

**SUMMARY OF
SIGNIFICANT FINDINGS AND
FINANCIAL TRENDS IDENTIFIED IN
DISTRICT SCHOOL BOARD
AUDIT REPORTS FOR THE
FISCAL YEAR ENDED JUNE 30, 2024**

Pursuant to Section 11.45(7)(f), Florida Statutes



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SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN DISTRICT SCHOOL BOARD AUDIT REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SUMMARY

This report provides a summary of significant findings and financial trends identified in the audits of the 67 district school boards (school districts) for the fiscal year ended June 30, 2024. Pursuant to State law:

- 45 school district financial audits and 26 school district operational audits were completed by the Auditor General.
- 22 school district financial audits were completed by other independent certified public accountants (CPAs) and the audit reports were filed with the Auditor General.

Significant Findings

The audit reports for 41 of the 67 school districts included findings addressing weaknesses in internal control; instances of noncompliance with applicable laws, rules, or regulations; or additional matters. Audit reports for 5 school districts included findings considered to be financial statement material weaknesses. In addition, 1 of those 5 reports, plus 4 other school district audit reports included noncompliance and material weakness findings for major Federal award programs. In comparison, for the 2022-23 fiscal year, audit reports for 3 school districts included findings considered to be financial statement material weaknesses, and 1 of those 3 reports, plus another school district audit report included noncompliance and material weakness findings for major Federal programs.

Financial Trends

At June 30, 2024, the Statewide average financial condition ratio¹ for school districts was 12.79 percent, which was an increase of 1 percentage point from the average financial condition ratio of 11.73 percent at June 30, 2023. Two school districts had financial condition ratios that were below 2 percent at June 30, 2024, and, consequently, these school districts had fewer resources available for emergencies and unforeseen situations than other school districts.

BACKGROUND

State law² provides for financial audits of district school boards to be conducted annually by the Auditor General or by other independent CPAs who must file their reports with the Auditor General by March 31 (i.e., no later than 9 months after the end of the school district fiscal year). The scope of these audits includes an examination of the financial statements, the issuance of a report on compliance and internal control in accordance with generally accepted government auditing standards, and the issuance of a report on compliance and internal control for each major Federal program in accordance with

¹ The financial condition measure used in this report is the ratio of the general fund total assigned and unassigned fund balance to the general fund total revenues.

² Sections 11.45 and 218.39, Florida Statutes.

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

In addition, State law³ requires the Auditor General to conduct operational audits of district school boards at least every 3 years. The operational audits are to be conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and must include:

- An evaluation of management's performance in establishing and maintaining internal controls, including controls designed to prevent and detect fraud, waste, and abuse, and in administering assigned responsibilities in accordance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines.
- An examination of internal controls designed and placed in operation to promote and encourage the achievement of management's control objectives in the categories of compliance, economic and efficient operations, reliability of records and reports, and safeguarding of assets, and identification of weaknesses in those controls.

State law⁴ also requires that we annually compile a summary of significant findings and financial trends identified in school district audit reports.

SIGNIFICANT FINDINGS

Classification of Audit Findings

Auditing standards require auditors to report material weaknesses in internal control and significant control deficiencies that are disclosed during the course of a financial statement audit. A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements would not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. Auditors must also report noncompliance or abuse that has a material effect on the financial statements. The classification of an audit finding is dependent upon its potential impact on the specific school district under audit. Therefore, the classification of an audit finding could vary from school district to school district.

The 2023-24 fiscal year financial audit reports for 44 school districts contained no findings, while the financial audit reports for the other 23 school districts included a total of 52 findings. In addition, the Auditor General operational audit reports for 26 school districts included 122 findings. In total, the audit reports for 41 school districts included 174 findings addressing weaknesses in internal control; instances of noncompliance with applicable laws, rules, or regulations; or additional matters. For the 2022-23 fiscal year, the audit reports for 34 school districts included a total of 142 findings. The increase in the number of findings can be attributed, in part, to the increases in control deficiency findings related to policies and

³ Section 11.45(2)(f), Florida Statutes.

⁴ Section 11.45(7)(f), Florida Statutes.

procedures over school safety, expenditures and purchasing, and payroll and personnel. For purposes of this report, audit findings are generally classified in one of three categories:

- Material weaknesses and instances of material noncompliance. Noncompliance with applicable laws or rules is considered material when it is determined that the noncompliance could have a material effect on the determination of financial statement amounts.
- Significant deficiencies and instances of noncompliance with applicable laws or rules, or additional matters, such as operational audit report findings, that should be addressed by management.
- Instances of major Federal program noncompliance, internal control deficiencies, and questioned costs.

Financial Statement Material Weakness and Material Noncompliance Findings

Pursuant to State law,⁵ a school district cited with a material weakness or an instance of material noncompliance in a financial audit is ineligible for recognition as an academically high-performing school district. Academically high-performing school districts are granted more flexibility than other school districts in meeting the specific requirements of Florida statutes and State Board of Education (SBE) rules.

While no school district audit reports for the 2023-24 fiscal year contained a material noncompliance finding, audit reports for five school districts included findings considered to be material weaknesses.⁶ Specifically:

- Audit reports for Bay, Hillsborough, Indian River, and Leon County School Districts cited the need for improved financial reporting procedures to ensure the accuracy and completeness of financial statements or related information, such as the Schedule of Expenditures of Federal Awards. The audit report for Leon County School District also cited control deficiencies related to bank reconciliation procedures and capital assets subsidiary record keeping.
- The Gadsden County School District audit report disclosed that the District charter school and school internal funds audit reports were not timely issued and considered in completing the District financial statements and related audit, resulting in a qualified opinion on the aggregate remaining fund information.

Financial Statement Significant Deficiency and Additional Matter Findings

Findings included in 41 school district audit reports for the 2023-24 fiscal year addressed control deficiencies; instances of noncompliance with applicable laws, rules, and regulations; or additional matters. The findings are summarized below.

Information Technology. For 16 school districts, various information technology (IT) control deficiencies were noted in the areas of access controls or risk assessments, as well as other areas related to IT.

⁵ Section 1003.621(1)(a)3., Florida Statutes.

⁶ In comparison, for the 2022-23 fiscal year, three school district audit reports included material weakness findings and none of those reports included material noncompliance findings.

