

SANTIAGO MIDDLE SCHOOL

AUDIT REPORT

**FOR THE YEAR ENDED
JUNE 30, 2021**

**A NONPROFIT PUBLIC BENEFIT CORPORATION
OPERATING THE FOLLOWING CALIFORNIA CHARTER SCHOOL**

Santiago Middle (Charter No. 0066)



SANTIAGO MIDDLE SCHOOL
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JUNE 30, 2021

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FINANCIAL SECTION



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Santiago Middle School
Orange, California

Report on the Financial Statements

We have audited the accompanying financial statements of Santiago Middle School (the "Charter") which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Santiago Middle School as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the Charter's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
December 22, 2021

SANTIAGO MIDDLE SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS

Current assets

Cash and cash equivalents	\$ 2,207,023
Accounts receivable	1,887,986
Prepaid expenses	60,693
Total current assets	<u>4,155,702</u>

Noncurrent assets

Deposits	450,000
Capital assets, net	36,329
Total noncurrent assets	<u>486,329</u>
Total Assets	<u>\$ 4,642,031</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 963,937
Deferred revenue	181,843
Supplemental retirement plans	441,330
Total liabilities	<u>1,587,110</u>

Net assets

Without donor restrictions	<u>3,054,921</u>
Total net assets	<u>3,054,921</u>
Total Liabilities and Net Assets	<u>\$ 4,642,031</u>

The notes to the financial statements are an integral part of this statement.

**SANTIAGO MIDDLE SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Federal and state support and revenues			
Local control funding formula, state aid	\$ 2,556,086	\$ -	\$ 2,556,086
Federal revenues	1,276,806	-	1,276,806
Other state revenues	1,397,061	-	1,397,061
Total federal and state support and revenues	5,229,953	-	5,229,953
Local support and revenues			
Payments in lieu of property taxes	6,243,036	-	6,243,036
Student fundraising activities	21,649	-	21,649
Grants and donations	14,291	-	14,291
Investment income, net	7,674	-	7,674
Other local revenues	66,974	-	66,974
Total local support and revenues	6,353,624	-	6,353,624
Donor restrictions satisfied	75,247	(75,247)	-
Total Support and Revenues	11,658,824	(75,247)	11,583,577
EXPENSES			
Program services	10,430,941	-	10,430,941
Supporting services			
Management and general	755,434	-	755,434
Fundraising	1,230	-	1,230
Total Expenses	11,187,605	-	11,187,605
CHANGE IN NET ASSETS	471,219	(75,247)	395,972
Net Assets - Beginning	2,583,702	75,247	2,658,949
Net Assets - Ending	\$ 3,054,921	\$ -	\$ 3,054,921

The notes to the financial statements are an integral part of this statement.

**SANTIAGO MIDDLE SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	
EXPENSES					
Personnel expenses					
Certificated salaries	\$ 4,647,220	\$ 142,918	\$ -	\$ 4,790,138	
Non-certificated salaries	882,358	367,451	-	1,249,809	
Pension plan contributions	1,341,204	13,324	-	1,354,528	
Health and welfare benefits	781,521	54,424	-	835,945	
Retiree benefits	315,708	29,139	-	344,847	
Payroll taxes	190,058	12,673	-	202,731	
Total personnel expenses	8,158,069	619,929	-	8,777,998	
Non-personnel expenses					
Books and supplies	711,548	7,664	-	719,212	
Travel and conference	13,443	548	-	13,991	
Insurance	57,083	5,269	-	62,352	
Facilities	334,961	30,458	-	365,419	
Professional services	532,425	32,028	1,230	565,683	
Depreciation	-	8,375	-	8,375	
Fees to authorizing agency	574,931	48,084	-	623,015	
Other operating expenses	48,481	3,079	-	51,560	
Total non-personnel expenses	2,272,872	135,505	1,230	2,409,607	
Total Expenses	\$ 10,430,941	\$ 755,434	\$ 1,230	\$ 11,187,605	

The notes to the financial statements are an integral part of this statement.

