

**FINAL
ANNUAL FINANCIAL REPORT
ON CALIFORNIA K-12 SCHOOLS**

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

For the Period of July 1, 2020, through June 30, 2021



MALIA M. COHEN
California State Controller

June 2023



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 30, 2023

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 Final Annual Financial Report on California K-12 Schools for fiscal year (FY) 2020-21.

Due to the COVID-19 pandemic, all California local educational agencies (LEAs) received an automatic extension of the due date for submission of their annual audit reports. Per California Education Code section 41020(h)(2), the due date was extended to January 31, 2022. On June 30, 2022, an interim annual report was issued, based on a limited number of audit reports received as of May 16, 2022. This report is based on more complete information.

The report summarizes the financial and program compliance status of the state's school districts, county offices of education (COEs), and charter schools for FY 2020-21, unless otherwise specified. For FY 2020-21, there were a total of 2,274 LEAs, including 943 school districts, 58 COEs, and 1,273 charter schools.

For FY 2020-21, California LEA revenues exceeded expenditures by \$7.27 billion. The number of LEAs engaged in multi-year deficit spending decreased from 120 to 29. The number of school districts and COEs filing negative or qualified first- or second-interim certifications for FY 2021-22 decreased from 56 to 32. 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 on LEAs decreased from the prior year. Auditors reported 589 compliance findings in FY 2020-21, a 19 percent decrease from the 724 reported in FY 2019-20. Seventeen percent of the compliance findings were related to deficiencies in attendance, which is the primary basis for the allocation of state funding. In addition, auditors reported 80 audit findings pertaining to the Unduplicated Local Control Funding Formula Pupil Counts compliance requirement.

The Honorable Tony Thurmond

June 30, 2023

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Please direct any comments regarding the content of the report to Acting Chief Operating Officer KC Mohseni at (916) 698-9271.

Sincerely,

Original signed by

Malia M. Cohen



MALIA M. COHEN
CALIFORNIA STATE CONTROLLER

June 30, 2023

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:

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For FY 2020-21, California LEA revenues exceeded expenditures by \$7.27 billion. The number of LEAs engaged in multi-year deficit spending decreased from 120 to 29. The number of school districts and COEs filing negative or qualified first- or second-interim certifications for FY 2021-22 decreased from 56 to 32. 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.

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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). SCO'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.

For FY 2020-21, there were 2,274 LEAs. Some of the LEAs, primarily charter schools, were combined for reporting purposes, resulting in 2,058 required LEA reports.

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) 2020-21. Additional data was taken from interim financial report certifications submitted by LEAs for FY 2021-22. Information related to emergency loan apportionments was obtained from various sources, including the California Infrastructure and Economic Development Bank (I-Bank).

This FY 2020-21 report contains the following key findings:

- A total of 29 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 decreased from 56 to 32. In the second reporting period of FY 2021-22, 13 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 \$2.41 billion to a total of \$14.55 billion, a 20 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 589 compliance findings in FY 2020-21, a 19 percent decrease from the 724 reported in FY 2019-20.

- Approximately 17 percent of the compliance findings for FY 2020-21 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 2019-20, audit findings in this category accounted for 15 percent of all reported state and federal compliance audit findings.
- The LEAs' annual audit reports disclosed 80 audit findings pertaining to the Unduplicated Local Control Funding Formula (LCFF) Pupil Counts compliance requirement. In FY 2019-20, independent auditors reported 114 findings in this category.
- SCO rejected 587 of the LEA's annual audit reports, an increase of 373 from 214 in FY 2019-20. SCO also identified 1,417 reporting deficiencies in the reports, a decrease of 222 from 1,639 in FY 2019-20.

Introduction

The oversight role in the K-12 fiscal process is administered by SCO's 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 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 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's responsibilities include:

- Developing, in consultation with the California 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 the Department of Finance, the State Department of Education, and 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 have been properly disbursed and expended as required by laws and regulations.

Financial Indicators

Overview

The 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 was obtained from interim financial report certifications submitted by school districts for FY 2021-22.

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 SCO and the SSPI.

The number of LEAs that filed qualified or negative certifications decreased

For FY 2021-22, a total of 27 of the 1,001 LEAs required to file interim reports filed a qualified or negative certification for the first-period interim report; 23 certifications were qualified, and four were negative. Of these 27 LEAs, 11 filed a qualified second-period interim report, four filed a negative second-period interim report, and 12 LEAs were able to take corrective action. However, five other LEAs that had filed a positive first-interim certification subsequently filed qualified second-period interim

reports, resulting in a total of 17 qualified and four negative certifications for the second-interim reporting period (see Figure 1). Thus, 32 LEAs reported qualified or negative certifications for at least one of the two periods (see Appendix A), and seven LEAs remained on the list from the prior 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 most common causes of fiscal problems cited in the 32 qualified or negative certifications (see Appendix B) were:

- Changes in projected operating expenditures: 32 LEAs (100 percent);
- Deficit spending: 31 LEAs (97 percent);
- Changes in projected operating revenues: 31 LEAs (97 percent);
- Changes in contributions from unrestricted to restricted sources, or transfers to or from the General Fund to cover operating deficits: 29 LEAs (91 percent); and
- Changes in projected LCFF revenue: 25 LEAs (78 percent).

Figure 1

Second-Period Interim Report Certifications*					
Five-Year History by Fiscal Year					
Certification	2017-18	2018-19	2019-20	2020-21	2021-22
Positive	975	970	958	985	980
Qualified	26	26	40	15	17
Negative	2	6	4	2	4
Totals	1,003	1,002	1,002	1,002	1,001