- **Access Controls**. Audit reports for 15 school districts addressed various IT access control deficiencies. Specifically:
 - At 9 school districts, certain employees had full update access privileges to IT financial or human resources applications or components that allowed them to perform functions incompatible or inconsistent with their assigned job duties.
 - At 4 school districts (including 1 cited for inappropriate access privileges to IT applications), inappropriate or unnecessary IT access privileges to sensitive personal information of students or employees existed.
 - 4 school districts (including 1 cited for inappropriate access privileges to IT applications) did not timely deactivate former employee IT access privileges.

Effective access controls help protect data and IT resources from unauthorized disclosure, modification, or destruction.

- **Risk Assessments**. Audit reports noted that 2 school districts (including 1 cited for access control deficiencies) had not conducted comprehensive IT risk assessments. IT risk assessments help support management decisions in establishing cost-effective measures to mitigate risk and, where appropriate, to formally accept residual risk.
- **Other**. Other IT findings addressed the absence of a comprehensive IT security incident response plan, the lack of IT security management standard, and deficiencies in disaster recovery plan.

Financial Record Keeping and Records Management. In addition to the previously discussed material weaknesses reported for 5 school districts (Bay, Gadsden, Hillsborough, Indian River, and Leon), the audit reports for 19 school districts (including Bay, Gadsden, and Hillsborough) included findings citing certain record keeping and financial records management deficiencies. Specifically, findings were noted in the areas of financial reporting, budgetary controls, capital assets, and journal entries.

- **Financial Reporting**. At 10 school districts, procedures needed improvements to ensure the accuracy and completeness of financial statements and related information. The financial reporting findings at these school districts identified procedural deficiencies that caused financial misstatements requiring audit adjustments to properly present the financial statements or other required supplementary information. Additionally, audit reports for 2 of these 10 districts disclosed that the school districts did not timely submit their annual financial reports to the FDOE, including 1 school district (Gadsden) that did not ensure completion of the District's Federal Single Audit report by the March 31, 2025, due date and did not request an extension to submit that report to the Federal Audit Clearinghouse. Moreover, for these 2 districts, school internal funds audit reports were not timely completed to be considered for preparation of the districts' financial statements.

Furthermore, the deficient controls over the financial reporting process for 2 other districts (Glades and Union) contributed to the declining general fund assigned and unassigned fund balances, resulting in financial condition ratios of negative 0.52 percent and positive 1.97 percent. Consequently, the 2 districts had fewer resources for emergencies and unforeseen situations.

- **Budgetary Controls**. Seven school districts (including 1 cited for financial reporting deficiency) were cited for deficient budgetary controls. These school districts did not always limit expenditures to budgeted amounts, contrary to State law⁷ and SBE rules.⁸

⁷ Section 1011.05, Florida Statutes.

⁸ SBE Rule 6A-1.007(2), Florida Administrative Code.

- **Capital Assets**. Three school districts needed enhancements in controls over tangible personal property or other capital assets. The noted deficiencies were related to physical inventory procedures and capital assets subsidiary record keeping.
- **Journal Entries**. Three school districts (also cited for financial reporting or budgetary control deficiencies) needed to enhance controls over journal entries by, for example, independently reviewing and approving the entries.

Cash Controls. In addition to the previously discussed material weakness in bank reconciliation procedures noted for Leon County School District, audit reports for 9 school districts included findings addressing the need to strengthen cash controls. Six school districts needed to improve bank reconciliation procedures and 3 other districts needed to strengthen controls over cash collections, such as childcare or student fee collections.

Payroll and Personnel. Audit report findings for 9 school districts addressed the need to improve controls over payroll and personnel. Specifically, findings were noted in the areas of employment practices and ethical conduct; background screenings; performance evaluations and salary schedules; as well as other areas related to payroll and personnel.

- **Employment Practices and Ethical Conduct**. Three school districts did not comply with SBE rules⁹ by completing the required affidavit, issuing the final order, or reporting information to the FDOE for former employees who were dismissed or resigned and were convicted of an offense that disqualified the person from district employment. One of the 3 and another school district needed to enhance procedures to ensure that legally sufficient complaints against district teachers and administrators were timely filed with the FDOE. Additionally, for 1 of the 3 and another school district, personnel did not always complete required training on the standards of ethical conduct and the responsibility to report alleged misconduct affecting the health, safety, or welfare of a student.
- **Background Screenings**. At 5 school districts (including 2 cited for deficiencies over employment practices), procedures for performing background screenings of district employees or contracted vendor workers with direct student contact were not adequate; and 1 of the 5 districts did not always properly conduct background searches for school volunteers as required by State law.¹⁰
- **Performance Evaluations and Salary Schedules**. Two school districts (including 1 cited for deficiencies over employment practices) did not always conduct school personnel performance evaluations or base school administrator salary adjustments upon performance contrary to State law.¹¹
- **Other**. Other payroll and personnel findings addressed, for example, control deficiencies over sick leave payments, extra compensation, and documenting employee and independent contractor classification.

Expenditures and Purchasing. Audit report findings for 11 school districts addressed the need to improve controls over expenditures and purchasing. For 6 school districts, procedures needed improvement for their purchasing card (P-card) program; including use, limits, expenditure approvals, or the timely cancellation of P-card privileges. For 4 other school districts, contract monitoring and related payment procedures needed enhancements to ensure that board-established contracts are used and,

⁹ SBE Rule 6A-10.084, Florida Administrative Code.

¹⁰ Section 943.04351, Florida Statutes.

¹¹ Sections 1012.22(1)(c)4. and 5. and 1012.34, Florida Statutes.

prior to payment, satisfactory receipt of services is documented and reconciled to contract terms. Additionally, 2 school districts (1 also cited for control deficiencies over P-cards) needed to strengthen controls over changes to vendor information to ensure that address or bank information changes were properly authorized, documented, and verified before payments were made.

