval and an educational purpose that could be identified by FCMAT. Interviews of charter school staff indicated that the former executive director did not provide an explanation to support each withdrawal. In one case, a cash withdrawal was made outside of California where the former executive director indicated to staff via email that he was vacationing.

The chart below outlines instances identified by FCMAT where cash was withdrawn from the charter’s bank account by the former executive director, and for which the charter school could not provide an explanation or valid educational purpose.

Date	Bank Statement Description	Amount (\$)
4/6/16	Withdrawal Made In A Branch/Store	2,702.00
4/22/16	Withdrawal Made In A Branch/Store	6,875.00
7/28/16	Withdrawal Made In A Branch/Store	7,342.92
8/10/16	Withdrawal Made In A Branch/Store	2,700.00
12/19/16	Withdrawal Made In A Branch/Store	2,572.92
12/19/16	Withdrawal Made In A Branch/Store	523.00
4/21/17	Withdrawal Made In A Branch/Store	748.58
7/24/18	Withdrawal Made In A Branch/Store	600.00
8/21/18	Withdrawal Made In A Branch/Store	650.00
11/6/18	Withdrawal Made In A Branch/Store	100.00
11/30/18	Withdrawal Made In A Branch/Store	1,681.22
12/24/18	Withdrawal Made In A Branch/Store	456.75
12/24/18	Withdrawal Made In A Branch/Store	3,120.00
12/31/18	Withdrawal Made In A Branch/Store	1,681.18
1/2/19	Withdrawal Made In A Branch/Store	673.89
2/1/19	Withdrawal Made In A Branch/Store	1,685.66
5/31/19	Withdrawal Made In A Branch/Store	3,809.31
6/21/19	Withdrawal Made In A Branch/Store	360.00
7/1/19	Withdrawal Made In A Branch/Store	3,975.65
8/19/19	Withdrawal Made In A Branch/Store	2,000.00
9/9/19	Withdrawal Made In A Branch/Store	1,500.00
9/16/19	Withdrawal Made In A Branch/Store	2,000.00
10/7/19	Withdrawal Made In A Branch/Store	2,000.00
10/16/19	Withdrawal Made In A Branch/Store	1,500.00
	Total:	51,258.08

FCMAT estimates that the former executive director may have withdrawn at least \$51,258.08 from ETAA's bank account. The withdrawals were made without board discussion or approval.

Payroll Advances

FCMAT identified at least six payroll advances by the former executive director, some of which were repaid, while others were not. Some advances received prior approval from the charter's governing board, and other advances appear to have been done at the sole discretion, and to the benefit of, the former executive director.

Unlike a loan, an advance is typically an early or premature payment of funds otherwise owed to an employee for regular monthly payroll obligations or other compensation, such as an annual bonus or stipend. While an uncommon practice, a payroll advance benefits employees by allowing them to receive a compensation payment before other employees, or before an established payment date, such as the last day of the month or a predetermined date set forth in an employment contract or agreement.

EC 35160 gives a board great latitude stating, "The governing board of any school district may initiate and carry on any program, activity, or may otherwise act in any manner which is not in conflict with or inconsistent with, or preempted by, any law and which is not in conflict with the purposes for which school districts are established."

Advances may be allowable if approved in advance by a governing board. According to FCMAT's Charter School and Accounting and Best Practice Manual:

Like all cash transactions, cash advances attract more fraudulent activity than noncash advances (e.g., advances by check). Cash advances should occur only if charter school policy allows them. It is best practice for cash advances not to occur.

In December 2012, ETAA's legal counsel provided guidance on the bonus provided to the former executive director in his employment contract. The guidance stated the following:

An optional and automatic bonus at the sole discretion of the executive director, rather than the ETAA Board, is unlawful and this provision has been removed. (See Government Code section 3511.2.) If the Board wishes to award a performance bonus, it may do so at the Board's discretion, but this must be documented and approved by the Board each time the bonus is awarded.

Additionally, this decision must be made at a regular (not special) meeting of the ETAA Board. This advice is consistent with recent changes to the laws applicable to public entities (such as charter schools) and also recent FCMAT findings requiring that any bonuses paid to a charter school administrator are approved by the charter school board of directors.

On January 11, 2018, in an email to Ed Tec, a third-party service provider that handles the charter's payroll and other compensation, the former executive director stated that he would be the only signature required on payroll checks. This action circumvents any internal controls within ETAA since the former executive director could issue checks without board approval. Documents provided to FCMAT indicate that payroll and other compensation advances were issued to the former executive director without board approval.

Documentation provided by the charter school indicated that advances had become common for the former executive director and a repayment schedule was created by the charter school to track his repayments. FCMAT extracted the payroll advances from other advances (such as bonuses) and compiled the following schedule. The two final advances, totaling \$8,000, were unrepaid at the time of the former executive director's termination in January 2020. During FCMAT's interview with the former executive director, he stated that he had requested advances on his payroll and that he had not repaid all advances at the time of his termination.

Date of Advance	Amount (\$)	Repaid?	Net (\$)
9/19/16	14,000.00	Y	-
2/14/17	4,000.00	Y	-
4/10/17	2,000.00	Y	-
7/8/19	4,000.00	Y	-
7/22/19	5,000.00	N	5,000.00
8/5/19	3,000.00	N	3,000.00
Totals	32,000.00		8,000.00

Below is a sample email request from the former executive director to ETAA fiscal staff requesting a payroll advance (address redacted by FCMAT):

From: Retana, Nicolas <dr.retana@etaacharter.com>
Sent: Sunday, April 09, 2017 8:45 AM PDT
To: Lupita Zarasua <l.zarasua@etaacharter.com>
Subject: Text

I sent you a text. I need a 2000.00\$ advance asap. Overnight to my home address: [REDACTED] Street, Madera. CA. 93637

Below is a sample Payroll Manual Check Request from the former executive director to Ed Tec. The request for a payroll advance was completed and signed by the former executive director. No board approval was included.



Payroll Manual Check Request

Instructions: Please submit a separate Manual Check Request form for each check you request. Email completed form to your EdTec Payroll Representative to request manual check (i.e. special payroll check outside of normal payroll cycle). For rush requests, please also call your Payroll Representative. If this request is for a replacement of an outstanding check (e.g. employee lost the payroll check), it is your responsibility to have an authorized signor on the account place a stop payment with your bank on the outstanding check.

EdTec will generate manual checks without charge for employee terminations and corrections due to EdTec error. For other manual check requests, the processing fee is \$35 per check, plus overnight delivery (if applicable). Allow 2 business days for processing in addition to delivery time.

Check Information

Employee Name Nicolas M Retana

What To Pay and Why (e.g. termination; \$X for June 1-15 salary)? Check in the amount of \$5,000.00

Earnings to Include (if applicable)

• Salary	_____		
• Salary Adjustment	_____		
• Hourly Wages Worked			
Regular Hours	_____	Overtime Hours	_____
Hourly Rate	_____		
Total Hourly Pay	_____		
• Hourly Wages Vacation/PTO Pay Out			
Regular Hours	_____		
Hourly Rate	_____		
Total Hourly Pay	\$ -		
• Summer Holdback	\$ -	(Edtec can calculate if unknown)	
• Advance on Wages	\$ 5,000.00		
• Bonus*	\$ -	Purpose of Bonus	_____
• Stipend*	\$ -	Purpose of Stipend	_____
• Other	\$ -	Please specify	_____
TOTAL GROSS PAY	\$5,000.00		

*Purpose of Bonus/Stipend is requested to determine if STRS or PERS is applicable

Employee Voluntary Deductions to be applied on the Manual Check. If you require the usual employee's monthly deduction, kindly mark the 1st option. Otherwise, please mark the applicable deduction item or write the deduction amount if different from regular deduction amount.

☐ All of the employee's usual voluntary deductions in a pay period
☒ Do not apply any Voluntary Deductions ☐ Advance

Date Needed By: 7/23/2019

Delivery Method (check one)

☐ School pick-up at EdTec ☐ Regular USPS Mail ☒ Overnight (UPS) ☐ Other: Specify _____

For overnight delivery, the school will be charged overnight costs. We cannot overnight to a P.O. Box!

For regular mail or over night service, please fill-out the delivery information below:

26247 Ellis Street
 Street Address
 Madera CA 93638
 City State Zip Code
 Noehmi Muñoz (559) 675-2076
 Contact Person Phone Number

Authorization - I authorize the Manual Check requested on this form:

ETAA Charter
 School

7/22/2019
 Date

Nicolas M. Retana, R.D.
 (authorized signature)

Bonuses

The former executive director was paid in accordance with an employment agreement, dated July 1, 2017 to June 30, 2020, which outlines his compensation as follows:

The Employee will receive a gross base salary of \$175,000 per year, to be paid monthly, subject to all regular withholdings. Based upon the annual performance of the Employee documented in the performance evaluation, as well as the financial stability of the School, the Employee may be eligible, on an annual basis, to receive additional compensation in the form of a bonus, not to exceed 10% of the annual gross salary from the Board. This bonus will be distributed on or after July 1, of the fiscal year. (sic) The Employee's compensation may be prorated depending on whether the Employee remains employed, or in active work status, for all scheduled work days of the position.

For the scope of the audit, FCMAT could not locate any evaluations of the former executive director conducted by the governing board that were used for the basis of an annual bonus. Unless evaluations were conducted that were otherwise unavailable to FCMAT, the former executive director may have simply requested to receive the maximum bonus annually.

Prior to the employment agreement dated July 1, 2017, the former executive director was paid in accordance with an addendum to a previous contract dated July 1, 2012 to June 30, 2015, and extended by an addendum dated June 30, 2015 to June 30, 2018 (overlapping with the final agreement by one year). The previous agreement outlined the compensation for the former executive director as follows:

Base Compensation: The executive director will receive a gross base taxable salary of \$150,000 (One hundred and fifty thousand dollars) (sic) per year, to be paid in twelve equal monthly installments, subject to all regular withholdings. Subject to budgetary constraints, it is anticipated each year under this contract, the Board will provide a base salary increase equal to COLA (as defined in the California Consumer Price Index for Urban Wage Earners and Clerical Earners as calculated by the Department of Industrial Relations). However, such a decision is subject to final Board approval on a case-by-case basis.

Bonus: Additionally, based upon the results of measurable achievements such as, but not limited to, the executive director's annual performance evaluation, successful charter renewal, favorable standardized student test results, and other factors at the discretion of the Board, the executive director may receive an additional bonus not to exceed 10% of the annual gross salary, subject to Board approval at a regular meeting of the Board.

FCMAT determined that the former executive director received a bonus of \$18,375.00 on June 5, 2017. Based on the salary increases outlined in the above agreement, the charter school indicated to FCMAT that the former executive director received an adjusted annual salary of \$183,750 in June 2017. This was partly based on a payroll processing error by the charter school that was later repaid by the former executive director; however regardless of the error, the maximum bonus was paid in 2016-17 in accordance with his salary at that time. No board approval could be found for this payment.

On June 28, 2018, the former executive director received the maximum annual bonus of \$17,500, which was based on an adjusted salary of \$175,000 as outlined in the above agreement dated July 1, 2017 to June 30, 2020.

In 2019, the former executive director requested that his annual bonus be paid early. No board approval was located for this request, and an early payment violated the terms of his employment agreement at the time, which stated that the bonus must be distributed on, or after July 1 of each fiscal year. The former

executive director requested and received \$5,000 of his annual bonus on February 5, 2019, approximately five months early. An additional \$3,000 was requested and paid on March 12, 2019, and the balance of the \$17,500 maximum allowable bonus was paid on April 8, 2019. The final advanced bonus payment was therefore \$9,500. No explanation was provided that justified the early payments.

The charter school's Payroll Manual Check Request form is shown below, completed and signed by the former executive director. This sample represents the final advance requested by the former executive director in April 2019. No board approval was included.



Payroll Manual Check Request

Instructions : Please submit a separate Manual Check Request form for each check you request. Email completed form to your EdTec Payroll Representative to request manual check (i.e. special payroll check outside of normal payroll cycle). For rush requests, please also call your Payroll Representative. If this request is for a replacement of an outstanding check (e.g. employee lost the payroll check), it is your responsibility to have an authorized signor on the account place a stop payment with your bank on the outstanding check.

EdTec will generate manual checks **without charge for employee terminations and corrections** due to EdTec error. For other manual check requests, the processing fee is \$35 per check **plus overnight delivery** (if applicable). Allow 2 business days for processing in addition to delivery time.

Check Information

Employee Name Nicolas Retana

What To Pay and Why (e.g. termination; \$X for June 1-15 salary)? _____

Payout: FY 2019-20 Salary Bonus of \$17,500.00 deducting the \$8,000.00 in advances.

Earnings to Include (if applicable)

• Salary	_____		
• Salary Adjustment	_____		
• Hourly Wages Worked			
Regular Hours	_____	Overtime Hours	_____
Hourly Rate	_____		
Total Hourly Pay	\$ _____		
• Hourly Wages Vacation/PTO Pay Out			
Regular Hours	_____		
Hourly Rate	_____		
Total Hourly Pay	\$ _____		
• Summer Holdback	\$ _____	(Edtec can calculate if unknown)	
• Advance on Wages	\$ _____		
• Bonus*	\$ 17,500.00	Purpose of Bonus	FY 2019-20 Salary Bonus
• Stipend*	\$ _____	Purpose of Stipend	_____
• Other	\$ (8,000.00)	Please specify	Advances
TOTAL GROSS PAY	\$ 9,500.00		

*Purpose of Bonus/Stipend is requested to determine if STRS or PERS is applicable

Employee Voluntary Deductions to be applied on the Manual Check. If you require the usual employee's monthly deduction, kindly mark the 1st option. Otherwise, please mark the applicable deduction item or write the deduction amount if different from regular deduction amount.

☒ All of the employee's usual voluntary deductions in a pay period
☐ Do not apply any Voluntary Deductions ☐ Advance

Date Needed By: 4/4/2019

Delivery Method (check one)

☐ School pick-up at EdTec ☐ Regular USPS Mail ☒ Overnight (UPS) ☐ Other: Specify _____

For overnight delivery, the school will be charged overnight costs. **We cannot overnight to a P.O. Box!**

For regular mail or over night service, please fill-out the delivery information below:

26247 Ellis Street
 Street Address
 Madera CA 93638
 City State Zip Code
 Lupita Zarasua (559) 675-2070
 Contact Person Phone Number

Authorization - I authorize the Manual Check requested on this form:

ETAA Charter
 School

4/3/2019
 Date

Nicolas Retana, Ed.D.
 (authorized signature)

Below is a sample email in 2019 requesting a partial advance of the former executive director's annual bonus.