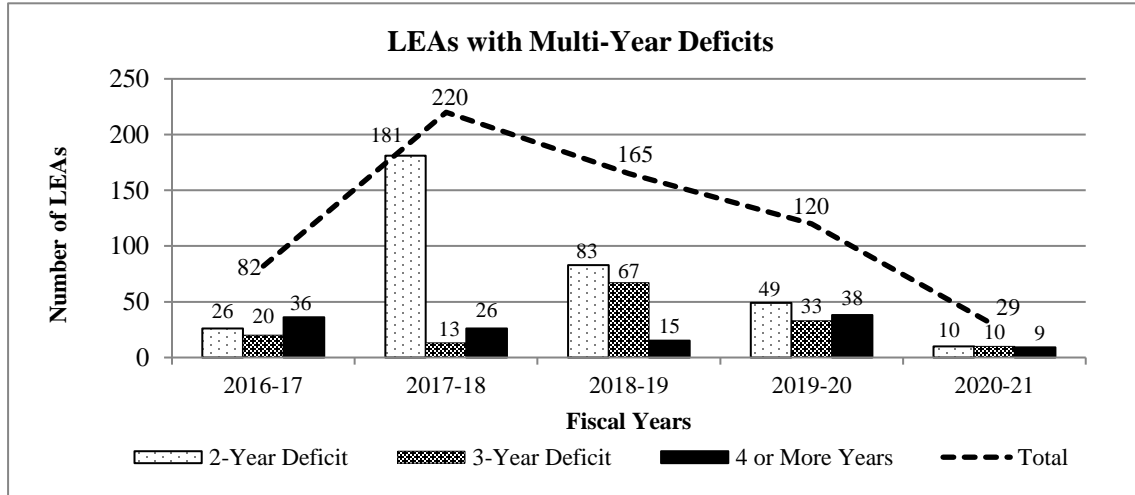
*See Appendixes A and B

Deficit Spending

LEA multi-year deficit spending decreased

For FY 2020-21, the overall number of LEAs relying on multi-year deficit spending decreased from 120 to 29 (see Figure 2). Deficit spending patterns are monitored closely by COEs and CDE to determine whether LEAs are facing serious financial problems.

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 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 Inglewood USD, through CDE, to request cash flow loans up to \$55 million from the General Fund. The total loan balance is \$21 million as of June 30, 2022.

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, 2022, the outstanding General Fund loan balances for Oakland USD, Vallejo

City USD, and Inglewood USD ranged from \$6.4 million to \$21 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, 2022, the outstanding lease revenue bond balances ranged from \$4.8 million to \$10.2 million, as shown 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	Outstanding Balance	Final Repayment Date	Amount Issued	Outstanding Balance	Final Repayment Date
2002-03	Oakland USD	\$100	\$10	June 29, 2026	\$60	\$10.2	August 15, 2023
2003-04	Vallejo City USD	\$60	\$6.4	August 14, 2024	\$21	\$4.8	August 15, 2024
2009-10	South Monterey County JUHSD ³	\$2	-	April 14, 2010	\$14	\$7.8	August 15, 2029
2012-13	Inglewood USD	\$29	\$21	November 1, 2034	-	-	-

¹ General Fund school loans balance information was obtained from the SCO, Local Government Programs and Services Division

² Lease revenue bonds information was obtained from the I-Bank.

³ King City JUHSD was renamed South Monterey County JUHSD effective July 1, 2011.

General Fund Revenues and Expenditures

For FY 2020-21, LEA General Fund revenues exceeded expenditures by \$7.27 billion (see Figure 4).

Figure 4

LEA General Fund Revenues and Expenditures by Fiscal Year (in billions)					
Fiscal Year	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues	\$ 68.56	\$ 77.97	\$ 85.40	\$ 84.29	\$ 85.59
Expenditures	(67.22)	(77.04)	(83.22)	(82.72)	(78.32)
Surplus/(Deficit)	\$ 1.34	\$ 0.93	\$ 2.18	\$ 1.57	\$ 7.27

The fund balance or surplus for all LEAs combined totaled \$25.95 billion at the end of FY 2020-21, an increase of \$4.71 billion from the prior year’s total of \$21.24 billion. Federal revenues increased by \$5.07 billion from the prior fiscal year (\$9.79 billion in FY 2020-21, compared to \$4.72 billion in FY 2019-20). 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

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.

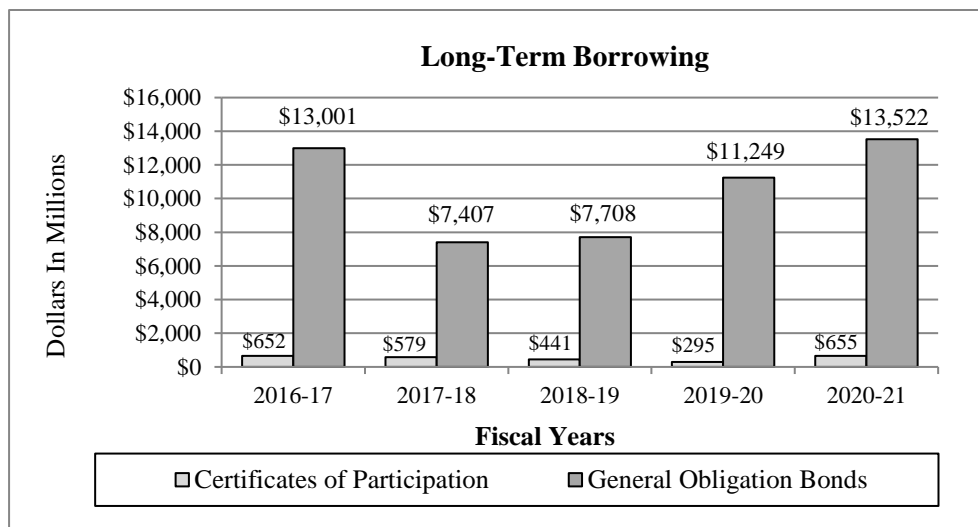
LEA debt issuance increased

During FY 2020-21, LEAs issued \$14.55 billion in debt, an increase of \$2.41 billion (20 percent) over the \$12.14 billion issued in the prior year. In FY 2020-21, the total number of LEAs that issued debt decreased by three percent from the prior fiscal year. LEAs issued the following types of debt:

- **General Obligation Bonds (\$13.52 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 (\$655 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 (\$268 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 (\$107 million, or one percent)**—Debt instruments that do not fall into any of the categories listed above.

LEAs issued \$14.18 billion in Certificates of Participation and General Obligation Bonds during FY 2020-21, an increase of \$2.64 billion (23 percent) from the \$11.54 billion issued in the prior fiscal year (see Figure 5).

Figure 5



LEA financing through Certificates of Participation increased by \$360 million, and financing through General Obligation Bonds increased by \$2.73 billion from the prior year.