Capital Outlay Expenditures and Related Activities. Audit report findings for 12 school districts addressed the need to improve controls over capital outlay expenditures and related activities. Specifically, for 4 school districts, improvements were needed in controls over construction management entity (CME) guaranteed maximum price and subcontractor contract monitoring. For example, the findings addressed the need for enhanced controls in the selection of CMEs, architectural services, and subcontractors, as well as in the monitoring of construction payments. Three other school district audit reports noted that ad valorem tax levy proceeds were not always used for authorized purposes, contrary to State law.¹² Additionally, 2 school districts (including 1 also cited for construction payment monitoring deficiency) were cited for deficient procedures related to the required student station cost reports for the districts' construction projects. Other findings addressed, for example, improvements needed in procedures related to educational facility safety inspection and facilities management procedures.

School Safety. For 15 school districts, audit report findings addressed control deficiencies related to school safety policies and procedures, including those related to safe-school officers, mental health care assistance and services, and emergency drills.

- **Safe-School Officers**. Audit reports for 10 school districts addressed control deficiencies relating to safe-school officers. For example, those school districts did not always maintain documented verifications that safe-school officers were appropriately trained as required by State law¹³ or that at least one safe-school officer was assigned during school hours at each school facility.
- **Mental Health Care Assistance and Services**. Audit reports for 8 school districts (including 4 cited for deficiencies related to safe-school officers) addressed control deficiencies over mental health care assistance and services. Those school districts did not always demonstrate that mental health awareness student instruction was provided in accordance with SBE rules¹⁴ or did not timely and accurately submit required plans and annual reports to the FDOE, contrary to State law¹⁵ and SBE rules.¹⁶
- **Emergency Drills**. Six school districts (including 5 cited for deficiencies related to safe-school officers) did not always comply with emergency drill requirements specified in State law,¹⁷ SBE rules,¹⁸ and the Fire Code.¹⁹ These school districts had not properly established procedures to ensure that the required active shooter and hostage situations and fire emergency drills were timely conducted and documented for each school.

Workforce Education Program. For 6 school districts, audit report findings addressed the need to improve procedures relating to the workforce education program expenditures and reporting. General

¹² Sections 1011.71(2), Florida Statutes.

¹³ Section 1006.12, Florida Statutes.

¹⁴ SBE Rule 6A-1.094124, Florida Administrative Code.

¹⁵ Section 1006.041, Florida Statutes.

¹⁶ SBE Rule 6A-1.094124, Florida Administrative Code.

¹⁷ Section 1006.07(4), Florida Statutes.

¹⁸ SBE Rule 6A-1.0018(15), Florida Administrative Code (2023).

¹⁹ Section 20.2.4.2.3 of the Florida Fire Prevention Code, 6th Edition (2017).

Appropriations Act (GAA) proviso language²⁰ provided that workforce education program funds shall not be used to support K-12 programs, and also required each school district to report enrollment for adult general education programs in accordance with SBE rules²¹ and FDOE instructional hours reporting procedures.²² The audit reports for 3 school districts included findings for misreporting adult general education program enrollment data. Additionally, 2 other school districts needed to adopt spending plans for the districts' workforce education funds and 1 of these 2 districts did not always use the workforce education funds for authorized purposes. In addition, another school district did not always maintain the workforce education program industry certifications, contrary to the GAA.²³

Various Other Matters. In addition to the audit findings described above, findings addressing various other matters were included in school district audit reports. These matters included, for example, noncompliance with the statutory requirements²⁴ related to internal audit function, the need to verify health insurance participant eligibility, and the need to monitor the financial condition of food service programs.

Federal Awards Findings

The audit reports for eight school districts included a total of 11 Federal awards findings. These findings addressed the Federal compliance requirements of Allowable Costs and Cost Principles; Eligibility; Equipment and Real Property Management; and Special Tests and Provisions and related to the Education Stabilization Fund, Special Education Cluster, Title I, Child Nutrition Cluster, and Federal Pell programs.

Five (Alachua, Gadsden, Liberty, Madison, and Putnam) of the eight school district audit reports noted a noncompliance and material weakness in internal control over compliance findings for major Federal programs, resulting in qualified opinions on those applicable programs.²⁵ We also noted that audit reports for five of these eight school districts (including Gadsden and Liberty) had a total of 6 noncompliance findings that were material to applicable compliance requirement types for major Federal programs.

For the 2023-24 fiscal year, seven school district audit reports each had a finding or findings that identified Federal program questioned costs. The known questioned costs for these seven school districts ranged from \$71,850 to \$6,028,388 and totaled \$12,258,982. In comparison, for the 2022-23 fiscal year, ten school district audit reports each had a finding or findings that identified Federal program questioned costs ranging from \$120,795 to \$905,329 and totaling \$4,681,038. Questioned costs include costs of goods or services charged to one or more Federal programs that are not allowed under the applicable grant terms, not clearly supportive of the Federal program's purposes, not documented in the manner prescribed by applicable Federal cost principles or State or school district policies, or not incurred during

²⁰ Chapter 2023-239, Laws of Florida, Specific Appropriation 114.

²¹ SBE Rule 6A-10.0381(5), Florida Administrative Code.

²² FDOE Technical Assistance Paper: *Adult General Education Instructional Hours Reporting Procedures*, Dated September 2020.

²³ Chapter 2023-239, Laws of Florida, General Appropriations Act, Specific Appropriation 111.

²⁴ Section 1001.42(12)(I), Florida Statutes.

²⁵ In comparison, for the 2022-23 fiscal year, two school districts were cited with a total of three noncompliance and material weaknesses in internal control over compliance for major Federal programs.

the grant period. If the applicable grantor disallows questioned costs, a school district may have to repay the costs from non-Federal sources.

FINANCIAL TRENDS

Critical interest in understanding and addressing the factors that affect the financial condition of school districts exists. Such interest is evidenced by the provisions of State law as well as numerous inquiries regarding the financial condition of the various school districts. The financial condition of a school district can be assessed by a review of the district general fund balances and activities, which account for most of the operating resources and expenditures for K-12 educational programs.

There are several measures that may be used to evaluate the financial condition of governments depending on the specific needs and circumstances of each government. For example, the Government Finance Officers Association (GFOA)²⁶ recommends that, at a minimum, the unrestricted fund balance in the general fund be no less than 2 months of general fund operating revenues or general fund operating expenditures and operating transfers out, if applicable. The GFOA also recommends that governments establish a formal policy on the level of general fund unrestricted fund balance that should be maintained. Board policies addressing a reasonable and appropriate range for the general fund unrestricted fund balance and how amounts over that range would be addressed will help school districts effectively use district financial resources to guide budgetary decisions and address short-term and long-term needs.

