

ANNUAL FINANCIAL REPORT OF CALIFORNIA K-12 SCHOOLS

**Report to the State
Superintendent of Public Instruction**

For the Period of July 1, 2022, through June 30, 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 2024



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June 28, 2024

The Honorable Tony Thurmond
State Superintendent of Public Instruction
California Department of Education
P.O. Box 944272
Sacramento, CA 94244

Dear Superintendent Thurmond:

I am pleased to present the Annual Financial Report of California K-12 Schools for fiscal year (FY) 2022-23.

The report summarizes the financial and program compliance status of the State's school districts, county offices of education, and charter schools for FY 2022-23, unless otherwise specified. For FY 2022-23, there were a total of 2,269 local education agencies (LEAs), including 940 school districts, 58 county offices of education, and 1,271 charter schools.

For FY 2022-23, California LEA revenues exceeded expenditures by \$15.85 billion. The number of LEAs engaged in multi-year deficit spending decreased from 18 to 16. The number of school districts and county offices of education filing negative or qualified first- or second-period interim certifications for FY 2023-24 increased from 16 to 48. Negative or qualified certifications were filed as a result of deficit spending, changes in contributions, or projected changes in operating expenditures, operating revenues, and Local Control Funding Formula revenue.

State and federal compliance findings noted in the independent auditors' reports of LEAs decreased from the prior year. Auditors reported 1,016 compliance findings in FY 2022-23, a 13 percent decrease from the 1,163 reported in FY 2021-22. Fourteen percent of the compliance findings were related to deficiencies in average daily attendance accounting, which is the primary basis for the allocation of state funding. In addition, auditors reported 112 audit findings pertaining to the Classroom Teacher Salaries, and 96 findings pertaining to the After School Education and Safety Program.

I hope that the report will be useful to you and the State Legislature in planning California's future education needs.

Superintendent Thurmond
June 28, 2024
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Please direct any comments regarding the content of the report to Acting Chief Operating Officer Cathy Leal at (916) 720-3089.

Sincerely,

Original signed by

Malia M. Cohen

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Executive Summary

The State Controller's Office (SCO) has broad authority to oversee state and federal funding of California's public schools from kindergarten through the 12th grade (K-12). The State Controller's goal is to promote greater fiscal accountability for local education agencies (LEAs)—including school districts, county offices of education (COEs), and charter schools—and to function as the independent protector of taxpayer dollars.

This oversight responsibility includes reviewing annual LEA audit reports, maintaining a database with financial and statistical data on LEA audit reports, reviewing and certifying the audit reports submitted by independent auditors, tracking financially troubled school districts identified by the interim reporting process, developing and submitting the content of the *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (K-12 Audit Guide) to the Education Audit Appeals Panel, and conducting financial and compliance audits of various LEAs.

Most of the information used to prepare this report is compiled from annual audit reports prepared for individual LEAs by independent certified public accountants (CPAs) for fiscal year (FY) 2022-23. Additional data was taken from interim financial report certifications submitted by LEAs for FY 2023-24. Information related to the emergency loan apportionments was obtained from various sources, including the California Infrastructure and Economic Development Bank (I-Bank).

This FY 2022-23 report contains the following key findings:

- A total of 16 LEAs engaged in multi-year deficit spending. Although some LEAs may legitimately need to engage in multi-year deficit spending (such as for building projects), this practice is often an indication that a district is facing financial difficulties.
- The number of LEAs filing negative or qualified certifications during at least one of the two reporting periods increased from 16 to 48. In the second reporting period of FY 2023-24, 22 LEAs filed qualified interim financial reports and six LEAs filed negative interim financial reports. Financial difficulties may have a negative impact on these LEAs' educational programs.
- Debt decreased by \$2.44 billion to a total of \$8.84 billion, a 21 percent decrease from the \$11.28 billion issued in the prior year. In general, LEAs issue debt to fund capital improvements, refinance existing debt, or buy land for future use.
- State and federal compliance findings noted in the independent auditor's reports of LEAs decreased from the prior year. Auditors reported 1,016 compliance findings in FY 2022-23, a 13 percent decrease from the 1,163 reported in FY 2021-22.
- Approximately 14 percent of the compliance findings for FY 2022-23 are related to deficiencies in attendance records. Attendance is the

primary factor in determining the amount of funding that an LEA receives from the State. In FY 2021-22, audit findings in this category accounted for 18% of all reported state and federal compliance audit findings.

- The LEAs' annual audit reports disclosed 112 audit findings pertaining to the Classroom Teacher Salaries compliance requirements. In FY 2021-22, independent auditors reported 81 findings in this category.
- The SCO rejected 791 of the LEA's annual audit reports, a decrease of 100 from 891 in FY 2021-22. The SCO also identified 2,266 reporting deficiencies in the reports, a decrease of 126 from 2,392 in FY 2021-22.

Introduction

The oversight role in the K-12 fiscal process is administered by the State Controller's Division of Audits. Oversight activities focus primarily on three areas: financial indicators, program compliance, and quality control.

The State Controller is also responsible for financial oversight of LEAs (school districts, charter schools, and COEs). Beginning with FY 2005-06, Education Code (EC) section 47634.2(d) rendered charter schools subject to audits, pursuant to EC section 41020. Audits must be conducted in accordance with Title 5, *California Code of Regulations*, section 19810 et seq., which requires that the K-12 Audit Guide must be followed.

Each section of this report specifies the type of LEA being reported on, and the fiscal year for which the data was obtained.

In accordance with California law, the State Controller's responsibilities include:

- Developing, in consultation with the Department of Finance, the California Department of Education (CDE), and other school representatives, an annual audit guide that prescribes financial statements and other information that should be included in each LEA's audit report. The K-12 Audit Guide provides guidance to independent auditors who conduct LEA audits;¹
- Reviewing each LEA's audit report submitted to the State and performing the related follow-up actions, including compliance audits;²
- Tracking notifications from the school districts that identify substantial fiscal problems at interim reporting periods;
- Conducting, or designating a CPA firm to conduct, annual financial and compliance audits of school districts that receive emergency state apportionment loans;
- Ensuring that satisfactory arrangements for an annual audit have been made for each LEA;
- Performing quality control reviews of independent auditors who conduct annual audits of LEAs; and
- Compiling pertinent data and reporting annually to the California State Legislature and CDE.

¹ EC section 14502.1(a) states, in part, "The Controller, in consultation with CDE, the Department of Finance, representatives of the California School Boards Association, the California Association of School Business Officials, the California County Superintendents Educational Services Association, the California Teachers Association, and the California Society of Certified Public Accountants, shall recommend the statements and other information to be included in the audit reports filed with the state and shall propose an audit guide to carry out the purposes of this chapter. A supplement to the audit guide may be suggested during the audit year, to address issues resulting from new legislation in that year that changes the conditions of apportionment. The proposed content of the audit guide and any supplement to the audit guide shall be submitted by the Controller to the Education Audit Appeals Panel for review and possible amendment."

² EC section 14501 provides that compliance audits are conducted to determine whether state and federal program funds are expended in accordance with the applicable program laws and regulations.

Financial Indicators

Overview

Education Code places school district finances under the control of COEs and CDE. The law protects the public's interest in education by giving COEs specific responsibility for fiscal oversight of school districts within their jurisdictions.

Key financial indicators representing the financial health of LEAs are presented in this section of the report. Data has been taken from interim financial report certifications submitted by school districts for FY 2023-24.

Interim Reporting

School districts in California are required to file interim reports certifying their financial health to the governing board of the district and COE. These interim reports must be completed twice per year by every school district (to cover the periods of July 1 through October 31, and November 1 through January 31) and must be reviewed by the appropriate county superintendent of schools. The interim reports must be in a format or on forms prescribed by the State Superintendent of Public Instruction (SSPI) and be based on Standards and Criteria for Fiscal Stability adopted by the State Board of Education pursuant to EC section 33127. Charter schools are not required to file interim reports.

One of the following three certifications must be designated by the school district or COE when certifying the district's fiscal stability on the interim report:

Positive – A school district or COE that will meet its financial obligations for the current fiscal year and subsequent two fiscal years.

Qualified – A school district or COE that may not meet its financial obligations for the current fiscal year or subsequent two fiscal years.

Negative – A school district or COE that will not be able to meet its financial obligations for the current fiscal year or subsequent fiscal year.

School districts that file qualified or negative interim reports work with their county school superintendent to implement corrective action. Copies of the qualified or negative certifications are forwarded to the SCO and to the SSPI.

The number of LEAs that filed qualified or negative certifications increased

For FY 2023-24, a total of 37 of the 998 LEAs required to file interim reports filed a qualified or negative certification for the first-period interim report (31 were qualified and six were negative). Of these 37 LEAs, 11 filed a qualified second-period interim report, six filed a negative second-period interim report, and 20 were able to take corrective action. However, 12 other LEAs that had filed a positive first-interim certification subsequently filed qualified second-period interim reports, and one LEA that had filed a negative first-period interim certification subsequently filed a positive second-period interim report, resulting in a total of 22 qualified and six negative certifications for the second-interim reporting period (Figure 1). Thus, 48 LEAs reported qualified or negative certifications for at least one of the two periods (Appendix B), and seven LEAs remained on the list from the prior year (Appendix A). LEAs that file qualified or negative interim reports for two or more years are monitored closely by the SCO through continuous contact with CDE.