General Obligation Bonds accounted for 93 percent of LEA debt issuance in FY 2020-21, as in the prior year. In comparison, Certificates of Participation accounted for four percent of debt issuance in FY 2020-21, a two percent increase from the prior year.

Lottery Revenues

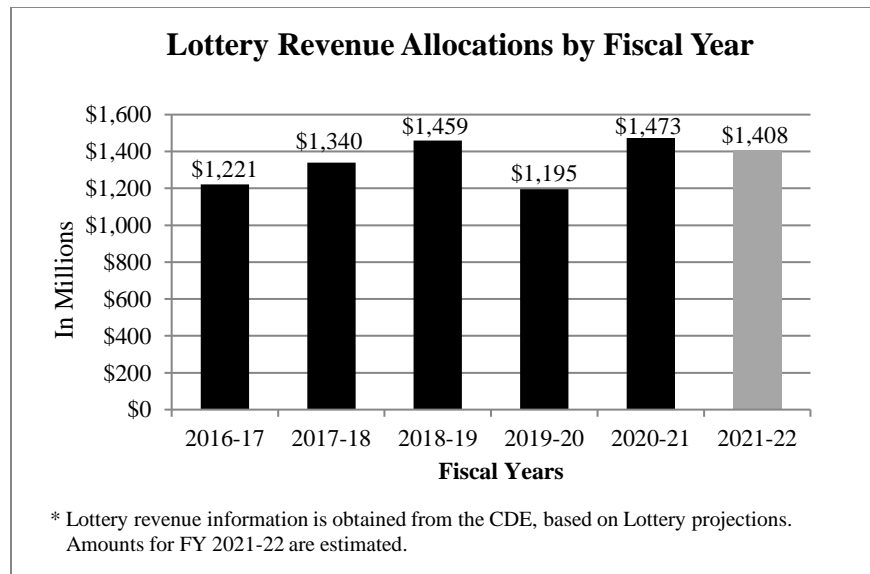
The California State Lottery Act of 1984 (Lottery Act) was enacted to provide supplemental funding to public schools and colleges in California. Revenues from lottery ticket sales are allocated based on percentages specified in the Lottery Act; it requires that no less than 87 percent of total annual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

Lottery revenue projected to decrease

Lottery revenue distributed to LEAs is projected to decrease by 4.41 percent, from \$1.47 billion in FY 2020-21 to an estimated \$1.41 billion in FY 2021-22 (see 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. 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 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 589 compliance findings in FY 2020-21, a 19 percent decrease from the 724 reported in FY 2019-20 (see 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 589 compliance findings, 530 (90 percent) pertained to state programs and requirements and 59 (10 percent) pertained to federal programs and requirements (see Figure 7).

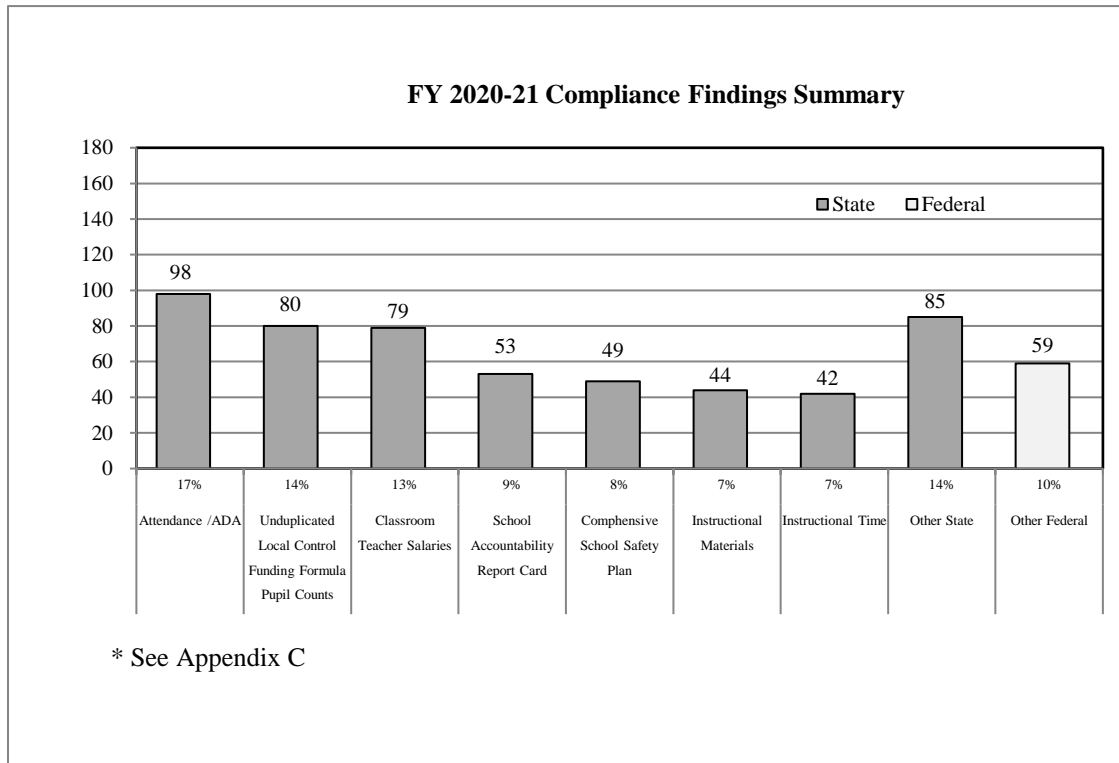
Attendance-related audit findings accounted for 17 percent of all compliance findings noted to date. The LEA audit reports disclosed 98 attendance-related findings. The majority of the attendance-related findings were attributed to lack of documentation or records, and inaccurate or incomplete documentation.

The Unduplicated LCFE Pupil Counts compliance requirement accounted for 14 percent of all compliance findings in FY 2020-21. The LEA audit reports disclosed 80 Unduplicated LCFE Pupil Counts findings, with the majority (62 findings, or 78 percent) related to the following issues:

- Overstated Free and Reduced Price Meal and/or English Learner pupil counts; and
- Lack of eligibility documentation for Free and Reduced Price Meal pupils.