Another widely used financial condition measure relevant to school districts is based on State law,²⁷ which compares the level of available equity in the operating fund to overall operating resources for that fund for a fiscal year. This measure is a point-in-time indicator of resources available for appropriation to meet the costs of expected and unexpected and nonrecurring events. We used this measure, shown in Table 1, to analyze the financial condition of the school districts.

Table 1
Financial Condition Measure

$\frac{\text{General Fund Total Assigned and Unassigned Fund Balance}}{\text{General Fund Total Revenues}} = \text{Financial Condition Ratio (\%)}$

We also considered revenue stream characteristics and expenditure practices for school districts. In view of the revenue and expenditure considerations of school districts, the school districts' established financial management practices, and FDOE oversight, a lower total assigned and unassigned fund balance threshold may be reasonable.

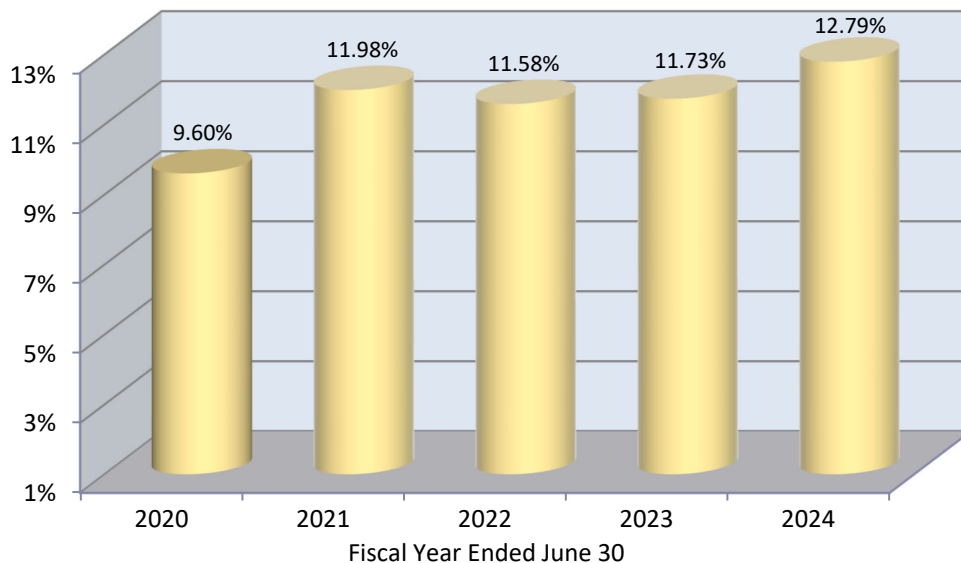
²⁶ GFOA Best Practice, *Fund Balance Guidelines for the General Fund* (September 2015).

²⁷ Section 1011.051, Florida Statutes.

Financial Condition Trends

Chart 1 shows the average financial condition ratios for school districts Statewide for the fiscal years ended June 30, 2020, through June 30, 2024. As shown in Chart 1, the average financial condition ratio was 12.79 percent at June 30, 2024, which was an increase of 1 percentage-point from the prior year, primarily due to the increased property tax revenues. The relatively higher financial condition ratios for the fiscal years ended June 30, 2021, through June 30, 2024, were primarily because school districts received and used Federal COVID-19 relief funds instead of using other operating resources and collected additional property taxes due to increased property values.

Chart 1
Average Financial Condition Ratios of School Districts
For the Fiscal Years Ended June 30, 2020, Through June 30, 2024



State law²⁸ requires a school district to maintain a general fund ending fund balance that is sufficient to address normal contingencies. If at any time the financial condition ratio determined from the school district's approved operating budget is projected to fall below 3 percent during the current fiscal year, the school district superintendent must provide written notification to the Commissioner of Education and respective school board. If the Commissioner of Education determines that a school district with an approved operating budget that is projected to fall below 2 percent does not have a plan that is reasonably anticipated to avoid a financial emergency, the Commissioner is to appoint a financial emergency board to implement measures to assist the school board in resolving the financial emergency.²⁹ Pursuant to State law,³⁰ a school district is considered to be in a state of financial emergency if the Commissioner of Education determines that the school board needs State assistance to resolve or prevent a financial emergency condition.

²⁸ Section 1011.051(1), Florida Statutes.

²⁹ Section 1011.051(2), Florida Statutes.

³⁰ Section 218.503(3), Florida Statutes.

For the fiscal year ended June 30, 2024, two school districts (Glades and Union) had financial condition ratios below 2 percent, including one district with a negative 0.52 percent and the other with a positive 1.97 percent. No other school districts had financial condition ratios below 3 percent. As discussed in the section **Financial Record Keeping and Records Management** under **Financial Statement Significant Deficiency and Additional Matter Findings**, deficient controls over those 2 districts' financial reporting processes contributed to the financial condition ratios falling below 2 percent at June 30, 2024. The superintendents of these districts did not submit financial condition notifications to the FDOE and financial recovery plans were not established. Consequently, these school districts had significantly fewer resources available for emergencies and unforeseen situations than other school districts. Historically, a school district that experiences a weak financial condition implements measures that generally restore the financial condition to a favorable position within 1 to 2 fiscal years.

For comparison purposes, Table 2 shows the number of school districts with a financial condition ratio below 3 percent for the five fiscal years ended June 30, 2020, through June 30, 2024.

**Table 2
Number of Districts with
Low Financial Condition Ratios**

At Fiscal Year End	Number of School Districts with a Financial Condition Ratio Below 3 Percent
June 30, 2020	-
June 30, 2021	1
June 30, 2022	1
June 30, 2023	1
June 30, 2024	2

Table 3 shows the school districts with the largest financial condition ratio increases and decreases between the fiscal years ended June 30, 2020, and June 30, 2024. While the largest ratio increases may indicate that a school district is experiencing better financial health and solvency, large decreases may prompt school district management to consider whether resources are being used most efficiently for district needs. As further discussed in the section **Factors Impacting Financial Condition**, property taxable values and changes in student enrollment typically impact financial condition changes.

