ANNUAL FINANCIAL REPORT

ON CALIFORNIA K-12 SCHOOLS

Report to the State Superintendent of Public Instruction

For the Period of July 1, 2024, through June 30, 2025

MALIA M. COHEN

CALIFORNIA STATE CONTROLLER

June 2026

S26-LEA-7001

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MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 30, 2026

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 on California K-12 Schools for fiscal year (FY) 2024-25.

The report summarizes the financial and program compliance status of the State's school districts, county offices of education, and charter schools for FY 2024-25, unless otherwise specified. For FY 2024-25, there were a total of 2,261 local education agencies (LEA), including 938 school districts, 58 county offices of education, and 1,265 charter schools.

For FY 2024-25, California LEAs expenditures exceeded revenues by $3.26 billion. The number of LEAs engaged in multi-year deficit spending increased from 19 to 236. The number of school districts and county offices of education filing negative or qualified first- or second-period interim certifications for FY 2025-26 increased from 45 to 56. Negative or qualified certifications were most commonly filed as a result of deficit spending; changes in projected revenues, projected operating expenditures, and contributions; and available reserves not meeting minimum requirements for the current and two subsequent fiscal years.

State and federal compliance findings noted in the independent auditors' reports of LEAs decreased from the prior year. Auditors reported 1,029 compliance findings in FY 2024-25, a 13 percent decrease from the 1,181 reported in FY 2023-24. Twelve percent of the compliance

findings were related to deficiencies in average daily attendance accounting and reporting, which is the primary basis for the allocation of state funding. In addition, auditors reported 190 audit findings pertaining to the Expended Learning Opportunities Program compliance requirements, and 112 findings pertaining to the Classroom Teacher Salaries compliance requirements.

Please direct any questions or comments regarding the content of the report to Chief Operating Officer Cathy Leal by telephone at 916-720-3089. Thank you.

Sincerely,

Original signed by
Malia M. Cohen

Malia M. Cohen
California State Controller

June 30, 2026

California State Senate
Erika Contreras, Secretary of the Senate
State Capitol, Room 305
Sacramento, CA 95814

California State Assembly
Sue Parker, Chief Clerk
State Capitol, Room 3196
Sacramento, CA 95814

Dear Senators and Assembly Members:

I am pleased to present the Annual Financial Report on California K-12 Schools for fiscal year (FY) 2024-25.

The report summarizes the financial and program compliance status of the State's school districts, county offices of education, and charter schools for FY 2024-25, unless otherwise specified. For FY 2024-25, there were a total of 2,261 local education agencies (LEA), including 938 school districts, 58 county offices of education, and 1,265 charter schools.

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Sincerely,

Original signed by
Malia M. Cohen

MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 30, 2026

The Honorable Monique Limón, Senate President pro Tempore
California State Senate
1021 O Street, Suite 8518
Sacramento, CA 95814

Dear President pro Tempore Limón:

I am pleased to present the Annual Financial Report on California K-12 Schools for fiscal year (FY) 2024-25.

The report summarizes the financial and program compliance status of the State's school districts, county offices of education, and charter schools for FY 2024-25, unless otherwise specified. For FY 2024-25, there were a total of 2,261 local education agencies (LEA), including 938 school districts, 58 county offices of education, and 1,265 charter schools.

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Sincerely,

Original signed by
Malia M. Cohen

Malia M. Cohen
California State Controller

June 30, 2026

The Honorable Robert Rivas, Speaker of the Assembly
State Capitol
P.O. Box 942849
Sacramento, CA 94249

Dear Speaker Rivas:

I am pleased to present the Annual Financial Report on California K-12 Schools for fiscal year (FY) 2024-25.

The report summarizes the financial and program compliance status of the State's school districts, county offices of education, and charter schools for FY 2024-25, unless otherwise specified. For FY 2024-25, there were a total of 2,261 local education agencies (LEA), including 938 school districts, 58 county offices of education, and 1,265 charter schools.

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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 (LEA)—including school districts, county offices of education (COE), and charter schools—and to function as the independent protector of taxpayer dollars.

This oversight responsibility includes developing and submitting the proposed *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (K-12 Audit Guide) to the Education Audit Appeals Panel, reviewing and certifying the LEA annual audit reports submitted by independent auditors, maintaining financial and statistical data related to the LEA annual audit reports, maintaining the list of certified public accountants approved to conduct the LEA annual audits, reviewing county offices of education audit finding resolution processes, tracking financially troubled school districts identified by the interim reporting process, and conducting financial and compliance audits of LEAs.

For fiscal year (FY) 2024-25, there were a total of 2,261 LEAs, including 938 school districts, 58 COEs, and 1,265 charter schools. Some of the LEAs, primarily charter schools, are organized as charter school networks for annual audit reporting purposes, resulting in 1,971 required LEA annual audit reports.

Most of the information used to prepare this report was compiled from annual audit reports prepared by independent certified public accountants for FY 2024-25. Additional data was taken from interim financial report certifications submitted by LEAs for FY 2025-26. Information related to the emergency loan apportionments was obtained from various sources, including the California Infrastructure and Economic Development Bank.

This FY 2024-25 report contains the following key findings:

- A total of 236 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 school 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 45 to 56. In the second reporting period of FY 2025-26, 29 LEAs filed qualified interim financial reports and four LEAs filed negative interim financial reports. Financial difficulties may have a negative impact on these LEAs' educational programs.

- Debt increased by $3.06 billion to a total of $15.20 billion, a 25 percent increase from the $12.14 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 on LEAs decreased from the prior year. Auditors reported 1,029 compliance findings in FY 2024-25, a 13 percent decrease from the 1,181 reported in FY 2023-24.

- Approximately 12 percent of the compliance findings for FY 2024-25 were related to deficiencies in pupil attendance records. Pupil attendance is the primary factor in determining the amount of funding that an LEA receives from the State. In FY 2023-24, audit findings in this category accounted for 14 percent of all reported state and federal compliance audit findings.

- The LEAs' annual audit reports disclosed 190 audit findings pertaining to the Expanded Learning Opportunities Program compliance requirements. In FY 2023-24, independent auditors reported 252 findings in this category.

- The LEAs' annual audit reports also disclosed 112 audit findings pertaining to the Classroom Teacher Salaries compliance requirements. In FY 2023-24, audit findings in this category accounted for 10 percent of all compliance findings.

- SCO rejected 615 of the LEAs' annual audit reports, a decrease of 181 from 796 in FY 2023-24. SCO also identified 1,564 reporting deficiencies in the reports, a decrease of 1,004 from 2,568 in FY 2023-24.

INTRODUCTION

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

SCO is also responsible for financial oversight of local education agencies (LEA). Beginning with fiscal year 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 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* 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, SCO responsibilities include:

- Developing, in consultation with the Department of Finance, the California Department of Education, 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 for submission to the Education Audit Appeals Panel. The *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* provides guidance to independent auditors who conduct LEA audits (EC section 14502.1[a]);

- Reviewing each LEA's audit report submitted to the State and performing the related follow-up actions, including compliance audits (EC section 14501);

- Tracking notifications from the school districts that identify substantial fiscal problems at interim reporting periods;

- Conducting or designating a certified public accountant 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 the California Department of Education.

FINANCIAL INDICATORS

OVERVIEW

Education Code places school district finances under the control of county offices of education (COE) and the California Department of Education (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 local education agencies (LEA) are presented in this section of the report. Data has been taken from interim financial report certifications submitted by school districts for fiscal year (FY) 2025-26.

INTERIM REPORTING

School districts in California are required to file interim reports certifying their financial health to the governing board of the school district and the 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 Education Code section 33127. Charter schools are not required to file interim reports.

One of the following three certifications must be designated by a school district or COE when certifying the school 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 superintendent of schools to implement corrective actions. Copies of the qualified or negative certifications are forwarded to the State Controller's Office (SCO) and the SSPI.

The Number of Local Education Agencies that Filed Qualified or Negative Certifications Increased

For FY 2025-26, a total of 51 of the 996 LEAs that are required to file interim reports filed a qualified or negative certification for the first-period interim report (44 were qualified and seven were negative). Of these 51 LEAs, 24 filed a qualified second-period interim report, four filed a negative second-period interim report, and 23 were able to take corrective action. However, five LEAs that had filed a positive first-interim certification subsequently filed a qualified second-period interim report, and no LEAs that had filed a negative first-period interim certification subsequently filed a qualified second-period interim report. The result was a total of 29 qualified and four negative certifications for the second-interim reporting period (Figure 1).

Figure 1 – Second-Period Interim Report Certifications (Five-Year History by Fiscal Year)

Certification	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Positive	980	985	970	973	963
Qualified	17	10	22	19	29
Negative	4	3	6	4	4
Total	**1,001**	**998**	**998**	**996**	**996**

Appendix A shows that 56 LEAs filed qualified or negative interim reports for FY 2025-26; 14 of these LEAs had also filed qualified or negative interim reports in the prior fiscal year. LEAs that file qualified or negative interim reports for two or more years are monitored closely by SCO through continuous contact with CDE.

The five most common causes of fiscal problems cited in the 56 qualified or negative certifications (Appendix B) were:

- Changes in projected operating revenues: 53 LEAs (95 percent);
- Changes in projected operating expenditures: 53 LEAs (95 percent);
- Deficit spending: 52 LEAs (93 percent);
- Changes in contributions from unrestricted to restricted sources, or transfers to or from the General Fund to cover operating deficits: 47 LEAs (84 percent);
- Available reserves do not meet minimum requirements for current and two subsequent fiscal years: 42 LEAs (75 percent).