There were 79 findings pertaining to the Classroom Teacher Salaries Program, which accounted for seven percent of all compliance findings. All findings were the result of a district's failure to meet the current expense of education percentage required for payment of classroom teachers' salaries.

Figure 7



County Offices of Education Audit Resolution Processes

EC section 41020(n) provides that 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 SCO of the results.

During FY 2021-22, SCO performed a review of one COE and found that the COE followed its audit resolution processes for FY 2017-18 and FY 2018-19. However, the audit resolution process was deficient because the COE did not identify LCFF-related audit findings or revised audit findings for review and resolution.

Quality Control

Overview

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

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 2020-21, SCO accepted 69 percent of the audit reports submitted; the remaining 31 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 increased

Upon initial review, SCO certified 1,333 (69 percent) of the 1,920 audit reports submitted by LEAs for FY 2020-21. The number of rejected reports increased by 373, from 214 in the prior year to 587 in the current year (see Figure 8).

Figure 8

Number and Percent of Rejected LEA Audit Reports			
Fiscal Year	Reports Submitted	Reports Rejected	Percent Rejected
2016-17	1,896	390	21%
2017-18	1,926	596	31%
2018-19	1,951	464	24%
2019-20	1,892	214	11%
2020-21	1,920	587	31%

Reporting Deficiencies

In FY 2020-21, SCO identified 1,417 reporting deficiencies (see Appendix D) in the independent auditors’ reports on LEAs, a decrease of 222 from the prior year (see Figure 9).

Reporting deficiencies decreased

Figure 9

	Fiscal Years	
	2019-20	2020-21
Auditor’s Report on the Financial Statements	26	106
Management’s Discussion and Analysis	-	1
Basic Financial Statements	22	26
Notes to the Financial Statements	26	55
Required Supplementary Information	6	34
Supplementary Information Section	97	142
Schedule of Expenditures of Federal Awards	10	48
Government Auditing Standards Report	972	501
Single Audit Report	29	53
State Compliance Report	216	299
Findings and Recommendations Section	226	141
Other	9	11
Total Number of Reporting Deficiencies	1,639	1,417

*See Appendix D

The Government Auditing Standards Report, the Auditor’s Report on the Financial Statements, and the Supplementary Information Section of the independent audit reports on LEAs show the largest number of reporting deficiencies.

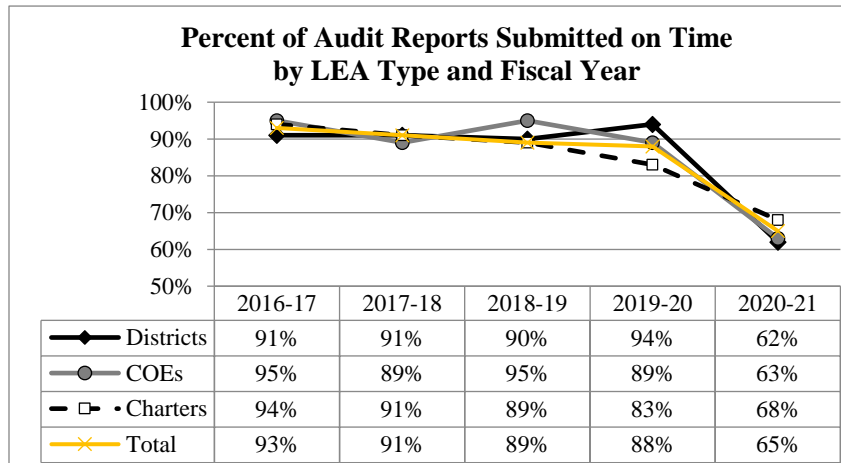
On-time Submissions

Audit reports for the preceding fiscal year must be filed with SCO, CDE, and the county superintendent of schools by January 31, 2022. Filing deadline extensions may be granted, but only under extraordinary circumstances.

Annual audit reports submitted on time decreased

For FY 2020-21, there were 2,274 LEAs. Some LEAs, primarily charter schools, were combined for reporting purposes, resulting in 2,058 required LEA reports. A total of 1,340, or 65 percent, of the required LEA reports were received by the January 31, 2022 deadline. The percentage of annual audit reports submitted by school districts, COEs, and charter schools by the deadline decreased from the prior year (see Figure 10).

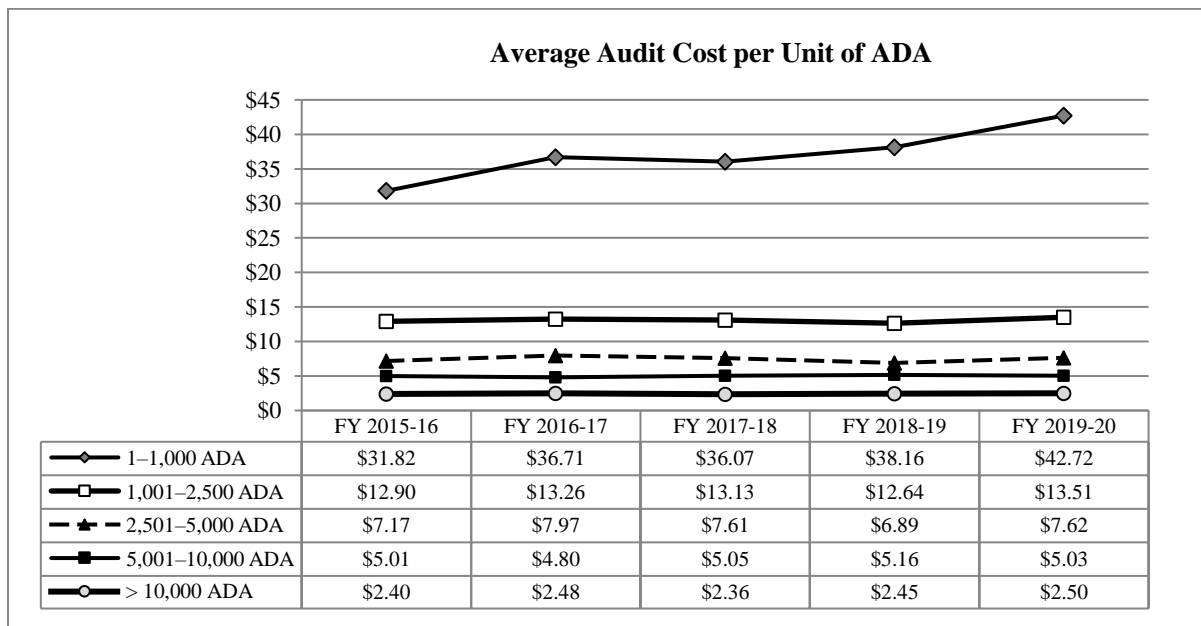
Figure 10



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 ADA for LEA annual audits. The COEs provided FY 2020-21 audit contract information for 15 percent (300 of 2,000) and FY 2019-20 audit contract information for 25 percent (494 of 1,999) of the COEs and LEAs. 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’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 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;
- 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 2021-22, SCO issued eight quality control review reports related to LEAs. The quality control reviews found deficiencies in the following areas:

Generally Accepted Auditing Standards Requirements

- Audit working papers were not assembled in a timely manner; and
- Management representation letter date did not reflect the same date as the auditor's report.

State Compliance

- Several required state compliance procedures were not performed or documented.

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	2020-21 Average Daily Attendance	2021-22 Interim Report		2020-21 Interim Report Second
				First	Second	
Alameda County						
1. Hayward Unified	N/A	N/A	N/A	Q	Q	P
2. Oakland Unified	N/A	N/A	N/A	Q	Q	Q
3. San Lorenzo Unified	N/A	N/A	N/A	Q	Q	Q
Butte County						
4. Bangor Union Elem.	N/A	N/A	N/A	Q	Q	P
Calaveras County						
5. Calaveras Unified	N/A	N/A	N/A	Q ¹	P	Q
Contra Costa County						
6. Mt. Diablo Unified	N/A	N/A	N/A	P	P	Q
7. Pittsburg Unified	N/A	N/A	N/A	Q	P	P
8. West Contra Costa Unified	N/A	N/A	N/A	N	N	P
El Dorado County						
9. Gold Trail Union Elem.	N/A	N/A	N/A	P	P	Q
Humboldt County						
10. Loleta Union Elem.	N/A	N/A	N/A	N	N	P
Kern County						
11. Belridge Elem.	N/A	N/A	N/A	P	P	N
Los Angeles County						
12. Compton Unified	N/A	N/A	N/A	Q	P	Q
13. Duarte Unified	N/A	N/A	N/A	P	P	Q
14. Eastside Union Elem.	N/A	N/A	N/A	Q	Q	P
15. Gorman Jt.	N/A	N/A	N/A	P	Q	P
16. Los Angeles Unified	N/A	N/A	N/A	Q	P	P
17. Lynwood Unified	N/A	N/A	N/A	Q	Q	P
18. San Gabriel Unified	N/A	N/A	N/A	Q	P	P
19. San Gabriel Valley Regional Occupational Program	N/A	N/A	N/A	Q	Q	P
20. Temple City Unified	N/A	N/A	N/A	Q	P	P
Marin County						
21. Sausalito Marin City Elem.	N/A	N/A	N/A	Q	Q	P

Appendix A (continued)

County School District/County Office	Full Disclosure in Auditor's Opinion	Full Disclosure in Financial Statement and Accompanying Notes	2020-21 Average Daily Attendance	2021-22 Interim Report		2020-21 Interim Report Second
				First	Second	
Placer County						
22. Auburn Union Elem.	N/A	N/A	N/A	Q	P ¹	P
Sacramento County						
23. Elverta Jt. Elem.	N/A	N/A	N/A	N	Q ¹	P
24. Sacramento City Unified	N/A	N/A	N/A	Q	N ¹	N
San Benito County						
25. Hollister Elem.	N/A	N/A	N/A	Q	P	P
San Diego County						
26. Bonsall Unified	N/A	N/A	N/A	Q	P	P
27. Oceanside Unified	N/A	N/A	N/A	Q	Q	Q
28. San Marcos Unified	N/A	N/A	N/A	Q	Q	Q
29. South Bay Union	N/A	N/A	N/A	P	P	Q
30. Sweetwater Union High	N/A	N/A	N/A	P	P	Q
San Francisco County						
31. San Francisco County Office of Education	N/A	N/A	N/A	P	P	Q
32. San Francisco Unified	N/A	N/A	N/A	P	P	Q
Santa Clara County						
33. Alum Rock Union Elem.	N/A	N/A	N/A	P	P	Q
34. Mt. Pleasant Elem.	N/A	N/A	N/A	Q	P	P
Siskiyou County						
35. Montague Elem.	N/A	N/A	N/A	P	Q	P
36. Weed Union Elem.	N/A	N/A	N/A	N ¹	N	P
Solano County						
37. Dixon Unified	N/A	N/A	N/A	P	P	Q
38. Vallejo City Unified	N/A	N/A	N/A	Q	Q	P
Sonoma County						
39. Cotati-Rohnert Park Unified	N/A	N/A	N/A	P	Q	P
40. Old Adobe Union Elem.	N/A	N/A	N/A	P	Q	P
41. Santa Rosa City Schools	N/A	N/A	N/A	Q	P	P
Ventura County						
42. Ojai Unified	N/A	N/A	N/A	P	Q ¹	P

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

¹ 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								
		Other Expenditures ¹	Deficit Spending ²	Other Revenues ³	Contributions ⁴	Local Control Funding Formula Revenue ⁵	Salaries and Benefits ⁶	Average Daily Attendance ⁷	Enrollment ⁸	Declining Enrollment ⁹
Alameda County:										
1. Hayward Unified	Q / Q	✓	✓	✓	✓	✓		✓	✓	✓
2. Oakland Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓	✓
3. San Lorenzo Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓	✓
Butte County:										
4. Bangor Union Elem.	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓	✓
Calaveras County:										
5. Calaveras Unified	Q / P	✓	✓	✓	✓	✓	✓		✓	
Contra Costa County:										
6. Pittsburg Unified	Q / P	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. West Contra Costa Unified	N / N	✓	✓	✓		✓	✓		✓	✓
Humboldt County:										
8. Loleta Union Elem.	N / N	✓	✓	✓	✓	✓	✓	✓	✓	
Los Angeles County:										
9. Compton Unified	Q / P	✓	✓	✓	✓	✓	✓	✓	✓	✓
10. Eastside Union Elem.	Q / Q	✓	✓	✓	✓		✓	✓	✓	✓
11. Gorman Jt.	P / Q	✓	✓	✓	✓	✓		✓	✓	✓
12. Los Angeles Unified	Q / P	✓	✓	✓	✓			✓	✓	✓
13. Lynwood Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓		✓
14. San Gabriel Unified	Q / P	✓	✓	✓	✓	✓	✓		✓	✓
15. San Gabriel Valley Regional Occupational Program	Q / Q	✓	✓	✓	✓		✓			
16. Temple City Unified	Q / P	✓	✓	✓	✓	✓	✓	✓	✓	✓