Table 3
Changes in Financial Condition Ratios and Fund Balances ^a
Between June 30, 2020, and June 30, 2024

School District	Financial Condition Ratios at June 30			Fund Balances at June 30 (In Thousands)		
	2020	2024	Change	2020	2024	Change
Largest Ratio Increases						
1 Jefferson	10.01%	34.14%	24.13	\$ 793	\$ 4,104	\$ 3,311
2 Bradford	4.84%	23.91%	19.07	1,309	7,062	5,753
3 Hillsborough	4.27%	16.26%	11.99	74,940	332,603	257,663
4 Manatee	3.84%	15.52%	11.68	16,682	88,074	71,392
5 Putnam	10.69%	21.91%	11.22	9,110	20,184	11,074
Largest Ratio Decreases						
1 Glades	21.12%	-0.52%	-21.64	3,525	-101	-3,626
2 Union	18.12%	1.97%	-16.15	3,503	417	-3,086
3 Gadsden	20.16%	4.74%	-15.42	8,120	1,994	-6,126
4 Gulf	34.20%	22.99%	-11.21	7,666	5,296	-2,370
5 Franklin	21.35%	10.46%	-10.89	2,703	1,564	-1,139

^a Fund balances represent the total assigned and unassigned fund balances at fiscal year end.

Factors Impacting Financial Condition

Further analyses of school district financial trend data identified other factors that impact the financial condition of school districts and may increase the risks associated with a weak or healthy financial condition. While no single factor is identified as a guaranteed predictor of financial condition, factors such as property taxable values, increasing or declining enrollment, and the size of schools necessitate effective financial management to limit the factors' impact on the school district financial condition.

Property Taxable Values. Property taxes, which are assessed on property taxable values, are the primary source of local revenue for school districts. According to the Florida Department of Revenue, Statewide property taxable values increased by 59 percent, from \$2.29 trillion in the 2020 calendar year to \$3.64 trillion in the 2024 calendar year. Due to this increase, which was partially offset by decreases in levied millage rates, Statewide property tax levies for school district operations increased by 46 percent, from \$14.74 billion for the 2019-20 fiscal year to \$21.48 billion for the 2023-24 fiscal year.

Increasing Enrollment. Over the past 5 years, Statewide student enrollment increased 6.5 percent from 2,814,348 for the 2019-20 fiscal year to 2,997,334 for the 2023-24 fiscal year. A total of 48 school districts had enrollment increases ranging from 10 to 20,907 unweighted full-time equivalent students (FTE) during this period. As shown in Table 4, of these 48 school districts, 25 school districts' student enrollments increased by more than 5 percent and 1,000 FTE.

Table 4
School Districts with Enrollment Growth of
More than 5 Percent and 1,000 Unweighted FTE Students
2019-20 Fiscal Year Through the 2023-24 Fiscal Year

School District	Unweighted FTE			Percent Increase
	2019-20	2023-24	Increase	
1 Hendry	8,246	12,934	4,688	56.85%
2 St. Johns	43,037	52,954	9,917	23.04%
3 St. Lucie	41,089	49,001	7,912	19.26%
4 Walton	10,178	12,078	1,900	18.67%
5 Pasco	76,214	88,355	12,141	15.93%
6 Polk	106,782	121,171	14,389	13.48%
7 Bay	24,658	27,945	3,287	13.33%
8 Lake	44,473	50,079	5,606	12.61%
9 Osceola	69,378	77,502	8,124	11.71%
10 Marion	43,208	47,902	4,694	10.86%
11 Flagler	12,833	14,205	1,372	10.69%
12 Manatee	49,436	54,630	5,194	10.51%
13 Hernando	22,991	25,379	2,388	10.39%
14 Charlotte	15,614	17,166	1,552	9.94%
15 Lee	94,369	103,227	8,858	9.39%
16 Nassau	12,294	13,395	1,101	8.96%
17 Sarasota	43,639	47,249	3,610	8.27%
18 Duval	130,229	140,216	9,987	7.67%
19 Brevard	73,106	77,970	4,864	6.65%
20 Miami-Dade	344,766	365,673	20,907	6.06%
21 Hillsborough	218,997	232,155	13,158	6.01%
22 Santa Rosa	28,595	30,293	1,698	5.94%
23 Collier	47,211	49,885	2,674	5.66%
24 Palm Beach	192,537	202,684	10,147	5.27%
25 Volusia	62,121	65,360	3,239	5.21%

Although 48 school districts experienced an increase in FTE-based revenue due to increased enrollment, revenue increases can lag behind school district expenditures when staffing new schools and paying initial start-up costs. Additionally, there is a risk that rapidly growing school districts may overestimate FTE when making FTE projections. FTE overestimates are not only costly when FTE-based revenues are adjusted (reduced), school districts may also make costly hiring and other expenditure decisions based on imprecise FTE projections.

Declining Enrollment. While student enrollment increased in total for school districts from the 2019-20 fiscal year to the 2023-24 fiscal year, 19 school districts experienced enrollment declines ranging from 8 to 1,659 unweighted FTE during this period. Of these 19 school districts, only 1 (Pinellas) declined

by more than 1,000 unweighted FTE and only 5 (DeSoto, Dixie, Franklin, Hardee, and Madison) declined by more than 5 percent.³¹

Variations in student enrollment and the related impact on funding from year to year can make school district planning and budgeting decisions for staffing and other activities more challenging. In particular, smaller school districts may experience financial difficulties with gradual enrollment declines as the number of instructional staff will remain constant if no one grade or class within an individual school is affected enough to justify staff reduction.

School Size. School sizes vary significantly among and within school districts. Most school districts have varying combinations of large, medium, and small schools. Logically, larger schools have a lower cost per FTE than smaller schools because noninstructional and administrative salary, benefits, and fixed costs are spread over a larger number of FTE. Accordingly, school size is a relevant factor that impacts a school district financial condition.