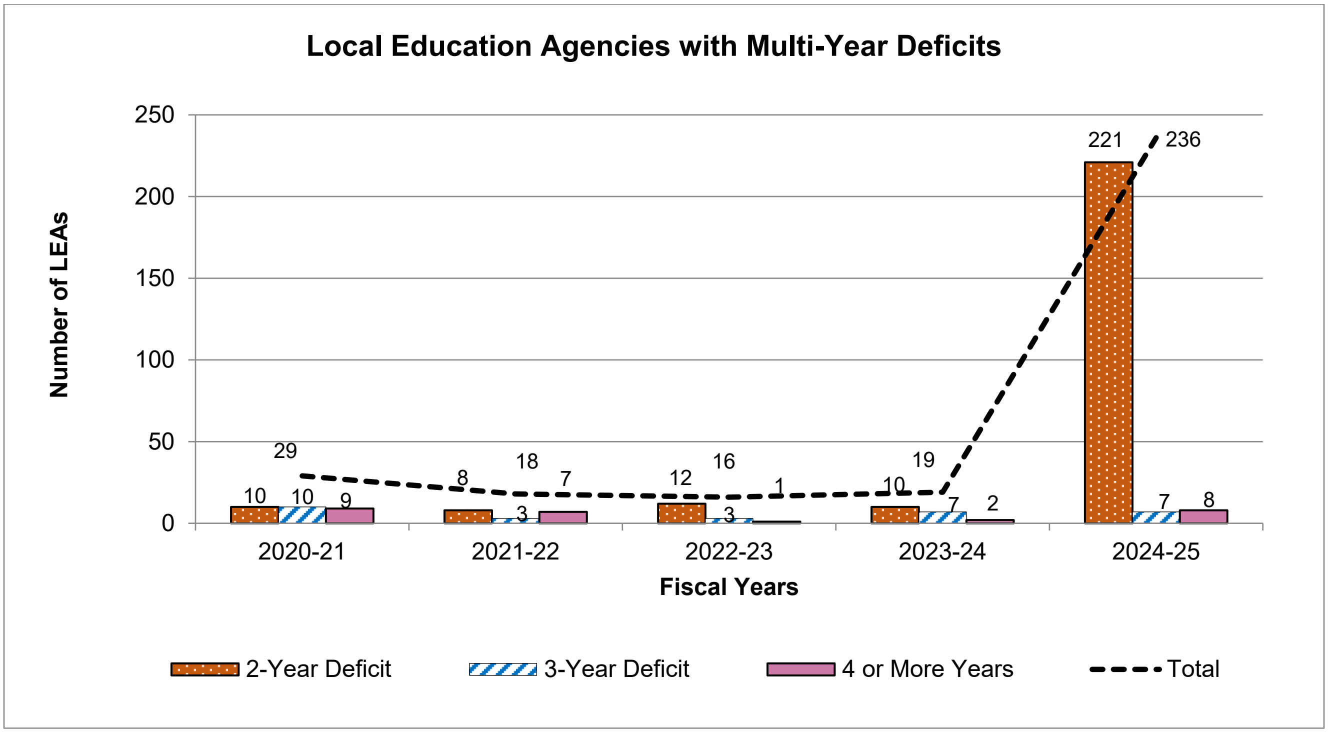
These same five causes were present in all five LEAs that changed from a positive first-period interim certification to a qualified second-period interim certification.

DEFICIT SPENDING

Local Education Agencies Multi-Year Deficit Spending Increased

For FY 2024-25, the overall number of LEAs relying on multi-year deficit spending increased from 19 to 236 (Figure 2). Deficit spending patterns are monitored closely by COEs and CDE to determine whether LEAs are facing serious financial problems.

Figure 2 – Local Education Agencies with Multi-Year Deficits by Fiscal Year



EMERGENCY APPOINTMENTS

When the governing board of a school district determines that the school 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 school district. The administrator or trustee helps the school district develop a five-year recovery plan.

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

Inglewood United School District (USD) received a General Fund emergency loan in November 2012. Assembly Bill 86 (Statutes of 2013, Chapter 48) was enacted to authorize Inglewood USD, through CDE, to request cash flow loans of up to $55 million from the General

Fund. Inglewood USD's total loan balance is $15.4 million as of June 30, 2026. Annual payment on Inglewood USD's initial emergency loan is due in June.

Plumas USD received an $8.5 million General Fund cash flow loan in August 2025. AB 121 (Statutes of 2025, Chapter 8) was enacted to authorize Plumas USD, through CDE, to request cash flow loans of up to $20 million. Plumas USD's outstanding General Fund loan balance is $9.0 million as of June 30, 2026. Annual payment on Plumas USD's cash flow loan is due in November.

South Monterey County Joint Union High School District (JUHSD)—formerly King City JUHSD—is required to use lease financing to repay the emergency apportionment made from the State's General Fund.

The lease financing is made available by the California Infrastructure and Economic Development Bank (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 South Monterey County JUHSD bonds are payable annually on August 15. As of June 30, 2026, the outstanding lease revenue bond balance for South Monterey County JUHSD was $4.3 million.

Figure 3 shows outstanding General Fund loan balances and lease revenue bond balances for FY 2025-26 by school district.

Figure 3 – School Districts with Outstanding Loans (in Millions of Dollars)

Fiscal Year/ School District	General Fund Initial Loan Amount	General Fund Initial Loan Outstanding Balance	General Fund Initial Loan Final Repayment Date	Lease Revenue Bonds Amount Issued	Lease Revenue Bonds Outstanding Balance	Lease Revenue Bonds Final Repayment Date
2009-10 South Monterey County JUHSD	$0.0	$0.0		$14.4	$4.3	8/15/2029
2012-13 Inglewood USD	29.0	15.4	11/1/2034	0.0	0.0	

Fiscal Year/ School District	General Fund Initial Loan Amount	General Fund Initial Loan Outstanding Balance	General Fund Initial Loan Final Repayment Date	Lease Revenue Bonds Amount Issued	Lease Revenue Bonds Outstanding Balance	Lease Revenue Bonds Final Repayment Date
2025-26 Plumas USD	8.5	9.0	11/1/2055	0.0	0.0	

General Fund school loan balance information was obtained from SCO's Local Government Programs and Services Division. Lease revenue bond information was obtained from I-Bank.

GENERAL FUND REVENUES AND EXPENDITURES

For FY 2024-25, LEA General Fund expenditures exceeded revenues by $3.26 billion (Figure 4).

Figure 4 – Local Education Agencies General Fund Revenues and Expenditures by Fiscal Year (in Billions of Dollars)

Account	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
Revenues	$85.59	$88.43	$121.09	$123.12	$119.65
Expenditures	-78.32	-83.40	-105.24	-118.23	-122.91
Surplus or deficit	**$7.27**	**$5.03**	**$15.85**	**$4.89**	**-$3.26**

The fund balance or surplus for all LEAs combined totaled $49.93 billion at the end of FY 2024-25, a decrease of $3.37 billion from the prior year's total of $53.30 billion. Federal revenues decreased by $5.42 billion from the prior fiscal year ($6.84 billion in FY 2024-25, compared to $12.26 billion in FY 2023-24). 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 school district should maintain based on its total average daily attendance.

DEBT ISSUANCE

In general, 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.

Local Education Agencies Debt Issuance Increased

During FY 2024-25, LEAs issued $15.20 billion in debt, an increase of $3.06 billion (25 percent) from the $12.14 billion issued in the prior year. In FY 2023-24, the total number of LEAs that issued debt increased by 55 percent from the prior fiscal year. LEAs issued the following types of debt:

- **General Obligation Bonds ($14.02 billion, or 92 percent)**—Bonds secured by the full faith and credit of the LEA. These long-term obligations are generally issued at more favorable rates than other types of debt because of their preferred status; that is, they are secured by the taxing authority of the LEA.