The top-five common causes of fiscal problems cited in the 48 qualified or negative certifications (Appendix B) were:

- Changes in projected operating revenues: 44 LEAs (92 percent);
- Deficit Spending: 44 LEAs (92 percent);
- Changes in projected operating expenditures: 42 LEAs (88 percent);
- Changes in contributions from unrestricted to restricted sources, or transfers to or from the General Fund to cover operating deficit: 40 LEAs (83 percent); and
- Changes in projected Local Control Funding Formula revenue: 37 LEAs (77 percent).

An analysis of the 12 LEAs that changed from a positive first-period interim certification to a negative or qualified second-period interim certification revealed the same top-five common causes.

Figure 1

Second-Period Interim Report Certifications*					
Five-Year History by Fiscal Year					
Certification	2019-20	2020-21	2021-22	2022-23	2023-24
Positive	958	985	980	985	970
Qualified	40	15	17	10	22
Negative	4	2	4	3	6
Totals	1,002	1,002	1,001	998	998

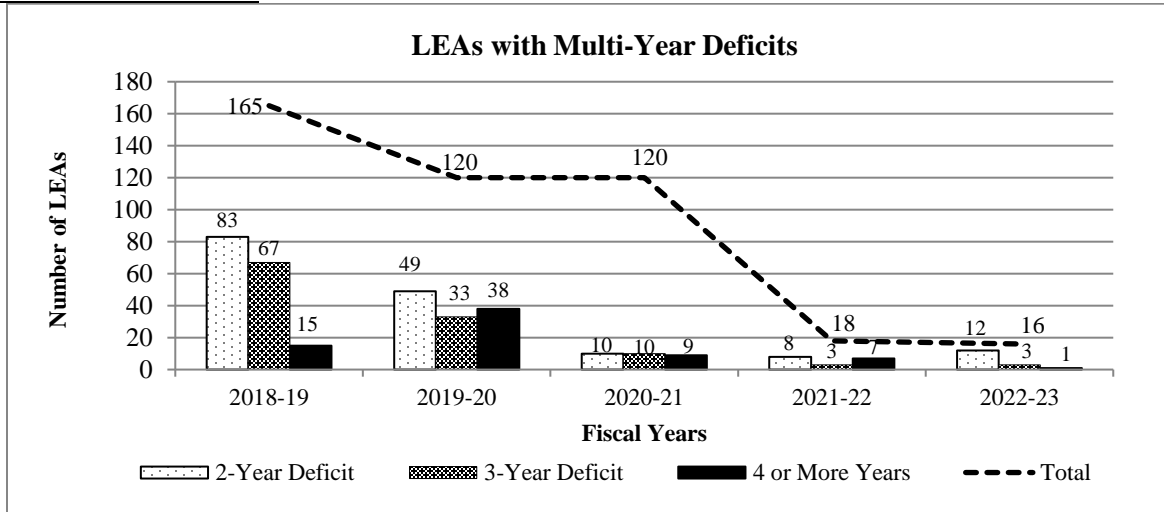
*See Appendixes A and B

Deficit Spending

For FY 2022-23, the overall number of LEAs relying on multi-year deficit spending decreased from 18 to 16 (Figure 2). Deficit spending patterns are monitored closely by COEs and CDE to determine whether LEAs are facing serious financial challenges.

LEA multi-year deficit spending decreased

Figure 2



Emergency Apportionments

When the governing board of a school district determines that the district’s revenues are not sufficient to meet its current-year obligations, it may request, through legislation, an emergency apportionment loan. As a condition of acceptance of the loan, the SSPI appoints an administrator or trustee to control, monitor, and review the operation of the district. The administrator or trustee helps the district develop a five-year recovery plan.

The emergency loans are designed to provide an advance of apportionments owed to the districts from the State School Fund. EC sections 41329.50 through 41329.54 and 41329.56 specify the requirements for emergency apportionment financing.

Oakland Unified School District (USD) and South Monterey County Joint Union High School District (JUHSD) (formerly King City JUHSD) are required to use lease financing to repay the emergency apportionments made from the state’s General Fund. The emergency apportionment made to the Vallejo City USD is considered an interim loan and must be repaid with the proceeds from lease financing.

Inglewood USD received a General Fund emergency loan in November 2012. Subsequently, Assembly Bill 86 (Chapter 48) was enacted during FY 2012-13 to authorize the Inglewood USD, through CDE, to request cash flow loans up of to \$55 million from the General Fund. The total loan balance is \$18.2 million as of June 30, 2024.

Annual payment on the initial emergency loan for Inglewood USD is due in June. Vallejo City USD received two emergency loans from the General Fund, with payments due in June and August. As of June 30, 2024, the

outstanding General Fund loan balances for Oakland USD, Vallejo City USD, and Inglewood USD ranged from \$0.7 million to \$18.2 million, as shown in Figure 3.

The lease financing is made available by I-Bank, and the term cannot exceed 20 years. I-Bank issues bonds to reimburse the General Fund for all or a portion of the emergency apportionment loans made to these school districts. The principal payments for Vallejo City USD, Oakland USD, and South Monterey County JUHSD bonds are payable annually on August 15. As of June 30, 2024, the outstanding lease revenue bond balances for Vallejo City USD and South Monterey County JUHSD were \$1.7 million and \$6.2 million, respectively, as identified in Figure 3.

Figure 3

School Districts with Outstanding Loans (in Millions)							
Fiscal Year	School District	Initial Loan (General Fund) ¹			Lease Revenue Bonds (I-Bank) ²		
		Loan Amount	Out-standing Balance	Final Repayment Date	Amount Issued	Out-standing Balance	Final Repayment Date
2002-03	Oakland Unified	100.0	4.1	June 29, 2026	59.6	-	August 15, 2023
2003-04	Vallejo City Unified	60.0	0.7	August 14, 2024	21.2	1.7	August 15, 2024
2009-10	South Monterey County JUHSD ³	2.0	-	April 14, 2010	14.4	6.2	August 15, 2029
2012-13	Inglewood Unified	29.0	18.2	November 1, 2034	-	-	—

¹ General Fund school loans balance information was obtained from the State Controller’s Office, Local Government Programs and Services Division.
² Lease revenue bonds information was obtained from the California Infrastructure and Economic Development Bank (I-Bank).
³ King City JUHSD was renamed South Monterey County Joint Union High School District effective July 1, 2011.

General Fund Revenues and Expenditures

For FY 2022-23, LEA General Fund revenues exceeded expenditures by \$15.85 billion (Figure 4).

Figure 4

LEA General Fund Revenues and Expenditures by Fiscal Year (in Billions)					
Fiscal Year	2018-19	2019-20	2020-21	2021-22	2022-23
Revenues	\$ 85.40	\$ 84.29	\$ 85.59	\$ 88.43	\$ 121.09
Expenditures	(83.22)	(82.72)	(78.32)	(83.40)	(105.24)
Surplus/(Deficit)	\$ 2.18	\$ 1.57	\$ 7.27	\$ 5.03	\$ 15.85

The fund balance or surplus for all LEAs combined totaled \$48.58 billion at the end of FY 2022-23, an increase of \$19.33 billion from the prior year’s total of \$29.25 billion. Federal revenues decreased by \$91 million from the prior fiscal year (\$12.28 billion in FY 2022-23, compared to \$12.38 billion in FY 2021-22). As part of the total fund balance, LEAs are required to maintain reserves as a defense against economic uncertainties. CDE issues guidelines regarding the amount of reserves each district should maintain based on its total average daily attendance (ADA).

Debt Issuance

Generally, LEAs issue debt to fund the purchase, construction, or lease of buildings and equipment; refinance existing debt; or buy land for future use. In the past, it was not uncommon for financially troubled LEAs to issue debt in order to finance current operations.