From: Retana, Nicolas <dr.retana@etaacharter.com>
Sent: Tuesday, March 12, 2019 6:51 AM PDT
To: Lupita Zarasua <l.zarasua@etaacharter.com>
Subject: Advance

I need an advance of \$3000.00. We will deduct it from my bonus in July. Have it overnighted. Thanks.

In 2016, 2017 and 2018, FCMAT also found that the former executive director was paid "Christmas Bonuses" of \$1,000, \$1,000, and \$3,000, respectively. This additional compensation was not included in his employment agreement. For 2016 and 2017, FCMAT could not locate any board approval for the bonuses. However, on December 13, 2018, the bonuses were included on the consent agenda for board approval.

Christmas bonuses were also paid to most charter staff members, in varying amounts based on each position, with the former executive director receiving the largest bonus each year. According to the charter school, the former executive director determined the schedule of bonuses, including the amounts for each position.

The following schedule outlined the bonuses received by the former executive director during the period of FCMAT's audit:

Date	Description	Gross (\$)
6/20/16	Contractual bonus for 2016-17	18,375.00
12/16/16	"Christmas" bonus - 2016	1,000.00
6/5/17	Contractual bonus for 2017-18	18,375.00
12/15/17	"Christmas" bonus - 2017	1,000.00
6/28/18	Contractual bonus for 2018-19	17,500.00
12/24/18	"Christmas" bonus - 2018	3,000.00
2/5/19	Partial advance for contractual bonus for 2019-20 (1/3)	5,000.00
3/12/19	Partial advance for contractual bonus for 2019-20 (2/3)	3,000.00
4/8/19	Partial advance for contractual bonus for 2019-20 (3/3)	9,500.00
	Total	76,750.00

No further bonuses were identified by FCMAT since the former executive director was terminated in January 2020, prior to requesting any further bonuses or advances.

Fuel Purchases

School district and charter school staff may occasionally incur travel expenses while performing their duties. These expenses often include gas or fuel for traveling via an assigned charter or personal vehicle. Ideally, the governing board of an LEA should establish policies and procedures for travel and the subsequent submission and verification of any travel claims, including the consumption of fuel.

FCMAT identified six fuel cards that were issued through a Valero Fleet Services account. FCMAT was not provided with any ETAA board policy or procedures regarding fuel or gas purchases for legitimate educational purposes, and the charter also lacked a policy for issuing fuel cards. This includes identifying the positions that have a reasonable need for such a card. According to internal ETAA emails, it appears that the fleet account was already in existence by January 2016. FCMAT could not determine when the account was opened, although it occurred prior to the scope of the audit. FCMAT could not identify any board approval for the issuance of the cards.

FCMAT requested Valero Fleet Services statements from fiscal year 2015-2016 through 2019-2020. Most of the statements were provided; however 18 months were missing, including January 2016 through November 2016, January 2017 through May 2017, April 2018, and November 2018.

FCMAT determined from staff interviews that the Valero Fleet Services fuel cards were not used for student transportation via ETAA's buses. Staff stated that ETAA uses the Madera Unified School District's fueling station to fill all buses. None of the purchases using the Valero cards were for diesel fuel, which is required by the charter's buses.

Through a review of the Valero Fleet Services account statements, FCMAT determined that Valero Fuel cards were issued to the following staff or individuals:

- Former executive director.
- Son #1.
- Son #2.
- Daughter.
- Maintenance supervisor.
- One additional employee.

Interviews with the maintenance staff indicate that staff were issued and used the fuel cards for legitimate educational purposes for charter owned vehicles. However, FCMAT could not determine the educational purpose of purchases made on the fuel cards issued to the former executive director, Son #1, Son #2, and Daughter.

With the fuel card statements provided by the charter school, FCMAT found that over 600 gallons of fuel were purchased in each of nine separate months. The schedule below shows months when fuel purchases exceeded 600 gallons. The former executive director purchased more than 600 gallons in all but one month, sometimes totaling between 700 and 800 gallons.

For context, the average passenger car holds 12-16 gallons of fuel. To consume 700 gallons in one month, the average passenger vehicle would need to be refueled between 43 and 58 times. A vehicle, such as a Ford F-150, with a potential fuel capacity of 23 gallons and an average mpg rating of 22 could travel approximately 506 miles per tank. To consume 700 gallons of fuel in one month, the vehicle would need to travel in excess of 15,000 miles.

Month of Purchase	Purchasing Party	Total Gallons	Cost (\$)
June 2017	Son #1	853.10	2,727.59
September 2017	Former executive director	607.50	2,029.27
October 2017	Former executive director	679.30	2,216.35
November 2017	Former executive director	689.80	2,311.53
February 2018	Former executive director	794.20	2,765.93
May 2018	Former executive director	712.80	2,787.91
June 2018	Former executive director	624.00	2,489.25
July 2018	Former executive director	779.20	3,059.65
November 2018	Former executive director	655.40	2,535.18
	Totals	6,395.30	22,922.66

Periodic travel can occur throughout the day for legitimate educational purposes. However, given the amount of fuel purchased monthly, and considering the location of the fuel purchases, staff expressed concerns to FCMAT about the excessive fuel usage. Most of the fuel locations were in Madera, CA, where ETAA is located. However, some of the fuel charges occurred in Los Banos, CA, where Associate #1 resides. The former executive director stated that the fuel purchases appear high because he loaned the card to other individuals for fuel purchases; however he also stated that employees were able to claim mileage reimbursements for any miles driven for educational purposes. FCMAT is uncertain why fuel purchases would also be provided as mileage reimbursements include the cost of fuel.

In addition to the amount of fuel purchased, FCMAT found that the former executive director sometimes purchased fuel multiple times in one day. In accordance with the former executive director's employment contract, he was regularly using a Ford F-150, as outlined in the Acquisition of Vehicles section of this report.

For context, depending on the model year, most Ford F-150s have a fuel tank capacity of either 23.0 or 26.0 gallons. Below is a sample of dates and times where fuel purchases in one day exceeded the vehicle's fuel tank capacity.

- December 10, 2016

The former executive director purchased 22.9 gallons at 8:42 a.m., then another 6.7 gallons at 8:59 a.m. Both of these fuel purchases were from the same fuel station in Madera, CA.

- June 9, 2017

The former executive director purchased 14.7 gallons at 8:23 a.m. and 29.8 gallons at 12:02 p.m. The first purchase was in Los Banos, CA and the second d in Madera, CA.

- June 23, 2017

The former executive director purchased 29.1 gallons at 7:20 a.m. and 32.2 gallons at 3:40 p.m., both in Madera, CA.

- June 28, 2017

The former executive director purchased 23.8 gallons at 9:41 a.m., and another 23.4 gallons at 1:19 p.m., the first purchase in Madera, CA and the second in Los Banos, CA.

- September 5, 2017

The former executive director purchased 35.2 gallons at 1:39 p.m. At 1:40 p.m., he purchased another 25.7 gallons. Both purchases occurred in Fresno, CA, approximately 25 miles from ETAA.

Based on the available fuel statements provided to FCMAT, the chart below outlines the fuel usage of the former executive director during the scope of the audit:

Month of Purchase	Total Gallons	Cost (\$)
June 2016	262.8	777.24
December 2016	260.2	705.18
June 2017	368.4	1,201.66
July 2017	449.9	1,425.93
August 2017	350.7	1,093.99
September 2017	607.5	2,029.27
October 2017	679.3	2,216.35
November 2017	689.8	2,311.53
December 2017	541.1	1,801.97
January 2018	500.3	1,657.50
February 2018	794.2	2,765.93
May 2018	712.8	2,787.91
June 2018	624.0	2,489.25
July 2018	779.2	3,059.65
August 2018	444.8	1,747.32
September 2018	483.7	1,931.19
October 2018	320.6	1,283.97
November 2018	655.4	2,535.18
December 2018	549.7	2,055.92
January 2019	466.6	1,593.76
February 2019	403.4	1,361.10
March 2019	473.9	1,685.63
April 2019	442.5	1,789.28
May 2019	307.5	1,315.60
August 2019	188.4	735.78
September 2019	306.1	1,199.64
November 2019	190.6	807.57
Totals	12,853.4	46,365.30

From the statements provided to FCMAT, the total amount of fuel purchased by the card assigned to the former executive director was 12,853.4 gallons at a cost of \$46,365.30.

In addition, FCMAT reviewed other charges made at gas stations or convenience stores using the former executive director's assigned credit and debit cards. FCMAT identified these charges from ETAA's bank and credit account statements. The educational purpose of these charges is unknown, as itemized receipts were either not provided for the purchase or were unavailable to FCMAT.

Questionable credit and debit card charges:

Purchase Date	Location	Cost (\$)
12/31/17	Handi Stop Market	51.93
12/26/17	Handi Stop Market	98.44
1/5/17	Handi Stop Market	82.43
1/6/18	7 Eleven Visalia	87.56
2/13/18	Handi Stop Market	51.65
4/11/18	Handi Stop Market	40.28
6/25/18	Shell Oil Austin, TX	23.99
7/22/18	Shell Oil Anaheim, CA	61.52
2/18/16	Valero	29.56
3/30/16	Harry's Liquor	6.14
4/13/16	Corner Store	53.31
5/23/16	Corner Store	8.34
5/25/16	Corner Store	40.62
6/27/16	Corner Store	38.78
7/12/16	Corner Store	35.02
7/12/16	Corner Store	29.01
8/22/16	Handi Shop	62.00
12/24/18	Handi Stop Market	92.20
4/5/19	Circle K El Paso, TX	17.56
6/24/19	Circle K El Paso, TX	13.95
10/14/19	Circle K El Paso, TX	29.77
	Total	954.06

Trips

Travel can be required for certain positions at any LEA in California. EC 44032 states that a “..Board shall authorize payment for actual and necessary travel expenses incurred by any employee performing authorized services for the district, whether within or outside district boundaries.” As a best practice, an executive director or a similar position, in consultation with the governing board, should establish procedures for approving travel requests and submitting and verifying expense claims. Having a policy ensures that all staff are aware of board expectations.

An LEA should never reimburse personal travel expenses such as alcohol, entertainment, laundry, personal use of an automobile, traffic violation fees incurred while conducting charter business, or for any expenses of family members who accompany an employee on LEA business. The executive director or similar designee shall approve expense claims only upon verifying that all necessary documentation is provided and that all expenses are appropriate and related to LEA business. If an expense claim is disallowed due to lack of documentation or an inappropriate expense, the employee may be personally responsible for any improper costs.

ETAA had no such policies, and interviews with current and former ETAA board members indicated they were unaware of the amount of travel taken by the former executive director. While ETAA had no established travel policy, a related policy was identified that addresses the use of public or school funds for personal expenditures, stating the following:

Personal Use of School Funds: Use of school funds for personal use is prohibited. Violation of this policy shall result in discipline up to and including dismissal or removal, including from the Board.

Staff interviews with FCMAT indicated that the former executive director traveled extensively. However, staff members did not typically question the reason or purpose for any travel and reported that they feared a negative or adverse response from the former executive director.

Documents provided to FCMAT revealed that the former executive director scheduled and took at least 49 separate trips in four years. FCMAT determined that, of the 49 trips, two were cancelled and three had a legitimate educational purpose. , FCMAT could not determine the educational purpose for the remaining 44 trips. In FCMAT’s experience, it is highly unusual for an executive director of a charter school to travel this extensively, especially to out-of-state locations, using public charter school funds. By comparison, the current executive director of the charter school stated he has taken no trips since beginning his tenure in 2020.

In a letter to the ETAA board in response to their questions about the purpose of his travel, the former executive director did attempt to substantiate two trips where he used the charter’s R-Pod travel trailer, stating that he was reviewing certain locations as potential sites for future charter retreats. However, interviews with current and former board members indicate that the former executive director never discussed or received permission to visit or scout potential sites for this purpose.

The exhibit below includes the dates and locations of travel of the former executive director. These trips were identified using credit and debit card statements, email communications and reservation confirmations, and through other related documentation. The trips were paid using the former executive director’s charter school credit and debit cards, or via other charter funds as identified by FCMAT. In some instances, only partial trip costs could be located in FCMAT’s sample, and any potential additional costs may have occurred by other means, such as through a cash payment, use of personal funds, or through another payment method. Unless otherwise indicated, all travel was for one individual, presumed to be the former executive director.