Future Financial Trends Considerations

State Funding. For the 2023-24 fiscal year, the base Florida Education Finance Program (FEFP) allocation was \$5,139.73 per weighted FTE, which represents an increase of \$552.33 over the base FEFP allocation of \$4,587.40 per weighted FTE for the 2022-23 fiscal year. Also, based on the 2024-25 fiscal year FEFP third calculation, the base FEFP allocation for the 2024-25 fiscal year increased by \$191.25 per weighted FTE to \$5,330.98. The weighted FTE enrollment in school districts increased by 102,446, or 3.2 percent, from the 2022-23 to the 2023-24 school year. Similarly, the weighted FTE enrollment in the 2024-25 school year increased by 153,260, or 4.6 percent, based on the 2024-25 FEFP third calculation. Effective financial monitoring and timely and appropriate adjustments to school district operations are critical to ensure that operating costs remain within available financial resources.

Debt and Other Long-Term Financing. School districts may finance capital outlay projects by issuing long-term debt such as general obligation bonds and school district revenue bonds and by entering into long-term lease finance arrangements generally referred to as certificates of participation (COPs). The long-term debt and other financing obligations reported as outstanding as of June 30, 2024, consisted primarily of:

- COPs totaling \$9.9 billion (38 school districts).
- General obligation bonds totaling \$1.9 billion (3 school districts).
- Qualified School Construction Bonds (QSCBs) totaling \$877 million (20 school districts).
- School district revenue bonds totaling \$631.5 million (29 school districts).
- Qualified Zone Academy Bonds (QZABs) totaling \$152.5 million (3 school districts).
- Build America Bonds (BABs) totaling \$29.8 million (2 school districts).
- SBE bonds totaling \$28.3 million (22 school districts).

³¹ In contrast for the 2018-19 fiscal year to the 2022-23 fiscal year, 18 school districts experienced enrollment declines ranging from 7 to 3,754 unweighted FTE during this period. Of these 18 school districts, only 2 (Broward and Pinellas) declined by more than 1,000 unweighted FTE and 3 (Dixie, Franklin, and Madison) declined by more than 5 percent.

- Long-term debt notes totaling \$25.1 million (4 school districts).

Generally, school districts extinguish their debt through various pledged resources such as capital outlay millage, discretionary sales surtax, and other tax proceeds. As of June 30, 2024, pledged resources were generally sufficient to cover the required debt service by school districts.

School District Trends

Funding Trends. School district governmental funds include the general fund, special revenue funds, debt service funds, and capital projects funds. While substantially all school district resources are accounted for in the governmental funds, school districts frequently have fiduciary funds (custodial and trust funds) and proprietary funds (primarily internal service funds that account for such activities as self-insurance programs). As shown in Table 5, school districts reported revenues of \$45.1 billion in the governmental funds for the 2023-24 fiscal year, an increase of \$3.6 billion (8.68 percent) over the 2022-23 fiscal year.

Table 5
School District Revenues – All Governmental Funds
For the 2022-23 and 2023-24 Fiscal Years

Governmental Fund Type	2022-23		2023-24		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
General Fund	\$26,312,481,509	63.33%	\$28,979,196,572	64.18%	\$ 2,666,715,063	10.13%
Other Funds	15,234,036,158	36.67%	16,172,521,854	35.82%	938,485,696	6.16%
Totals	<u>\$41,546,517,667</u>	<u>100.00%</u>	<u>\$45,151,718,426</u>	<u>100.00%</u>	<u>\$3,605,200,759</u>	<u>8.68%</u>

Table 6 shows, by source, the total governmental fund type revenues and the related changes by revenue source reported by school districts for the 2022-23 and 2023-24 fiscal years.

Table 6
School District Revenues by Source – All Governmental Funds
For the 2022-23 and 2023-24 Fiscal Years

Source	2022-23		2023-24		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
Federal	\$ 7,178,138,675	17.28%	\$ 6,959,777,436	15.41%	\$ -218,361,239	-3.04%
State	13,195,085,728	31.76%	13,541,494,132	30.00%	346,408,404	2.63%
Local	21,173,293,264	50.96%	24,650,446,858	54.59%	3,477,153,594	16.42%
Totals	<u>\$41,546,517,667</u>	<u>100.00%</u>	<u>\$45,151,718,426</u>	<u>100.00%</u>	<u>\$3,605,200,759</u>	<u>8.68%</u>

The \$3.6 billion (8.68 percent) increase in total revenues for the 2023-24 fiscal year consisted of an increase in local revenues of \$3.48 billion, an increase of State revenues of \$346 million, offset by a decrease of Federal revenues of \$218 million. The increase in local revenues was almost entirely due to increases in property taxable values, resulting in additional revenues of \$2.67 billion from the millage levies. The increase in State revenues consisted of an increase in restricted State revenues of

\$427 million offset by a decrease in FEFP revenues of \$81 million. The decrease in Federal revenues was primarily due to a reduction in Education Stabilization Fund allocations, awarded for COVID-19 pandemic relief, which had been significantly higher in the prior year.

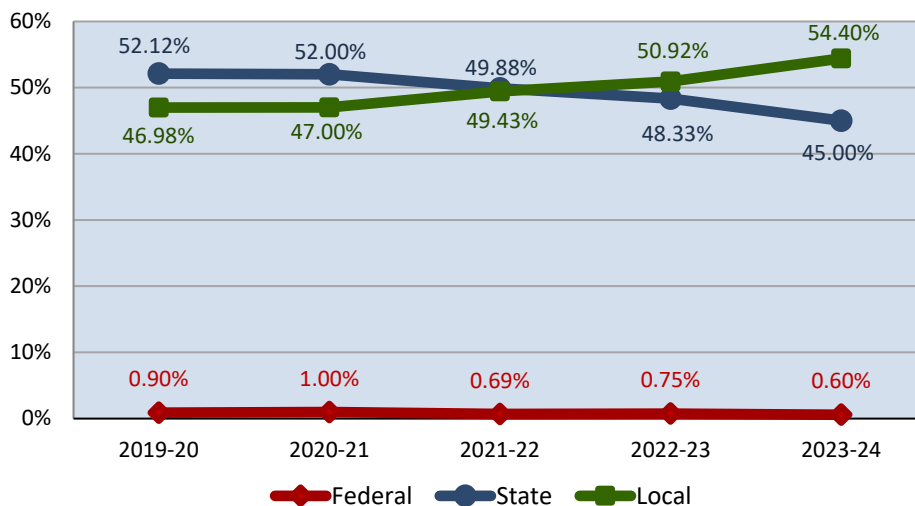
Table 7 shows the Federal, State, and local sources reported in the school districts' general funds (operating funds) for the 2022-23 and 2023-24 fiscal years, and the related changes in these revenues.