Appendix B (continued)

		Analysis of Key Indicators for Financial Difficulties								
County	<u>1st/2nd</u>	Other	Deficit	Other		Local	Salaries and	Average		Declining
<u>School District/County Office</u>	<u>Certification</u>	Expenditures ¹	Spending ²	Revenues ³	Contributions ⁴	Control Funding Formula Revenue ⁵	Benefits ⁶	Daily Attendance ⁷	Enrollment ⁸	Enrollment ⁹
Marin County:										
17. Sausalito Marin City Elem.	Q / Q	✓	✓	✓	✓		✓	✓	✓	
Placer County:										
18. Auburn Union Elem.	Q / P	✓	✓	✓	✓	✓	✓			✓
Sacramento County:										
19. Elverta Jt. Elem.	N / Q	✓	✓	✓	✓			✓		
20. Sacramento City Unified	Q / N	✓	✓	✓		✓		✓	✓	✓
San Benito County:										
21. Hollister Elem.	Q / P	✓	✓	✓	✓	✓	✓	✓	✓	
San Diego County:										
22. Bonsall Unified	Q / P	✓	✓	✓	✓	✓	✓	✓		✓
23. Oceanside Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓		
24. San Marcos Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓	✓
Santa Clara County:										
25. Mt. Pleasant Elem.	Q / P	✓	✓	✓	✓	✓	✓	✓	✓	✓
Siskiyou County:										
26. Montague Elem.	P / Q	✓	✓	✓	✓	✓	✓	✓	✓	
27. Weed Union Elem.	N / N	✓	✓	✓	✓	✓	✓	✓	✓	
Solano County:										
28. Vallejo City Unified	Q / Q	✓	✓	✓	✓	✓	✓	✓	✓	✓

Appendix B (continued)

		Analysis of Key Indicators for Financial Difficulties								
County	1st/2nd Certification	Other Expenditures ¹	Deficit Spending ²	Other Revenues ³	Contributions ⁴	Local Control Funding Formula Revenue ⁵	Salaries and Benefits ⁶	Average Daily Attendance ⁷	Enrollment ⁸	Declining Enrollment ⁹
School District/County Office										
Sonoma County:										
29. Cotati-Rohnert Park Unified	P / Q	✓		✓						
30. Old Adobe Union Elem.	P / Q	✓	✓		✓	✓				✓
31. Santa Rosa City Schools	Q / P	✓	✓	✓	✓	✓	✓		✓	✓
Ventura County:										
32. Ojai Unified	P / Q	✓	✓	✓	✓		✓	✓	✓	

Nine key indicators for financial difficulties are as follows:

- ¹Projected operating expenditures (e.g., books and supplies) for the current and two subsequent fiscal years changed by more than five percent since budget adoption or first interim.
- ²Unrestricted deficit spending has exceeded the standard in any of the current or two subsequent fiscal years.
- ³Projected operating revenues (e.g., federal, other state, other local) for the current and two subsequent fiscal years changed by more than five 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 five percent 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.
- ⁶Funded average daily attendance for any of the current or two subsequent fiscal years has changed by more than two percent since budget adoption.
- ⁷Projected enrollment for any of the current or two subsequent fiscal years has not changed by more than two percent since budget adoption.
- ⁸The projected 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.
- ⁹Enrollment decreased in both the prior and current fiscal years.

Legend: P=Positive Q=Qualified N=Negative

Appendix C— Summary of Audit Report Compliance Findings

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
STATE		
Attendance		
	Average Daily Attendance (ADA) overstated by 5-10 ADA	1
	Attendance accounting system not approved by California Department of Education	1
	Attendance registers/scantrons not signed by teachers	4
	Attendance report does not reconcile to supporting documentation	10
	Attendance report inaccurate/incomplete	18
	Excused absences – problems with verification procedures/documentation	2
	Excused/unexcused absences improperly recorded	3
	Lack of documentation/records	27
	Minimum day requirements not met	4
	Teacher(s) did not possess a valid certification document	1
	Enrollment is not reconciled to monthly attendance reports	1
	Other finding	26
Independence Study		
	Other finding	2
Kindergarten		
	Continuance forms are not maintained and/or properly approved	14
	Kindergarten continuance form did not include required elements	2
	Student not eligible for admittance to Kindergarten	1
After School Education and Safety Program		
	Lack of documentation/records	1
Annual Instructional Minutes		
	Classroom based: Instructional time requirements not met	1
California Clean Energy Jobs Act		
	Expenditure(s) made for non-qualifying purposes or not in accordance with law	1
	Financial report/claim not filed/not filed timely	21

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Classroom Teacher Salaries	District did not meet the current expense of education percentage required for payment of classroom teacher	78
	Other finding	1
District of Choice	District did not adopt a resolution indicating the number of transfers it is willing to accept	2
Comprehensive School Safety Plan	District did not adopt or update its comprehensive school safety plan by March 1	42
	District did not have a comprehensive school safety plan and did not notify California Department of Education by October 15	7
Education Protection Account	Funds not properly disbursed or expended as required by law	2
Instructional Materials	Board resolution did not address sufficiency of textbooks/instructional materials	1
	Notice of public hearing deficiency	14
	Other finding	1
	Public hearing on instructional materials not held or held after the required time period	28
Instructional Time and Staff Development Reform Program	Application for funding overstated	1
Instructional Time	Instructional days requirements not met	17
	Instructional minutes requirements not met	15
	Lack of documentation/records	7
	Other finding	2
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>		
Nonclassroom-Based Instructional/Independent Study	Contract not signed by student	1
Other State Program	Financial report/claim not filed/not filed timely	1
	Lack of documentation/records	4
	Other finding	9
Proper Expenditure of Education Protection Account Funds	Funds not properly disbursed and expended as required by law	1
	Other finding	9
Ratio of Administrative Employees to Teachers	Number of administrators per hundred teachers exceeded the allowable ratio	8
School Accountability Report Card (SARC)	District did not follow uniform complaint process	3
	Facility Inspection Tool not prepared or missing	9
	Other finding	2
	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 Facility Inspection Tool or local evaluation instrument	31
	School accountability report card not published	5
Teacher Certification and Misassignments	Teacher did not possess a valid certification document (teaching credential)	3
	Teacher misassignment	1