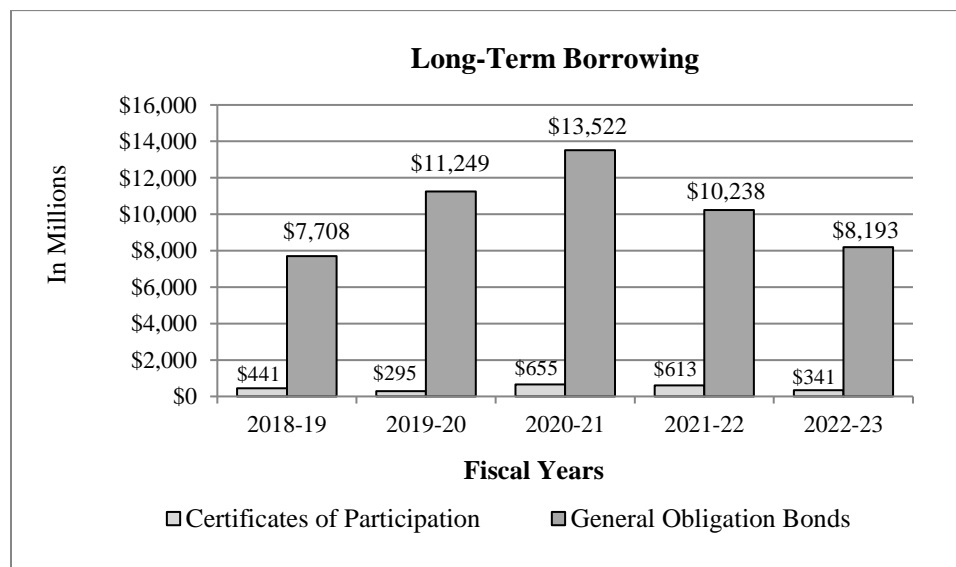
LEA debt issuance decreased

During FY 2022-23, LEAs issued \$8.84 billion in debt, a decrease of \$2.44 billion (21 percent) over the \$11.28 billion issued in the prior year. In FY 2022-23, the total number of LEAs that issued debt decreased by 21 percent from the prior fiscal year. LEAs issued the following types of debt:

- **General Obligation Bonds (\$8.19 billion, or 93 percent)**—Bonds secured by the full faith and credit of the LEA. These long-term obligations are generally issued at more favorable rates than are other types of debt because of their preferred status; that is, they are secured by the taxing authority of the LEA.
- **Certificates of Participation (\$341 million, or four percent)**—A financing technique that provides long-term financing through leasing of school facilities, such as buildings, with either an option to purchase or a conditional sales agreement.
- **Limited Tax Obligation Bonds (\$203 million, or two percent)**—A financing technique that provides long-term financing of capital projects. The bonds are repaid from incremental taxes on property in a redevelopment area.
- **Other Debt Instruments (\$99 million, or one percent)**—Debt instruments that do not fall into any of the categories listed above.

LEAs issued \$8.54 billion in Certificates of Participation and General Obligation Bonds during FY 2022-23, a decrease of \$2.31 billion (21 percent) from the \$10.85 billion issued in the prior fiscal year (Figure 5).

Figure 5



LEA financing through Certificates of Participation decreased by \$271 million, and financing through General Obligation Bonds decreased by \$2.05 billion from the prior year.

General Obligation Bonds accounted for 93 percent of LEA debt issuance in FY 2022-23, an increase of two percent from the prior year. In comparison, Certificates of Participation accounted for four percent of debt issuance in FY 2022-23, a one percent decrease from the prior year.

Lottery Revenues

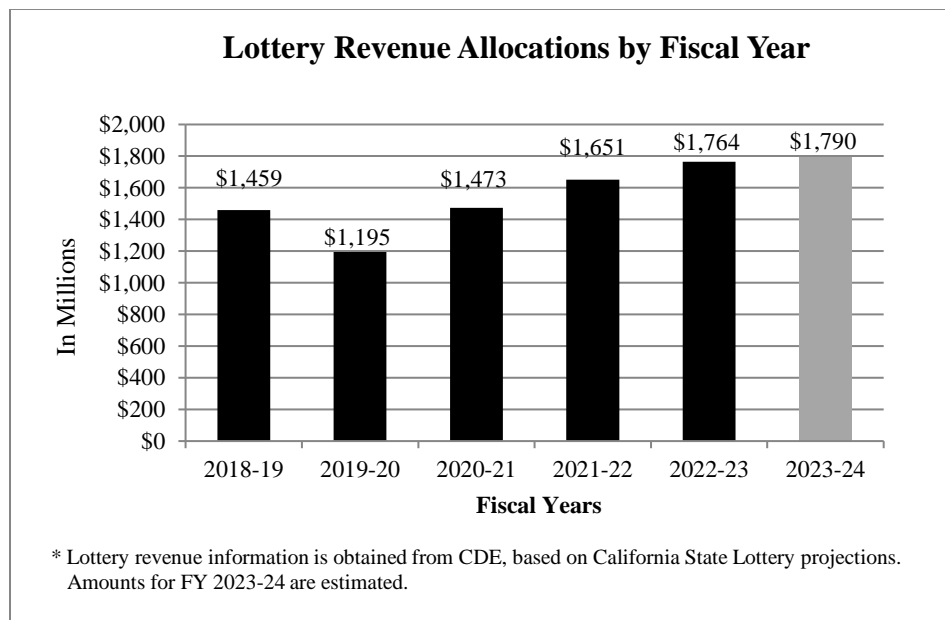
The California State Lottery Act of 1984 (Lottery Act) was enacted to provide supplemental funding to public schools and colleges in California. Revenues from lottery ticket sales are allocated based on percentages specified in the Lottery Act; it requires that no less than 87 percent of total annual revenues be returned to the public as prizes or net revenues to public education, and no more than 13 percent be allocated to administrative expenses. The Lottery Act requires the California Lottery Commission to determine the percentage of total annual revenues that is to be allocated to prizes—but specifies that it must be no less than 50 percent—and the percentage of total annual revenues that is to be allocated to public education.

The amount of lottery revenue distributed to each district is based on its K-12 ADA. The data regarding sales and allocations are maintained by the SCO and the California State Lottery.

Lottery revenue projected to increase

Lottery revenue distributed to LEAs is projected to increase by 1.45 percent, from \$1,764 million in FY 2022-23 to an estimated \$1,790 million in FY 2023-24 (Figure 6).

Figure 6



Program Compliance

Overview

The annual audit reports by CPAs are the primary source of information regarding LEA compliance with state and federal requirements. The SCO reports on program compliance issues as part of its review of annual audit reports, the overall certification process, and associated follow-up actions. In addition, the SCO may conduct compliance audits, if resources permit.

Compliance Findings

Independent auditors determine whether LEAs, including joint powers entities, have complied with state and federal laws and regulations that may have a material effect on the financial position and operations of the organization or program(s) under audit. The joint powers entities are formed to provide a joint service to a group of districts; the entities are governed by a board consisting of a representative from each member district. When an LEA is not in compliance with applicable laws and regulations, the findings are communicated by the independent auditors in the audit report.

The number of compliance findings reported in the FY 2022-23 LEA audit reports submitted by CPAs decreased from the prior year. There were 1,016 compliance findings in FY 2022-23, a 13 percent decrease from the 1,163 compliance findings in FY 2021-22 (Appendix C).

Some of the problems identified in the compliance findings may have a fiscal impact on LEA operations, as they may result in a loss of state and federal funding. Of the 1,016 compliance findings, 917 (90 percent) pertained to state programs and requirements and 99 (10 percent) pertained to federal programs and requirements (Figure 7).

There were 145 attendance-related findings, which accounted for 14 percent of all compliance findings. The majority of the attendance findings (130, or 90 percent) were related to the following issues:

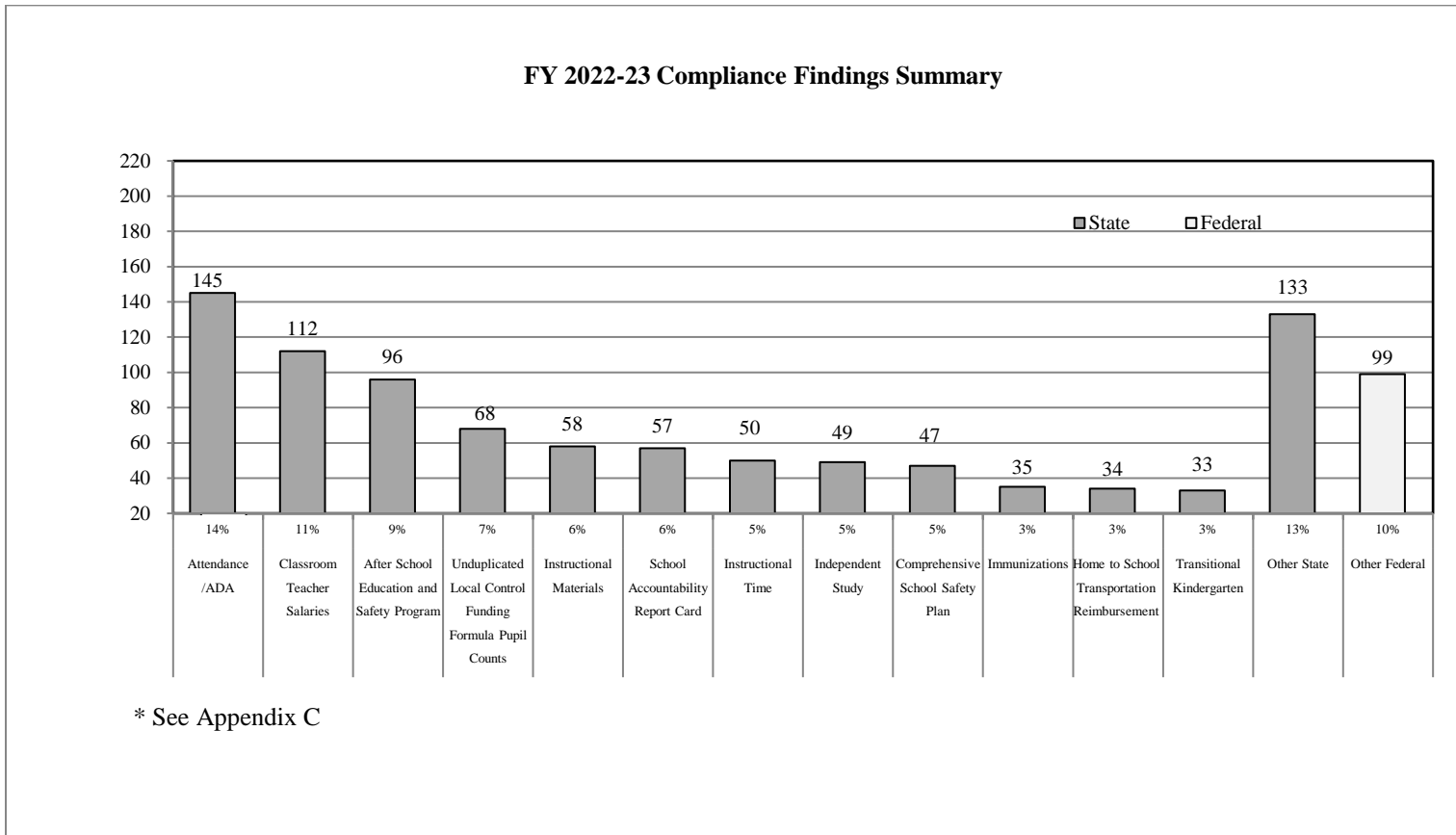
- ADA was misstated;
- Attendance registers/forms were not signed by teachers;
- Attendance report did not reconcile to supporting documentation; and
- Attendance reports were inaccurate and/or incomplete.