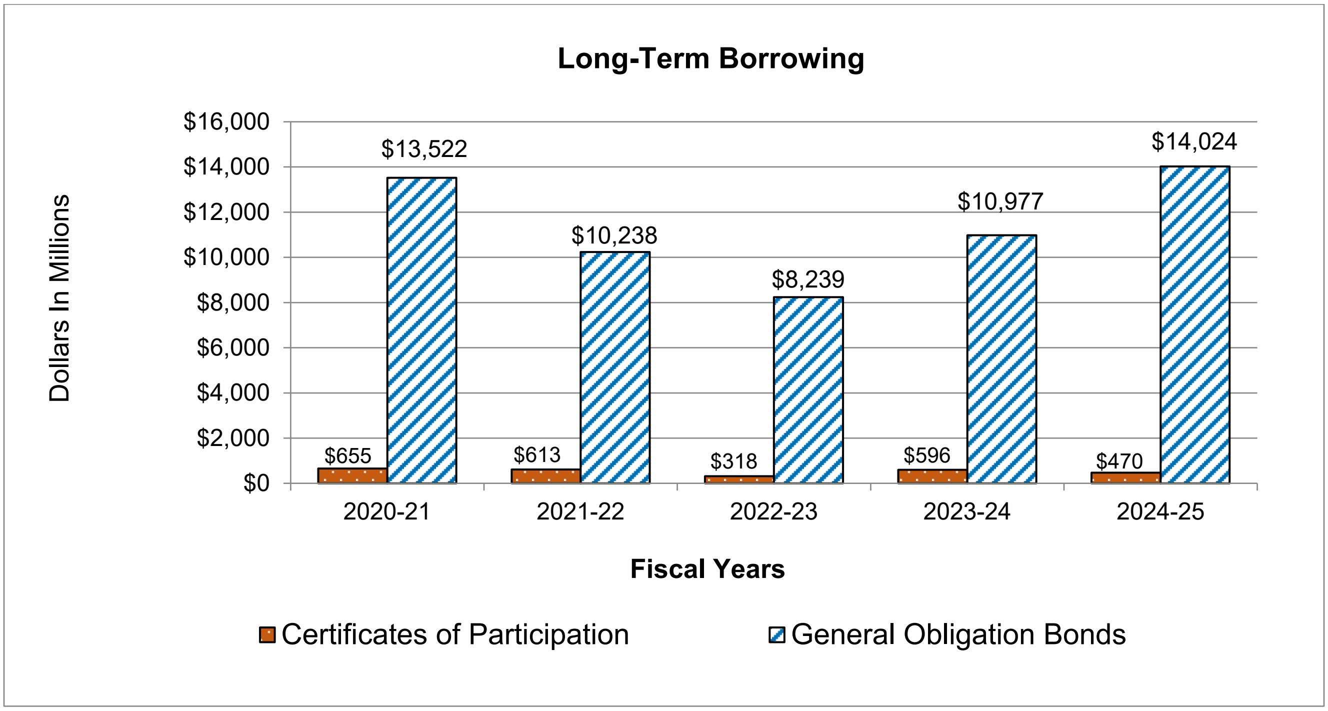
- **Certificates of Participation ($470 million, or three percent)**—A financing technique that provides long-term financing through leasing of school facilities, such as buildings, with either an option to purchase or a conditional sales agreement.

- **Limited Tax Obligation Bonds ($211 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 ($497 million, or three percent)**—Debt instruments that do not fall into any of the categories listed above.

LEAs issued $14.49 billion in Certificates of Participation and General Obligation Bonds during FY 2024-25, an increase of $2.92 billion (25 percent) from the $11.57 billion issued in the prior fiscal year (Figure 5).

Figure 5 – Long-Term Borrowing by Fiscal Year



LEA financing through Certificates of Participation decreased by $126 million, and financing through General Obligation Bonds increased by $3.05 billion from the prior year.

In FY 2024-25, General Obligation Bonds accounted for 92 percent of LEA debt issuance, an increase of two percent from the prior year; and Certificates of Participation accounted for three percent of LEA debt issuance, a two percent decrease from the prior year.

LOTTERY REVENUES

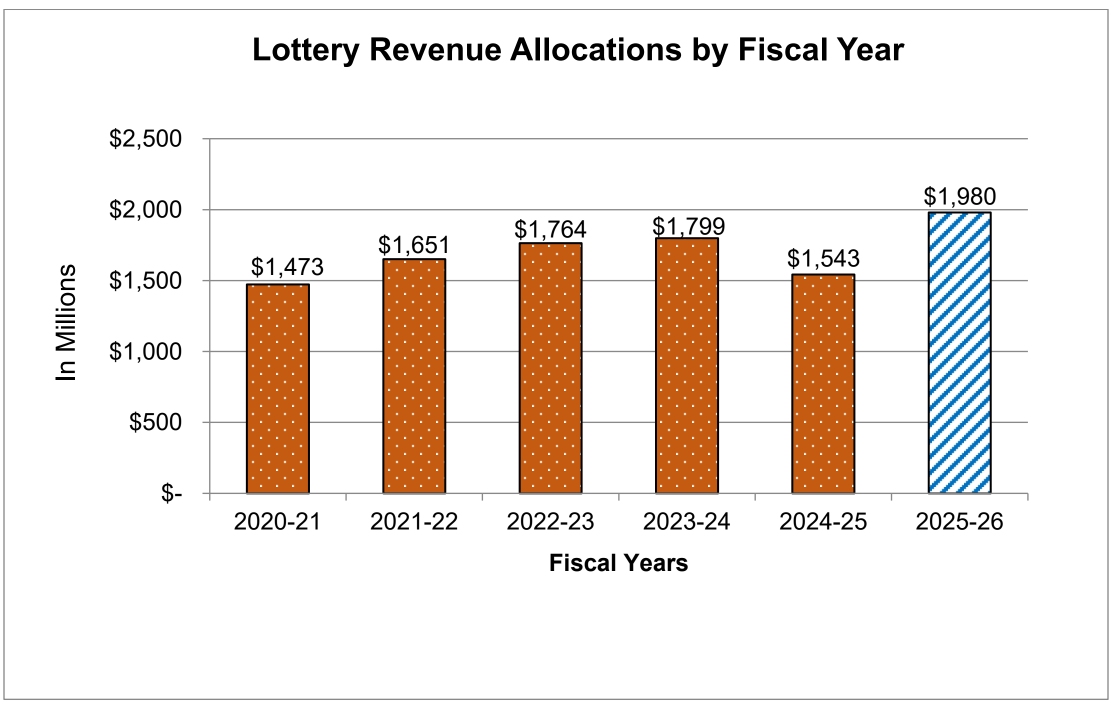
The California State Lottery Act of 1984 (the Lottery Act) was enacted to provide supplemental funding to public schools and colleges in California. Revenues from lottery ticket sales are allocated based on percentages specified in the Lottery Act; it requires that no less than 87 percent of total annual 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 State 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 LEA is based on its K-12 average daily attendance. The data regarding sales and allocations is maintained by SCO and the California State Lottery.

Lottery Revenue Projected to Increase

Lottery revenue distributed to LEAs is projected to increase 28 percent, from $1,543 million in FY 2024-25 to an estimated $1,980 million in FY 2025-26 (Figure 6). Lottery revenue information in Figure 6 was obtained from CDE, based on California State Lottery projections. The FY 2025-26 amount is an estimate.

Figure 6 – Lottery Revenue Allocations by Fiscal Year



PROGRAM COMPLIANCE

OVERVIEW

The annual audit reports by certified public accountants are the primary source of information regarding local education agency (LEA) compliance with state and federal requirements. The State Controller's Office (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, SCO may conduct compliance audits, if resources permit.

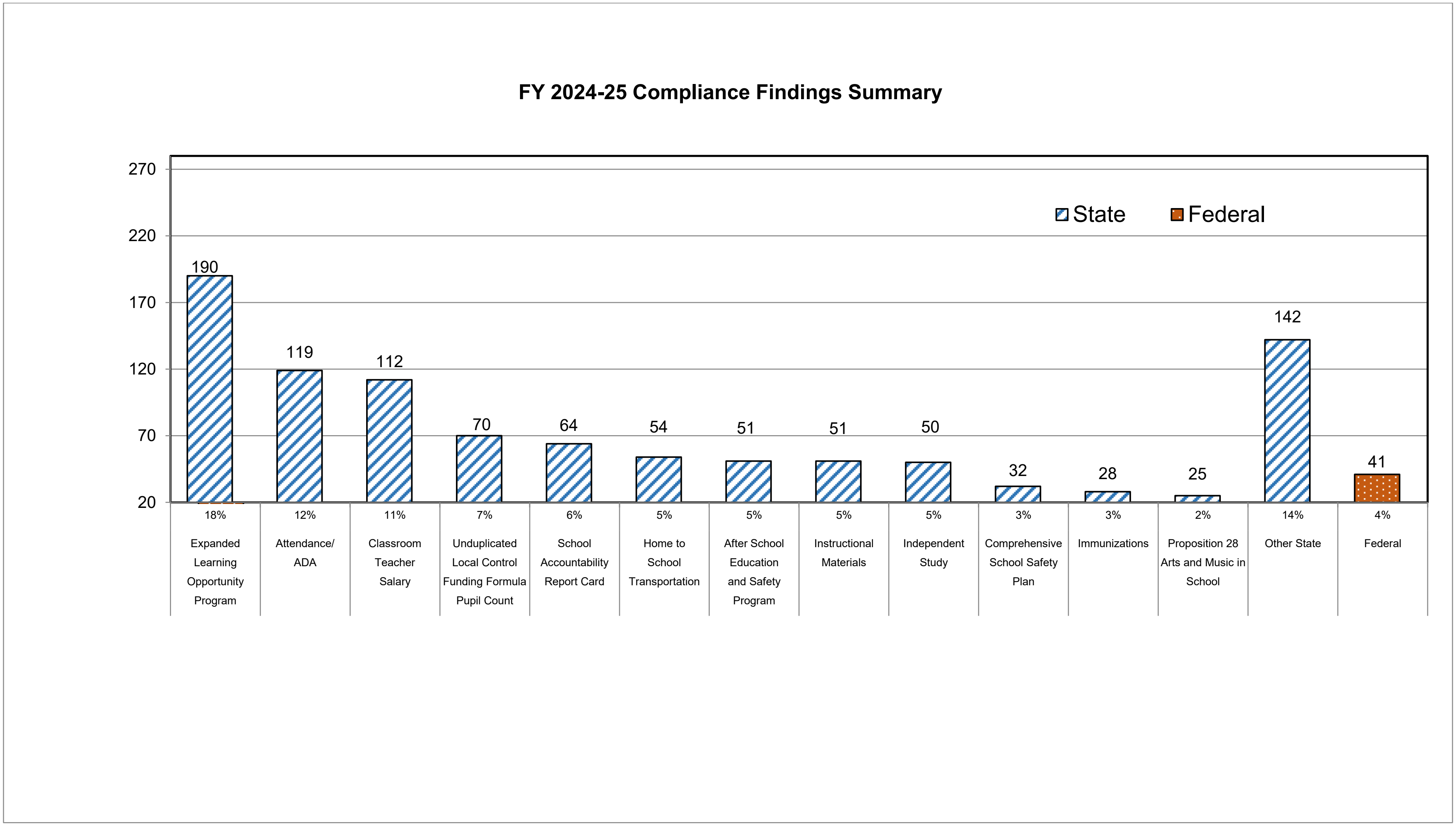
COMPLIANCE FINDINGS

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 school 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.