Date	Trip Location	Vendor	Cost (\$)
1/19/16	Madera, CA	Holiday Inn Express Madera, CA	117.72
1/21/16		Holiday Inn Express Madera, CA	117.72
2/16/16	Pismo Beach, CA	Walmart Gilroy	78.97
2/18/16		Pismo Coast Village RV Park	221.76
3/14/16	Santa Clara, CA	Hyatt Santa Clara	327.56
3/23/16	San Luis Obispo, CA	Target San Luis Obispo	46.40
4/11/16		Luminarias Monterey Park	70.57
4/12/16	Anaheim, CA	Ayers Hotel Anaheim, CA	443.12
5/19/16	Sacramento, CA	Holiday Inn Sacramento, CA	915.12
5/23/16	San Antonio, TX	Enterprise Rent a Car TX	123.36
5/23/16		Pancake Joe's TX	107.41
5/23/16		Texas News Stand TX	38.07
5/24/16		Dallas DFW TX	23.80
5/24/16		Friday's Bar DFW Airport	17.23
7/21/16	Suisun City, CA	Popeye's Suisun City	24.86
7/27/16	Palo Alto, CA	IKEA Palo Alto	294.25
8/16/16	Anaheim, CA	Holiday Inn Anaheim	215.28
9/19/16	Oakland, CA	Extended Stay Oakland, CA	306.52
9/19/16		Panera Bread Emeryville, CA	15.40
9/19/16		Tuk Tuk Thai Café Berkeley, CA	30.20
9/20/16		Rudy's Can't Fail Emeryville, CA	62.02
10/11/16	San Antonio, TX	Enterprise Rent A Car TX	647.19
10/11/16		Ruth's Chris Steak TX	100.04
10/12/16		American Airlines	25.00
10/12/16		Holiday Inn San Antonio TX	127.12
10/12/16		Hyatt San Antonio TX	1,260.37
10/13/16	Madera, CA	Holiday Inn Madera, CA	137.80
12/12/16	Madera, CA	Holiday Inn Madera, CA	540.64
12/12/16	Carmel, CA	Little Napoli Carmel, CA	117.11
3/23/17	Sacramento, CA	Hilton Sacramento Arden	171.06
4/13/17	Emeryville, CA	Fuddruckers Emeryville, CA	22.29
4/14/17		Hyatt Emeryville, CA	221.02
4/14/17		Sinaloa Café Morgan Hill, CA	48.95
4/21/17	Arcadia, CA	Margarita's Mexi Pasadena, CA	32.81
4/22/17		Hampton Inn Arcadia, CA	169.70
4/23/17		Hampton Inn Arcadia, CA	169.70
4/23/17	Las Cruces, NM	All that Music and Video El Paso, TX	446.91
4/25/17		Enterprise Rent A Car El Paso, TX	342.92
4/25/17		UPS Las Cruces, NM	196.69
4/26/17		Hampton Inn NM	371.58
4/26/17		Hampton Inn NM	371.58
7/15/17	San Jose, CA	Castillos Rest San Jose, CA	37.45

Date	Trip Location	Vendor	Cost (\$)
9/22/17	Las Cruces, NM	Del Sol M2 Las Cruces, NM	215.20
9/22/17		Ranchway LLC Las Cruces, NM	46.03
9/23/17		Andale Mexican Res El Paso, TX	137.15
9/24/17		ARM Parking, San Jose, CA	90.00
9/24/17		Enterprise Rent A Car El Paso, TX	264.05
9/25/17		Hilton Garden Inn El Paso, TX	541.59
10/9/17	Clovis, CA	Fairfield Inn Clovis, CA	159.74
12/4/17	Visalia, CA	Marriott Hotels Visalia, CA	160.85
1/29/18	Anaheim, CA	Denny's Commerce, CA	14.25
1/30/18		Marriott Anaheim, CA	49.32
5/4/18	Salida, CA	Fairfield Inn Salida, CA	182.55
6/15/18	Albuquerque, NM	Camino Real Street Albuquerque, NM	114.97
6/15/18		Enchantment Eater Albuquerque, NM	23.44
6/16/18		La Boca Santa Fe, NM	79.84
6/16/18		Monica's El Portal Albuquerque, NM	27.32
6/16/18		The UPS Store Albuquerque, NM	65.21
6/16/18		Todd Winters Santa Fe, NM	184.28
6/16/18		Tom Davis Santa Fe, NM	126.71
6/17/18		Home Depot NM	39.55
6/17/18		Old Town Bskt and Rug Albuquerque, NM	33.23
6/18/18		Enterprise Rent A Car Albuquerque, NM	198.32
6/18/18		Hotel At Old Town, Albuquerque, NM	985.95
6/18/18		LGO Market Place, Phoenix, AZ	11.35
6/25/18	Austin, TX	Alamo Rent A Car Austin, TX	74.84
6/25/18		Austin Artic Austin, TX	45.14
6/25/18		Hampton Inn San Marcos, TX	471.21
6/25/18		Shell Oil Austin, TX	23.99
7/22/18	Anaheim, CA	Shell Oil Anaheim, CA	61.52
7/23/18		Four Points Anaheim, CA	222.09
8/3/18	Monterey, CA	The Fish Hopper Monterey, CA	93.45
8/4/18		Denny's Monterey, CA	30.88
8/4/18		Monterey Downtown Days Inn Monterey, CA	243.65
2/23/19	San Luis Obispo, CA	Novo Restaurant San Luis obispo, CA	99.89
2/25/19		Best Western Royal Oak, San Luis obispo	228.01
3/17/19	Fresno, CA	Springhill Suites Fresno, CA	193.28
4/5/19	El Paso, TX	Circle K El Paso, TX	17.56
4/5/19		City of Fresno Airport	24.55

Date	Trip Location	Vendor	Cost (\$)
4/5/19		La Nueva Casita Café Las Cruces, NM	25.74
4/6/19		Budget Rent a Car El Paso, TX	346.17
4/11/19		Hotel Res, TX	1,056.83
4/17/19	Santa Clara, CA	Siam Taste Thai Sunnyvale, CA	71.49
4/17/19		Sizzler Santa Clara, CA	39.84
4/21/19		Embassy Suites Santa Clara, CA	104.85
5/12/19	Arcadia, CA	Hampton Inn Arcadia, CA	139.24
6/17/19	Albuquerque, NM	Barelas Coffee House, Albuquerque, NM	17.47
6/19/19		Cocina Mountain Albuquerque, NM	36.10
6/19/19		El Modelo Mexican Food Albuquerque, NM	6.80
6/19/19		Santa Fe Sterling Gift Albuquerque, NM	11.72
6/20/19		Barelas Coffee House, Albuquerque, NM	120.65
6/20/19		Starbucks Albuquerque, NM	6.89
6/21/19		Arby's Socorro, NM	9.65
6/21/19		Camino 66, Albuquerque, NM	258.14
6/21/19		El Patio Albuquerque, NM	32.00
6/21/19		Galeria On the Plaza Las Cruces, NM	76.65
6/21/19		Hotel At Old Town, Albuquerque, NM	132.07
6/21/19		La Zia M4 Albuquerque, NM	75.47
6/21/19		Speedway Albuquerque, NM	14.76
6/22/19		Leos West El Paso, TX	99.85
6/22/19		Marshalls Las Cruces, NM	17.31
6/22/19		UPS Las Cruces, NM	342.76
6/24/19		Avis Rent a Car, Albuquerque, NM	696.60
6/24/19		Circle K El Paso, TX	13.95
6/24/19		El Paso El Paso, TX	24.62
6/24/19		Lyft	34.05
7/16/19	San Jose, CA	Jade Cathay, San Jose	51.57
7/17/19		Double Tree San Jose, CA	256.91
8/3/19	Pasadena, CA	Cheesecake Factory Pasadena, CA	46.03
8/3/19		Spaghetti Eddie Glendora, CA	85.04
8/5/19		Courtyard Marriott, Pasadena, CA	621.55
8/5/19		Courtyard Marriott, Pasadena, CA	9.00
9/22/19	Visalia, CA	Best Western Visalia, CA	195.99
10/11/19	El Paso, TX	Chihua Tacos El Paso, TX	324.59
10/12/19		IHOP El Paso, TX	81.53
10/12/19		Walmart Las Cruces, NM	21.60
10/13/19		Las Cruces Inn Las Cruces, NM	87.48

Date	Trip Location	Vendor	Cost (\$)
10/14/19		Circle K El Paso, TX	29.77
10/14/19		City of Fresno Airport	49.10
10/14/19		LAX Natural Break, LA	15.42
10/14/19		Thrifty Car Rental	241.98
10/16/19	Sacramento, CA	Hilton Sacramento, CA	436.00
10/26/19	Pismo Beach, CA	Pismo's Coastal Grill	312.11
11/7/19	Madera, CA	Hampton Inn Madera, CA	275.60
11/11/19	Albuquerque, NM	Hotel Chaco Albuquerque, NM	64.73
11/12/19	Sacramento, CA	Hyatt Regency Sacramento	954.87
		Total:	22,708.77

Seven trips and the associated lodging occurred within a 50-mile radius of both the charter school and the former executive director's home. FCMAT is uncertain about the educational purpose of these trips or the reason travel was necessary so close to Madera. Interviews with charter school staff suggested that the former executive director indicated he occasionally needed to stay nearby due to difficulties driving home after dark. However, the former executive director lived approximately four miles from the charter school when he was terminated.

Within the sample, FCMAT identified travel expenses totaling \$22,708.77 that lacked a clear educational purpose. FCMAT discussed the trips with the former executive director to better understand the purpose of each trip listed above. The former executive director explained that he traveled throughout California to determine potential educational opportunities for the students and to investigate potential destinations for school field trips. In one instance, to explain his travel to El Paso, TX, the former executive director stated that he traveled to El Paso to look at buildings. He did so to gain inspiration and ideas for potential future buildings at the charter's location in Madera, CA.

Miscellaneous Expenditures

Public schools must spend funds in accordance with a valid educational purpose. Expenditures that lack an educational purpose, such as funds diverted or to enrich an individual, represent a misuse of public funds and erode the public's trust. Accordingly, it is imperative that all public institutions maintain accurate records of all expenditures of public funds to demonstrate and support the educational purpose for their expenditure.

FCMAT reviewed the expenditures at ETAA during the period of the audit based on information and documentation available from the charter school. The former executive director primarily used an ETAA Wells Fargo Mastercard and a Wells Fargo debit card tied to the charter school's business checking account. Statements were provided for these cards for many of the months included in FCMAT's scope. The charter was able to provide receipts or other supporting documentation for some charges on the statements, while other charges lacked any additional information or documentation beyond what is shown on the bank statements.

The former executive director's final employment agreement, from July 1, 2017 to June 30, 2020, contained the following clauses regarding expense reimbursements:

Expense Reimbursement: ETAA shall reimburse the Employee for all documented actual and necessary expenses personally incurred within the scope of employment in accordance with applicable ETAA policy and authorization.

Business Expenses: ETAA shall reimburse the executive director for reasonable and necessary business expenses incurred by the executive director in the continuing performance of his duties. ETAA will also provide the executive director with a cellular phone.

Some charges reviewed by FCMAT either had sufficient documentation to support a valid, or potentially valid, educational purpose, or were charges that were otherwise identifiable from the bank statement as a common or reasonable educational expense. These included recurring operational expenses such as utilities or storage facility expenses, payroll and benefit transactions, instructional materials and others.

The charges shown in the table below represent expenditures incurred by the former executive director using one of the two charge cards mentioned above for which an educational purpose could not be identified by FCMAT. Some charges occurred at an unknown vendor or location, while other charges more clearly appear to lack an educational purpose, such as dining expenditures for a single individual or incidental expenditures at a location or through a vendor.

Some expenditures may have a legitimate educational purpose that could not be determined by FCMAT after discussions with the charter school and a review of available documentation. Some expenditures did receive approval from the governing board, although again, this was accomplished in a routine or cursory manner, without supporting documentation or questions from board members on the purpose of each expense. Payment registers were simply approved as part of each meeting's regular business, which occurred quickly and without discussion.

Some charges include items for a dog, such as dog bones or dog food. In interviews with charter school staff, FCMAT determined that the school had no dog or other pet, further suggesting these may be personal expenses. Staff indicated that the former executive director had a dog. The former executive director indicated the dog food purchases were donated to a local animal shelter he was hoping to work with for educational purposes. FCMAT is uncertain why such a donation using public charter funds was necessary to work with a local animal shelter, and no explanation for this was provided by the former executive director, nor was a contact at the animal shelter provided. FCMAT asked the former executive director if he owns a dog. He replied that he does.

FCMAT also identified four televisions, with related expenses for wall mounts and a streaming device. FCMAT requested to see these televisions at the charter school; however, none could be located. An interview with the charter school's technology staff determined that none of the televisions had ever been installed at the school, nor had staff ever seen them. The current location and disposition of the televisions was unknown to both FCMAT and the charter school. However during FCMAT's interview of the former executive director, he stated that he purchased the five televisions for several new buildings that were planned for the charter. The buildings were not completed when he was terminated. He stated he subsequently sold the five televisions and retained the proceeds.

FCMAT noted that some expenditures on the former executive director's debit and credit cards, such as those from Home Depot, Tractor Supply, or Lowe's, could have an educational purpose if purchased for charter school operations. However, the charter's maintenance supervisor also had a unique charter school credit card that was used for charter purchases at these retailers. It is therefore less likely that charges for hardware and other related items had a legitimate educational purpose.

FCMAT also determined that two tickets to the Monterey Bay Aquarium were purchased in July 2019. During FCMAT's interview, the former executive director stated that this was necessary to discuss the use of the aquarium as a possible site for a future school field trip. FCMAT is uncertain why two tickets had to be purchased to discuss a potential field trip with aquarium staff. FCMAT noted that the aquarium is a frequent destination for educational programming and information on school field trips is readily available on its website.

All expenditures were coded to the unrestricted general fund and were not spent using federal or state restricted dollars (such as Title I, etc.). Items included in other sections, such as legal expenses that may have been paid using the same charter school charge cards, are excluded from this list and included elsewhere in this report.

Charges are shown alphabetically to illustrate the number of transactions for each vendor. Descriptions were added by FCMAT using the information included on available receipts. Items without a description lack supporting documentation.

Date	Vendor	Cost (\$)	Description, if known
1/6/18	7 Eleven Visalia	87.56	
1/4/18	99 Cents Store	2.17	
8/26/16	A&R Towing	456.00	
2/29/16	A. Wireless Los Banos	53.99	
10/17/16	A. Wireless Los Banos	37.78	
12/22/16	A. Wireless Los Banos	102.57	
1/3/17	A. Wireless Los Banos	133.37	
10/21/16	AAA Membership	247.00	
4/28/17	AAA Membership	588.00	
7/28/17	AAA Membership	446.00	
11/6/17	AAA Membership	247.00	
1/31/18	AAA Membership	231.00	
1/31/18	AAA Membership	574.00	
7/30/18	AAA Membership	518.00	
11/13/18	AAA Membership	247.00	
1/29/19	AAA Membership	319.00	
11/12/19	AAA Membership	247.00	
7/31/18	Ace Auto Wreckers Modesto, CA	861.00	
6/14/19	Alg Air	126.00	
7/11/16	Amazon Market Place	30.98	
7/11/16	Amazon Market Place	549.00	
7/19/16	Amazon Market Place	959.97	
7/19/16	Amazon Market Place	1,599.95	
7/15/16	Amazon.com	214.97	
5/12/16	American Airlines	679.20	
8/22/16	American Airlines	439.20	
10/28/16	American Airlines	161.60	
11/9/18	American Airlines	276.80	
3/31/19	American Airlines	140.59	
3/31/19	American Airlines	694.01	
4/2/19	American Airlines	17.20	
4/4/19	American Airlines	19.82	
6/25/19	American Airlines	50.21	
7/5/19	American Airlines	848.00	
9/23/19	American Airlines	475.01	
10/11/19	American Airlines	48.70	
11/6/19	American Airlines	528.00	
11/7/19	American Airlines	330.00	
2/18/18	Annex Kitchen, Fresno, CA	63.07	
4/14/18	Apple Online Store	107.17	
4/14/18	Apple Online Store	501.87	
11/22/16	AsurionWireless	199.00	