Table 7
School District General Fund Revenues by Source
For the 2022-23 and 2023-24 Fiscal Years

Source	2022-23		2023-24		Change	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
Federal	\$ 196,529,072	0.75%	\$ 175,706,339	0.60%	\$ -20,822,733	-10.60%
State	12,717,724,643	48.33%	13,039,746,533	45.00%	322,021,890	2.53%
Local	13,398,227,794	50.92%	15,763,743,700	54.40%	2,365,515,906	17.66%
Totals	\$26,312,481,509	100.00%	\$28,979,196,572	100.00%	\$2,666,715,063	10.13%

As shown in Table 7, local revenue sources provided over half of the school districts' general fund resources for the 2023-24 fiscal year, and the State provided approximately 9 percent less than local revenue sources. As discussed later in this section, Federal funds are restricted and most are reported in special revenue funds. Chart 2 shows the percentage of Statewide general fund revenues from Federal, State, and local sources for the 2019-20 through 2023-24 fiscal years.

Chart 2
Percentage of School District General Fund Revenues
From Federal, State, and Local Sources
For the 2019-20 Through 2023-24 Fiscal Years



FEFP – State and Local Revenues. Most of the State and local revenues for school district operations are derived from the FEFP, which is designed to provide a base level of educational resources per FTE for all school districts. FEFP moneys are primarily generated by multiplying the number of FTE in funded

educational programs by various weights and cost factors determined by the Legislature. Each school district receiving State FEFP moneys must levy the required local effort millage in its local property taxes.

State and local FEFP revenues for school district operations totaled \$19.14 billion for the 2023-24 fiscal year and consisted of \$6.83 billion in State revenues and \$12.31 billion in local revenues. The local FEFP revenues increased by \$1.35 billion, or 12 percent, due to an increase in property tax values, while the State FEFP revenues decreased by \$81 million, or 1 percent, from the previous fiscal year. In addition to the \$6.83 billion in State revenues for operations as part of the FEFP, the school districts reported \$6.71 billion in other restricted State revenues. These restricted State revenues were for Class Size Reduction, Workforce Development, and other specific programs, and increased by \$427 million, or 7 percent, from the previous fiscal year.

Other Local Revenues. In addition to the \$12.31 billion in local revenues for funding operations as part of the FEFP, the school districts reported \$12.34 billion in other local revenues (Table 6). These local revenues included, but were not limited to, \$4.7 billion from capital outlay millage levies for advertised construction, facility maintenance, and equipment; \$2.1 billion from special voter levies; and \$126 million from debt service millage levies for servicing debt. Because of early payment discounts, property tax revenues were approximately 96 percent of the tax levy. Additional sources of local revenue included sales taxes, impact fees, charges for services, investment income, and other local sources. Thirty-five school districts reported local sales tax revenues totaling \$1.93 billion for the 2023-24 fiscal year, while the same number of school districts reported local sales tax revenues totaling \$1.88 billion for the 2022-23 fiscal year. Twenty-seven school districts reported impact fee revenues totaling \$696 million for the 2023-24 fiscal year, while the same number of school districts reported impact fee revenues totaling \$678 million for the 2022-23 fiscal year. Impact fees were in place during the 2023-24 fiscal year for 6 other school districts, but the respective counties suspended fee collections primarily to stimulate construction development and help local economies.

Federal Revenues. Special revenue fund resources consist of moneys restricted by Federal and State grantors³² for specific program purposes, such as those of the Title I and National School Lunch Act programs. As discussed in the **Financial Condition Trends** section, for the 2020-21 through 2023-24 fiscal years, there were increases in Federal revenues to school districts for COVID-19 pandemic relief including, for example, Federal revenues for the Education Stabilization Fund and the Coronavirus Relief Fund; however, during the 2023-24 fiscal year these programs began to close out and Federal revenues were \$218 million less than the prior fiscal year. Because these resources are restricted, school districts can use them only for specific activities that meet the purposes of the granting agency. Such resources are not available for general appropriation for operating activities or for unexpected events or emergencies.

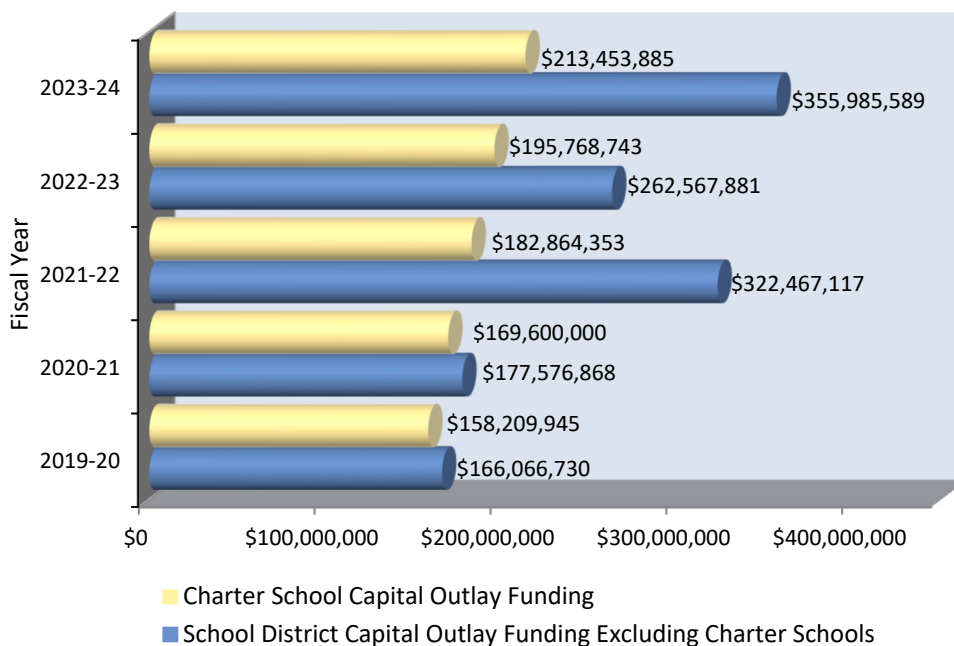
Debt Issuance Proceeds. The issuance of long-term debt is a significant source of capital funding for school districts. Debt issuance proceeds (net of refundings) for the 2023-24 fiscal year totaled \$1.4 billion, compared to \$2 billion for the 2022-23 fiscal year. Within the governmental funds, debt service funds account for resources restricted for items such as the payment of debt and capital projects funds typically account for the acquisition of real property and the construction, renovation, remodeling,

³² Most Federal revenues are provided to school districts through State agencies.

and maintenance of school district facilities. These resources are generally not available to finance the operating activities of a school district.