State and federal compliance findings noted in the independent auditors' reports on LEAs decreased from the prior year. Auditors reported 1,029 compliance findings in fiscal year (FY) 2024-25, a 13 percent decrease from the 1,181 reported in FY 2023-24 (Appendix C).

Some of the issues 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 1,029 compliance findings, 988 (96 percent) pertained to state programs and requirements, and 41 (four percent) pertained to federal programs and requirements (Figure 7).

Figure 7 – FY 2024-25 State and Federal Compliance Findings Summary



See Appendix C for more information.

The Expanded Learning Opportunities Program (ELO-P) audit findings accounted for 18 percent of all compliance findings in FY 2024-25. The LEA audit reports disclosed 190 ELO-P findings, with the majority (126 findings, or 66 percent) related to the following issues:

- Registration form/document was missing or incomplete;
- LEA did not offer or provide the opportunity to enroll to all eligible pupils; and
- Program was not offered on every school day or was less than nine hours per day.

There were 119 attendance-related findings, which accounted for 12 percent of all compliance findings. The majority (103, or 87 percent) of the attendance findings were related to the following issues:

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

The audit reports also disclosed 112 audit findings pertaining to the Classroom Teacher Salaries compliance requirements, which accounted for 10 percent of all compliance findings. All findings were the result of the school district's failure to meet the current expense-of-education percentage required for payment of classroom teachers' salaries.

COUNTY OFFICES OF EDUCATION AUDIT RESOLUTION PROCESSES

Education Code section 41020(n) provides that SCO must annually select a sample of county offices of education (COE) 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 school district's corrective action plans, and notified the State Superintendent of Public Instruction and SCO of the results.

During FY 2025-26, SCO performed reviews of the audit resolution process for two COEs and found that both COEs followed their audit resolution processes for FY 2021-22 and FY 2022-23. However, the audit resolution processes were deficient because the COEs did not follow up on attendance-related audit exceptions for LEAs and did not request that the LEA submit the appropriate reporting form, as required by Education Code section 41020(k)(1).

QUALITY CONTROL

OVERVIEW

The State Controller's Office (SCO) reviews and certifies the annual independent audit reports submitted by each local education agency (LEA) for compliance with audit guidelines set forth in the *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (K-12 Audit Guide). This authority is provided by Education Code (EC) section 14504.

AUDIT REPORT CERTIFICATIONS

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

For fiscal year (FY) 2024-25, SCO accepted 68 percent of the audit reports submitted; the remaining 32 percent were rejected upon initial review. EC section 14505 provides that LEAs withhold 10 percent of the audit fee until SCO 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, SCO may refer the independent auditor to the California Board of Accountancy for professional review.

Number of Rejected Audit Reports Decreased

Upon initial review, SCO certified 1,290 (68 percent) of the 1,905 audit reports submitted by LEAs for FY 2024-25. The number of rejected reports decreased by 181, from 796 in the prior year to 615 in the current year (Figure 8).

Figure 8 – Number and Percent of Rejected Local Education Agencies Audit Reports

Fiscal Year	Reports Submitted	Reports Rejected	Percent Rejected
2020-21	1,930	587	30%
2021-22	1,865	891	48%
2022-23	1,896	791	42%
2023-24	1,917	796	42%
2024-25	1,905	615	32%

REPORTING DEFICIENCIES

Reporting Deficiencies Decreased

In FY 2024-25, SCO identified 1,564 reporting deficiencies in the independent auditors' reports on LEAs, a decrease of 1,004 from the prior year (Figure 9).

Figure 9 – Summary of Audit Report Deficiencies

Type of Deficiency	FY 2023-24	FY 2024-25
Auditor's Report on the Financial Statements	586	247
Management's Discussion and Analysis	1	4
Basic Financial Statements	53	48
Notes to the Financial Statements	171	234
Required Supplementary Information	47	78
Supplementary Information Section	319	194
Other Information Section	295	134
Schedule of Expenditures of Federal Awards	45	16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters	124	72
Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance)	64	32
State Compliance Report	590	320
Findings and Recommendations Section	249	173
Other	24	12
Total number of reporting deficiencies	**2,568**	**1,564**

See Appendix D for more information.

The Auditor's Report on the Financial Statements, the State Compliance Report, and the Other Information Section of the annual independent audit reports on LEAs show the largest decreases in the number of reporting deficiencies.

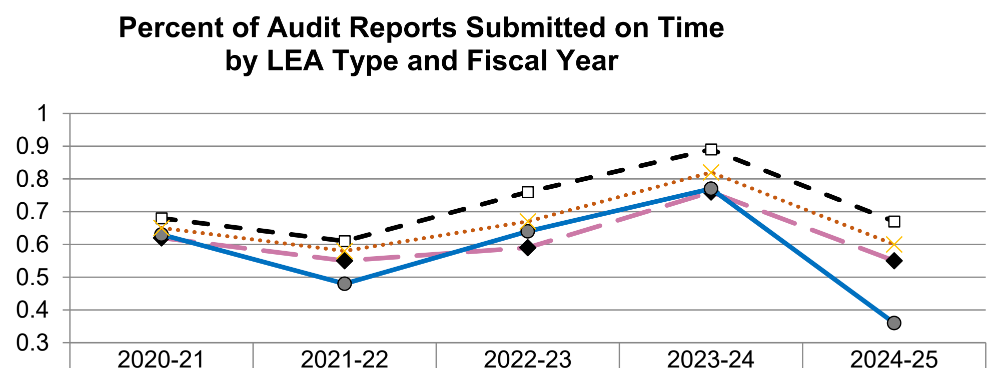
ON-TIME SUBMISSIONS

Audit reports for the preceding fiscal year must be filed with SCO, the California Department of Education, 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 Decreased

The percentage of school district, county office of education (COE), and charter school annual audit reports submitted by the deadline decreased from the prior year (Figure 10). A total of 1,189, or 60 percent, of the 1,971 required LEA reports were received by the December 15, 2025 deadline. For FY 2024-25, there were 2,261 LEAs. Some of the LEAs, primarily charter schools, were combined for reporting purposes, resulting in 1,971 required LEA reports.

Figure 10 – Percent of Audit Reports Submitted on Time by Local Education Agencies Type and Fiscal Year

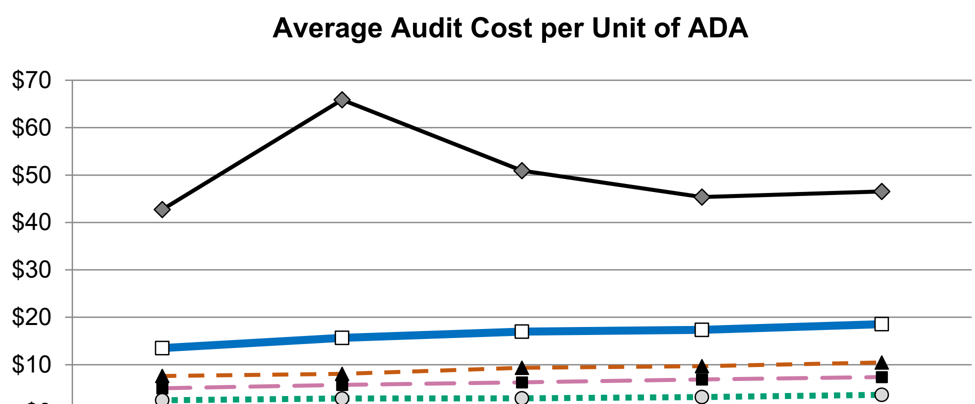


	2020-21	2021-22	2022-23	2023-24	2024-25
Districts	0.62	0.55	0.59	0.76	0.55
COEs	0.63	0.48	0.64	0.77	0.36
Charters	0.68	0.61	0.76	0.89	0.67
Total	0.65	0.58	0.67	0.82	0.6

AVERAGE AUDIT COST PER AVERAGE DAILY ATTENDANCE

Each year, SCO asks each COE to provide audit contract information for the COE and all LEAs under its jurisdiction. SCO maintains a database of information pertaining to audit contracts between LEAs and independent auditors. From that database, SCO determined the total audit costs and the cost per unit of average daily attendance (ADA) for LEA annual audits. The COEs provided FY 2024-25 audit contract information for 81 percent (1,595 out of 1,966) and FY 2023-24 audit contract information for 84 percent (1,639 of 1,962) of the COEs and LEAs, as shown in Figure 11. Based on information received, audit costs for FY 2024-25 totaled $44.61 million, an increase of $2.74 million, or seven percent, from total audit costs of $41.87 million for FY 2023-24. In FY 2020-21, LEAs were not required to report ADA information; therefore, Figure 11 does not include FY 2020-21 data.