The audit reports also disclosed 112 findings pertaining to Classroom Teacher Salaries, which accounted for 11 percent of all compliance findings. All findings were the result of the district's failure to meet the current expense of education percentage required for payment of classroom teachers' salaries.

The After School Education and Safety program findings accounted for nine percent of all compliance findings. The majority of the 96 findings related to the following issues:

- Reported number of students served not supported by written records or did not reconcile to supporting documents; and
- Lack of documentation or records.

Figure 7



County Offices of Education Audit Resolution Processes

EC section 41020(n) provides that the SCO shall annually select a sample of COEs in order to perform a follow-up review of the audit resolution processes. The scope of the reviews is limited to determining whether each COE followed its audit resolution process, resolved all of the audit findings, followed up on the district’s corrective action plans, and notified the SSPI and the SCO of the results.

During FY 2023-24, the SCO performed reviews of the audit resolution processes of four COEs and found that the COEs followed their audit resolution processes for FY 2019-20 and FY 2020-21, except that one COE submitted its certificates of corrective action late to the SSPI and the SCO.

Quality Control

Overview

The SCO reviews and certifies the annual independent audit reports submitted by each LEA for compliance with audit guidelines set forth in the K-12 Audit Guide. This authority is provided by EC section 14504.

Audit Report Certifications

The SCO determines whether audit reports conform to reporting provisions of the K-12 Audit Guide and notifies each LEA, independent auditor, and the SSPI whether a report has been accepted or rejected, based on conformity with those provisions.

For FY 2022-23, the SCO accepted 58 percent of the audit reports submitted; the remaining 42 percent were rejected upon initial review. EC section 14505 provides that LEAs withhold 10 percent of the audit fee until the State Controller certifies that the audit report conforms to the reporting provisions of EC section 14503(a). In addition, if an independent auditor has had a report rejected (and has not subsequently corrected it) for the same LEA for two consecutive years, the SCO may refer the independent auditor to the California Board of Accountancy for professional review.

Number of rejected audit reports decreased

Upon initial review, the SCO certified 1,105 (58 percent) of the 1,896 audit reports submitted by LEAs for FY 2022-23. The number of rejected reports decreased by 100, from 891 in the prior year to 791 in the current year (Figure 8).

Figure 8

Number and Percent of Rejected LEA Audit Reports			
Fiscal Year	Reports Submitted	Reports Rejected	Percent Rejected
2018-19	1,951	464	24%
2019-20	1,892	214	11%
2020-21	1,930	587	30%
2021-22	1,865	891	48%
2022-23	1,896	791	42%

Reporting Deficiencies

In FY 2022-23, the SCO identified 2,266 reporting deficiencies in the independent auditors' reports of LEAs, a decrease of 126 from the prior year (Figure 9).

Reporting deficiencies decreased

Figure 9

	Fiscal Years	
	2021-22	2022-23
Auditor's Report on the Financial Statements	172	361
Management's Discussion and Analysis	11	10
Basic Financial Statements	38	65
Notes to the Financial Statements	65	224
Required Supplementary Information	42	64
Supplementary Information Section	169	303
Schedule of Expenditures of Federal Awards	64	31
Government Auditing Standards Report	192	273
Single Audit Report	206	60
State Compliance Report	1,229	546
Findings and Recommendations Section	202	320
Other	2	9
Total Number of Reporting Deficiencies	2,392	2,266

*See Appendix D

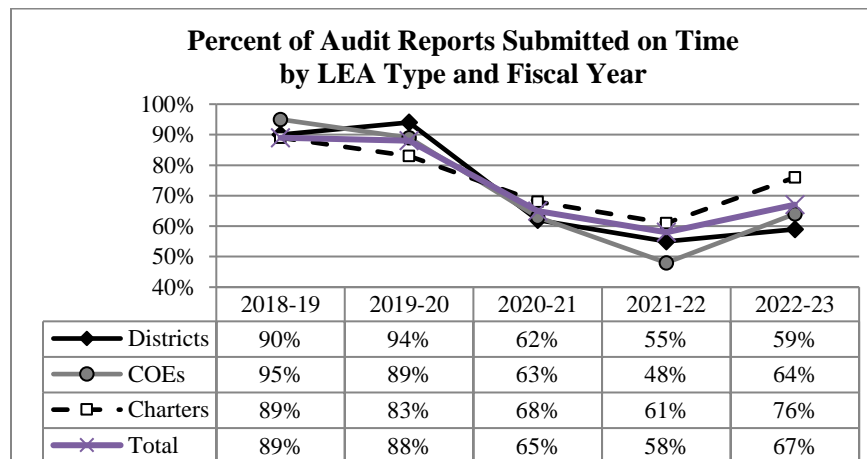
The Auditor's Report on the Financial Statement, the Notes to the Financial Statements, and the Supplementary Information Section of the independent audit reports of LEAs show the largest increases in the number of reporting deficiencies.

On-time Submissions

Audit reports for the preceding fiscal year must be filed with the SCO, CDE, and the county superintendent of schools by December 15 of each year. Filing deadline extensions may be granted, but only under extraordinary circumstances.

Annual audit reports submitted on time increased

Figure 10

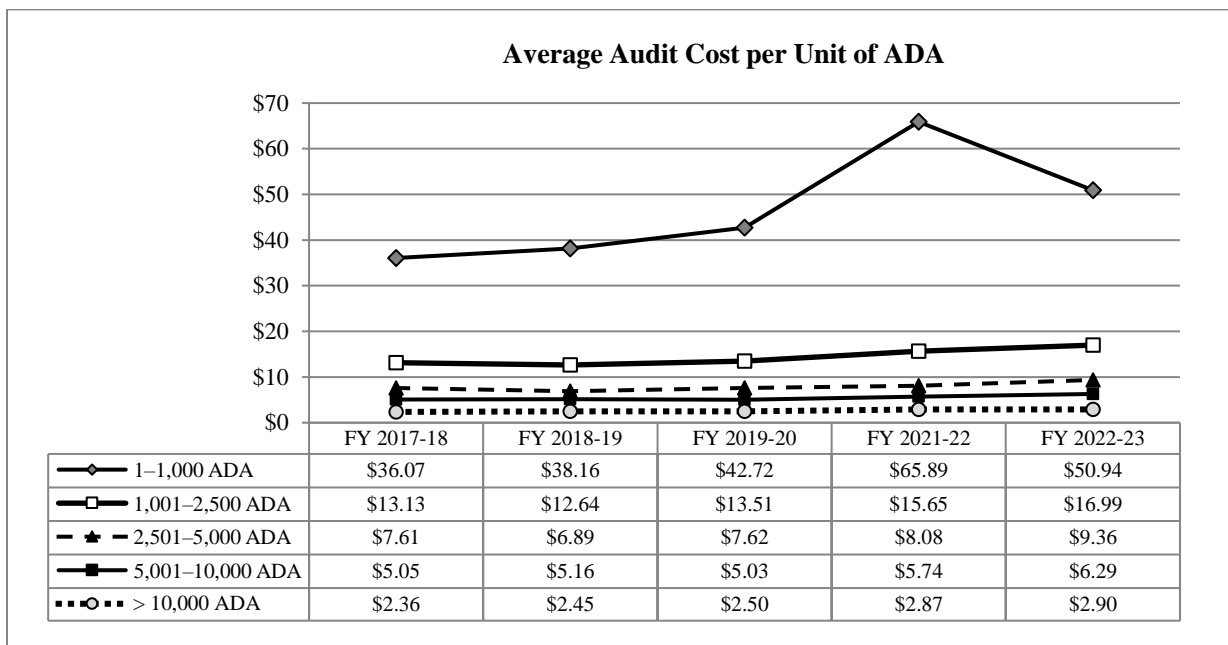


The percentage of school district, COE, and charter annual audit reports submitted by the deadline increased from the prior year (Figure 10). A total of 1,328, or 67 percent, of the 1,968 required LEA reports were received by the December 15, 2023 deadline. For FY 2022-23, there were 2,269 LEAs. Some of the LEAs, primarily charter schools, were combined for reporting purposes, resulting in 1,968 required LEA reports.