Date	Vendor	Cost (\$)	Description, if known
2/28/19	AutoZone, Los Banos, CA	67.41	
6/12/19	Avis	554.71	
12/26/18	Barnes and Noble	109.57	Doll, Star Wars item, membership renewal
9/21/19	Barnes and Noble	9.32	Spanish art
9/21/19	Barnes and Noble	126.29	"Icons of Rock", New York Times
7/15/19	Berkeley Net Und	11,677.00	
1/20/18	Best Buy	2,303.89	
4/9/18	Best Buy	682.78	
4/13/18	Best Buy	1,644.72	
5/23/18	Best Buy	1,655.87	
6/3/18	Best Buy	64.77	
6/3/18	Best Buy	1,241.70	
11/10/18	Best Buy	18.67	
3/8/19	Best Buy	870.79	
5/9/19	Best Buy	1,206.72	TV
6/12/19	Best Buy, Fresno, CA	1,182.83	
3/31/19	Big 5	30.29	Umbrella, bike tube
4/9/19	Big 5	256.17	Camping chair, air mattress, lantern
7/5/19	Big 5	86.58	Helmet, binoculars
2/11/16	Big 5 Sporting Goods	75.56	
1/26/18	BJ's Restaurant	53.24	
2/11/16	Black Bear Diner	40.96	
2/11/16	Black Bear Diner	43.70	
2/12/16	Black Bear Diner	35.92	
2/16/16	Black Bear Diner	47.04	
1/30/18	Black Bear Diner	23.25	
8/25/19	Black Bear Diner	18.80	
5/23/16	Blackbeard Family Fresno	11.00	
12/24/17	Bull Dog Fresno	83.88	
10/5/18	CA DMV Los Banos	1,787.00	
11/6/17	Cal Eye Inst	244.80	
5/23/16	Cal Valley Printing	237.61	
10/17/16	Carhartt	2,342.29	
1/11/16	Carniceria Mi Pueblo	82.73	
11/30/16	Carniceria Mi Pueblo	92.21	
12/8/16	Castillos Mexican	27.89	
6/16/17	Cell Fix Fresno	107.96	
9/11/17	Cell Fix Fresno	176.00	
9/26/17	Cell Fix Fresno	170.60	
11/9/17	Cell Fix Fresno	226.75	
2/7/18	Cell Fix Fresno	245.10	
2/18/18	Cell Fix Fresno	188.96	

Date	Vendor	Cost (\$)	Description, if known
3/2/18	Cell Fix Fresno	118.77	
7/17/18	Cell Fix Fresno	134.97	
8/28/17	Cell Phone Fix Fresno, CA	149.01	
12/17/17	Chase Los Banos	48.78	
8/5/19	Chase Los Banos	63.78	
6/13/19	CheapHotels	1,102.37	
10/27/16	Cheapoair.com	5.00	
10/28/16	Cheapoair.com	7.95	
10/23/17	Cheesecake Factory	40.71	
4/11/16	Cheesecake Factory Anaheim	158.60	
3/4/19	Chevron	45.26	Gas
1/30/17	Chik-fil-A	36.04	
1/19/18	Chili's	28.30	
8/22/16	Chili's Los Banos	58.66	
8/6/18	China's Kitchen, Madera, CA	27.71	
8/27/17	Chipotle	12.91	
2/4/16	City of Clovis Police	206.00	
9/8/16	City of Fresno	0.12	
9/8/16	City of Fresno	5.00	
10/12/16	City of Fresno Air	49.12	
11/28/17	City of Fresno Airport	4.09	
11/11/19	City of Fresno Airport	36.83	
3/9/17	Cool Hand Lukes, Madera	28.11	
4/13/16	Corner Store	53.31	
5/25/16	Corner Store	40.62	
6/27/16	Corner Store	38.78	
7/12/16	Corner Store	29.01	
7/12/16	Corner Store	35.02	
5/23/16	Corner Store	8.34	
3/1/16	Costco	32.86	
9/17/18	CSU Fresno	1,934.00	
5/27/18	Cuca's Mexican Rest	27.89	
2/23/16	Dairyland Auto	70.54	
3/22/16	Dairyland Auto	70.54	
4/21/16	Dairyland Auto	70.54	
5/23/16	Dairyland Auto	70.54	
6/21/16	Dairyland Auto	70.54	
7/21/16	Dairyland Auto	70.55	
8/23/16	Dairyland Auto	70.55	
9/21/16	Dairyland Auto	70.55	
10/21/16	Dairyland Auto	66.90	
11/23/16	Dairyland Auto	66.90	

Date	Vendor	Cost (\$)	Description, if known
12/21/16	Dairyland Auto	66.90	
1/23/17	Dairyland Auto	66.90	
2/21/17	Dairyland Auto	66.90	
3/21/17	Dairyland Auto	66.90	
4/21/17	Dairyland Auto	66.90	
5/23/17	Dairyland Auto	66.90	
6/21/17	Dairyland Auto	66.90	
7/21/17	Dairyland Auto	66.90	
2/4/16	DC Towing	262.00	
11/9/18	Delta Airlines	166.80	
5/13/17	Diciccos Italian Rest, Madera, CA	442.96	
6/21/17	Diciccos Italian Rest, Madera, CA	128.51	
9/14/17	Donut Basket	72.00	
2/16/16	Donuts	39.96	
11/29/17	Double Tree Fresno, CA	172.96	
3/29/19	Double Tree Fresno, CA	19.75	
10/4/18	eBay, San Jose, CA	256.95	
12/12/16	Eddies Famous Café Los Banos	49.84	
5/24/16	El Mixhoacano Rest Los Banos	55.91	
6/13/16	El Mixhoacano Rest Los Banos	275.61	
5/31/16	Emporium Anaheim	10.79	
12/7/16	Enterprise Rent A Car	389.68	
4/21/17	Enterprise Rent A Car	117.55	
10/27/17	Enterprise Rent A Car	1,670.52	
6/21/18	Enterprise Rent A Car Madera, CA	653.27	
7/6/18	Enterprise Rent A Car Madera, CA	378.39	
4/11/18	Esaleglobal	11.11	
5/18/17	Espanas Southwest Los Banos, CA	100.49	
10/5/16	Etsy.com	9.82	
2/2/17	Expedia	525.78	
11/5/19	Expedia	1,169.87	
6/22/16	Eyecare Madera	132.80	
1/23/19	EZ Mart Valero	60.03	Groceries
3/24/16	F. McLintocks (Steak House)	203.20	
6/22/18	FedEx Memphis, TN	119.31	
3/14/16	Fine Donuts	49.95	
3/8/17	Fine Donuts	87.92	
3/14/19	Flights Campbell, CA	67.08	
2/24/17	Fogg, Maxwell, Lanier (Eye Care)	192.00	
5/5/16	FredPryor Career	450.25	
1/23/19	Fresh Fill Ward Los Banos, CA	43.98	Gas
9/7/16	Fresno Chaffee Zoo	6.00	

Date	Vendor	Cost (\$)	Description, if known
9/7/16	Fresno Chaffee Zoo	130.50	
2/27/18	Frontier Airlines	399.60	
5/25/17	G Wireless Fresno, CA	140.00	
7/14/16	Gander Publishing	833.02	
11/30/17	Gem of Thailand	50.03	
6/20/17	Gem of Thailand Fresno, CA	58.49	
9/20/18	German Auto Repair Fresno, CA	287.83	
7/13/19	Gill Auto Group	580.00	Jeep dealer
3/14/19	Gilroy Gas	44.07	Gas
2/12/16	Good Sam	25.00	
11/17/16	Grocery Outlet	34.76	
9/18/17	Hampton Inn	240.00	
9/18/17	Hampton Inn	346.62	
9/18/17	Hampton Inn	584.24	
9/18/17	Hampton Inn	584.24	
9/20/17	Hampton Inn	330.00	
4/6/18	Hampton Inn	291.22	
4/6/18	Hampton Inn	291.22	
8/22/16	Handi Shop	62.00	
1/5/17	Handi Stop Market	82.43	
12/13/17	Handi Stop Market	51.93	
12/26/17	Handi Stop Market	98.44	
2/13/18	Handi Stop Market	51.65	
4/11/18	Handi Stop Market	40.28	
12/24/18	Handi Stop Market	92.20	
3/6/19	Harbor Freight Los Banos, CA	238.14	Mechanic's box
5/8/19	Harbor Freight Los Banos, CA	46.74	
3/30/16	Harry's Liquor	6.14	
10/9/17	Herndon Towing	325.00	
4/25/18	Hertz Rent a Car	1,882.72	
5/2/18	Hertz Rent a Car	317.47	
11/10/19	Hertz Rent A Car	82.72	
11/11/19	Hertz Rent A Car	228.38	
1/23/17	Hobby Lobby Los Banos	188.72	
7/15/19	Hobby Lobby, Fresno	250.85	Toys/hobbies, crafts
7/15/19	Hobby Lobby, Fresno	454.93	Toys/hobbies, home décor
3/18/17	Hobby Lobby, Los Banos	127.22	
8/11/18	Hobby Lobby, Los Banos	103.82	
9/30/18	Hobby Lobby, Los Banos	146.65	Furniture, wearable art, home décor
5/20/19	Hobby Lobby, Los Banos	387.98	
5/22/19	Hobby Lobby, Los Banos	374.77	
7/11/16	Home Depot	206.46	

Date	Vendor	Cost (\$)	Description, if known
7/12/16	Home Depot	177.38	
7/12/16	Home Depot	3,148.78	
7/13/16	Home Depot	14.02	
7/13/16	Home Depot	133.05	
7/14/16	Home Depot	76.89	
7/15/16	Home Depot	18.01	
7/18/16	Home Depot	50.77	
7/18/16	Home Depot	262.60	
7/19/16	Home Depot	35.29	
2/4/17	Home Depot Los Banos	64.52	
11/13/18	Home Depot Los Banos	152.48	
11/13/18	Home Depot Los Banos	1,148.44	
2/11/19	Home Depot Los Banos	27.97	
4/14/19	Home Depot Los Banos	240.09	
4/16/19	Home Depot Los Banos	648.75	
4/19/19	Home Depot Los Banos	420.31	
4/22/19	Home Depot Los Banos	53.55	
4/22/19	Home Depot Los Banos	239.63	
4/23/19	Home Depot Los Banos	1,075.22	
4/26/19	Home Depot Los Banos	590.27	
4/28/19	Home Depot Los Banos	519.25	
5/18/19	Home Depot Los Banos	752.17	
3/12/01	Home Depot Madera, CA	90.30	Batteries, linens
7/6/18	Home Depot Madera, CA	54.64	Shelf unit
7/8/18	Home Depot Madera, CA	397.72	
7/13/18	Home Depot Madera, CA	86.55	
7/14/18	Home Depot Madera, CA	59.32	Candy, shelf, screws
7/20/18	Home Depot Madera, CA	342.13	
7/23/18	Home Depot Madera, CA	472.02	
7/29/18	Home Depot Madera, CA	414.20	
8/6/18	Home Depot Madera, CA	771.98	Lamp, lock, duster, video doorbell
8/10/18	Home Depot Madera, CA	193.77	Lava lamp, broom, cleaner, soda, paint, bulbs, knife
8/12/18	Home Depot Madera, CA	198.30	Potting mix, mulch, laundry detergent, tire cleaner, "Beware of Dog" sign
8/14/18	Home Depot Madera, CA	526.56	Pet tray, wood, light bulbs, padlock
8/19/18	Home Depot Madera, CA	336.84	Hose, bakeware, towels, wheel cleaner, car wash soap, bathroom fan
9/2/18	Home Depot Madera, CA	24.16	Bed bug cleaner
9/5/18	Home Depot Madera, CA	416.86	Ring doorbell camera, spotlight camera
9/5/18	Home Depot Madera, CA	545.76	Halloween décor & doorbell, sunglasses, area rug, garage door opener
9/8/18	Home Depot Madera, CA	196.98	Blower, wiring tool

Date	Vendor	Cost (\$)	Description, if known
9/15/18	Home Depot Madera, CA	43.28	Table
9/15/18	Home Depot Madera, CA	372.31	Halloween doorbell, candles, candy, fogger, paint, tape, batteries
9/17/18	Home Depot Madera, CA	156.38	Fog machine, ghost lightshow, trash cans, tool set
9/17/18	Home Depot Madera, CA	237.07	Drill
9/21/18	Home Depot Madera, CA	249.25	Candy, soda, wood, power tool
9/25/18	Home Depot Madera, CA	205.06	Hedge trimmer, blower
9/25/18	Home Depot Madera, CA	598.10	Candy, soda, wipes, electrical tape, tool pouch, insecticide
9/27/18	Home Depot Madera, CA	266.81	Candle, candy, paint, screws, duct tape, fogger
10/15/18	Home Depot Madera, CA	653.86	Candles, glue, air freshener, gloves, paint
10/27/18	Home Depot Madera, CA	257.81	Nightlight, torch, lock
10/27/18	Home Depot Madera, CA	556.54	Knife, soda, candle, air freshener, towels, candy, chips, batteries
10/30/18	Home Depot Madera, CA	279.50	Batteries, TV wall mount, nightlight
11/3/18	Home Depot Madera, CA	110.87	Hand mixer, tool set
11/16/18	Home Depot Madera, CA	323.01	Rat trap, paint, wood burning kit, knife, soda, candy, chips
12/4/18	Home Depot Madera, CA	172.25	Tape measure, tool set, DeWalt stapler
12/14/18	Home Depot Madera, CA	268.32	Mat, pet bed, heater
12/23/18	Home Depot Madera, CA	576.77	Laundry detergent, waterproof speaker, Sawzall, paint
1/3/19	Home Depot Madera, CA	142.59	Heater, batteries, mini LED, toilet paper
1/3/19	Home Depot Madera, CA	503.32	Bath cleaner, towels, candy, soda, glue, ring chime, candle
1/3/19	Home Depot Madera, CA	686.23	Knife, paint, trigger clamps, LED light, trash can, paint, gloves
1/7/19	Home Depot Madera, CA	131.14	Knife, candy, soda, speakers, audio cables, stapler, peanuts
1/8/19	Home Depot Madera, CA	432.35	Fencing materials
1/9/19	Home Depot Madera, CA	197.05	Wood, ABS pipe, sprinkler supplies
1/10/19	Home Depot Madera, CA	228.96	Glue gun, work belt
1/14/19	Home Depot Madera, CA	741.36	Dog food
1/24/19	Home Depot Madera, CA	558.97	Car wash soap, leather conditioner, batteries, power drill
1/31/19	Home Depot Madera, CA	101.83	
1/31/19	Home Depot Madera, CA	1,448.57	
3/10/19	Home Depot Madera, CA	731.15	Knife, torch, towel, lumber, batteries
3/15/19	Home Depot Madera, CA	194.76	Curtain, door step spring, bug remover
3/21/19	Home Depot Madera, CA	189.63	Step can, shower rod, shower liner
3/24/19	Home Depot Madera, CA	253.73	Sander, baking soda, storage box, batteries
3/25/19	Home Depot Madera, CA	443.81	Socket set, gloves, batteries, knife, storage box, bug spray
3/27/19	Home Depot Madera, CA	29.37	Latching box, bottle of water, sandpaper
3/30/19	Home Depot Madera, CA	55.35	Hose, play sand