Figure 11 – Average Audit Cost per Unit of Average Daily Attendance by Fiscal Year



	FY 2019-20	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25
1–1,000 ADA	42.72	65.89	50.94	45.38	46.53
1,001–2,500 ADA	13.51	15.65	16.99	17.34	18.55
2,501–5,000 ADA	7.62	8.08	9.36	9.68	10.47
5,001–10,000 ADA	5.03	5.74	6.29	6.89	7.39
> 10,000 ADA	2.5	2.87	2.9	3.17	3.64

QUALITY CONTROL REVIEWS

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

EC section 41020(f)(1) requires SCO to publish a directory of certified public accountants 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;
- Generally Accepted Auditing Standards;
- K-12 Audit Guide;
- Title 2, Code of Federal Regulations, Part 200 (Uniform Guidance); and
- 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. SCO may refer the independent auditor to the California Board of Accountancy for a follow-up review.

In FY 2025-26, SCO issued three quality control review reports related to LEAs. The quality control reviews found deficiencies in the following areas:

- One firm did not assemble its working papers in a timely manner.
- One firm’s working papers did not include documentation of required inquiries and responses from those charged with governance regarding fraud risks and related party transactions, and its Management Representation Letter did not include the required representation regarding audited entity’s ability to continue as a going concern.

APPENDICES

APPENDIX A—AUDIT REPORT AND INTERIM REPORT DISCLOSURES OF IMPENDING FINANCIAL PROBLEMS

County School District/County Office	Fiscal Year 2024-25 Average Daily Attendance	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accounting Notes	Fiscal Year 2025-26 First Interim Report	Fiscal Year 2025-26 Second Interim Report	Fiscal Year 2024-25 Second Interim Report
Alameda County:						
1. Dublin Unified	12,272	Not applicable	Not applicable	Qualified	Qualified	Positive
2. Hayward Unified	15,924	Not applicable	Not applicable	Qualified	Positive	Qualified
3. Livermore Valley Joint Unified	12,240	Not applicable	Not applicable	Positive	Qualified	Positive
4. Newark Unified	4,379	Not applicable	Not applicable	Qualified	Positive	Positive
5. Oakland Unified	30,380	Not applicable	Not applicable	Qualified	Qualified	Qualified
6. Pleasanton Unified	12,688	Not applicable	Not applicable	Negative	Negative	Positive
Amador County:						
7. Amador County Office of Education	0	Not applicable	Not applicable	Qualified	Qualified	Qualified
8. Amador County Unified	3,722	Not applicable	Not applicable	Qualified	Qualified	Qualified
Calaveras County:						
9. Calaveras Unified	2,555	Not applicable	Not applicable	Positive	Positive	Qualified
Contra Costa County:						
10. Antioch Unified	13,795	Not applicable	Not applicable	Qualified	Qualified	Positive
11. San Ramon Valley Unified	27,437	Not applicable	Not applicable	Positive	Positive	Qualified
12. West Contra Costa Unified	23,213	Not applicable	Not applicable	Qualified	Qualified	Positive

County School District/County Office	Fiscal Year 2024-25 Average Daily Attendance	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accounting Notes	Fiscal Year 2025-26 First Interim Report	Fiscal Year 2025-26 Second Interim Report	Fiscal Year 2024-25 Second Interim Report
El Dorado County:						
13. Camino Union Elementary	384	Not applicable	Not applicable	Qualified	Qualified	Positive
14. Mother Lode Union Elementary	791	Not applicable	Not applicable	Qualified	Positive	Positive
Fresno County:						
15. Laton Joint Unified	566	Not applicable	Not applicable	Qualified	Qualified	Positive
Glenn County:						
16. Capay Joint Union Elementary	199	Not applicable	Not applicable	Qualified	Positive	Positive
Los Angeles County:						
17. Culver City Unified	6,233	Not applicable	Not applicable	Positive	Qualified	Qualified
Madera County:						
18. Chawanakee Unified	1,331	Not applicable	Not applicable	Positive	Positive	Qualified
Marin County:						
19. Novato Unified	6,860	Not applicable	Not applicable	Qualified	Qualified	Positive
Mendocino County:						
20. Willits Unified	1,370	Not applicable	Not applicable	Qualified	Positive	Positive
Napa County:						
21. Howell Mountain Elementary	70	Not applicable	Not applicable	Qualified	Positive	Positive
Orange County:						
22. Cypress Elementary	3,140	Not applicable	Not applicable	Qualified	Qualified	Positive
23. Saddleback Valley Unified	21,444	Not applicable	Not applicable	Qualified	Positive	Qualified

County School District/County Office	Fiscal Year 2024-25 Average Daily Attendance	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accounting Notes	Fiscal Year 2025-26 First Interim Report	Fiscal Year 2025-26 Second Interim Report	Fiscal Year 2024-25 Second Interim Report
Placer County:						
24. Colfax Elementary	317	Not applicable	Not applicable	Qualified	Qualified	Positive
25. Foresthill Union Elementary	442	Not applicable	Not applicable	Qualified	Positive	Positive
26. Placer Hills Union Elementary	715	Not applicable	Not applicable	Qualified	Positive	Positive
Plumas County:						
27. Plumas Unified	1,512	Not applicable	Not applicable	Negative	Positive	Negative
Riverside County:						
28. Coachella Valley Unified	14,285	Not applicable	Not applicable	Qualified	Qualified	Qualified
Sacramento County:						
29. Galt Joint Union Elementary	3,241	Not applicable	Not applicable	Qualified	Positive	Positive
30. River Delta Joint Unified	1,585	Not applicable	Not applicable	Qualified	Qualified	Positive
31. Sacramento City Unified	34,770	Not applicable	Not applicable	Negative	Negative	Positive
San Bernardino County:						
32. Adelanto Elementary	6,939	Not applicable	Not applicable	Positive	Qualified	Positive
33. Apple Valley Unified	12,413	Not applicable	Not applicable	Qualified	Positive	Positive
34. Needles Unified	832	Not applicable	Not applicable	Qualified	Positive	Positive
San Diego County:						
35. Bonsall Unified	2,162	Not applicable	Not applicable	Qualified	Qualified	Positive
36. Mountain Empire Unified	1,566	Not applicable	Not applicable	Positive	Positive	Qualified
37. San Ysidro Elementary	3,856	Not applicable	Not applicable	Negative	Negative	Positive
San Francisco County:						
38. San Francisco Unified	45,277	Not applicable	Not applicable	Qualified	Qualified	Negative

County School District/County Office	Fiscal Year 2024-25 Average Daily Attendance	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accounting Notes	Fiscal Year 2025-26 First Interim Report	Fiscal Year 2025-26 Second Interim Report	Fiscal Year 2024-25 Second Interim Report
San Mateo County:						
39. Pacifica Elementary	2,485	Not applicable	Not applicable	Positive	Qualified	Positive
Santa Barbara County:						
40. Guadalupe Union Elementary	1,238	Not applicable	Not applicable	Qualified	Qualified	Positive
Santa Clara County:						
41. Alum Rock Union Elementary	6,894	Not applicable	Not applicable	Positive	Positive	Qualified
42. Cambrian	4,991	Not applicable	Not applicable	Qualified	Qualified	Positive
43. East Side Union High	18,420	Not applicable	Not applicable	Qualified	Positive	Positive
44. Franklin-McKinley Elementary	5,341	Not applicable	Not applicable	Positive	Positive	Qualified
Santa Cruz County:						
45. Pajaro Valley Unified	15,111	Not applicable	Not applicable	Qualified	Positive	Positive
Shasta County:						
46. Cascade Union Elementary	954	Not applicable	Not applicable	Qualified	Qualified	Positive
47. Castle Rock Union Elementary	36	Not applicable	Not applicable	Qualified	Qualified	Positive
48. Oak Run Elementary	11	Not applicable	Not applicable	Positive	Positive	Qualified
Siskiyou County:						
49. Dunsmuir Elementary	0	Not applicable	Not applicable	Positive	Qualified	Negative
50. Grenada Elementary	0	Not applicable	Not applicable	Qualified	Positive	Positive
51. Happy Camp Union Elementary	0	Not applicable	Not applicable	Qualified	Qualified	Positive
52. Siskiyou Union High	0	Not applicable	Not applicable	Qualified	Positive	Positive
53. Weed Union Elementary	0	Not applicable	Not applicable	Negative	Negative	Negative
54. Yreka Union Elementary	0	Not applicable	Not applicable	Qualified	Qualified	Qualified