**SANTIAGO MIDDLE SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 395,972
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	8,375
(Increase) decrease in operating assets	
Accounts receivable	(207,122)
Prepaid expenses	(53,268)
Increase (decrease) in operating liabilities	
Accounts payable	12,539
Deferred revenue	181,843
Supplemental retirement plans	211,806
Net cash provided by (used in) operating activities	<u>550,145</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 550,145

Cash and cash equivalents - Beginning 1,656,878

Cash and cash equivalents - Ending \$ 2,207,023

SUPPLEMENTAL DISCLOSURE

Cash paid for interest	<u>\$ 605</u>
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The notes to the financial statements are an integral part of this statement.

**SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Santiago Middle School (the "Charter") was formed as a nonprofit public benefit corporation June 1, 2005 for the purpose of operating as a California public school located in Orange County. The Charter was numbered by the State Board of Education in July 1994 as California Charter No. 0066. Santiago Middle School's mission is to assist its students to attain an educational advantage by delivering a quality and disciplined public school education of unmatched value. During the year ended June 30, 2021, Santiago Middle School served grades 7 and 8.

Santiago Middle School is authorized to operate as a charter school through the Orange Unified School District (the "authorizing agency" or the "District"). On February 13, 2020, the Board of Directors of Orange Unified School District approved a charter renewal for an additional five-year term beginning July 1, 2020 and expiring June 30, 2025. Funding sources primarily consist of state apportionments, in lieu of property tax revenues, and grants and donations from the public.

B. Basis of Accounting

The Charter's policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when cash is received and certain expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

C. Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective July 1, 2018. Under the Guide, Santiago Middle School is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net assets with donor restrictions – These assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires (that is until the stipulated time restriction ends or the purpose of the restriction is accomplished) the net assets are restricted. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions.

As a public charter school, Santiago Middle School also accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual* presented in Procedure 810 Charter Schools. Fund accounting is not used in the Charter's financial statement presentation.

D. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates.

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Certain costs and expenses have been allocated between program and supporting services based on management's estimates.

F. Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as "net assets released from restrictions." Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without restriction upon acquisition of the assets and the assets are placed in service.

Non-cash contributions of goods, materials, and facilities are recorded at fair value at the date of contribution. Contributed services are recorded at fair value at the date of contribution if they are used to create or enhance a non-financial asset or require specialized skills, are provided by someone possessing those skills, and would have to be purchased by the organization if not donated.

G. In Lieu of Property Taxes Revenue

Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County bills and collects the taxes for the authorizing agency. In lieu of distributing funds out of property tax proceeds, the authorizing agency makes monthly payments to Santiago Middle School. Revenues are recognized by the Charter when earned.

H. Cash and Cash Equivalents

Santiago Middle School considers all highly liquid deposits and investments with an original maturity of less than ninety days to be cash equivalents.

I. Investments

The Charter's method of accounting for most investments is the fair value method. Fair value is determined by published quotes when they are readily available. Gains and losses resulting from adjustments to fair values are included in the accompanying statement of activities. Investment return is presented net of any investment fees.

J. Receivables and Allowances

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is established, as necessary, based on past experience and other factors which, in management's judgment, deserve current recognition in estimating bad debts. Such factors include the relationship of the allowance for doubtful accounts to accounts receivable and current economic conditions.

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Receivables and Allowances (continued)

Based on review of these factors, the Charter establishes or adjusts the allowance for specific revenue sources as a whole. At June 30, 2021, an allowance for doubtful accounts was not considered necessary as all accounts receivable were deemed collectible.

K. Capital Assets

Santiago Middle School has adopted a policy to capitalize asset purchases over \$5,000. Lesser amounts are expensed. Donations of capital assets are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions. Capital assets are depreciated using the straight-line method over the estimated useful lives of the property and equipment or the related lease terms.