Average Audit Cost per Average Daily Attendance

Each year, the SCO asks each COE to provide audit contract information for the COE and all LEAs under its jurisdiction. The SCO maintains a database of information pertaining to audit contracts between LEAs and independent auditors. From that database, the SCO determined the total audit costs and the cost per unit of ADA for LEA annual audits. The COEs provided FY 2022-23 audit contract information for 86 percent (1,689 out of 1,962) and FY 2021-22 audit contract information for 78 percent (1,577 out of 2,011) of the COEs and LEAs. Based on information received, audit costs for FY 2022-23 totaled \$43.03 million, a decrease of \$1.37 million, or 3.09 percent, from total audit costs of \$44.4 million for FY 2021-22. In FY 2020-21, LEAs were not required to report ADA information; therefore, Figure 11 does not include FY 2020-21 data.

Figure 11



Quality Control Reviews

EC section 14504.2 expanded the SCO quality control review function to include LEAs that have received a negative interim report certification and school districts that have a going concern issue, as determined by the county superintendent of schools.

EC section 41020(f)(1) requires the SCO to publish a directory of CPAs deemed qualified to conduct audits of LEAs. This directory is published by December 31 of each year.

Quality control reviews are necessary to ensure that independent auditors are following generally accepted auditing standards and government auditing standards, and are reporting findings regarding financial statement issues and compliance with state and federal laws in their annual independent auditor's reports.

The general objective of the quality control reviews is to determine whether the independent auditors are conducting the annual financial audits of LEAs in accordance with:

- Generally Accepted Government Auditing Standards (GAGAS);
- Generally Accepted Auditing Standards (GAAS);
- K-12 Audit Guide;
- Title 2, Code of Federal Regulations, Part 200 (Uniform Guidance); and
- The California Business and Professions Code.

The SCO opinion regarding the quality of the audits is classified in one of the following categories, based on whether the independent auditor performed the audit in accordance with auditing standards and state and federal requirements:

- If the audit was performed in accordance with the standards and requirements, the SCO conclusion is that the independent auditor complied with auditing standards and state and federal requirements.
- If the audit was performed in accordance with the majority of the standards and requirements, the SCO conclusion is that the independent auditor complied with the majority of auditing standards and state and federal requirements.
- If the audit was performed in accordance with some elements of the standards and requirements, but the majority of standards and requirements were not met, the SCO conclusion is that the independent auditor complied with some elements of the standards and requirements, but that the majority of auditing standards and state and federal requirements were not met.
- If the audit was not performed in accordance with the standards and requirements, the SCO conclusion is that the independent auditor did not comply with auditing standards and state and federal requirements. The SCO may refer the independent auditor to the California Board of Accountancy for a follow-up review.

In FY 2023-24 the SCO issued two quality control review reports related to LEAs. The quality control reviews found one deficiency in State Compliance: the firm's audit file did not include documentation showing that all required procedures were performed in their entirety.

Appendix A— Audit Report and Interim Report Disclosures of Impending Financial Problems

County School District/County Office	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accompanying Notes	2022-23 Average Daily Attendance	2023-24 Interim Report		2022-23 Interim Report Second
				First	Second	
Alameda County						
1. Dublin Unified	N/A	N/A	11,989	Q	P	P
2. Hayward Unified	N/A	N/A	16,045	Q	P	P
3. Livermore Valley Jt. Unified	N/A	N/A	12,164	P	Q	P
4. Newark Unified	N/A	N/A	4,575	Q	P	P
5. Oakland Unified	N/A	N/A	29,893	Q	Q	Q
6. Piedmont City Unified	N/A	N/A	2,213	P	P	Q
Amador County						
7. Amador COE	N/A	N/A	3	P	Q	P
8. Amador Co. Unified	N/A	N/A	N/A	P	Q	P
Calaveras County						
9. Calaveras Unified	N/A	N/A	2,569	N	N	Q
10. Mark Twain Union Elem.	N/A	N/A	681	Q	P	P
Contra Costa County						
11. Byron Union Elem.	N/A	N/A	1,143	P	P	Q
12. West Contra Costa Unified	N/A	N/A	23,309	Q	Q	Q
Humboldt County						
13. Green Point Elem.	N/A	N/A	11	N	N	P
Lake County						
14. Middletown Unified	N/A	N/A	1,296	P	Q	P
Los Angeles County						
15. Burbank Unified	N/A	N/A	13,434	P	Q	P
16. Culver City Unified	N/A	N/A	6,415	Q	P	P
17. Duarte Unified	N/A	N/A	2,801	Q	Q	P
18. San Antonio ROP	N/A	N/A	N/A	P	P	Q
19. San Gabriel Unified	N/A	N/A	4,284	Q	P	P
20. William S. Hart Union High	N/A	N/A	19,594	Q	P	P
Marin County						
21. Novato Unified	N/A	N/A	6,745	Q	P	P
22. Sausalito Marin City Elem.	N/A	N/A	269	Q	P	P
Mendocino County						
23. Leggett Valley Unified	N/A	N/A	108	Q	P	P
24. Round Valley Unified	N/A	N/A	386	P	P	Q
25. Ukiah Unified	N/A	N/A	5,221	P	Q	P

Appendix A (continued)

County School District/County Office	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accompanying Notes	2022-23 Average Daily Attendance	2023-24 Interim Report		2022-23 Interim Report Second
				First	Second	
Riverside County						
26. Coachella Valley Unified	N/A	N/A	14,673	P	Q	P
27. Moreno Valley Unified	N/A	N/A	28,696	Q	Q	P
Sacramento County						
28. Galt Jt. Union High	N/A	N/A	1,894	Q	P	P
29. Sacramento City Unified	N/A	N/A	35,138	P	Q	P
San Benito County						
30. Hollister Elem.	N/A	N/A	5,200	Q	P	P
San Bernardino County						
31. Adelanto Elem.	N/A	N/A	6,824	Q	P	P
San Diego County						
32. Mountain Empire Unified	N/A	N/A	1,633	Q	Q	P
San Francisco County						
33. San Francisco Unified	N/A	N/A	44,864	Q	N ¹	P
San Mateo County						
34. Cabrillo Unified	N/A	N/A	2,519	Q	P	Q
35. Redwood City Elem.	N/A	N/A	5,808	Q	P	P
Santa Barbara County						
36. Cuyama Jt. Unified	N/A	N/A	160	P	Q	P
Santa Clara County						
37. Alum Rock Union Elem.	N/A	N/A	6,920	P	Q	P
38. East Side Union High	N/A	N/A	19,307	Q	Q	P
Santa Cruz County						
39. Live Oak Elem.	N/A	N/A	1,404	N ²	P	P
Shasta County						
40. Cascade Union Elem.	N/A	N/A	974	Q	Q	P
41. Castle Rock Union Elem.	N/A	N/A	33	P	Q	P
42. Oak Run Elem.	N/A	N/A	N/A	N	N	P
Sierra County						
43. Sierra-Plumas Joint Unified	N/A	N/A	351	Q	P	P

Appendix A (continued)

County School District/County Office	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accompanying Notes	2022-23 Average Daily Attendance	2023-24 Interim Report		2022-23 Interim Report Second
				First	Second	
Siskiyou County						
44. Gazelle Union Elem.	N/A	N/A	N/A	Q	P	P
45. Happy Camp Union Elem.	N/A	N/A	N/A	N	N	N
46. Junction Elem.	N/A	N/A	N/A	N	N	N
47. Yreka Union Elem.	N/A	N/A	N/A	Q	Q	P
Solano County						
48. Vallejo City Unified	N/A	N/A	8,884	Q	Q	P
Sonoma County						
49. Bellevue Union	N/A	N/A	1,397	P	Q	P
50. Oak Grove Union Elem.	N/A	N/A	761	Q	P	Q
51. Santa Rosa City Schools	N/A	N/A	19,372	Q	Q	P
52. Sonoma Valley Unified	N/A	N/A	2,904	Q	P	P
Tulare County						
53. Ducor Union Elem.	N/A	N/A	122	P	P	Q ²
Ventura County						
54. Ojai Unified	N/A	N/A	1,961	P	P	N

Legend: P=Positive Q=Qualified N=Negative N/A=Not Available

¹ California Department of Education changed certification.

² County Office of Education changed certification.