County School District/County Office	Fiscal Year 2024-25 Average Daily Attendance	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accounting Notes	Fiscal Year 2025-26 First Interim Report	Fiscal Year 2025-26 Second Interim Report	Fiscal Year 2024-25 Second Interim Report
Solano County:						
55. Vallejo City Unified	8,640	Not applicable	Not applicable	Qualified	Qualified	Qualified
Sonoma County:						
56. Cotati-Rohnert Park Unified	5,943	Not applicable	Not applicable	Qualified	Qualified	Positive
57. Forestville Union Elementary	196	Not applicable	Not applicable	Positive	Positive	Qualified
58. Oak Grove Union Elementary	750	Not applicable	Not applicable	Qualified	Positive	Positive
59. Petaluma City Schools	6,517	Not applicable	Not applicable	Qualified	Positive	Positive
60. Rincon Valley Union Elementary	2,894	Not applicable	Not applicable	Negative	Positive	Positive
61. Santa Rosa City Schools	13,199	Not applicable	Not applicable	Negative	Positive	Qualified
62. Sebastopol Union Elementary	447	Not applicable	Not applicable	Qualified	Positive	Positive
63. Sonoma Valley Unified	2,857	Not applicable	Not applicable	Positive	Positive	Qualified
Tuolumne County:						
64. Sonora Elementary	572	Not applicable	Not applicable	Qualified	Positive	Positive
Ventura County:						
65. Oxnard Union High	14,582	Not applicable	Not applicable	Qualified	Qualified	Positive

APPENDIX B—LOCAL EDUCATION AGENCIES FILING QUALIFIED OR NEGATIVE INTERIM REPORTS

County School District/ County Office	1st Cert-ification	2nd Cert-ification	Other Expend-itures	Other Revenues	Deficit Spend-ing	Contri-butions	Reserves	Average Daily Attend-ance to Enroll-ment	Enroll-ment	Status of Labor Agree-ments	Declining Enroll-ment
Alameda County:											
1. Dublin Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes
2. Hayward Unified	Qualified	Positive	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes
3. Livermore Valley Joint Unified	Positive	Qualified	Yes	Yes	Yes	Yes	Yes	No	No	No	No
4. Newark Unified	Qualified	Positive	Yes	Yes	Yes	No	Yes	No	Yes	No	Yes
5. Oakland Unified	Qualified	Qualified	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
6. Pleasanton Unified	Negative	Negative	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes
Amador County:											
7. Amador COE	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	No	No	No	No
8. Amador County Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
Contra Costa County:											
9. Antioch Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	No	Yes	No	Yes	Yes
10. West Contra Costa Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

County School District/ County Office	1st Cert-ification	2nd Cert-ification	Other Expend-itures	Other Revenues	Deficit Spend-ing	Contri-butions	Reserves	Average Daily Attend-ance to Enroll-ment	Enroll-ment	Status of Labor Agree-ments	Declining Enroll-ment
El Dorado County:											
11. Camino Union Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No
12. Mother Load Union Elementary	Qualified	Positive	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes
Fresno County:											
13. Laton Joint Union Elementary	Qualified	Qualified	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No
Glenn County:											
14. Capay Joint Union Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No
Los Angeles County:											
15. Culver City Unified	Positive	Qualified	Yes	No	Yes	No	Yes	Yes	No	No	No
Marin County:											
16. Novato Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Mendocino County:											
17. Willits Unified	Qualified	Positive	No	Yes	Yes	Yes	Yes	Yes	No	No	Yes

County School District/ County Office	1st Cert-ification	2nd Cert-ification	Other Expend-itures	Other Revenues	Deficit Spend-ing	Contri-butions	Reserves	Average Daily Attend-ance to Enroll-ment	Enroll-ment	Status of Labor Agree-ments	Declining Enroll-ment
Napa County:											
18. Howell Mountain Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes
Orange County:											
19. Cypress Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
20. Saddleback Valley Unified	Qualified	Positive	Yes	Yes	Yes	Yes	No	No	No	No	Yes
Placer County:											
21. Colfax Elementary	Qualified	Qualified	Yes	Yes	No	Yes	No	Yes	Yes	Yes	Yes
22. Foresthill Union Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	No
23. Placer Hills Union Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
Plumas County:											
24. Plumas Unified	Negative	Positive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Riverside County:											
25. Coachella Valley Unified	Qualified	Qualified	Yes	Yes	Yes	No	No	Yes	No	Yes	Yes

County School District/ County Office	1st Cert-ification	2nd Cert-ification	Other Expend-itures	Other Revenues	Deficit Spend-ing	Contri-butions	Reserves	Average Daily Attend-ance to Enroll-ment	Enroll-ment	Status of Labor Agree-ments	Declining Enroll-ment
Sacramento County:											
26. Galt Joint Union Elementary	Qualified	Positive	Yes	Yes	Yes	No	No	No	Yes	Yes	No
27. River Delta Joint Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
28. Sacramento City Unified	Negative	Negative	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
San Bernardino County:											
29. Adelanto Elementary	Positive	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes
30. Apple Valley Unified	Qualified	Positive	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes
31. Needles Unified	Qualified	Positive	Yes	No	No	Yes	Yes	Yes	No	Yes	No
San Diego County:											
32. Bonsall Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
33. San Ysidro Elementary	Negative	Negative	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
San Francisco County:											
34. San Francisco Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
San Mateo County:											
35. Pacifica Elementary	Positive	Qualified	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes

County School District/ County Office	1st Cert-ification	2nd Cert-ification	Other Expend-itures	Other Revenues	Deficit Spend-ing	Contri-butions	Reserves	Average Daily Attend-ance to Enroll-ment	Enroll-ment	Status of Labor Agree-ments	Declining Enroll-ment
Santa Barbara County:											
36. Guadalupe Union Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	No	No	Yes	No
Santa Clara County:											
37. Cambrian	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
38. East Side Union High	Qualified	Positive	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes
Santa Cruz County:											
39. Pajaro Valley Unified	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Shasta County:											
40. Cascade Union Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
41. Castle Rock Union Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
Siskiyou County:											
42. Dunsmuir Elementary	Positive	Qualified	No	Yes	Yes	Yes	Yes	Yes	Yes	No	No
43. Grenada Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No
44. Happy Camp Union Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	No	Yes	No	Yes
45. Siskiyou Union High	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes

County School District/ County Office	1st Cert-ification	2nd Cert-ification	Other Expend-itures	Other Revenues	Deficit Spend-ing	Contri-butions	Reserves	Average Daily Attend-ance to Enroll-ment	Enroll-ment	Status of Labor Agree-ments	Declining Enroll-ment
46. Weed Union Elementary	Negative	Negative	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No
47. Yreka Union Elementary	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Solano County:											
48. Vallejo City Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes
Sonoma County:											
49. Cotati-Rohnert Park Unified	Qualified	Qualified	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
50. Oak Grove Union Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes
51. Petaluma City Schools	Qualified	Positive	Yes	Yes	Yes	No	No	Yes	Yes	No	No
52. Rincon Valley Union Elementary	Negative	Positive	Yes	Yes	Yes	Yes	Yes	No	Yes	No	No
53. Santa Rosa City Schools	Negative	Positive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
54. Sebastopol Union Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No
Tuolumne County:											
55. Sonora Elementary	Qualified	Positive	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Ventura County:											
56. Oxnard Union High	Qualified	Qualified	No	Yes	No	Yes	No	Yes	No	No	Yes

Nine key indicators for financial difficulties are as follows:

- Other expenditures – The school district/county office of education has long-term (multi-year) commitments or debt agreements.
- Other revenues – Projected operating expenditures (e.g., books and supplies) for the current and two subsequent fiscal years changed or are expected to change by more than five percent since budget adoption or first interim.
- Deficit spending – Unrestricted deficit spending has exceeded or is expected to exceed the standard in the current or two subsequent fiscal years.
- Contributions – Contributions from unrestricted to restricted resources, or transfers to or from the General Fund to cover operating deficits, changed, or are expected to change, since budget adoption by more than $20,000 and more than five percent for the current or two subsequent fiscal years.
- Reserves – Available reserves (e.g., reserve for economic uncertainties, unassigned/unappropriated amounts) meet or are expected to meet minimum requirements for the current and two subsequent fiscal years.
- Average daily attendance to enrollment – Projected second period average daily attendance to enrollment ratio for the current and two subsequent fiscal years is not consistent with historical ratios.
- Enrollment – Projected enrollment for any of the current or two subsequent fiscal years has changed by more than two percent since budget adoption.
- Status of Labor Agreements – salary and benefit negotiations are still unsettled as of second-period interim projections.
- Declining enrollment – Projected enrollment for any of the current or two subsequent fiscal years has not changed by more than two percent since budget adoption, or enrollment has decreased in both the prior and current fiscal years.