L. Deferred Revenue

Deferred revenue arises when potential revenue does not meet the criteria for recognition in the current period and when resources are received by the organization prior to the incurrence of expenses. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

M. Income Taxes

Santiago Middle School is a 509(a)(1) publicly supported nonprofit organization that is exempt from income taxes under Section 501(a) and 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Charter is exempt from state franchise or income tax under Section 23701(d) of the California Revenue and Taxation Code. As a school, the Charter is not required to register with the California Attorney General as a charity.

The Charter's management believes all of its significant tax positions would be upheld under examination; therefore, no provision for income tax has been recorded. The Charter's information and/or tax returns are subject to examination by the regulatory authorities for up to four years from the date of filing.

N. Fair Value Measurements

The Fair Value Measurements Topic of the FASB *Accounting Standards Codification* establishes a fair value hierarchy that prioritizes inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets. |
| Level 2 | Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

O. New Accounting Pronouncement

Leases

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The new FASB ASU topic on leases consists of five subtopics: overall, lessee, lessor, sale and leaseback transactions, and leveraged lease arrangements. ASU No. 2016-02 is applicable to any entity that enters into a lease. The new lease standard is effective for private nonprofits with fiscal years beginning after December 15, 2021. The Charter will determine the impact on the financial statements once required to implement in the 2022-23 fiscal year.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2021, consists of the following:

Cash in banks, non-interest bearing	\$ 1,905,450
Cash in banks, interest bearing	301,573
Total Cash and Cash Equivalents	<u>\$ 2,207,023</u>

Cash in Banks

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, an organization's deposits may not be returned to it. Santiago Middle School does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2021, \$1,957,023 of the Santiago Middle School's bank balance was exposed to custodial credit risk as there were deposits over \$250,000 in accounts held at one or more banks.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2021, consists of the following:

Local control funding sources, state aid	\$ 745,487
Federal sources	260,445
Other state sources	391,268
In lieu property tax payments	462,020
Other local sources	28,766
Total Accounts Receivable	<u>\$ 1,887,986</u>

NOTE 4 – DEPOSITS

In accordance with the Charter's Memorandum of Understanding with its authorizing agency, \$450,000 is held by the authorizing agency as a reserve. The funds are invested in an Orange County treasury account administered by Orange Unified School District which is mainly utilized for payroll processing.

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS

A summary of activity related to capital assets during the year ended June 30, 2021 consists of the following:

	Balance July 1, 2020	Additions	Disposals	Balance June 30, 2021
Property and equipment				
Building improvements	\$ 74,837	\$ -	\$ -	\$ 74,837
Computer equipment	86,368	-	58,911	27,457
Furniture and equipment	9,600	-	-	9,600
Total property and equipment	170,805	-	58,911	111,894
Less accumulated depreciation	(126,101)	(8,375)	(58,911)	(75,565)
Capital Assets, net	\$ 44,704	\$ (8,375)	\$ -	\$ 36,329

NOTE 6 – ACCOUNTS PAYABLE

Accounts payable as of June 30, 2021, consists of the following:

Due to authorizing agency*	\$ 733,624
Compensated absences	143,058
Vendor payables	82,250
Due to grantor government	5,005
Total Accounts Payable	\$ 963,937

*Refer to Note 13 for related party transactions.

NOTE 7 – DEFERRED REVENUE

Deferred revenue as of June 30, 2021, consists of the following:

Federal sources	\$ 36,603
State sources	145,240
Total Deferred Revenue	\$ 181,843

NOTE 8 – SUPPLEMENTARY RETIREMENT PLANS

In April 2017, the Board of Directors of the Charter adopted a PARS supplementary retirement plan as a strategy to decrease expenses. The plan was to be implemented contingent on the required number of employees participating to make it cost effective. Based on the enrollment, the PARS plan meets the fiscal and operational objectives of the Charter with a total of nine (9) participants. The Charter's obligation under the plan was \$573,811 payable in five (5) annual installments of \$114,762 with the first payment due on July 10, 2017.

