

CONTROLLER STEVE WESTLY

STATE OF CALIFORNIA

Sacramento, CA 95814
916.445.2636
www.controller.ca.gov

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CONTACT: RUSS LOPEZ
916-445-2636

Westly Report Finds California Schools Improve Financially

Overall K-12 Deficit Spending Has Decreased From Previous Year

SACRAMENTO – State Controller Steve Westly today released a financial report that shows most of California’s 978 school districts and 58 county offices of education improved their financial health during the 2004-2005 fiscal year.

“I am encouraged by the report’s findings that our public schools are headed in a positive fiscal direction,” Westly said. “It’s been my top priority to ensure that every dime for schools is spent to benefit our kids in the classroom.”

The report made seven key findings, revealing that school districts engaged in multi-year deficit spending has decreased, from 339 districts in 2003-2004 FY to 228 districts in the 2004-2005 FY. Also, single-year deficit spending decreased to 122 districts, down from 255 districts in the prior fiscal year. Overall, schools received more money than they spent.

“I am pleased that so many of our school districts are strengthening their financial footing,” said Jack O’Connell, State Superintendent of Public Instruction. “While we are asking more of our schools than ever before, it is still critical that districts develop and follow prudent fiscal plans so that they can meet the educational needs of students while staying within budget.”

The findings are based on reviewing school district reports, financial and statistical data, tracking financially troubled school districts and performing reviews of independent audits.

The report also shows lottery revenues to schools have increased, providing approximately \$146 per K-12 student, an overall increase of \$24 million. The allocation of lottery revenues is based on a percentage of lottery sales and distributed to school districts based on average daily attendance.

The State Controller conducts annual audits of California’s K-12 public schools, and has broad authority in overseeing State and federal funding. The *Annual Financial Report of California K-12 Schools* covers the period of July 1, 2004 through June 30, 2005. The report also includes information from the 2005-2006 Interim Report.

To view the entire [Annual Financial Report of California K-12 Schools](http://www.sco.ca.gov), please visit the State Controller’s Web site at www.sco.ca.gov.

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