APPENDIX C—SUMMARY OF AUDIT REPORT COMPLIANCE FINDINGS

Finding Description	Number of Findings
STATE FINDINGS	
Average Daily Attendance (ADA)	
ADA overstated by 0-5 ADA	23
ADA overstated by 5-10 ADA	4
ADA overstated by 10-20 ADA	1
ADA overstated by over 20 ADA	2
ADA understated by 0-5 ADA	19
ADA understated by 5-10 ADA	3
ADA understated by 10-20 ADA	2
ADA understated by over 20 ADA	5
Attendance	
Absences were claimed for apportionment	1
Attendance registers/forms not signed by teachers	10
Attendance report does not reconcile to supporting documentation	10
Attendance report inaccurate/incomplete	24
Excused absences – problems with verification procedures/documentation	2
Excused/unexcused absences improperly recorded	3
Lack of documentation/records	6
Other finding	4

Finding Description	Number of Findings
Teacher Certifications and Misassignments	
Teacher did not possess a valid certification document (teaching credential)	5
Teacher misassignment	1
Teacher provided instruction outside of credential subject	7
Kindergarten Continuance	
Kindergarten Continuance forms were not maintained and/or property approved	13
Form did not include required elements	4
Independent Study	
Attendance overstated	10
Contract(s) did not include all required elements	17
Ratio of pupils to teachers exceeded maximum allowable	4
Work samples not maintained	2
Other finding	11
Continuation Education	
Attendance accounting deficiency	3
Special Education – Nonpublic Schools	
Attendance accounting deficiency	2
Instructional Time	
Instructional days requirements not met	4
Instructional minutes requirements not met	11
Lack of documentation/records	1
Instructional days and instructional minutes requirements not met	3

Finding Description	Number of Findings
Other finding	2
Instructional Materials	
Adopted/nonadopted instructional materials requirements not followed	1
Board resolution did not address sufficiency of textbooks/instructional materials	3
Notice of public hearing deficiency	25
Public hearing on instructional materials not held or held after the required time period	21
Other finding	1
Ratio of Administrative Employees to Teachers	
Number of administrators per hundred teachers exceeded the allowable ratio	13
School district did not perform ratio calculation	1
Classroom Teacher Salaries	
School district did not meet the current expense of education percentage required for payment of classroom teacher salaries	112
School Accountability Report Card (SARC)	
Facility Inspection Tool not prepared or missing	6
SARC information inconsistent with availability of sufficient textbooks and other instructional materials	2
SARC information inconsistent with Facility Inspection Tool or local evaluation instrument	48
SARC not published	4
Other finding	4
Middle or Early College High Schools	
Instructional time requirement not met	2
K-3 Grade Span Adjustment	
Average class enrollment exceeded 24 pupils	3

Finding Description	Number of Findings
Comprehensive School Safety Plan	
School district did not adopt or update its comprehensive school safety plan by March 1	30
School district did not have a comprehensive school safety plan and did not notify the California Department of Education by October 15	2
School District of Choice	
School district did not register as a school district of choice as required	1
Home to School Transportation Reimbursement	
Transportation Services Plan not developed or adopted timely	24
Other finding	30
After School Education and Safety Program	
Indirect costs overstated	3
Lack of documentation/records	14
Reported number of students served not supported by written records or did not reconcile to supporting documentation	27
Reported students served inconsistent with early release policy	3
Program did not operate a minimum of 15 hours per week	2
Other finding	2
Education Protection Account Funds	
Funds not properly disbursed or expended as required by law	1
Proper Expenditure of Education Protection Account Funds	
Funds not properly disbursed and expended as required by law	2
Other finding	2

Finding Description	Number of Findings
Unduplicated Local Control Funding Formula Pupil Counts	
English Learner students missing eligibility documentation	4
Free and Reduced Price Meal and/or English Learner pupil counts overstated	34
Free and Reduced Price Meal and/or English Learner pupil counts understated	4
Free and Reduced Price Meal and/or English Learner students missing eligibility documentation for at least one designation	5
Free and Reduced Price Meal students missing eligibility documentation	21
Other finding	2
Local Control and Accountability Plan (LCAP)	
Expenditures not tracked or inconsistent with identified actions or services	3
LCAP not adopted or approved in a public meeting	3
LCAP not presented to the parent advisory committee	3
Local education agency (LEA) did not notify members of the public of the opportunity to submit comments to be included in the LCAP	3
Immunizations	
Immunization dose(s) not received	28
Expanded Learning Opportunities Grant	
Unallowable expenditures	1
Expanded Learning Opportunities Program	
LEA did not offer or provide the opportunity to enroll to all eligible pupils	29
LEA did not provide transportation or access to and from Expanded Learning Opportunities Program sites	2
Number of pupil-to-staff member ratio not maintained	8
Program was not offered on every school day or was less than 9 hours per day	21

Finding Description	Number of Findings
Program was offered for less than 30 non-school days, and/or less than nine hours per day	56
Registration form/document is missing or incomplete	20
Other finding	54
Career Technical Education Incentive Grant	
LEA did not include in the LEA's budget required matching funds.	1
Transitional Kindergarten	
Average class enrollment exceeded 24 pupils, and LEA did not meet the adult-to-pupil ratio requirement	1
Average transitional kindergarten class enrollment exceeded 24 pupils	1
Classroom with early enrollment children exceeded 20 pupils	3
Classroom with early enrollment children exceeded 20 pupils, and LEA did not meet the adult-to-pupil ratio requirement	7
LEA did not meet the adult-to pupil ratio requirements	4
Mode of Instruction	
Teacher did not possess a valid teaching document	7
Other finding	1
Nonclassroom-Based Instruction/Independent Study	
Contract not signed by student	6
Determination of Funding for Nonclassroom-Based Instruction	
Total reported expenditures for instruction and related services overstated	2
Funding determination application did not reconcile to unaudited actual reports	1
Other finding	3

Finding Description	Number of Findings
Annual Instructional Minutes – Classroom Based	
Instructional time requirements not met	4
Proposition 28 Arts and Music in School	
Expenditures overstated	6
LEA did not comply with certification requirements	12
LEA did not post on its website and/or did not submit to the California Department of Education its adopted report	3
More than 1 percent of the funding was used for administrative expense	1
More than 20 percent of expenditures used for unallowable purposes	1
Other finding	2
Other State Program	
Expenditures overstated	3
Financial report inaccurate/not complete	1
Financial report/claim not filed/not filed timely	1
Other finding	8
TOTAL STATE FINDINGS	**988**
FEDERAL FINDINGS	
Child Care and Development Block	
Eligibility	1
Child Nutrition Cluster	
Activities allowed or unallowed	1
Eligibility	1

Finding Description	Number of Findings
Financial report inaccurate/not complete	2
Procurement, suspension, and debarment	4
Other finding	1
Elementary and Secondary School Emergency Relief II Fund Program	
Lack of documentation/records	1
Federal Pell Grant Program	
Special tests and provisions	1
Federal Programs	
Allowable costs/cost principles	2
Equipment and real property management	1
Procurement, suspension, and debarment	1
Reporting	1
Subrecipient monitoring	1
Other finding	1
Head Start	
Allowable costs/cost principles	1
Subrecipient monitoring	1
Other finding	1
National School Lunch	
Lack of documentation/records	1
Other Federal Programs	
Equipment & real property management	1

Finding Description	Number of Findings
Financial report inaccurate/not complete	1
School Breakfast Program	
Allowable costs/cost principles	1
Special Education	
Allowable costs/cost principles	2
Procurement and suspension and debarment	1
Title I Grants to Local Education Agencies	
Allowable costs/cost principles	1
Activities allowed or unallowed	1
Eligibility	2
Lack of documentation/records	6
Special tests and provisions	1
Other finding	1
TOTAL FEDERAL FINDINGS	**41**
TOTAL STATE AND FEDERAL FINDINGS	**1,029**

APPENDIX D—SUMMARY OF AUDIT DEFICIENCIES

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Auditor's Report on the Financial Statements		
Report did not include a section with the heading "Other Information."	121	57
Independent Auditor's Report on the Financial Statements was deficient.	162	42
Report did not include all of the elements in the Required Supplementary Information section.	28	32
Auditor's report did not identify the supplementary information, including the Schedule of Expenditures of Federal Awards.	33	30
Report did not include all of the elements in the Other Information section.	72	18
Report did not include a section with the heading "Basis for Opinions."	1	17
Auditor's report did not include an opinion on supplementary information.	35	9
Opinion paragraph of auditor's report did not clearly identify financial statements covered by auditor's opinion.	13	6
Report did not include a section with the heading "Other Matters."	19	4
Report did not include a section with the heading "Responsibilities of Management for the Financial Statements."	0	3
Report did not state that management is required to evaluate the entity's ability to continue as a going concern.	1	3

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Basis for Opinions section did not reference auditing standards generally accepted in the United States of America and *Government Auditing Standards*.	3	3
Reference to a separate report on internal control over financial reporting and on compliance was not included.	10	3
Auditor’s Responsibilities section did not include all required elements.	67	2
Basis for Opinions section did not address the auditor’s independence required disclosures.	2	2
Basis for Opinions section did not state that the audit evidence obtained is sufficient and appropriate for the auditor’s opinion.	0	2
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 *Government Auditing Standards*.	2	2
Qualified opinion due to an inability to obtain sufficient appropriate audit evidence: opinion paragraph was deficient.	0	2
Adverse opinion paragraph was deficient.	0	2
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	2
Disclaimer of opinion due to an inability to obtain sufficient appropriate audit evidence: opinion paragraph was deficient.	1	1
Report did not include a section with the heading "Opinions".	1	1

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Report did not include a paragraph describing the matter giving rise to the modified opinion.	1	1
Report did not include a section with the heading “Auditor's Responsibilities for the Audit of the Financial Statements.”	1	1
Auditor’s opinion did not state that the financial statements conform with accounting principles generally accepted in the United States of America.	3	1
Report did not include a section with the heading “Required Supplementary Information.”	1	1
Disclaimer of opinion was issued, but the opinion paragraph did not include required information.	2	0
Reference to a separate report on internal control over financial reporting and on compliance was deficient.	2	0
Report did not include a section with the heading “Other Reporting Required by *Government Auditing Standards*.”	1	0
Disclaimer of opinion was issued, but the report did not include a description of the auditor’s responsibility.	2	0
Subtotal	586	247
Management’s Discussion and Analysis		
Management’s Discussion and Analysis was not included.	1	4
Subtotal	1	4