Date	Vendor	Cost (\$)	Description, if known
4/3/19	Home Depot Madera, CA	772.26	"Beware of Dog" sign, video surveillance sign, torch, lumber
4/13/19	Home Depot Madera, CA	213.26	Knife, fertilizer, batteries, rebar, sod
4/23/19	Home Depot Madera, CA	519.11	Torch, candle, dish soap
5/6/19	Home Depot Madera, CA	816.12	Sandpaper, bucket, lock
5/25/19	Home Depot Madera, CA	179.57	Cleaning wipes, floor cleaner
5/25/19	Home Depot Madera, CA	400.60	Gloves, wood, wood finish, soda
5/27/19	Home Depot Madera, CA	68.02	Water, latching box
5/31/19	Home Depot Madera, CA	259.41	Stove knob covers, kitchen bags, towels
6/7/19	Home Depot Madera, CA	39.09	Swiffer, door lock, paint brush
6/8/19	Home Depot Madera, CA	153.93	Candle, TV mount
6/14/19	Home Depot Madera, CA	64.94	Speaker
6/15/19	Home Depot Madera, CA	6.03	Bolt
6/29/19	Home Depot Madera, CA	35.36	Candy, wood
6/30/19	Home Depot Madera, CA	162.79	Welcome mat, nightlight
7/4/19	Home Depot Madera, CA	538.20	Ring spotlight, black skull, lumber
7/17/19	Home Depot Madera, CA	80.62	Wood
7/21/19	Home Depot Madera, CA	273.14	
7/25/19	Home Depot Madera, CA	74.69	Toolbox
7/26/19	Home Depot Madera, CA	58.81	Aqua Seal, candy, pegboard
7/26/19	Home Depot Madera, CA	103.48	Soda, screw hole repair
9/5/19	Home Depot Madera, CA	787.56	Soda, skeleton eyes, batteries, LED skeleton
9/29/19	Home Depot Madera, CA	139.64	Pumpkin Reaper Halloween décor
9/29/19	Home Depot Madera, CA	729.02	LED spring lights, key rack
10/26/19	Home Depot Madera, CA	182.65	Tree topper, Christmas tree
5/5/17	Home Depot Selma, CA	111.97	
7/5/16	Home Depot, Madera, CA	28.50	
7/5/16	Home Depot, Madera, CA	126.93	
7/6/16	Home Depot, Madera, CA	3.21	
7/6/16	Home Depot, Madera, CA	43.32	
7/7/16	Home Depot, Madera, CA	144.01	
7/7/16	Home Depot, Madera, CA	144.97	
7/8/16	Home Depot, Madera, CA	35.72	
4/9/19	Home Depot, Madera, Ca	347.35	Wood, knee pads
4/9/19	Home Depot, Madera, Ca	1,539.00	Steel hook
3/28/19	Hotel Res, TX	225.41	
4/18/16	Hotels.com	212.72	
1/28/18	Hotels.com	141.19	
3/4/18	Hotels.com	97.76	
3/22/19	Hotels.com	177.93	
9/23/19	Hotwire	188.59	
10/18/19	House of Kebob	34.04	

Date	Vendor	Cost (\$)	Description, if known
7/20/18	Hunan Chinese Rest, Fresno, CA	41.60	
1/28/16	IHOP	25.04	
9/21/19	IHOP	35.80	
6/30/16	IHOP Fresno, CA	33.50	
10/11/19	J Muirs Tavern Fresno, CA	22.85	
11/10/16	J&E Restaurant Fresno, CA	3,503.37	
11/15/16	J&E Restaurant Fresno, CA	3,176.64	
2/12/18	Jack and Charlies Visalia, CA	118.74	
5/18/16	Jimmy John's	25.50	
5/16/16	John's Incredible Pizza	311.96	
8/7/19	Kebab Grill Madera	290.24	
1/11/16	KFC	41.00	
6/17/16	KFC	14.12	
2/23/18	KFC	24.02	
2/16/16	Ladera Grill Rest	139.19	
7/11/16	Lalo's Auto Repair	393.00	
8/11/16	Lalo's Auto Repair	661.60	
12/1/16	Lalo's Auto Repair	217.50	
12/1/16	Lalo's Auto Repair	325.20	
8/28/17	Lalo's Auto Repair	1,160.10	
8/30/17	Lalo's Auto Repair	191.80	
9/12/17	Lalo's Auto Repair	443.80	
9/29/17	Lalo's Auto Repair	739.36	
10/4/17	Lalo's Auto Repair	330.08	
11/21/17	Lalo's Auto Repair	473.96	
12/27/17	Lalo's Auto Repair	463.87	
1/22/18	Lalo's Auto Repair	368.96	
1/30/18	Lalo's Auto Repair	310.04	
1/30/18	Lalo's Auto Repair	3,000.00	
2/6/18	Lalo's Auto Repair	241.00	
2/9/18	Lalo's Auto Repair	1,241.80	
7/17/18	Lalo's Auto Repair	118.35	
8/21/18	Lalo's Auto Repair	883.06	
9/5/18	Lalo's Auto Repair	1,244.45	for Honda Accord
10/8/18	Lalo's Auto Repair	330.39	for Jeep Cherokee
10/16/18	Lalo's Auto Repair	1,484.24	
10/19/18	Lalo's Auto Repair	605.79	
11/2/18	Lalo's Auto Repair	773.91	
11/19/18	Lalo's Auto Repair	550.27	
3/28/19	Lalo's Auto Repair	466.49	
5/7/19	Lalo's Auto Repair	564.65	
6/5/19	Lalo's Auto Repair	180.00	

Date	Vendor	Cost (\$)	Description, if known
7/8/19	Lalo's Auto Repair	247.32	
8/14/19	Lalo's Auto Repair	339.03	
3/30/18	LawDepot	33.00	
4/30/18	LawDepot	33.00	
5/30/18	LawDepot	33.00	
7/2/18	LawDepot	33.00	
7/30/18	LawDepot	33.00	
8/30/18	LawDepot	33.00	
10/1/18	LawDepot	33.00	
10/31/18	LawDepot	33.00	
12/3/18	LawDepot	33.00	
9/4/19	Lazy Dog Restaurant	186.48	
7/20/19	Legacybox	85.35	Bumper trim repair
2/3/16	Little Caesars	21.60	
10/27/16	Little Caesars	91.80	
1/17/17	Little Caesars	43.10	
1/23/17	Little Caesars	43.10	
6/7/18	Little Caesars	27.06	
10/5/17	Los Cazadores Bar and Grill	83.51	
9/22/19	Los Cazadores Bar and Grill	85.24	
8/2/19	Loves Country Tulare, CA	52.54	
9/3/18	Lowe's	368.76	BBQ, laundry detergent, fabric cleaner, Propane tank
10/19/18	Lowe's	313.13	Duster, BBQ starter pack, appliance cleaner, pliers
6/6/19	Lowe's	70.34	Mechanic's vice
10/27/19	Lowe's	138.82	Laundry detergent, mop
7/19/16	Lowe's	118.74	
7/5/16	Lowe's Madera, CA	181.70	
8/10/19	Lucca Sacramento, CA	90.10	
10/26/16	Lumitact.com	14.95	
10/26/16	Lumitact.com	54.00	
12/28/17	Luna Pizzeria and Ital Clovis, CA	25.60	
10/30/19	Madera Clubhouse Rest.	500.00	
1/17/19	Madera Family Market	70.45	Gas
1/19/19	Madera Family Market	67.63	Gas
1/14/16	Madera Family Mart	29.32	
12/10/18	Madera Family Mart	50.00	
1/25/16	Madera Food 4 Less	53.94	
2/12/16	Madera Food 4 Less	44.94	
3/9/16	Madera Food 4 Less	126.34	
3/31/16	Madera Food 4 Less	10.45	
4/8/16	Madera Food 4 Less	51.84	
4/19/16	Madera Food 4 Less	131.96	

Date	Vendor	Cost (\$)	Description, if known
4/28/16	Madera Food 4 Less	21.58	
10/21/17	Marie Callender's	74.53	
6/20/18	Marie Callender's	49.75	
11/29/17	Mariscos Las Islitas	69.25	
9/28/19	Mariscos Las Islitas	78.22	
5/31/16	Market House Anaheim	7.65	
1/29/16	Marshalls	89.54	
8/16/16	Marshalls	59.38	
9/8/16	Marshalls	64.78	
9/28/16	Marshalls	59.38	
11/16/16	Marshalls	43.19	
11/16/16	Marshalls	86.38	
10/28/19	Marshalls	180.66	
9/24/19	McDonald's	25.89	
6/15/16	McDonald's	25.82	
8/30/17	McDonald's Bakersfield, CA	20.53	
8/30/17	McDonald's Lebec, CA	25.98	
9/21/17	McDonald's Los Banos, Ca	7.98	
6/25/18	McDonald's Los Banos, CA	9.07	
1/21/18	McDonald's Madera, CA	43.73	
5/29/18	McDonald's Visalia, CA	15.62	
3/4/16	Michael Automotive	608.04	
3/8/16	Michael Automotive	130.00	
11/14/16	Michael Automotive	1,541.07	
11/18/16	Michael Automotive	487.48	
7/28/19	Michael's	67.75	Diorama, mini BBQ
7/5/16	Michael's Fresno, CA	111.10	
7/30/18	Mimi's Café Fresno, CA	39.52	
5/22/19	Mimi's Café Fresno, CA	42.34	
4/29/19	Mister Car Wash Los Banos, CA	12.00	
4/30/19	Mister Car Wash Los Banos, CA	15.00	
4/28/16	MoneyGram Payment	539.99	
7/14/19	Monterey Bay Aquarium	99.90	2 adult tickets
7/5/16	Mountain Mike's Pizza	20.35	
11/29/16	Mountain Mike's Pizza	33.92	
8/3/19	Mylife.com	1.00	
8/3/19	Mylife.com	167.40	
8/11/19	Mylife.com	18.95	
9/11/19	Mylife.com	18.95	
7/6/19	Next Kam Inc	207.39	
4/29/19	Nick's Towing Madera, CA	415.00	
1/10/18	Olive Garden	59.57	

Date	Vendor	Cost (\$)	Description, if known
12/7/18	Online Advance	6,000.00	
7/20/18	O'Reilly Auto Parts	43.78	
8/20/18	O'Reilly Auto Parts	7.57	
10/31/18	O'Reilly's Los Banos, CA	74.62	
4/18/19	O'Reilly's Los Banos, CA	58.14	
10/18/18	O'Reilly's Madera, CA	292.24	Tools, gloves
5/29/19	O'Reilly's Madera, CA	135.27	Ball mount, towing mirror
2/17/16	Pak N Save	152.99	
5/3/16	Pak N Save	79.98	
8/6/19	Pak N Save	179.61	Groceries
3/31/16	Panda Express	26.16	
5/16/16	Panda Express	10.64	
5/31/16	Panda Express	25.22	
7/19/16	Panda Express	22.79	
10/23/17	Panda Express	15.80	
1/21/19	Parkwood Mart	90.43	Gas
7/21/18	Patch Fruit Stand Bakersfield, CA	38.31	
7/4/19	PayPal * Auto Seats	239.94	
4/11/18	PayPal * Bangbob	34.69	
4/11/18	PayPal * DanyAuclair	37.53	
9/7/17	PayPal * Digidavejer	8.99	
9/29/17	PayPal * eBay Seller	24.53	
7/4/19	PayPal * Ekus Parts	25.43	
4/11/18	PayPal * Gharra123	225.97	
4/11/18	PayPal * Mallrat LLC	9.99	
7/10/19	PayPal * Rarevinyl4u	11.95	
4/11/18	PayPal * Silicon Ele	37.05	
10/5/18	PayPal * Srubbins	67.94	
7/4/19	PayPal * Vette Candy	21.08	
4/11/18	PayPal * Wanjulei	35.98	
1/19/18	PayPal * Yogaoldmast	82.06	
5/13/16	PayPal * Jackiesmit	95.99	
8/30/16	PayPal * JGStorm3	90.00	
11/3/17	Pedros Place Mex Chowchilla, CA	24.50	
8/12/17	Perko's Café & Grill Madera, CA	52.59	
2/14/18	Perko's Café & Grill Madera, CA	37.61	
1/12/19	Perko's Café & Grill Madera, CA	45.63	
3/8/19	Perko's Café & Grill Madera, CA	16.72	
7/14/19	Perko's Café & Grill Madera, CA	33.11	
9/16/19	Perko's Café & Grill Madera, CA	24.09	
10/18/19	Perko's Café & Grill Madera, CA	37.77	
7/31/18	Perko's Café Turlock, CA	39.52	

Date	Vendor	Cost (\$)	Description, if known
4/1/19	Petco	43.27	
7/18/16	Peter's Brothers Nursery	321.60	
2/10/17	PF Chang's Fresno, CA	125.44	
1/14/16	Pizza Hut	98.01	
1/19/16	Pizza Hut	108.89	
4/18/16	Pizza Hut	76.11	
1/4/18	Pizza Hut	39.91	
7/18/19	PP *Hotels	1,230.45	
7/14/16	PP*2594 (PayPal)	1.95	
11/15/18	Precision Heat	350.00	
6/24/16	Priceline	192.92	
1/9/17	Prime Fresh Member	16.15	
2/9/17	Prime Fresh Member	16.15	
3/9/17	Prime Fresh Member	16.15	
4/10/17	Prime Fresh Member	16.15	
7/7/19	Pticket CSU Fresno, CA	97.00	
7/30/18	Rafi Rastro 74 Corporation	2,750.00	
11/15/17	Restaurant Maranatha	69.90	
8/8/18	Ristorant Gabriela Madera, CA	62.05	
9/15/17	Ristorante Gabriel Madera, CA	116.02	
2/25/17	Ristorante Gabriella	94.31	
5/28/17	Ristorante Gabriella	59.26	
7/16/19	Ristorante Gabriella	80.44	
6/20/18	Rite Aide Visalia, CA	38.60	
9/27/17	Ron's Towing and Road Service	55.00	
10/23/19	Ron's Towing and Road Service	305.00	
9/21/19	Round Table Pizza	27.66	
9/21/19	Round Table Pizza	35.66	
1/21/16	Rustorante Gabriel	88.17	
6/14/17	S & L Towing Madera, CA	360.00	
10/16/17	Sal's Mexican Rest	29.94	
9/9/19	Sal's Mexican Rest	36.28	
10/20/19	Sal's Mexican Rest	63.03	
11/5/19	Sal's Mexican Rest	31.81	
2/11/16	Sal's Mexican Restaurant	19.38	
1/22/16	SaveMart	28.70	
3/4/16	SaveMart	61.69	
5/31/16	SaveMart	22.14	
3/29/18	SaveMart	180.99	Groceries
1/23/19	SaveMart	67.19	
2/6/19	SaveMart	73.96	Groceries
4/15/19	SaveMart	164.50	Groceries