Appendix B— Local Education Agencies Filing Qualified or Negative Interim Reports

County	School District/County Office	1st/2nd Certification	Analysis of Key Indicators for Financial Difficulties							Status of Labor Agreements ⁹
			Deficit Spending ¹	Other Revenues ²	Other Expenditures ³	Contributions ⁴	Local Control Funding Formula ⁵	Declining Enrollment ⁶	Reserves ⁷	
Alameda County:										
	1. Dublin Unified	Q / P	✓		✓				✓	
	2. Hayward Unified	Q / P		✓	✓			✓		✓
	3. Livermore Valley Jt. Unified	P / Q		✓	✓	✓	✓		✓	
	4. Newark Unified	Q / P	✓	✓	✓	✓	✓	✓	✓	
	5. Oakland Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓
Amador County:										
	6. Amador COE	P / Q	✓			✓			✓	✓
	7. Amador Co. Unified	P / Q	✓	✓	✓	✓		✓		✓
Calaveras County:										
	8. Calaveras Unified	N / N	✓	✓	✓	✓	✓	✓		
	9. Mark Twain Union Elem.	Q / P	✓	✓	✓	✓	✓			
Contra Costa County:										
	10. West Contra Costa Unified	Q / Q	✓	✓	✓	✓	✓	✓		✓
Humboldt County:										
	11. Green Point Elem.	N / N	✓	✓	✓	✓	✓	✓	✓	✓
Lake County:										
	12. Middletown Unified	P / Q	✓	✓	✓	✓			✓	✓

Appendix B (continued)

County	School District/County Office	1st/2nd Certification	Analysis of Key Indicators for Financial Difficulties							Status of Labor Agreements ⁹	
			Deficit Spending ¹	Other Revenues ²	Other Expenditures ³	Contributions ⁴	Local Control Funding Formula ⁵	Declining Enrollment ⁶	Reserves ⁷		Salaries and Benefits ⁸
Los Angeles County:											
	13. Burbank Unified	P / Q	✓		✓	✓			✓	✓	
	14. Culver City Unified	Q / P	✓	✓	✓	✓	✓			✓	✓
	15. Duarte Unified	Q / Q	✓	✓	✓	✓	✓		✓		✓
	16. San Gabriel Unified	Q / P	✓	✓	✓	✓	✓		✓	✓	✓
	17. William S. Hart Union High	Q / P	✓	✓	✓	✓	✓		✓	✓	✓
Marin County:											
	18. Novato Unified	Q / P	✓	✓	✓	✓	✓			✓	✓
	19. Sausalito Marin City Elem.	Q / P	✓	✓	✓	✓			✓		✓
Mendocino County:											
	20. Leggett Valley Unified	Q / P	✓	✓	✓	✓	✓			✓	✓
	21. Ukiah Unified	P / Q		✓		✓			✓		✓
Riverside County:											
	22. Coachella Valley Unified	P / Q	✓	✓	✓	✓	✓		✓	✓	
	23. Moreno Valley Unified	Q / Q	✓	✓	✓	✓	✓		✓		✓
Sacramento County:											
	24. Galt Jt. Union High	Q / P	✓	✓	✓	✓			✓		✓
	25. Sacramento City Unified	P / Q	✓	✓		✓	✓		✓	✓	✓
San Benito County:											
	26. Hollister Elem.	Q / P	✓	✓	✓		✓		✓		✓
San Bernardino County:											
	27. Adelanto Elem.	Q / P	✓	✓		✓	✓		✓	✓	✓
San Diego County:											
	28. Mountain Empire Unified	Q / Q	✓	✓	✓		✓		✓	✓	✓

Appendix B (continued)

		Analysis of Key Indicators for Financial Difficulties								
<u>County</u>	<u>1st/2nd</u>	Deficit	Other	Other	Contributions ⁴	Local Control Funding Formula ⁵	Declining Enrollment ⁶	Reserves ⁷	Salaries and Benefits ⁸	Status of Labor Agreements ⁹
School District/County Office	Certification	Spending ¹	Revenues ²	Expenditures ³						
San Francisco County:										
29. San Francisco Unified	Q / N	✓	✓	✓	✓	✓	✓		✓	✓
San Mateo County:										
30. Cabrillo Unified	Q / P		✓	✓	✓	✓	✓			✓
31. Redwood City Elem.	Q / P	✓	✓	✓		✓	✓		✓	✓
Santa Barbara County:										
32. Cuyama Jt. Unified	P / Q	✓	✓	✓		✓		✓		
Santa Clara County:										
33. Alum Rock Union Elem.	P / Q	✓				✓	✓		✓	
34. East Side Union High	Q / Q	✓	✓	✓	✓	✓	✓	✓		
Santa Cruz County:										
35. Live Oak Elem.	N / P	✓	✓	✓	✓	✓	✓	✓		✓
Shasta County:										
36. Cascade Union Elem.	Q / Q	✓	✓	✓	✓				✓	
37. Castle Rock Union Elem.	P / Q	✓	✓	✓	✓	✓		✓	✓	✓
38. Oak Run Elem.	N / N	✓	✓			✓	✓	✓	✓	✓
Sierra County:										
39. Sierra-Plumas Jt. Unified	Q / P	✓	✓	✓	✓	✓	✓	✓		✓
Siskiyou County:										
40. Gazelle Union Elem.	Q / P	✓	✓	✓	✓	✓	✓	✓	✓	
41. Happy Camp Union Elem.	N / N	✓	✓	✓	✓	✓		✓	✓	
42. Junction Elem.	N / N	✓	✓	✓	✓	✓		✓	✓	
43. Yreka Union Elem.	Q / Q	✓	✓	✓	✓	✓	✓	✓		

Appendix B (continued)

<u>County</u> <u>School District/County Office</u>	<u>1st/2nd</u> <u>Certification</u>	Analysis of Key Indicators for Financial Difficulties							Status of Labor Agreements ⁹	
		Deficit Spending ¹	Other Revenues ²	Other Expenditures ³	Contributions ⁴	Local Control Funding Formula ⁵	Declining Enrollment ⁶	Reserves ⁷		Salaries and Benefits ⁸
Solano County:										
44. Vallejo City Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sonoma County:										
45. Bellevue Union	P / Q	✓	✓	✓	✓	✓			✓	
46. Oak Grove Union Elem.	Q / P	✓	✓	✓	✓	✓	✓	✓		
47. Santa Rosa City Schools	Q / Q	✓	✓	✓	✓	✓	✓		✓	
48. Sonoma Valley Unified	Q / P	✓	✓	✓	✓			✓	✓	

Legend: P=Positive Q=Qualified N=Negative N/A=Not Available

Nine key indicators for financial difficulties are as follows:

- ¹Unrestricted deficit spending has exceeded the standard in any of the current or two subsequent fiscal years.
- ²Projected operating revenues (e.g., federal, other state, other local) for the current and two subsequent fiscal years changed by more than 5 percent since budget adoption or first interim.
- ³Projected operating expenditures (e.g., books and supplies) for the current and two subsequent fiscal years changed by more than 5 percent since budget adoption or first interim.
- ⁴Contributions from unrestricted to restricted resources, or transfers to or from the General Fund to cover operating deficits, changed since budget adoption by more than \$20,000 and more than 5% for any of the current or two subsequent fiscal years.
- ⁵Projected Local Control Funding Formula revenue for any of the current or two subsequent fiscal years has changed by more than two percent since budget adoption.
- ⁶Projected ratio of total unrestricted salaries and benefits to total unrestricted general fund expenditures has not changed by more than the standard for the current and two subsequent fiscal years.
- ⁷Projected enrollment for any of the current or two subsequent fiscal years has not changed by more than two percent since budget adoption.
- ⁸Available Reserves (e.g., reserve for economic uncertainties, unassigned/unappropriated amounts) do not meet minimum requirements for current and two subsequent fiscal years.
- ⁹Salary and benefit negotiations still unsettled as of second interim projections.

Appendix C— Summary of Audit Report Compliance Findings

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
STATE		
Average Daily Attendance (ADA)	ADA overstated by 0-5 ADA	27
	ADA overstated by 5-10 ADA	7
	ADA overstated by 10-20 ADA	7
	ADA overstated by over 20 ADA	1
	ADA understated by 0-5 ADA	23
	ADA understated by 5-10 ADA	6
	ADA understated by 10-20 ADA	2
	ADA understated by over 20 ADA	3
Attendance	Absences were claimed for apportionment	2
	Attendance registers/forms not signed by teachers	14
	Attendance report does not reconcile to supporting documentation	18
	Attendance report inaccurate/incomplete	22
	Excused absences - problems with verification procedures/documentation	1
	Incorrect application of positive/negative attendance accounting	3
	Incorrect reporting of attendance on staff development day	0
	Lack of documentation/records	4
	Minimum day requirements not met	1
	Teacher(s) did not possess a valid certification document	1
	Other finding	2
Apprenticeship	Attendance report inaccurate/incomplete	1
Continuation Education	Attendance accounting deficiency	5