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Basic Financial Statements		
Governmental entity: Reconciliation of the Government Funds Statement of Revenues Expenditures, and Changes in Fund Balances to the Statement of Activities was not presented properly.	9	7
Governmental entity: Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds was not presented properly.	0	5
Governmental entity: Statement of Changes in Fiduciary Net Position – Fiduciary Funds was not presented properly.	0	5
Governmental entity: Statement of Fiduciary Net Position – Fiduciary Funds was not presented properly.	5	4
Not-for-profit entity: Statement of Financial Position was not presented properly.	5	4
Governmental entity: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds was not presented properly.	2	4
Governmental entity: Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position was not presented properly.	10	4
Governmental entity: Statement of Fund Net Position – Proprietary Funds was not presented properly.	2	4
Governmental entity: Statement of Cash Flows – Proprietary Funds was not presented properly.	0	3
Not-for-profit entity: Statement of Activities was not presented properly.	9	2
Governmental entity: Balance Sheet – Governmental Funds was not presented properly.	2	2
Governmental entity: Statement of Net Position was not presented properly.	1	2

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Not-for-profit entity: Statement of Cash Flows was not presented properly.	5	1
Governmental entity: Statement of Activities was not presented properly.	3	1
Subtotal	53	48
Notes to the Financial Statements		
Governmental entity: Other Post-Employment Benefits (OPEB) note did not include the discount rate information.	35	49
Governmental entity: OPEB note did not properly disclose the employer's OPEB liabilities for the period associated with defined benefit OPEB liabilities to employees.	13	39
Governmental entity: OPEB note did not include a schedule of changes in the OPEB liability.	3	29
Governmental entity: OPEB note did not include the OPEB plan description.	43	23
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.	9	18
Governmental entity: OPEB note did not include significant assumptions disclosure.	12	16
Governmental entity: Summary of significant accounting policies did not include a description of the government-wide financial statements, noting the exclusion of fiduciary activities.	11	15
Governmental entity: Measurement focus and basis of accounting used in the government-wide and fund financial statements was not included.	13	8
Governmental entity: OPEB note did not disclose the OPEB plan's fiduciary net position information.	2	8
Governmental entity: OPEB plan disclosures not included.	0	7

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
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	7
Not-for-profit entity: Notes did not include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation.	3	4
Not-for-profit entity: Notes did not include adequate disclosure of debt and other liabilities.	0	2
Not-for-profit entity: Notes did not include adequate disclosure of related-party transactions and common control.	3	2
Not-for-profit entity: Summary of significant accounting policies did not include description of the financial statements presentation and basis of accounting.	3	2
Governmental entity: Notes did not include the summary of significant accounting policies.	0	1
Not-for-profit entity: Notes did not include description of the nature of the entity's activities.	2	1
Governmental entity: Early retirement note was not included.	2	1
Governmental entity: Early retirement note did not include all the required disclosures.	3	1
Governmental entity: Pension obligations disclosures not included.	0	1
Governmental entity: Material prior period restatements or adjustments were not adequately disclosed.	2	0
Not-for-profit entity: Notes did not include the summary of significant accounting policies.	1	0
Not-for-profit entity: Notes did not include adequate disclosure of pension benefits.	2	0

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Governmental entity: Nature of the primary government's accountability for related organizations and joint ventures was not included.	4	0
Governmental entity: Notes did not include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation.	2	0
Governmental entity: Notes did not disclose deficit fund balances or net position of individual funds, not apparent on the face of the financial statements.	1	0
Subtotal	171	234
Required Supplemental Information		
Schedule of entity's OPEB liability, changes in the net OPEB liability, or entity's proportionate share of the net OPEB liability was not included.	16	45
Schedule of the entity's defined benefit OPEB plan contribution was not included.	13	16
Schedule of budgetary comparison data was not shown by object.	2	10
Schedule of the entity's proportionate share and schedule of contributions for each pension plan was not included.	13	4
Schedule of budgetary comparison data for general fund and major special revenue fund(s) were not included as required supplementary information.	3	3
Subtotal	47	78

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Supplementary Information Section		
Schedule of Instructional Time did not contain all the required information.	102	69
Schedule of Instructional Time did not state whether the school district complied with the instructional days provisions.	66	29
Schedule of Average Daily Attendance did not display final ADA after audit finding adjustment(s).	24	20
Schedule of Average Daily Attendance was deficient.	10	12
Schedule of Financial Trends and Analysis: Available reserves are below minimum required; and management's plans and/or going concern note were not included.	8	12
Schedule of Charter Schools was deficient.	8	11
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.	11	8
Schedule of Instructional Time was not included.	22	6
Schedule of Financial Trends and Analysis was not included; or schedule was deficient.	42	6
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements was not included.	7	6
Schedule of Charter Schools was not included.	9	5
Schedule of Instructional Time indicates noncompliance, but a finding was not included in the audit report.	3	4

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
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.	5	3
Schedule of Average Daily Attendance was not included.	2	3
Subtotal	319	194
Other Information Section		
Local Education Agency Organization Structure description was not included.	259	111
Local Education Agency Organization Structure description was deficient.	36	23
Subtotal	295	134
Schedule of Expenditures of Federal Awards		
Note to the Schedule of Expenditures of Federal Awards was not included or was deficient.	25	9
Schedule of Expenditures of Federal Awards was deficient.	16	7
Schedule of Expenditures of Federal Awards was not included.	4	0
Subtotal	45	16
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (*Government Auditing Standards* Report)		
Report on internal control over financial reporting was deficient.	58	35
Report on compliance and other matters did not include a statement regarding test results.	10	19

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Report did not state that audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.	30	12
Report on compliance and other matters did not include a statement that the auditor performed tests of compliance.	15	4
Report on Internal Control over Financial Reporting and on Compliance and Other Matters (*Government Auditing Standards*) was not included.	3	1
Description of the nature of modified opinion on the financial statements was not properly disclosed on the report.	3	1
Report on internal control and compliance did not include an alert paragraph describing the purpose of the auditor's report.	4	0
Report on compliance and other matters was deficient.	1	0
Subtotal	124	72
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance)		
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance) was deficient.	26	11
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance) was not included.	14	11
Responsibilities of Management section did not include all required elements.	2	3

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance) did not include an alert paragraph describing the purpose of the auditor's report.	1	2
Auditor's Responsibilities section did not include all required elements.	5	2
Basis for Opinion on Each Major Federal Program section did not include all required elements.	2	1
Material weaknesses or significant deficiencies in internal control over compliance were not properly disclosed in the report.	4	1
Noncompliance that did not result in an opinion modification was not disclosed in the report.	4	1
Noncompliance that resulted in an opinion modification was not properly disclosed in the report.	2	0
Opinion on Each Major Federal Program section did not include all required elements.	4	0
Subtotal	64	32
State Compliance Report		
Auditor's Responsibilities for the Audit of Compliance section of the Independent Auditor's Report on State Compliance was deficient.	138	82
Independent Auditor's Report on State Compliance and on Internal Control over Compliance was deficient.	121	66
Report on Internal Control over Compliance was deficient.	66	49
Independent Auditor's Report on State Compliance and on Internal Control over Compliance was not included.	178	42

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Independent Auditor's Report on State Compliance and on Internal Control over Compliance did not include a section with the heading "Opinion."	27	32
Basis for Opinion section of Independent Auditor's Report on State Compliance was deficient.	29	20
Independent Auditor's Report on State Compliance and on Internal Control over Compliance did not include an opinion on whether the entity complied, in all material respects, with the state compliance requirements.	19	17
Opinion section of Independent Auditor's Report on State Compliance and on Internal Control over Compliance did not include all required elements.	12	12
Subtotal	590	320
Findings and Recommendations Section		
State program Finding(s): Noncompliance was reported; however, the finding(s) did not include sufficient information.	49	42
State compliance finding did not include a statement (which may include questioned costs) consistent with its basis of funding, for any inappropriately reported claim.	56	36
Audit finding was not coded with the correct five-digit number.	19	18
Schedule of Prior Audit Findings was not included.	14	13
Attendance Finding: ADA inappropriately reported for apportionment and an estimate of their dollar value not included.	16	9
Federal Program Finding(s): Noncompliance was reported; however, the finding(s) did not include sufficient information.	10	9
Summary of Auditor's Results was deficient.	22	9

Description	Number of Deficiencies in Fiscal Year 2023-24	Number of Deficiencies in Fiscal Year 2024-25
Schedule of Findings and Questioned Costs was not included.	9	8
Major federal programs were not identified.	22	6
Auditee's corrective action plan to eliminate noncompliance was not included.	4	4
Financial statement finding did not include the recommendation.	2	4
Financial statement finding did not include the views of responsible officials and planned corrective actions.	4	4
Financial statement finding did not include the criteria.	4	3
Financial statement finding did not include the condition.	5	3
Financial statement finding did not include the cause.	4	3
Financial statement finding did not include the effect or potential effect.	4	2
Sufficient information for judging the prevalence and consequences of noncompliance was not included.	2	0
Federal Program Finding(s): Questioned costs and/or how they were calculated not included.	2	0
Summary of Auditor's Results was not included.	1	0
Subtotal	249	173
Other		
Auditor's reports did not include a manual or printed signature of the auditor's firm and date of the report.	24	12
Subtotal	24	12
Total number of deficiencies	**2,568**	**1,564**