Date	Vendor	Cost (\$)	Description, if known
6/5/19	SaveMart	129.58	Groceries
8/24/19	SaveMart	70.20	Groceries
8/24/19	SaveMart	118.35	Groceries
9/5/19	SaveMart	74.34	Groceries
9/10/19	SaveMart	139.52	Groceries
9/21/19	SaveMart	26.25	Groceries
10/15/19	SaveMart	195.57	Groceries
10/28/19	SaveMart	182.57	Groceries
10/10/19	Seasons 52	67.46	
6/25/18	Second Bar Austin, TX	13.20	
12/15/16	See's Candy Los Banos, CA	137.40	
3/23/19	Shell	63.21	Gas
7/9/19	Shell	51.39	Gas
4/12/18	Shop.com Marketplace	149.98	
8/15/16	Shope at Bravo Farms Traver, CA	43.07	
1/30/17	Sierra Valley Pizza	59.04	
7/5/16	Silva Ford	219.50	
1/23/17	Silva Ford Madera	396.39	
6/21/18	Silva Ford Madera, CA	2,415.81	
1/26/17	SiriusXM Radio	218.55	
2/13/17	SiriusXM Radio	17.10	
12/28/17	SiriusXM Radio	187.81	
2/9/18	SiriusXM Radio	275.10	
9/13/18	SiriusXM Radio	61.26	
10/7/18	SiriusXM Radio	59.54	
1/25/19	SiriusXM Radio	305.78	
4/6/19	SiriusXM Radio	12.30	
4/25/19	SiriusXM Radio	19.41	
5/25/19	SiriusXM Radio	19.41	
6/25/19	SiriusXM Radio	19.41	
7/25/19	SiriusXM Radio	19.41	
8/25/19	SiriusXM Radio	19.41	
9/13/19	SiriusXM Radio	220.84	
9/25/19	SiriusXM Radio	19.41	
1/20/16	Smart & Final	36.79	
2/16/16	Smart & Final	264.47	
12/8/16	Sol Castillos Fresno, CA	40.61	
11/23/16	Sonic Drive-In	25.96	
4/18/17	Southwest Airlines	241.98	
4/18/17	Southwest Airlines	306.96	
8/25/17	Southwest Airlines	321.96	
1/3/18	Southwest Airlines	107.96	

Date	Vendor	Cost (\$)	Description, if known
3/3/18	Southwest Airlines	186.00	
6/3/18	Southwest Airlines	420.60	
6/12/18	Southwest Airlines	15.00	Possibly Early or Preferred Check-In
6/12/18	Southwest Airlines	15.00	Possibly Early or Preferred Check-In
6/15/18	Southwest Airlines	15.00	Possibly Early or Preferred Check-In
6/15/18	Southwest Airlines	15.00	Possibly Early or Preferred Check-In
6/15/18	Southwest Airlines	15.00	Possibly Early or Preferred Check-In
6/15/18	Southwest Airlines	15.00	Possibly Early or Preferred Check-In
6/15/18	Southwest Airlines	513.10	
6/15/18	Southwest Airlines	513.10	
2/24/19	Southwest Airlines	137.96	
6/12/19	Southwest Airlines	114.02	
6/12/19	Southwest Airlines	257.30	
3/4/18	SP * Mister SFC	48.66	
5/3/16	Starbucks	1,000.00	
5/4/16	Starbucks	50.00	
6/24/19	Starbucks El Paso, TX	7.14	
7/26/18	Starbucks Los Banos, CA	20.90	
4/5/19	Staybridge Suites, Las Cruces, NM	382.33	
8/24/19	Sugar Pine Smoke House	75.77	
8/28/19	Sunnyside Pizza	27.75	
1/31/18	Tacos Tijuana	35.77	
6/20/16	Tahoe Rock N Slide	118.80	
9/22/19	Target	159.99	Dog treats, bookshelf
4/8/17	Target Fresno, CA	259.91	
3/25/17	Texas Roadhouse Fresno, CA	77.02	
3/18/16	Thai Fusion	62.20	
6/16/19	The Tint Shop	360.00	
9/30/19	The Tint Shop	380.00	
10/7/19	The Tint Shop Madera, CA	500.00	
2/17/17	The Vineyard Rest	92.27	
3/13/17	The Vineyard Rest	154.69	
4/3/18	The Vineyard Rest	122.71	
6/5/19	The Vineyard Rest	60.50	
7/31/19	The Vineyard Rest	56.01	
8/26/19	The Vineyard Rest	74.41	
9/10/19	The Vineyard Rest	54.28	
9/13/19	The Vineyard Rest	225.93	
9/16/19	The Vineyard Rest	100.92	
9/19/19	The Vineyard Rest	59.69	
9/23/19	The Vineyard Rest	57.25	
9/30/19	The Vineyard Rest	55.09	

Date	Vendor	Cost (\$)	Description, if known
11/4/19	The Vineyard Rest	42.62	
1/22/16	The Vineyard Resta, Madera	143.12	
9/14/17	The Vineyard Resta, Madera	96.46	
9/14/19	The Vintage Press	109.48	
6/18/18	Tia Juanitas Albuquerque, NM	19.99	
4/12/18	Torres Body Shop	6,444.86	
9/14/18	Torres Body Shop	97.76	
8/12/19	Torres Body Shop	990.96	
8/23/19	Torres Body Shop	86.47	
10/5/18	Torres Body Shop, Madera, CA	1,383.20	
10/12/18	Torres Body Shop, Madera, CA	520.00	
1/25/16	Toscano RV Center	500.00	
1/28/16	Toscano RV Center	88.43	
2/16/16	Toscano RV Center	879.75	
4/28/16	Toscano RV Center	406.40	
5/5/16	Toscano RV Center	54.00	
10/19/18	Toscano RV Center	1,274.20	
9/16/18	Tractor Supply	450.49	Shoes, shirts, clothes
10/31/18	Tractor Supply	483.35	Shirts, socks, pants
12/23/18	Tractor Supply Los Banos, CA	182.08	
3/3/19	Tractor Supply Los Banos, CA	71.39	
4/19/19	Tractor Supply Los Banos, CA	140.43	
5/3/19	Tractor Supply Los Banos, CA	61.75	
5/16/19	Tractor Supply Los Banos, CA	298.59	Dog food
9/10/18	Tractor Supply Madera, CA	246.77	Jeans, shirts
12/28/18	Tractor Supply Madera, CA	372.51	Dog leash, candy, clothes, harness
1/9/19	Tractor Supply Madera, CA	283.54	Boots, clothes, pants, dog food
1/14/19	Tractor Supply Madera, CA	64.93	Shirt, pants, shoes
1/15/19	Tractor Supply Madera, CA	107.15	Gas
1/31/19	Tractor Supply Madera, CA	136.23	Clothes, dog food, chips, water
2/8/19	Tractor Supply Madera, CA	137.37	Dog food, dog bowl, candy
3/15/19	Tractor Supply Madera, CA	95.23	Dog food
4/2/19	Tractor Supply Madera, CA	82.77	Dog food
6/3/19	Tractor Supply Madera, CA	85.04	Clothes
6/14/19	Tractor Supply Madera, CA	212.07	Candy, clothes, dog food
7/19/19	Tractor Supply Madera, CA	214.13	Dog food
9/5/19	Tractor Supply Madera, CA	280.39	Dog food, dog shampoo
10/20/19	Tractor Supply Madera, CA	136.35	Dog food/bones
7/6/19	Travel Insurance	57.24	
1/13/17	Travelocity	840.83	
6/25/19	Trevino's Rest Merced, CA	36.31	
3/20/19	True Value	39.78	Glue gun/stick, glue, tarp

Date	Vendor	Cost (\$)	Description, if known
4/14/19	True Value Los Banos, CA	26.72	
4/20/19	True Value Los Banos, CA	93.09	
7/21/18	Tulare Foodmart Tulare, CA	28.90	
4/9/18	Uber Eats	50.69	
4/11/18	Uber Eats	32.89	
4/12/18	Uber Eats	27.50	
6/17/19	United	30.00	
10/28/16	United Airlines	161.60	
6/14/19	United Airlines	17.00	
6/14/19	United Airlines	417.00	
7/19/16	United Rentals	700.00	
2/21/19	UPS Store Madera, CA	1,529.92	
3/7/19	UPS Store Madera, CA	46.62	
5/16/19	UPS Store Madera, CA	135.47	
7/5/18	U-Tec Madera, CA	194.83	
8/14/18	U-Tec Madera, CA	64.94	
8/22/18	U-Tec Madera, CA	97.39	
2/22/17	U-Turn Audio	399.00	
4/15/17	U-Turn Audio	549.00	
2/18/16	Valero	29.56	
7/7/16	Valero	52.15	
7/13/16	Valero	31.20	
7/13/16	Valero	47.66	
6/4/18	Valero	100.00	
5/20/19	Valero	85.57	Gas
1/15/18	Valero Energy Corp Amarillo TX	1,030.00	
7/5/16	Valley Feed Madera, CA	112.10	
7/15/16	Valley Pistachio	22.99	
7/15/16	Valley Pistachio	63.94	
7/5/16	Valvoline Instant	93.74	
7/5/16	Valvoline Instant	126.12	
10/5/18	Valvoline Oil Change	88.76	for Jeep Cherokee
8/18/17	Veni Vidi Vici Fresno, CA	27.00	
1/27/16	Verizon Wireless	1,986.36	
2/8/16	Verizon Wireless	1,820.37	
3/4/16	Verizon Wireless	2,631.36	
6/22/16	Verizon Wireless	1,999.99	
6/22/16	Verizon Wireless	2,000.00	
7/18/16	Verizon Wireless	4,500.00	
8/15/16	Verizon Wireless	1,233.96	
8/15/16	Verizon Wireless	1,275.38	
8/22/16	Verizon Wireless	67.99	

Date	Vendor	Cost (\$)	Description, if known
9/12/16	Verizon Wireless	2,924.50	
10/3/16	Verizon Wireless	1,320.05	
10/20/16	Verizon Wireless	586.37	
11/14/16	Verizon Wireless	2,000.00	
11/14/16	Verizon Wireless	2,742.58	
12/29/16	Verizon Wireless	1,663.09	
12/29/16	Verizon Wireless	2,155.74	
8/29/17	Verizon Wireless	460.33	
9/4/17	Verizon Wireless	339.66	
9/25/17	Verizon Wireless	896.99	
9/25/17	Verizon Wireless	896.99	
12/23/17	Verizon Wireless	779.02	
1/13/18	Verizon Wireless	849.99	
6/6/18	Verizon Wireless	114.72	
6/6/18	Verizon Wireless	1,438.90	
8/1/18	Verizon Wireless	3,433.71	
6/24/19	Verizon Wireless	3,729.41	
6/23/19	Village Pancake House El Paso, TX	67.69	
2/22/16	VTS Nellis Taxi	27.09	
8/9/16	Walgreens	59.80	
8/10/16	Walgreens	18.89	
10/10/17	Walgreens	10.38	
1/25/16	Walmart	51.58	
2/10/16	Walmart	96.12	
3/11/16	Walmart	88.47	
4/6/16	Walmart	92.34	
4/8/16	Walmart	13.87	
10/14/16	Walmart	20.70	
11/4/16	Walmart	48.80	
11/8/16	Walmart	10.00	
1/20/18	Walmart	359.77	
7/14/18	Walmart	62.79	Sony Blu-Ray
7/29/18	Walmart	29.89	Air freshener, candy, drinks
8/1/18	Walmart	38.89	
8/4/18	Walmart	654.34	60' LED UHD TV
8/20/18	Walmart	364.98	Groceries
3/11/19	Walmart	149.39	Roku TV streaming device
5/31/19	Walmart	546.09	Hisense TV
6/3/19	Walmart	275.46	TV
5/5/17	Walmart Delano	65.67	
9/23/16	Walmart Fresno, CA	16.56	
5/18/16	Wendy's	15.67	

Date	Vendor	Cost (\$)	Description, if known
5/26/17	West Coast Towing Fresno, CA	255.00	
3/5/19	XY Find IT	128.67	
4/20/17	Yard House Fresno, CA	113.98	
6/2/18	Yard House Fresno, CA	48.47	
11/4/19	Yard House Fresno, CA	72.70	
12/29/16	Yard House, Fresno, CA	16.88	
1/17/17	Yard House, Fresno, CA	38.00	
5/28/18	Zeen Asian Diner Visalia, CA	36.03	
	Total	246,002.26	

FCMAT also determined that, in October 2017, the former executive director authorized public charter school funds to be used to pay for the funeral reception costs of the property owner's daughter. He stated the property owner requested assistance from the charter school in this regard, and that he authorized the funding of the reception for benevolent purposes. This included charges for catering, custodial staff, and equipment rentals. Board approval could not be located by FCMAT, however even if board approval had been obtained, such an expense lacks an educational purpose and represents a potential misappropriation of public funds.

The funeral reception occurred on October 14, 2017. The costs incurred by the charter school using public funds are summarized below.

Date	Description	Amount (\$)
10/10/17	Equipment Rental (chairs, tables, etc.)	2,125.00
10/14/17	Catering/Food	2,336.86
10/14/17	Staffing Wages - Kitchen/Food Prep	1,347.87
	Total	5,809.73

Legal Expenditures

FCMAT identified several instances where public charter school funds were used to pay the personal legal expenses of the former executive director's son, previously identified as Son #1. These expenditures to the charter school were incurred by the former executive director, either directly or at his direction. The charges were paid either using the former executive director's charter school credit or debit card, or by using an ETAA check, signed by the former executive director.