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Independence Study	Contract(s) did not include all required elements	29
	Independent study attendance overstated	11
	Ratio of pupils to teachers exceeded maximum allowable	8
	Other finding	1
Kindergarten Continuance	Continuance forms are not maintained and/or properly approved	4
	Other finding	1
Transitional Kindergarten	Average class enrollment exceeded 24 pupils, and Local Education Agency (LEA) did not meet the adult-to-pupil ratio requirement	13
	Average transitional kindergarten class enrollment exceeded 24 pupils	14
	LEA did not meet the adult-to pupil ratio requirements	6
Middle or Early College High Schools	Instructional time requirement not met	2
After School Education and Safety Program	Administrative costs exceeded 15% of state funding	4
	Indirect costs overstated	0
	Lack of documentation/records	16
	LEA did not establish policy regarding reasonable early daily release of pupils	2
	Program did not operate a minimum of 15 hours per week	1
	Reported number of students served not supported by written records or did not reconcile to supporting documents	59
	Reported students served inconsistent with early release policy	3
	Other finding	11

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Annual Instructional Minutes – Classroom Based	Instructional time requirements not met	6
	Other finding	1
California Clean Energy Jobs Act	Financial report/claim not filed/not filed timely	4
Career Technical Education Incentive Grant	LEA did not include in the LEA’s budget required matching funds	2
Classroom Teacher Salaries	District did not meet the current expense of education percentage required for payment of classroom teacher salaries	112
Determination of Funding for Nonclassroom-Based Instruction	Funding determination application did not reconcile to unaudited actual reports	2
	Other finding	2
District of Choice	District did not adopt a resolution indicating the number of transfers it is willing to accept	1
	District did not register as a district of choice as required	1
Comprehensive School Safety Plan	District did not adopt or update its comprehensive school safety plan by March 1	41
	District did not have a comprehensive school safety plan and did not notify the California Department of Education by October 15	6
Education Protection Account	Funds not properly disbursed or expended as required by law	3
	Other finding	1

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Educator Effectiveness	Plan was adopted, but not in a subsequent public meeting	1
	Plan was not developed and/or adopted	3
	Public meeting(s) on Educator Effectiveness funds not held	1
Expanded Learning Opportunities Grant (ELO-G)	Unallowable expenditures	2
Gann Limit Calculation	Appropriations limit calculation deficiency	3
	Other finding	3
Immunizations	Immunization dose(s) not received	34
	Other finding	1
Home to School Transportation Reimbursement	Transportation Services Plan not developed or adopted timely	34
Instructional Materials	Board resolution did not address sufficiency of textbooks/instructional materials	6
	Notice of public hearing deficiency	13
	Public hearing on instructional materials not held or held after the required time period	37
	Other finding	2
Instructional Time	Instructional days and instructional minutes requirements not met	4
	Instructional days requirements not met	20
	Instructional minutes requirements not met	25
	Other finding	1
K-3 Grade Span Adjustment	Average class enrollment exceeded 24 pupils	1

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Local Control Accountability Plan (LCAP)	Expenditures not tracked or inconsistent with identified actions or services	1
	LCAP not presented to the parent advisory committee	4
	LEA did not notify members of the public of the opportunity to submit comments to be included in the LCAP	1
	LCAP not adopted timely, not adopted or approved in a public meeting	2
	LCAP not prepared	1
Mode of Instruction	Teacher did not possess a valid teaching certification	3
Nonclassroom-Based Instructional/Independent Study	Contract not signed by student	19
Other State Program	Financial report/claim not filed/not filed timely	1
	Other finding	5
Ratio of Administrative Employees to Teachers	Number of administrators per hundred teachers exceeded the allowable ratio	13
	Ratio calculation was incorrect	1
School Accountability Report Card (SARC)	District did not follow uniform complaint process	4
	Facility Inspection Tool not prepared or missing	10
	Other finding	7
	SARC information inconsistent with availability of sufficient textbooks and other instructional materials	2
	SARC information inconsistent with complaints related to teacher misassignments or vacancies	1
	SARC information inconsistent with FIT or local evaluation instrument	31
	School accountability report card not published	2

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Teacher Certification and Misassignments		
	Teacher did not possess a valid certification document (teaching credential)	6
	Teacher misassignment	1
	Teacher not authorized to instruct limited-English-proficient pupils	2
	Teacher providing instruction outside of credential subject	2
Transportation Maintenance of Effort		
	Maintenance of effort requirement not met	22
Unduplicated Local Control Funding Formula Pupil Counts		
	English Learner students missing eligibility documentation	6
	Free and Reduced Price Meal and/or English Learner pupil counts overstated	38
	Free and Reduced Price Meal and/or English Learner pupil counts understated	1
	Free and Reduced Price Meal students and English Learner students missing eligibility documentation for at least one designation	3
	Free and Reduced Price Meal students missing eligibility documentation	19
	Other finding	1
TOTAL STATE FINDINGS		917
FEDERAL		
Child Care and Development Block Grant		
	Eligibility	1
Child Nutrition Cluster		
	Activities allowed or unallowed	3
	Eligibility	4
	Financial report inaccurate/not complete	1
	Procurement, suspension, and debarment	7
	Special tests and provisions	2
	Other finding	3

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>FEDERAL (continued)</i>		
Elementary and Secondary School Emergency Relief II (ESSER) Fund Program	Allowable costs/cost principles	12
	Equipment and real property management	7
	ESSER Annual Data Collection Form was inaccurate/not complete	11
	Lack of documentation/records	9
Federal Program	Activities allowed or unallowed	2
	Allowable costs/cost principles	6
	Matching, level of effort, earmarking	1
	Multi-funded positions are not supported by time distribution records	1
	Reporting	3
	Special tests and provisions	1
	Other finding	2
National School Lunch	Other finding	1
Other Federal Programs	Allowable costs/cost principles	2
	Eligibility	1
	Reporting	1
Special Education	Allowable costs/cost principles	1
	Other finding	1
	Procurement, suspension, and debarment	1

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>FEDERAL (continued)</i>		
Title I Grants to LEAs	Activities allowed or unallowed	1
	Lack of documentation/records	9
	Matching, level of effort, earmarking	1
	Special tests and provisions	2
	Other finding	1
Twenty-First Century Community Learning Centers	Reporting	1
TOTAL FEDERAL FINDINGS		99
TOTAL STATE AND FEDERAL FINDINGS		1,016

Appendix D— Summary of Audit Report Deficiencies

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Auditor’s Report on the Financial Statements</u>		
Report did not include all of the elements in the required supplementary information section.	9	190
Auditor’s report did not identify the supplementary information, including the Schedule of Expenditures of Federal Awards.	20	45
Auditor’s report did not include an opinion on supplementary information.	6	39
Auditor’s Responsibilities section did not include all required elements.	20	16
Independent Auditor’s Report on the financial statements was not included.	5	15
Report did not include a section with the heading “Opinions.”	23	12
Basis for Opinions section did not reference auditing standards generally accepted in the USA and <i>Government Auditing Standards</i> .	21	11
Opinion paragraph of auditor’s report did not clearly identify financial statements covered by auditor’s opinion.	8	8
Report did not include a section with the heading “Other Matters.”	7	6
Reference to a separate report on internal control over financial reporting and on compliance was not included.	16	5
Basis for Opinions section did not state that the audit evidence obtained is sufficient and appropriate for the auditor’s opinion.	3	3
Report did not include a section with the heading “Required Supplementary Information.”	0	2
Auditor’s opinion did not state that the financial statements conform with accounting principles generally accepted in the USA.	6	1
Qualified opinion due to an inability to obtain sufficient appropriate audit evidence: opinion paragraph was deficient.	0	1
Disclaimer of opinion was issued, but the report did not include a description of the auditor’s responsibility.	0	1
Report did not state that management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles, and for the design, implementation, and maintenance of relevant internal controls.	2	1
Reference to a separate report on internal control over financial reporting and on compliance was deficient.	2	1
Disclaimer of opinion was issued, but the opinion paragraph did not include required information.	0	1
Report did not include a section with the heading “Other Reporting Required by <i>Government Auditing Standards</i> .”	5	1
Report did not include a statement that the separate report on internal control over financial reporting and on compliance is an integral part of an audit performed in accordance with <i>Government Auditing Standards</i> .	1	1

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Auditor's Report on the Financial Statements (continued)</u>		
Report did not include a section with the heading "Qualified Opinion," "Adverse Opinion," or "Disclaimer of Opinion."	1	1
Basis for Opinions section did not address the auditor's independence required disclosures.	4	0
Report did not include a section with the heading "Basis for Opinions."	5	0
Report did not state that management is required to evaluate the entity's ability to continue as a going concern.	5	0
Report did not include a section with the heading "Responsibilities of Management for the Financial Statements."	3	0
Subtotal	172	361
<u>Management's Discussion and Analysis</u>		
Management's Discussion and Analysis was not included.	11	10
Subtotal	11	10
<u>Basic Financial Statements</u>		
Governmental entity: Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities was not presented properly.	6	21
Governmental entity: Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position was not presented properly.	5	9
Not-for-profit entity: Statement of Activities was not presented properly.	3	7
Governmental entity: Balance Sheet - Governmental Funds was not presented properly.	2	5
Governmental entity: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds was not presented properly.	8	5
Not-for-profit entity: Statement of Cash Flows was not presented properly.	1	4
Governmental entity: Statement of Activities was not presented properly.	2	4
Not-for-profit entity: Statement of Financial Position was not presented properly.	3	3
Governmental entity: Statement of Net Position was not presented properly.	2	3
Governmental entity: Statement of Fiduciary Net Position – Fiduciary Funds was not presented properly.	2	2
Governmental entity: Statement of Changes in Fiduciary Net Position – Fiduciary Funds was not presented properly.	1	1
Governmental entity: Statement of Fund Net Position - Proprietary Funds was not presented properly.	1	1
Governmental entity: Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds was not presented properly.	1	0
Governmental entity: Statement of Cash Flows – Proprietary Funds was not presented properly.	1	0
Subtotal	38	65