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
<i>STATE (continued)</i>		
Unduplicated Local Control Funding Formula Pupil Counts	English Learner students missing eligibility documentation	8
	Free and Reduced Price Meal and/or English Learner pupil counts overstated	47
	Free and Reduced Price Meal and/or English Learner pupil counts understated	2
	Free and Reduced Price Meal students and English Learner students missing eligibility documentation for at least one designation	7
	Free and Reduced Price Meal students missing eligibility documentation	15
	Other finding	1
TOTAL STATE FINDINGS		530
<i>FEDERAL</i>		
Child Care and Development Block Grant	Allowable costs/cost principles	1
Child Nutrition Cluster	Activities allowed or unallowed	1
	Financial report/claim not filed/not filed in a timely manner	1
	Other finding	2
	Special tests and provisions	1
Federal Program	Activities allowed or unallowed	2
	Allowable costs/cost principles	3
	Cash management	1
	Equipment and real property management	2
	Multi-funded positions are not supported by time distribution records	1
	Other finding	6
	Period of availability of federal funds	3
	Procurement, suspension, and debarment	1
	Reporting	2
Special tests and provisions	1	

Appendix C (continued)

<i>Program</i>	<i>Finding Description</i>	<i>Number of Findings</i>
FEDERAL (continued)		
Head Start	Financial report/claim not filed/not filed in a timely manner	1
National School Lunch	Lack of documentation/records	1
Other Federal Programs	Eligibility	1
	Lack of documentation/records	2
	Other finding	2
	Reporting	1
	Special tests and provisions	2
Special Education Cluster	Allowable costs/cost principles	3
	Procurement, suspension, and debarment	1
	Allowable costs/cost principles	1
	Procurement and suspension and debarment	2
Title I Grants to Local Education Agencies	Allowable costs/cost principles	1
	Eligibility	1
	Matching, level of effort, earmarking	1
	Other finding	2
	Special tests and provisions	6
Title II Grants to Local Education Agencies	Allowable costs/cost principles	1
Twenty-First Century Community Learning Centers	Reporting	1
	Subrecipient monitoring	1
TOTAL FEDERAL FINDINGS		59
TOTAL STATE AND FEDERAL FINDINGS		589

Appendix D— Summary of Audit Report Deficiencies

Description	Number of Deficiencies	
	FY 2019-20	FY 2020-21
<u>Auditor’s Report on the Financial Statements</u>		
Auditor’s report did not reference auditing standards generally accepted in the USA and <i>Government Auditing Standards</i> .	0	48
Report did not include all of the elements in the required supplementary information section.	4	11
Auditor’s report did not identify the supplementary information, including the Schedule of Expenditures of Federal Awards.	2	10
Reference to a separate report on internal control over financial reporting and on compliance was not included.	7	9
Report did not include a section with the heading “Other Matters.”	1	9
Auditor’s opinion did not state that the financial statements conform with accounting principles generally accepted in the USA.	3	3
Introductory paragraph of auditor’s report did not clearly identify financial statements covered by auditor’s opinion.	1	3
Report did not state that the responsibility of the auditor is to express an opinion on the financial statements based on the audit.	0	2
Reference to a separate report on internal control over financial reporting and on compliance was deficient.	0	2
Report did not include a paragraph describing the matter giving rise to the modified opinion.	0	1
Report did not state that the auditor obtained reasonable assurance about whether the financial statements are free from material misstatement.	0	1
Report did not include a statement that the auditor does not express an opinion on the effectiveness of the entity’s internal control.	0	1
Report did not include a section with the heading “Other Reporting Required by <i>Government Auditing Standards</i> .”	0	1
Report did not include a section with the heading ”Management’s Responsibility for the Financial Statements.”	0	1
Report did not include a section with the heading “Opinion.”	1	1
Report did not refer to the required supplementary information.	3	1
Independent Auditor’s Report on the financial statements was not included.	0	1
Report did not state that management is responsible for the preparation of the financial statements in accordance with Generally Accepted Accounting Principles.	0	1
Auditor’s report did not include an opinion on supplementary information.	4	0
Subtotal	26	106
<u>Management’s Discussion and Analysis</u>		
Management’s Discussion and Analysis was not included.	0	1
Subtotal	0	1

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2019-20	FY 2020-21
<u>Basic Financial Statements</u>		
Not-for-profit entity: Statement of Activities was not presented properly.	9	6
Governmental entity: Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds was not presented properly.	3	4
Not-for-profit entity: Statement of Financial Position was not presented properly.	0	4
Governmental entity: Balance Sheet – Governmental Funds was not presented properly.	0	3
Governmental entity: Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position was not presented properly.	1	3
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	2
Governmental entity: Statement of Cash Flows – Proprietary Funds was not presented properly.	0	1
Governmental entity: Statement of Activities was not presented properly.	0	1
Governmental entity: Statement of Changes in Fiduciary Net Position – Fiduciary Funds was not presented properly.	0	1
Not-for-profit entity: Statement of Cash Flows was not presented properly.	1	1
Governmental entity: Statement of Fiduciary Net Position – Fiduciary Funds was not presented properly.	2	0
Subtotal	22	26
<u>Notes to the Financial Statements</u>		
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.	6	15
Governmental entity: Other Postemployment Benefits (OPEB) note did not include the OPEB plan description.	7	5
Not-for-profit entity: Notes did not include adequate disclosure of debt and other liabilities.	2	5
Governmental entity: Summary of significant accounting policies did not include a description of the government-wide financial statements, noting the exclusion of fiduciary funds.	1	5
Governmental entity: OPEB note did not disclose the OPEB plan's fiduciary net position information.	2	4
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	3
Not-for-profit entity: Summary of significant accounting policies did not include description of the financial statements presentation and basis of accounting.	1	3
Governmental entity: Material prior period restatements or adjustments were not adequately disclosed.	1	3
Not-for-profit entity: Notes did not include adequate disclosure of capital assets and depreciation, including the method used to compute depreciation.	2	2