The legal expenses paid using public charter funds included bail, legal representation, traffic citations and other related expenses following the arrest and/or incarceration of Son #1. FCMAT did not find any evidence that the governing board approved these expenditures or transactions, nor would such approval constitute a legal obligation of the charter

As stated in the Gift of Public Funds section of this report, personal expenditures do not contribute to the educational process of the charter school's students and represent an expenditure that should not be paid using public funds. Additional legal expenses, such as parking citations, are included elsewhere in this report (see Acquisition of Vehicles section).

During FCMAT's interview, the former executive director stated that he does not recall using public charter school funds for bail.

Date	Vendor	Purpose/Charges	Cost (\$)
1/31/15	Aladdin Bail Bonds	Bail	1,015.00
2/8/16	Wapner-Jones (defense attorney)	Legal Counsel - DUI	4,500.00
4/11/16	Alaina N. Ybarra, Esq.	Legal Counsel - Assault/Battery; Robbery	1,500.00
5/2/16	Fresno County Superior Court	Traffic Citation	284.00
5/2/16	Fresno County Superior Court	Traffic Citation	356.00
5/2/16	Fresno County Superior Court	Traffic Citation	401.00
5/2/16	Fresno County Superior Court	Traffic Citation	401.00
5/2/16	Fresno County Superior Court	Traffic Citation/Failure to Appear	940.00
5/2/16	Albert Ramirez Bail Bonds	Bail	2,500.00
		Total	11,897.00

Sample receipt:

OFFICIAL RECEIPT
Superior Court of California County of Fresno Traffic Division Payment Receipt

Payor
 26247 ELLIS ST
 MADERA CA 93638

Receipt No.
TR-2016-00033401
 Transaction Date
 04/28/2016

Description	Amount Paid
2172740 People of the State of California vs. [REDACTED] Vehicle Code 401.00 Vehicle Code 239.00 Civil Assessment - FTA 300.00 SUBTOTAL 940.00 Remaining Balance Due: \$0.00	
PAYMENT TOTAL 940.00	
Credit Cards Over the Counter (Ref #968978)	940.00
Tendered	
Total Tendered	940.00
Change	0.00

04/28/2016 11:05 AM Cashier Station TR9 Audit 12640347

OFFICIAL RECEIPT

(Names redacted by FCMAT.)

Sample charge on ETAA credit card statement:

Account number: [REDACTED] ■ April 7, 2016 - May 5, 2016 ■ Page 5 of 7

WELLS FARGO

Electronic debits/bank debits (continued)

Effective date	Posted date	Amount	Transaction detail
	05/02	940.00	Purchase authorized on 04/29 Fresno CO Superior 559-4881638 CA S466119651120649 Card 0096

Donation of Portable Buildings

As mentioned in the Acquisition of Vehicles section of this report, any supplies, equipment, buildings or other property belonging to a public school, including a public charter school, must be disposed of or sold with governing board approval and in accordance with other local policies regarding surplus property, including the charter school's bylaws. Any disposal of public property done unilaterally or without following a formal process can result in a gift of public funds and may constitute misappropriation of public assets.

As a nonprofit entity, capital assets must be disposed of in accordance with Generally Accepted Accounting Principles (GAAP), meaning a gain or loss from the sale or disposal must be recognized in the charter's financial statements.

ETAA's charter school bylaws state the following in Article V, Section 1 regarding assets:

DEDICATION OF ASSETS. The Corporation's assets are irrevocably dedicated to public benefit purposes as set forth in the charter governing the charter schools operated as or by the Corporation. No part of the net earnings, properties, or assets of the Corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or to any trustee or officer of the Corporation. On liquidation or dissolution, all properties and assets remaining after payment or provision for payment, of all debts and liabilities of the Corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

In August 2018, eight of the charter school's portable buildings were donated to the church that shares the charter school's property, Building for Christ Ministry. Building for Christ Ministry and its primary principals are also the property owners. In a letter thanking the charter school for the donation, the church indicated it was selling and removing the portables, and the proceeds of the sale will be used to support the Building for Christ Ministry. The letter cited "new construction" as the reason for the need to remove the portable buildings from the property.

A large multipurpose building has now been built on the portable's former location. The charter school now leases space from the church in the new building, including classrooms, a cafeteria, space for specialty classes such as music, and the charter's new front office.

Interviews indicated that the former executive director acted alone and did not seek board approval or input for the donation. The portables were not sold at auction or otherwise put out to bid. FCMAT could not determine why the portable buildings were not sold by the charter school in lieu of donating the buildings to an outside, noneducational organization. Following the sale of the portables by the church, no cash or in-kind consideration was provided by the church to the charter school, and any other arrangements, if any, between the former executive director and the property owner related to the donation are unknown to FCMAT.

The portable buildings' condition at the time of the donation is unknown to FCMAT. The charter indicated the portables were in good working condition and would continue to be used if the buildings were still on site. Current charter staff stated that one portable that was purchased at the same time as those that were donated remained in use at the charter during FCMAT's fieldwork.

However, in a brief discussion with the principle of Building for Christ Ministry, FCMAT was informed that the portable buildings would have required considerable renovations for continued use by the school. The former executive director also stated that the portables were in poor condition and were otherwise unusable without renovation. Again, FCMAT could not determine the condition of the portable buildings at the time of the donation.

FCMAT received a quote from a modular supplier for similar buildings in use by the charter. The value of the used, donated portables is estimated to be \$45,270.00 per unit, totaling \$362,160.00 for eight units. Due to the donation by the former executive director, neither the portable buildings nor the proceeds from the sale were available for use by the charter school to further the educational process.

BUILDING FOR CHRIST MINISTRY
26247 Ellis Street, Madera CA 93638
559-67404729 - buildingforchristmadera@gmail.com



Date: 8.13.18

To Whom it may concern,

Building for Christ ministry would like to thank ETAA Charter School for donating 8 used portable modules that had to be removed due to new construction. ETAA is not responsible for the removal of the portables.

Building for Christ is a non-profit organization responsible for the removal of the portables. Building for Christ is selling them to David G. Navarro INC. proceedings are going to Building for Christ ministry.

Thank you
Sincerely,
Pastor Samuel J. Alvarado

Disposal of the portable buildings was not included in the charter's audit report for 2018-19, which includes the charter school's assets and associated depreciation. FCMAT contacted the charter's audit firm and confirmed that no such disclosure was made by ETAA, and that the audit firm was unaware of the donation of the portable buildings in 2018-19. As such, the charter's financial reporting and statements were materially inaccurate.

Cafeteria Snack Bar

According to FCMAT's Charter School Accounting and Best Practices Manual, every effort should be made to issue a prenumbered cash receipt from a receipt book whenever an LEA receives cash, whether at the business office, a school site, fundraising event, or other school activity. The individual who issues a cash receipt should always verify that all necessary documentation is provided to support each transaction. A charter school should be committed to establishing and maintaining strong internal controls around the cash receipts process to prevent the mishandling of funds and ensure all collected funds are safeguarded.

Each transaction should be supported by an accurate record of the inventory in question. Inventory records should identify the items and quantities purchased for sale, as well as the inventory eventually sold or designated as surplus. Physical inventory counts should be taken periodically and reconciled with inventory records. Inventoried items particularly susceptible to misappropriation or theft include computer equipment, warehouse supplies, food service commodities, maintenance and transportation parts and student store goods.

Individuals who collect cash for fundraisers and activities for which a cash box is issued should safeguard the cash properly. Once all cash has been collected, it should be recorded on a cash count form. Two individuals should count the cash together, and both should sign and date the cash count form and remit the funds to the school principal or business office. The cash should be stored in a tamper-proof bank bag and secured in a safe until a bank deposit can be made. When cash collected exceeds \$500, a bank deposit should ideally be made the same day. Otherwise, all bank deposits should be made by the last business day of the week.

ETAA's policy regarding petty cash states the following:

The executive director shall have access to petty cash not to exceed \$3,000. Such funds shall be used at the discretion of the executive director, subject to Board oversight and consistent with the approved budget and School rules and regulations. The executive director and Office Manager must obtain each other's authorization on petty cash checks made payable to their names. Use of petty cash shall require original receipts for all purchases.

Staff interviews indicated that some but not all the best practices outlined above were followed. At the direction of the former executive director, staff were directed to purchase items for a snack bar the charter maintained to sell various snack items to students during lunch. The items purchased and sold were not associated with the charter's food service program. These items included soda, candy, chips, cookies, and other related items, such as hot chocolate. These items were sold daily in the outdoor lunch area in exchange for cash payments from students.

The transactions related to the purchase of items to be sold at the snack bar were documented through bank and financial statements, and provided via warrant reports to the ETAA board. A sample of the purchase of snack items for sale to students is shown below:

Date	Vendor	Cost (\$)	Items Purchased (Abbreviated)
11/10/19	Smart & Final	723.45	Soda, chips, hot chocolate, candy, cookies
11/17/19	Smart & Final	487.57	Juice, soda, nuts, chips, candy, cookies
12/1/19	Smart & Final	690.62	Juice, soda, nuts, chips, candy, cookies
6/9/19	Smart & Final	262.96	Soda, chips

Staff indicated an inventory control system was not in place during the period of FCMAT's audit. Rather, staff were simply directed to purchase additional snacks when inventory was depleted.

Once the snack bar was closed at the end of each lunch period, staff stated two employees would gather the cash to count in the former executive director's office. Once the total was calculated, staff would place the cash on the desk of the former executive director, and he would subsequently relocate the cash to a safe in his office. During FCMAT's interview, the former executive director stated that he was the only individual who had access to the safe. Fiscal staff stated they were never asked to deposit the cash in the bank. FCMAT could not locate any deposits from snack bar sales in the charter school's bank statements, nor was any of the cash collected from the students located by FCMAT. The location and disposition of the cash collected during the audit period is unknown to both FCMAT and the charter school.

Staff indicated that the former executive director repeatedly told them that the funds received from the snack bar should be spent on school field trips. However, staff stated that all field trips were funded instead from the charter's general fund, rather than from any snack bar sales. Interviews also determined that the former executive director indicated to charter school staff that he intended to borrow \$20,000 to potentially pay for his son's rehabilitation, but later determined he did not need the funds and returned the cash to the safe. FCMAT believes the cash in the safe was revenue from the snack bar sales and confirmed from email communications that one of the former executive director's sons attended a rehabilitation facility. The disposition of the \$20,000, as well as any other cash collected through snack bar sales, is unknown.

Staff stated that the daily total of cash received from snack bar sales was \$200-\$300. Based on this statement, FCMAT estimates that yearly totals from cash received from snack bar sales were \$36,000 - \$54,000. During the four-year period of FCMAT's audit, FCMAT estimates cash received to be \$144,000-\$261,000, with a median potential revenue of approximately \$202,500.

The former executive director stated that the snack bar had daily sales of \$100 - \$200, however based on current sales, FCMAT believes the total may have been slightly higher as indicated above. FCMAT asked the former executive director why no deposits were made for the snack bar proceeds over the four years reviewed by FCMAT. He stated that all cash received through the snack bar was given away to those in need, such as to a parent or family that may have needed a tank of gas. FCMAT was unable to confirm this statement; however even if accurate, such a use would likely constitute a gift of public funds.

Book Publication

In 2019, the former executive director published a poetic book he had written about the struggles and heritage of Mexican immigrants in America. According to interviews with former board members, the former executive director wanted the book to be used as part of the charter's curriculum and planned to distribute a copy of each book to students in certain grades. Email communications indicated he also intended to distribute copies of the book to all superintendents within the charter's Special Education Local Plan Area, a group of LEAs that oversee special education services provided to students in Madera County.

The former executive director attended a writer's retreat at the National Hispanic Cultural Center in Albuquerque, New Mexico in June 2019. He committed public funds to pay the expenses of the book publication, including \$400.00 for registration to the writer's conference. The costs of the trip to Albuquerque were paid using the former executive director's charter school credit card. (These charges are included in the Trips section of this report.)

A banner advertisement promoting the book was purchased at a local printing company for \$221.91, and the former executive director purchased 130 copies of the book using charter funds, totaling \$2,808.00. Interviews and documentation indicated that the governing board did not approve the use of charter funds for any costs related to the book publishing, effectively permitting public funds to be used for a personal endeavor. The book was published through Amazon Kindle Direct Publishing, Amazon.com's e-book self-publishing platform, although the amount of any royalty proceeds earned by the former executive director is unknown to the charter school and FCMAT.

FCMAT visited the charter school's library and, after discussions with library staff, could not locate any copies of the book. The location and disposition of the copies purchased using charter school funds is unknown to both the charter school and FCMAT. The former executive director stated that he gave signed copies of the books to all middle school students. FCMAT was unable to confirm this statement.

The former executive director's final employment agreement, dated July 1, 2017 to June 30, 2020, stated the following regarding the reimbursement of professional development and other related activities:

Outside Professional Activities: Upon obtaining prior written approval of the Board, the Employee may undertake for consideration outside professional activities, including consulting, speaking, and writing. The outside activities shall not occur during regular work hours. ETAA shall in no way be responsible for any expenses attendant to the performance of such outside activities.

FCMAT could not locate any written approval from the governing board for the writing of the book, and interviews with current and former governing board members indicated they did not know the expenses associated with the book publication, writer's retreat, and other related costs.

Below is a receipt for the registration to the writer's retreat in New Mexico, paid using the former executive director's charter school credit card.

Merchant
jimmysantiagobaca.com
email@jimmysantiagobaca.com

Instructions to merchant
You haven't entered any instructions.

Shipping address - confirmed
ETAA Charter School
26247 Ellis St
Madera, CA 93638
United States

Shipping details
The seller hasn't provided any shipping details yet.

Description	Unit price	Qty	Amount
Jimmy Santiago Baca Writer's Retreat: \$100 EARLY BIRD DISCOUNT	\$400.00 USD	1	\$400.00 USD
Subtotal			\$400.00 USD
Total			\$400.00 USD
Payment			\$400.00 USD
Charge will appear on your credit card statement as "PAYPAL *JIMMY BACA"			
Payment sent to email@jimmysantiagobaca.com			
Payment sent from dr.retana@etaacharter.com			
Funding Sources Used (Total)			
Visa x-6752			\$400.00 USD

Below is the Amazon order for 130 copies of the former executive director's book, placed by the former executive director using his charter school credit card.