In March 2021, the Charter offered an additional PARS supplementary retirement plan. A total of five (5) employees opted to participate. Additionally, one (1) employee had a shared cost of 50% with a separate charter school, El Rancho Charter School. The Charter's obligation under this plan is \$326,568 payable in five (5) annual installments of \$65,314. The Charter holds a receivable of \$27,564 for the portion due from El Rancho Charter School and will be reimbursed \$5,513 for the next five (5) years.

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 8 – SUPPLEMENTARY RETIREMENT PLANS (continued)

The outstanding balance attributed to the PARS supplemental retirement plans as of June 30, 2021 was \$441,330. Future payment obligations are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>PARS #1</u>	<u>PARS #2</u>	<u>Total</u>
2022	\$ 114,762	\$ 65,314	\$ 180,076
2023	-	65,314	65,314
2024	-	65,314	65,314
2025	-	65,314	65,314
2026	-	65,312	65,312
Total	\$ 114,762	\$ 326,568	\$ 441,330

NOTE 9 – NET ASSETS

As of June 30, 2021, the Charter had no net assets with donor restrictions. Certain designations or reserves have been made for the use of net assets without donor restrictions either by the board, management or by nature of the financial assets held by the Charter. At June 30, 2021, the Charter's net assets without donor restrictions consist of the following:

Net investment in capital assets	\$ 36,329
Board designations	
5% reserve and security deposit	450,000
Reserve for prepaid expenses	60,693
Student body funds	42,482
Total board designations	<u>553,175</u>
Undesignated	<u>2,465,417</u>
Total Net Assets without Donor Restrictions	<u>\$ 3,054,921</u>

NOTE 10 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Charter's financial assets as of June 30, 2021, reduced by amounts not available for general expenditure within one year. Financial assets are considered not available for general use when illiquid or not convertible to cash within one year, consist of assets held for others or are held aside by the governing board for specific contingency reserves. Any board designations could be drawn upon if the board approves that action.

Financial Assets	
Cash and cash equivalents	\$ 2,207,023
Accounts receivable, current portion	1,865,935
Prepaid expenses	60,693
Total Financial Assets, excluding noncurrent	<u>\$ 4,133,651</u>
Board designations	<u>(553,175)</u>
Financial Assets available to meet cash needs for expenditures within one year	<u>\$ 3,580,476</u>

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – EMPLOYEE RETIREMENT PLANS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. In accordance with *California Education Code 47605*, charter schools have the option of participating in such plans if an election to participate is specified within the charter petition. The Charter has made such election. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and non-certificated employees are members of the California Public Employees' Retirement System (CalPERS).

California State Teachers' Retirement System (CalSTRS)

Plan Description

Santiago Middle School contributes to the California State Teachers' Retirement System (CalSTRS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement, disability and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7667 Folsom Boulevard; Sacramento, California 95826.

Funding Policy

Active plan members are required to contribute 10.25% or 10.205% of their 2020-21 salary depending on the employee's membership date in the plan. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalSTRS for the last three fiscal years were as follows:

	Contribution	Percent of Required Contribution
2020-21	\$ 737,323	100%
2019-20	\$ 723,321	100%
2018-19	\$ 664,594	100%

On-Behalf Payments

The State of California makes direct on-behalf payments for retirement benefits to CalSTRS on behalf of all school agencies in California. The amount of on-behalf payments made for Santiago Middle School is estimated at \$417,740. The on-behalf payment amount is computed as the proportionate share of total 2019-20 State on-behalf contributions.

California Public Employees' Retirement System (CalPERS)

Plan Description

Santiago Middle School contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street; Sacramento, California 95814.

Funding Policy

Active plan members, who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA), specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary.

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 11 – EMPLOYEE RETIREMENT PLANS (continued)

California Public Employees' Retirement System (CalPERS) (continued)

Funding Policy (continued)

Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

Santiago Middle School is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution for fiscal year 2020-21 was 20.70% of annual payroll. The contribution requirements of the plan members are established by state statute. The Charter's contributions to CalPERS for the last three fiscal years were as follows:

	<u>Contribution</u>	<u>Percent of Required Contribution</u>
2020-21	\$ 199,465	100%
2019-20	\$ 206,039	100%
2018-19	\$ 172,891	100%

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Charter School Authorization

As mentioned in Note 1A, Santiago Charter Middle School is approved to operate as a public charter school through authorization by the Orange Unified School District. As such, the Charter is subject to the risk of possible non-renewal or revocation at the discretion of its authorizing agency if certain criteria for student outcomes, management, and/or fiscal solvency are not met.