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Notes to the Financial Statements</u>		
Governmental entity: Other Post-employment Benefits (OPEB) note did not include the OPEB plan description.	9	49
Governmental entity: Notes did not include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation.	2	33
Governmental entity: Notes did not include adequate disclosure of long-term liabilities, including a schedule of changes in long-term debt and a statement of debt service requirements to maturity for outstanding long-term debt.	17	25
Governmental entity: OPEB note did not include the discount rate information.	0	23
Governmental entity: OPEB note did not properly disclose the employer's OPEB liabilities for the period associated with defined benefit OPEB liabilities to employees.	1	12
Governmental entity: OPEB note did not include significant assumptions disclosure.	0	10
Governmental entity: Measurement focus and basis of accounting used in the government-wide and fund financial statements was not included.	0	8
Governmental entity: OPEB note did not include a schedule of changes in the OPEB liability.	1	7
Governmental entity: Material prior period restatements or adjustments were not adequately disclosed.	3	6
Governmental entity: Nature of the primary government's accountability for related organizations and joint ventures was not included.	0	6
Not-for-profit entity: Summary of significant accounting policies did not include description of the financial statements presentation and basis of accounting.	3	5
Governmental entity: OPEB note did not disclose the OPEB plan's fiduciary net position information.	2	5
Governmental entity: OPEB plan disclosures not included.	1	5
Not-for-profit entity: Notes did not include description of the nature of the entity's activities.	2	4
Not-for-profit entity: Notes did not include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation.	0	4
Not-for-profit entity: Notes did not include adequate disclosure of debt and other liabilities.	1	4
Governmental entity: Summary of significant accounting policies did not include a description of the component units, their relationships to the primary government, and how to obtain separate financial statements for component units.	2	4
Governmental entity: Summary of significant accounting policies did not include a description of the government-wide financial statements, noting the exclusion of fiduciary funds.	18	3
Not-for-profit entity: Notes did not include adequate disclosure of pension benefits.	0	2
Governmental entity: Pension obligations disclosures not included.	0	2
Not-for-profit entity: Notes did not include the summary of significant accounting policies.	0	2

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Notes to the Financial Statements (continued)</u>		
Not-for-profit entity: Notes did not include description of net assets and information about the nature and amounts of different types of donor-imposed restrictions.	2	1
Governmental entity: Notes did not disclose deficit fund balances or net position of individual funds, not apparent on the face of the financial statements.	0	1
Not-for-profit entity: Notes did not include adequate disclosure of related-party transactions and common control.	1	1
Governmental entity: Notes did not include the summary of significant accounting policies.	0	1
Governmental entity: Early retirement note did not include all the required disclosures.	0	1
Subtotal	65	224
<u>Required Supplementary Information</u>		
Schedule of the entity's proportionate share and schedule of contributions for each pension plan was not included.	13	25
Schedule of the entity's OPEB liability, changes in the net OPEB liability, or entity's proportionate share of the net OPEB liability was not included.	7	20
Schedule of the entity's defined benefit OPEB plan contribution was not included.	16	15
Schedule of budgetary comparison data for general fund and major special revenue fund(s) were not included as required supplementary information.	1	3
Schedule of budgetary comparison data was not shown by object.	5	1
Subtotal	42	64
<u>Supplementary Information Section</u>		
Schedule of Instructional Time did not contain all the required information.	14	116
Local Education Agency Organization Structure description was deficient.	30	36
Schedule of Average Daily Attendance did not display final average daily attendance (ADA) after audit finding adjustment(s).	16	32
Schedule of Instructional Time did not state whether the district complied with the instructional days provisions.	9	18
Schedule of Financial Trends and Analysis was not included; or schedule was deficient.	3	16
Local Education Agency Organization Structure description was not included.	7	15
Schedule of Average Daily Attendance was deficient.	16	14
Schedule of Instructional Time indicates noncompliance, but a finding was not included in the audit report.	5	9
Schedule of Financial Trends and Analysis: Available reserves are below minimum required; and management's plans and/or going concern note were not included.	20	9
Schedule of Charter Schools was deficient.	14	9
Schedule of Instructional Time was not included.	4	8
Schedule of Average Daily Attendance was not included.	7	7

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Supplementary Information Section (continued)</u>		
Schedule of Average Daily Attendance for charter school did not include total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate.	8	5
For a school district or county office of education that included a charter school(s) in the financial statements, the Schedule of Average Daily Attendance did not include the ADA detail for each charter school.	4	4
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements was not included.	4	3
Schedule of Charter Schools was not included.	8	2
Subtotal	169	303
<u>Schedule of Expenditures of Federal Awards</u>		
Schedule of Expenditures of Federal Awards was deficient.	51	19
Note to the Schedule of Expenditures of Federal Awards was not included or was deficient.	12	12
Schedule of Expenditures of Federal Awards was not included.	1	0
Subtotal	64	31
<u>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters</u>		
Report on internal control over financial reporting was deficient.	104	203
Report on compliance and other matters did not include a statement that the auditor performed tests of compliance.	71	25
Report on compliance and other matters did not include a statement regarding test results.	7	22
Report did not state that audit was conducted in accordance with auditing standards generally accepted in the USA and <i>Government Auditing Standards</i> .	4	13
Report on Internal Control over Financial Reporting and on Compliance and Other Matters was not included.	2	5
Description of the nature of modified opinion on the financial statements was not properly disclosed on the report.	1	3
Report on internal control and compliance did not include an alert paragraph describing the purpose of the auditor's report.	1	1
Report on compliance and other matters was deficient.	2	1
Subtotal	192	273

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance)</u>		
Report on compliance for each major federal program and on internal control over compliance was not included.	49	22
Report on compliance for each major federal program and on internal control over compliance was deficient.	65	16
Opinion on Each Major Federal Program section did not include all required elements.	20	7
Material weaknesses or significant deficiencies in internal control over compliance were not properly disclosed in the report.	3	4
Noncompliance that did not result in an opinion modification was not disclosed in the report.	5	4
Auditor's Responsibilities section did not include all required elements.	15	3
Basis for Opinion on Each Major Federal Program section did not include all required elements.	18	3
Report on compliance for each major federal program and on internal control over compliance did not include an alert paragraph describing the purpose of the auditor's report.	2	1
Report on internal control over compliance was deficient.	15	0
Noncompliance that resulted in an opinion modification was not properly disclosed in the report.	3	0
Responsibilities of Management section did not include all required elements.	11	0
Subtotal	206	60
<u>State Compliance Report</u>		
Auditor's Responsibilities for the Audit of Compliance section of the Independent Auditor's Report on State Compliance was deficient.	194	234
Independent Auditor's Report on State Compliance was deficient.	319	90
Report on Internal Control over Compliance was deficient.	341	71
Independent Auditor's Report on State Compliance did not include an opinion on whether the entity complied, in all material respects, with the state compliance requirements.	93	44
Basis for Opinion section of Independent Auditor's Report on State Compliance was deficient.	97	35
Independent Auditor's Report on State Compliance did not include a section with the heading Opinion.	120	31
Opinion section of Independent Auditor's Report on State Compliance did not include all required elements.	53	21
Independent Auditor's Report on State Compliance was not included.	12	20
Subtotal	1,229	546

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2021-22	FY 2022-23
<u>Findings and Recommendation Section</u>		
Major federal programs were not identified.	46	47
State Program Finding(s): Noncompliance was reported; however, the finding(s) did not include sufficient information.	60	47
Attendance Finding: ADA inappropriately reported for apportionment and an estimate of their dollar value not included.	9	35
State compliance finding did not include a statement (which may include questioned costs) consistent with its basis of funding, for any inappropriately reported claim.	17	32
Audit finding was not coded with the correct five-digit number.	14	31
Summary of Auditor's Results was deficient.	23	30
Schedule of Prior Audit Findings was not included.	11	16
Financial statement finding did not include the criteria.	1	15
Schedule of Findings and Questioned Costs was not included.	5	11
Financial statement finding did not include the effect or potential effect.	1	10
Financial statement finding did not include the condition.	2	9
Federal Program Finding(s): Noncompliance was reported; however, the finding(s) did not include sufficient information.	3	9
Financial statement finding did not include the cause.	1	8
Financial statement finding did not include the recommendation.	6	8
Financial statement finding did not include the views of responsible officials and planned corrective actions.	3	7
Sufficient information for judging the prevalence and consequences of noncompliance was not included.	0	4
Summary of Auditor's Results was not included.	0	1
Subtotal	202	320
<u>Other</u>		
Auditor's reports did not include a manual or printed signature of the auditor's firm and date of the report.	2	9
Subtotal	2	9
Total number of deficiencies	2,392	2,266

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