Pending payment authorization

Order date
October 16, 2019

Order Total: \$2,808.00

Group
etaa charter school

Update payment method

Shipping address
billingAddress
26247 Ellis St
Madera CA 93638

View order details

The Mexican Men Chronicles

\$19.95 | Qty: 130 | Sold by Amazon.com

Below is the former executive director's charter school credit card statement, demonstrating the purchase of the books from Amazon using charter school funds.

10/21 2,808.00 Purchase authorized on 10/19 Amazon.Com*W95Pe1N Amzn.Com/Bill WA
S469292564891924 Card 0245

Below is the invoice for the purchase of a promotional banner advertisement for the former executive director's book.

Cal Valley Printing / Madera Trophy
500 S D ST
MADERA, CA 93638-3857
5596733146

BILL TO
Nicolas Retana

INVOICE 29717

DATE 10/25/2019 TERMS Due on receipt

DUE DATE 11/01/2019

ACTIVITY	QTY	RATE	AMOUNT
Banner Deluxe Retractable Banner 33"x81" full color	1	205.00	205.00T
SUBTOTAL			205.00
/AX (8.25%)			16.91
TOTAL			221.91
PAYMENT			221.91
TOTAL DUE			\$0.00

A summary of the items related to the publication of the former executive director's book is shown below.

Date	Description	Amount (\$)
4/1/19	Registration for Writer's Retreat	400.00
10/16/19	Amazon book order (130 copies)	2,808.00
10/25/19	Promotional banner	221.91
	Total	3,429.91

Conclusion

Income Tax Implications

All compensation provided to the former executive director and his family members is subject to state and federal income tax withholdings. Such compensation provided to an employee either through salary, bonuses, equipment, vehicles, or other qualifying means must be reported by the employer on IRS Form W-2. This also includes the transfer of any charter school assets for which one or more employees may have received a financial gain. Any compensation not reported by an employer at the time of receipt by an employee, such as the questionable items included in this report, must be subsequently reported by the employer on an amended Form W-2.

Potential for Fraud

Based on the findings in this report, there is sufficient evidence to demonstrate that fraud, misappropriation of funds and/or assets, or other illegal fiscal activities may have occurred in the specific areas reviewed.

FCMAT has summarized expenditures outlined in this report that most notably represent potentially fraudulent activity and a potentially inappropriate use of public charter school funds. These expenditures were either incurred by the former executive director or were directly authorized by him. Some items have been omitted from this list, such as the \$3,000 Christmas bonus in 2018, as board approval may have occurred, despite the absence of the compensation in the former executive director's employment agreement. While some expenditures listed below and elsewhere in this report may indeed have a legitimate educational purpose, that purpose could not be determined by FCMAT, lending to the appearance of potential fraud and misuse of public charter school funds.

Questioned expenditures below are listed in order of appearance in this report. In all cases, the expenditures appear to have been paid using the charter school's unrestricted general fund revenue, rather than from any federal or state funding sources specifically intended for certain programmatic purposes (such as Title I).

Description	Amount (\$)	Basis for Potential Misuse of Public Funds
Daughter's Tuition	37,563.57	Singular employee receiving full tuition
Gas for Daughter	2,437.07	Issued gas card for personal vehicle
2015 & 2016 Ford F-150 pickups	50,000.00	Charter vehicles not authorized as compensation
Electronic Devices	9,504.74	Issued to family members only
Unknown Withdrawals	51,258.08	Potential misappropriation of public funds
Payroll Advances Outstanding	8,000.00	Unauthorized additional compensation
Unapproved Christmas Bonuses	2,000.00	Unauthorized additional compensation
Fuel Purchases	46,365.30	Excessive use of fuel card
Gas Station Purchases	954.06	Potential misappropriation of public funds
Trips	22,708.77	Unauthorized/lacking apparent educational purpose
Miscellaneous Expenditures	246,002.26	Potential misappropriation of public funds
Funeral Reception	5,809.73	Inappropriate use of public funds
Legal Expenses	11,897.00	Use of public funds for personal/family expenses
Donation of Portables	362,160.00	Unauthorized disposal of public assets
Snack Bar Sales	202,500.00	Potential misappropriation of public funds
Book Publication	3,429.91	Personal expenses paid using public funds
Total	1,062,590.49	

Deficiencies and exceptions noted during FCMAT's review of ETAA's financial transactions during the audit period, including internal control deficiencies and a lack of governing board oversight of expenditures initiated by the former executive director, increase the probability of fraud, mismanagement and/or misappropriation of the charter school's public funds. These findings should be of great concern to the charter school, Madera Unified School District, and the Madera County Superintendent of Schools, as well as all charter school educational partners and the community at large. Immediate steps should be taken by the charter school and sponsoring district to ensure all public funds are used strictly for appropriate and approved educational purposes in the future.

Judgments Regarding Guilt or Innocence

The existence of fraud, misappropriation of funds and/or assets, or other illegal fiscal activities is solely the purview of the courts and juries. FCMAT is not making statements that could be construed as a conclusion that fraud, misappropriation of funds and/or assets, or other illegal fiscal activities have occurred. These terms are a broad legal concept, and auditors do not make legal determinations regarding whether illegal activity has occurred.

In accordance with EC 42638(b), action by the county superintendent shall include the following:

If the county superintendent determines that there is evidence that fraud or misappropriation of funds has occurred, the county superintendent shall notify the governing board of the school district, the State Controller, the Superintendent of Public Instruction, and the local district attorney.

In accordance with EC 1241.5(b), the county superintendent is required to report the findings and recommendations to the district's governing board at a regularly scheduled board meeting within 45 days of completing the audit. Within 15 days of receipt of the report, the governing board is required to notify the county superintendent of its proposed actions regarding the county superintendent's recommendations.

Recommendations

The county superintendent should:

1. Notify the governing boards of the Ezequiel Tafoya Alvarado Academy and the Madera Unified School District, as well as the state controller, the state superintendent of public instruction, and the local district attorney that fraud or misappropriation of public charter school funds and/or assets, or other illegal fiscal activities may have occurred.
2. Notify the state attorney general and the United States Department of Education's Office of the Inspector General that sufficient evidence exists to indicate that fraud, misappropriation of public school funds, or other illegal fiscal practices may have occurred involving funds apportioned by state and/or federal agencies.
3. Notify the Internal Revenue Service and California Franchise Tax Board that additional, unreported compensation may have been provided to the former executive director of the charter school, as well as to his family members (including Son #1, Son #2, daughter, and former spouse) from which income tax withholdings should have occurred.
4. Notify the California Commission on Teacher Credentialing that the credential for the daughter of the former executive director may have been earned through the inappropriate use of public charter school funds.

Appendix

Appendix A: Study Agreement



FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM AB139 STUDY AGREEMENT October 5, 2021

The Fiscal Crisis and Management Assistance Team (FCMAT), hereinafter referred to as the team, and the Madera County Superintendent of Schools, hereinafter referred to as the MCSOS, mutually agree as follows:

1. BASIS OF AGREEMENT

The team provides a variety of services to local educational agencies (LEAs). Pursuant to the provisions of Education Code (EC) Section 1241.5 (c), county superintendents may review or audit the expenditures and internal controls of any charter school in their county if they have reason to believe that fraud, misappropriation of funds, or other illegal fiscal practices have occurred that merit examination. The extraordinary audits conducted by the county superintendent shall be focused on the alleged fraud, misappropriation of funds, or other illegal fiscal practices and shall be conducted in a timely and efficient manner.

All work shall be performed in accordance with the terms and conditions of this agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

The county superintendent has requested that FCMAT assign professionals to conduct an AB 139 Extraordinary Audit pursuant to Education Code Section 1241.5 (c). The county superintendent has received information regarding possible fraud, misappropriation of funds or other illegal practices at the Ezequiel Tafoya Alvarado Academy public charter school.

The main focus of this review is to determine, based on the sample testing performed and auditor's judgment, whether the former executive director or his alleged family, of the charter (1) collected compensation or property from the charter they were not entitled to; were involved in any undisclosed or inappropriate related-party transactions that were in conflict with state and federal policies and standards, or that violated conflict of interest laws or board policies, and whether charter funds were used for reasons other than legitimate educational purposes; and (2) based on that assessment, determine whether fraud, misappropriation of funds or other illegal fiscal practices may have occurred.

The team will review and test recorded transactions for fiscal years 2016-17 through 2019-20 to determine if fraud, misappropriation of funds or other illegal activities may have occurred. Testing for this review will be based on the auditor's judgment and a sample of transactions and records for this period. Testing and review results are intended to provide reasonable but not absolute certainty about whether the charter's financial transactions and activity were sufficiently accurate.

B. Services and Products to be Provided

1. Orientation Meeting - The team will conduct an orientation session at the MCSOS to brief management and supervisory personnel on the team's procedures and the purpose and schedule of the study.
2. On-site Review - The team will conduct an on-site review at the county office and at charter school sites if necessary; pertinent documents will also be reviewed off-site.
3. Progress Reports - The team will inform the MCSOS of material issues as the review is performed.
4. Exit Meeting – The team will hold an exit meeting at the conclusion of the on-site review to inform the MCSOS of any significant findings to that point.
5. Draft Report – When appropriate, electronic copies of a preliminary draft report will be delivered to the MCSOS's administration for review and comment on a schedule determined by the team.
6. Final Report - Electronic copies of the final report will be delivered to the MCSOS following completion of the review. Printed copies are available from the FCMAT office upon request.
7. Follow-Up Support – If requested, the team will meet with the MCSOS to discuss the findings and recommendations of the report.

3. PROJECT PERSONNEL

The FCMAT study team may include:

- | | |
|----------------------------|-------------------------|
| <i>A. To Be Determined</i> | <i>FCMAT Staff</i> |
| <i>B. To Be Determined</i> | <i>FCMAT Consultant</i> |

Other equally qualified staff or consultants will be substituted in the event one of the above individuals is unable to participate in the study.

4. PROJECT COSTS

The cost for studies requested pursuant to EC 42127.8 (d) (1) shall be:

- A. \$1,100 per day for each staff team member while on site, conducting fieldwork at other locations, preparing or presenting reports, or participating in meetings. The cost of independent FCMAT consultants will be billed at their actual daily rate for all work performed.
- B. All out-of-pocket expenses, including travel, meals and lodging.

Based on the elements noted in Section 2A, the total estimated cost of the study will be \$93,000.

- C. Any change to the scope will affect the estimate of total cost.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools - Administrative Agent, located at 1300 17th Street, City Centre, Bakersfield, CA 93301. Clients may qualify for reimbursement from funds set aside for this purpose, pursuant to AB 139.

5. **RESPONSIBILITIES OF THE MCSOS AND/OR CHARTER**

- A. Provide office and conference room space during on-site reviews.
- B. Provide the following if requested:
 - 1. Policies, regulations and prior reports addressing the study request
 - 2. Current or proposed organizational charts
 - 3. Current and two prior years' audit reports
 - 4. Any documents requested on a supplemental list. Documents requested on the supplemental list should be provided to FCMAT only in electronic format; if only hard copies are available, they should be scanned by the MCSOS and/or charter and sent to FCMAT in an electronic format
 - 5. Documents should be provided in advance of fieldwork; any delay in the receipt of the requested documents may affect the start date and/or completion date of the project. Upon approval of the signed study agreement, access will be provided to FCMAT's online SharePoint document repository where the MCSOS and/or charter shall upload all requested documents.
- C. The MCSOS administration will review a draft copy of the study. Any comments regarding the accuracy of the data presented in the report or the practicability of the recommendations will be reviewed with the team prior to completion of the final report.

Pursuant to EC 45125.1(c), representatives of FCMAT will have limited contact with pupils. The MCSOS and/or charter shall take appropriate steps to comply with EC 45125.1(c).

6. **PROJECT SCHEDULE**

The following schedule outlines the planned completion dates for different phases of the study and will be established upon the receipt of a signed study agreement:

Orientation:	To be determined
Staff Interviews:	To be determined
Exit Meeting:	To be determined
Draft Report Submitted:	To be determined
Final Report Submitted:	To be determined

7. **COMMENCEMENT, TERMINATION AND COMPLETION OF WORK**

FCMAT will begin work as soon as it has assembled an available and appropriate study team consisting of FCMAT staff and independent consultants, taking into consideration other jobs FCMAT has previously undertaken and assignments from the state. The team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the MCSOS and/or charter and any other parties from which, in the team's judgment, it must obtain information. Once the team has completed its fieldwork, it will proceed to prepare a draft report and a final report. Prior to completion of fieldwork, the MCSOS may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the MCSOS does not provide written notice of termination prior to completion of fieldwork, the team will complete its work and deliver its report and the MCSOS will be responsible for the full costs. The MCSOS understands

and agrees that FCMAT is a state agency and all FCMAT reports are published on the FCMAT website and made available to interested parties in state government. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a report once fieldwork has been completed, and the MCSOS shall not request that it do so.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the MCSOS. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the MCSOS in any manner without prior express written authorization from an officer of the MCSOS.

9. INSURANCE

During the term of this agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the MCSOS, automobile liability insurance in the amount required under California state law, and workers' compensation as required under California state law. FCMAT shall provide certificates of insurance, with Madera County Superintendent of Schools named as additional insured, indicating applicable insurance coverages upon request.

10. HOLD HARMLESS

FCMAT shall hold the MCSOS, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this agreement. Conversely, the MCSOS shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting solely from negligent acts or omissions of the MCSOS's board, officers, agents and employees undertaken under this agreement.

11. COVID-19 PANDEMIC

Because of the existence of COVID-19 and the resulting shelter-at-home orders, local educational agency closures and other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the MCSOS and/or Charter (Sections I, IV and V herein) and other provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:


- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, etc. References to on-site work or fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as provided as if performed in the field (excluding out-of-pocket costs).
- C. The MCSOS and/or charter may be relieved of its duty to provide conference and other work area facilities for the team.

12. FORCE MAJEURE


Neither party will be liable for any failure of or delay in the performance of this study agreement due to causes beyond the reasonable control of the party, except for payment obligations by the MCSOS.

13. CONTACT PERSON

Contact: Cecilia A. Massetti, Ed.D.
Telephone: (559) 673-6051
E-mail Address: cmassetti@mcsos.org


Cecilia A. Massetti, Ed.D., Superintendent
Madera County Superintendent of Schools


Date


Michael H. Fine
Chief Executive Officer
Fiscal Crisis & Management Assistance Team

10/7/21

Date