Governmental Funds

Santiago Middle School has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

Energy Conservation Contract

On September 28, 2007, the Charter entered into a Memorandum of Understanding with Orange Unified School District to compensate the District for energy conservation measures and modernization projects planned at the Charter's site. The term of the agreement is a period of twenty years. As of June 30, 2021, the future minimum annual payments under the terms of this agreement are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Payments</u>
2022	\$ 53,967
2023	53,967
2024	53,967
2025	53,967
2026	53,967
Thereafter	107,934
Total	<u>\$ 377,769</u>

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 12 – COMMITMENTS AND CONTINGENCIES (continued)

Multiemployer Defined Benefit Plan Participation

Under current law on multiemployer defined benefit plans, the Charter's voluntary withdrawal from any underfunded multiemployer defined benefit plan would require the Charter to make payments to the plan, which would approximate the Charter's proportionate share of the multiemployer plan's unfunded vested liabilities. CalSTRS and CalPERS have not estimated the Charter's share of withdrawal liability as it has been included within Orange Unified School District's proportionate share. As explained in Note 13, the District processes payroll of the Charter as reportable compensation of its own. As such, the Charter may be liable for a portion of the unfunded liability if the District were to allocate any portion of the liability to the Charter. As of June 30, 2021, the District has not elected to do so; therefore, a liability has not been recorded within the Charter's financials.

Custodial Assets

The Charter holds funds for the Associated Student Body (ASB) as a trustee. The ASB exists at the explicit approval, subject to the revocation, of the Charter's Board of Directors. The Charter includes the financial position and activity of the ASB in its financial statements. A summary of the ASB's financial position as of June 30, 2021 and activity for the year then ended is as follows:

	Student Body Funds
Assets	\$ 42,482
Liabilities	-
Net assets	<u>\$ 42,482</u>
Revenues	\$ 17,369
Expenses	<u>(22,221)</u>
Change in net assets	(4,852)
Beginning net assets	47,334
Ending net assets	<u>\$ 42,482</u>

NOTE 13 – RELATED PARTY TRANSACTIONS

Interested Parties

The Charter's Board of Directors is designed to include representatives from all affected groups (e.g.; parents, teachers, and administrators); consequently, certain members of the Board of Directors are classified as interested parties because they are also employed by the Charter.

Authorizing Agency

The Charter makes payments to the authorizing agency, Orange Unified School District, to provide required services for special education and other purchased services in addition to fees for oversight. Fees associated with oversight consisted of 2% of revenue from local control funding formula sources. During the fiscal year ended June 30, 2021, fees paid to the authorizing agency consisted of the following:

Oversight and facility usage fees	\$ 189,683
Administrative services	379,365
Energy conservation payment (see Note 12)	<u>53,967</u>
Total Fees to Authorizing Agency	<u>\$ 623,015</u>

SANTIAGO MIDDLE SCHOOL
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2021

NOTE 13 – RELATED PARTY TRANSACTIONS (continued)

Authorizing Agency (continued)

In addition to the services mentioned above, the Charter utilized the authorizing agency for payroll processing. All personnel expenses as presented on the Statement of Functional Expenses are passed-through the District and are in addition to the "payments to authorizing agency" included in non-payroll expenses and presented above. All employee compensation is paid for by the Orange Unified School District with the Charter's funds held by the authorizing agency in a County Treasury account (see Note 4). Though all individuals employed by Santiago Middle School have reportable compensation issued under the authorizing agency's employer identification number and not that of the Charter; the individuals fully provide their compensated services to the Charter, except with respect to substitute teachers, which are shared employees between the Charter and the authorizing agency. As of June 30, 2021, \$733,624 was payable to the District.