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2019-20	FY 2020-21
<u>Notes to the Financial Statements (continued)</u>		
Not-for-profit entity: Notes did not include description of the nature of the entity's activities.	0	2
Governmental entity: OPEB note did not include a schedule of changes in the OPEB liability.	1	2
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.	0	2
Governmental entity: Notes did not include the summary of significant accounting policies.	0	1
Governmental entity: OPEB note did not include significant assumptions disclosure.	0	1
Not-for-profit entity: Notes did not include adequate disclosure of pension benefits.	0	1
Governmental entity: OPEB note did not include the discount rate information.	1	1
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.	1	0
Subtotal	26	55
<u>Required Supplementary Information</u>		
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.	0	14
Schedule of the entity's defined benefit OPEB plan contribution was not included.	6	9
Schedule of the entity's proportionate share and schedule of contributions for each pension plan was not included.	0	8
Schedule of budgetary comparison data was not shown by object.	0	3
Subtotal	6	34
<u>Supplementary Information Section</u>		
Local Education Agency Organization Structure description was deficient.	43	64
Schedule of Instructional Time did not contain all the required information.	9	23
Schedule of Charter Schools was deficient.	14	12
Schedule of Instructional Time did not state whether the district complied with the instructional days provisions.	2	10
Schedule of Financial Trends and Analysis: Available reserves are below minimum required; and management's plans and/or going concern note were not included.	7	10
Schedule of Charter Schools was not included.	0	5
Schedule of Instructional Time was not included.	1	5
Schedule of Instructional Time indicates noncompliance, but a finding was not included in the audit report.	0	4
Local Education Agency Organization Structure description was not included.	2	4
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements was not included.	2	4

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2019-20	FY 2020-21
<u>Supplementary Information Section (continued)</u>		
Schedule of Financial Trends and Analysis was not included; or schedule was deficient.	0	1
Schedule of Average Daily Attendance (ADA) for charter school did not include total ADA and the ADA generated through classroom-based instruction by grade span, as appropriate.	5	0
Schedule of Average Daily Attendance did not display final ADA after audit finding adjustment(s).	3	0
Schedule of Average Daily Attendance was deficient.	9	0
Subtotal	97	142
<u>Schedule of Expenditures of Federal Awards</u>		
Schedule of Expenditures of Federal Awards was deficient.	9	23
Note to the Schedule of Expenditures of Federal Awards was not included or was deficient.	1	22
Schedule of Expenditures of Federal Awards was not included.	0	3
Subtotal	10	48
<u>Report on Internal Control Over Financial Reporting and on Compliance and Other Matters (Government Auditing Standards Report)</u>		
Report on compliance and other matters did not include a statement that the auditor performed tests of compliance.	464	245
Report on internal control over financial reporting was deficient.	496	234
Report did not state that audit was conducted in accordance with auditing standards generally accepted in the USA and <i>Government Auditing Standards</i> .	0	9
Report on compliance and other matters did not include a statement regarding test results.	3	6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters was not included.	2	3
Description of the nature of modified opinion on the financial statements was not properly disclosed on the report.	5	3
Report on internal control and compliance (GAS Report) did not include an alert paragraph describing the purpose of the auditor's report.	0	1
Report on compliance and other matters was deficient.	2	0
Subtotal	972	501
<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.	21	29
Report on compliance for each major federal program and on internal control over compliance was deficient.	4	6
Significant deficiencies in internal control over compliance were not properly disclosed in the report.	1	5

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2019-20	FY 2020-21
<u>Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance (Uniform Guidance) (continued)</u>		
Material weaknesses in internal control over compliance were not properly disclosed in the report.	2	3
Report on compliance for each major federal program did not include an opinion on whether the entity complied, in all material respects, with the applicable compliance requirements.	0	3
Noncompliance that did not result in an opinion modification was not disclosed in the report.	1	3
Report on internal control over compliance was deficient.	0	2
Noncompliance that resulted in an opinion modification was not properly disclosed in the report.	0	1
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.	0	1
Subtotal	29	53
<u>State Compliance Report</u>		
Independent Auditor's Report on State Compliance was deficient.	19	276
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.	197	21
Independent Auditor's Report on State Compliance was not included.	0	2
Subtotal	216	299
<u>Findings and Recommendation Section</u>		
Summary of Auditor's Results was deficient.	167	52
State Program Finding(s): Noncompliance was reported; however, the finding(s) did not include sufficient information.	19	33
Schedule of Prior Audit Findings was not included.	11	11
Audit finding was not coded with the correct five-digit number.	8	11
Schedule of Findings and Questioned Costs was not included.	4	9
Federal Program Finding(s): Noncompliance was reported; however, the finding(s) did not include sufficient information.	1	8
State compliance finding did not include a statement (which may include questioned costs) consistent with its basis of funding, for any inappropriately reported claim.	6	6
Summary of Auditor's Results was not included.	1	4
Financial statement finding did not include the criteria.	1	4
Financial statement finding did not include the recommendation.	1	1
Auditee's corrective action plan to eliminate noncompliance was not included.	1	1
Major federal programs were not identified.	0	1

Appendix D (continued)

Description	Number of Deficiencies	
	FY 2019-20	FY 2020-21
<u>Findings and Recommendation Section (continued)</u>		
Sufficient information for judging the prevalence and consequences of noncompliance was not included.	1	0
Financial statement finding did not include the views of responsible officials or planned corrective actions.	1	0
Attendance Finding: ADA inappropriately reported for apportionment and an estimate of its dollar value not included.	4	0
Subtotal	226	141
 <u>Other</u>		
Auditor's reports did not include a manual or printed signature of the auditor's firm and date of the report.	9	11
Subtotal	9	11
Total number of deficiencies	1,639	1,417

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