NOTE 14 – DONATED GOODS AND SERVICES

During the year, many parents, administrators and other individuals donated significant amounts of time and services to Santiago Middle School in an effort to advance the Charter's programs and objectives. These services have not been recorded in the Charter's financial statements because they do not meet the criteria required by generally accepted accounting principles.

NOTE 15 – SUBSEQUENT EVENTS

Santiago Middle School has evaluated subsequent events for the period from June 30, 2021 through December 22, 2021, the date the financial statements were available to be issued.

On July 9, 2021, the Governor of California approved Assembly Bill 130 (AB 130). Effective July 1, 2021, AB 130 added a provision within the California Education Code whereby all charter schools whose term expires on or between January 1, 2022, and June 30, 2025, inclusive, shall have their term extended by two years. As a result, the new term expiration date to the charter petition mentioned in Note 1A is June 30, 2027.

Management did not identify any other transactions or events that require disclosure or that would have an impact on the financial statements.

SUPPLEMENTARY INFORMATION

SANTIAGO MIDDLE SCHOOL
LEA ORGANIZATION STRUCTURE
JUNE 30, 2021

Santiago Middle School (the "Charter") is a charter school located in Orange, California which provides seventh and eighth grade education to approximately 1,017 students. The Charter opened as the first charter school in Orange County in September 1995 and the sixty-sixth charter school in the state of California (Charter No. 0066). In 2005, Santiago Middle School transitioned from a dependent to an independent charter. The Charter received approval to operate as a charter school through Orange Unified School District, the authorizing agency.

BOARD OF DIRECTORS		
Name	Office	Term Expiration
John Besta	Chairperson	August 2021
Dave Simpson	Vice Chairperson	August 2021
Ashley Pedroza	Secretary	August 2021
Ruben Gonzalez	Parent Representative	August 2022
Jennifer Vaughan	Parent Representative	August 2022
Heather Irwin	Parent Representative	August 2021
Jourden Ammann	Staff Representative	August 2021
Steve Arnett	Staff Representative	August 2021
Ana Resendiz	Staff Representative	August 2022
Kristi Peckham	Staff Representative	August 2021
Lauren Salloum	Staff Representative	August 2022

ADMINISTRATION
Jim D'Agostino <i>Principal & Chief Executive Officer</i>
Nanette Proctor <i>Business Services Coordinator/Chief Financial Officer</i>

See accompanying notes to the supplementary information.

SANTIAGO MIDDLE SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 207,088
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	34,750
Title III, English Learner Student Program	84.365	14346	3,766
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	16,098
Special Education: IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	135,701
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	72,682
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	174,316
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	53,686
Subtotal Education Stabilization Fund Discretionary Grants			300,684
Total U. S. Department of Education			698,087
U. S. DEPARTMENT OF THE TREASURY			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation [1]	21.019	25516	578,719
Total U. S. Department of the Treasury			578,719
Total Federal Expenditures			\$ 1,276,806

[1] - Major Program

See accompanying notes to the supplementary information.

**SANTIAGO MIDDLE SCHOOL
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021**

Grade Span	2020-21 Number of Days	Status
Grades 7 through 8	180	Complied

See accompanying notes to the supplementary information.

**SANTIAGO MIDDLE SCHOOL
RECONCILIATION OF FINANCIAL REPORT – ALTERNATIVE FORM WITH AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2021**

There were no adjustments to reconcile fund balance reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets per the audited financial statements for the year end ended June 30, 2021.

See accompanying notes to the supplementary information.

SANTIAGO MIDDLE SCHOOL
NOTES TO THE SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTE 1 – PURPOSE OF SCHEDULES

A. LEA Organization Structure

This schedule provides information about the local education agency (LEA or charter school), including the Charter's authorizing agency, grades served, members of the governing body, and members of the administration.

B. Schedule of Expenditures of Federal Awards

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Charter and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Charter has not elected to use the 10 percent de minimis indirect cost rate.

C. Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the Santiago Middle School and whether the Charter complied with the provisions of *Education Code Section 47612*.

D. Reconciliation of Financial Report – Alternative Form with Audited Financial Statements

This schedule provides the information necessary to reconcile net position reported on the Financial Report – Alternative Form (Charter School Unaudited Actuals) to net assets on the audited financial statements

OTHER INDEPENDENT AUDITORS' REPORTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditors' Report

To the Board of Directors of
Santiago Middle School
Orange, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Santiago Middle School (the "Charter") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Charter's basic financial statements and have issued our report thereon dated December 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Charter's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Charter's internal control. Accordingly, we do not express an opinion on the effectiveness of the Charter's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Charter's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Charter's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Charter's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 22, 2021



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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Independent Auditors' Report

To the Board of Directors of
Santiago Middle School
Orange, California

Report on Compliance for Each Major Federal Program

We have audited Santiago Middle School's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Santiago Middle School's major federal programs for the year ended June 30, 2021. Santiago Middle School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Santiago Middle School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santiago Middle School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Santiago Middle School's compliance.

Opinion on Each Major Federal Program

In our opinion, Santiago Middle School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance

Management of Santiago Middle School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santiago Middle School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santiago Middle School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
December 22, 2021

REPORT ON STATE COMPLIANCEIndependent Auditors' Report

To the Board of Directors of
Santiago Middle School
Orange, California

Report on State Compliance

We have audited Santiago Middle School's compliance with the types of compliance requirements described in the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810, that could have a direct and material effect on each of Santiago Middle School's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Santiago Middle School's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, California Code of Regulations, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Santiago Middle School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Santiago Middle School's compliance with those requirements.

Opinion on State Compliance

In our opinion, Santiago Middle School complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the following table for the year ended June 30, 2021.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Santiago Middle School's compliance with the state laws and regulations applicable to the following:

Description	Procedures Performed
Local Education Agencies	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Not applicable
Kindergarten Continuance	Not applicable
Instructional Time	Yes
Instructional Materials	Not applicable
Ratio of Administrative Employees to Teachers	Not applicable
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Not applicable
School Accountability Report Card	Not applicable
K-3 Grade Span Adjustment	Not applicable
Apprenticeship: Related and Supplemental Instruction	Not applicable
Comprehensive School Safety Plan	Not applicable
District of Choice	Not applicable
School Districts, County Offices of Education and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study – Course Based	Not applicable
Attendance	Yes
Mode of Instruction	Yes
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Charter School Facility Grant Program	Not applicable

Christy White, Inc.

San Diego, California
December 22, 2021

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**SANTIAGO MIDDLE SCHOOL
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021**

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Noncompliance material to financial statements noted?	<u>None</u>

Federal Awards

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	
<u>AL Number(s)</u> <u>Name of Federal Program or Cluster</u>	
21.019 Coronavirus Relief Fund (CRF): Learning Loss Mitigation	

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

State Awards

Internal control over state programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**SANTIAGO MIDDLE SCHOOL
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

20000

30000

AB 3627 FINDING TYPE

Inventory of Equipment

Internal Control

There were no audit findings related to the financial statements during 2020-21.

SANTIAGO MIDDLE SCHOOL
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

FIVE DIGIT CODE
50000

AB 3627 FINDING TYPE
Federal Compliance

There were no audit findings and questioned costs related to federal awards during 2020-21.

**SANTIAGO MIDDLE SCHOOL
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

FIVE DIGIT CODE

10000
40000
42000
43000
60000
61000
62000
70000
71000
72000

AB 3627 FINDING TYPE

Attendance
State Compliance
Charter School Facilities Programs
Apprenticeship: Related Supplemental Instruction
Miscellaneous
Classroom Teacher Salaries
Local Control Accountability Plan
Instructional Materials
Teacher Misassignments
School Accountability Report Card

There were no audit findings and questioned costs related to state awards during 2020-21.

**SANTIAGO MIDDLE SCHOOL
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no audit findings reported in the 2019-20 fiscal year.