State Capital Outlay Appropriations. Certain statutory appropriations, such as Public Education Capital Outlay (PECO) appropriations authorized by State law,³³ are provided for school district new construction and facilities maintenance projects. These State capital outlay appropriations have included PECO, educational facilities security grants, Classrooms First, and Capital Outlay and Debt Service (CO&DS), funded predominantly using proceeds from the gross receipts and motor vehicle licensing taxes established by the State Constitution.³⁴ As shown in Chart 3, during the 5-year period 2019-20 through 2023-24, State capital outlay funding to school districts, excluding funding to charter schools, ranged from a low of \$166 million for the 2019-20 fiscal year to a high of \$356 million for the 2023-24 fiscal year. During that same 5-year period, State capital outlay appropriations for charter schools increased each year from \$158 million for the 2019-20 fiscal year to \$213 million for the 2023-24 fiscal year.

Chart 3
State Capital Outlay Appropriations
For the 2019-20 Through 2023-24 Fiscal Years



The \$93.4 million, or 36 percent, increase in State capital outlay appropriations to school districts for the 2023-24 fiscal year was composed of an increase in PECO of \$88 million and an increase in CO&DS funding of \$5.4 million, respectively. The increase in PECO was due to a \$27.6 million increase in special facilities construction funding, a \$22 million increase in educational facilities security grants from the prior

³³ Section 1013.65, Florida Statutes.

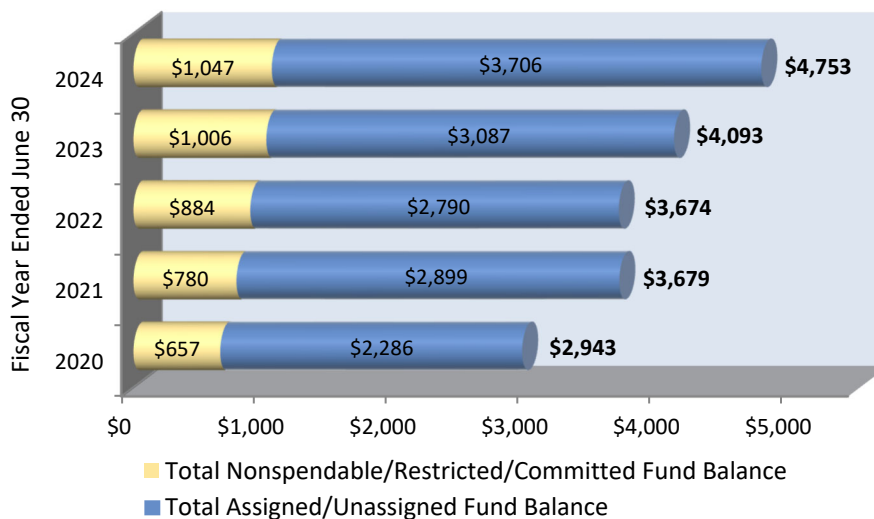
³⁴ Article XII, Sections 9(a)(2) and 9(d) of the State Constitution.

fiscal year, as well as a \$38.4 million increase in nonrecurring public school special projects funding allocated to certain school districts.

For the 2021-22 fiscal year, the \$144.9 million, or 82 percent, increase in State capital outlay appropriations to school districts was primarily due to the \$130 million increase in the special facilities construction funding for certain school districts from the prior fiscal year.

Fund Balance Trends. As shown in Chart 4, the total fund balances of the school district general funds (operating funds) increased from \$2.9 billion at June 30, 2020, to \$4.8 billion at June 30, 2024. The relatively higher fund balances for the fiscal years ended June 30, 2021, through 2024, can be attributed, in part, to additional Federal funds received for COVID-19 pandemic relief and used instead of other operating resources. The \$660 million increase in total fund balance from June 30, 2023, to June 30, 2024, was primarily due to an increase in property tax revenues.

Chart 4
Fund Balances of the General Fund
For the Fiscal Years Ended June 30, 2020, Through June 30, 2024
(in Millions)



The total assigned and unassigned portions of the general fund balance represent the amount that may be used with the most flexibility for emergencies and unforeseen situations. As shown in Chart 4, the total assigned and unassigned portions of the general fund balance were \$2.3 billion at June 30, 2020, and increased to \$3.7 billion at June 30, 2024.

OTHER MATTERS OF INTEREST

Findings Repeated from Previous Audit Reports

State law³⁵ requires the Auditor General to notify the Legislative Auditing Committee (LAC) of any audit report prepared for a district school board that indicates the district school board failed to take full

³⁵ Sections 11.45(7)(j) and 218.39(8), Florida Statutes.

corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. Of the 165 findings³⁶ included in the 2023-24 fiscal year audit reports issued during the period July 1, 2024, through June 30, 2025, 11 findings (7 percent) were also included in the two preceding financial or operational audit reports. In comparison, 6 (4 percent) of the 142 findings included in the audit reports issued during the period July 1, 2023, through June 30, 2024, had also been included in the two preceding financial or operational audit reports.

Pursuant to State law, on June 30, 2025, we notified the LAC of the nine district school boards that failed to take full corrective action in response to recommendations included in the two preceding audit reports. Our notification for audit reports issued during the period July 1, 2023, through June 30, 2024, included six district school boards.

School District Fiscal Transparency

State law³⁷ requires the Auditor General to annually transmit to legislative leadership (President of the Senate and Speaker of the House) and the Florida Department of Financial Services (FDFS) a list of all school districts that have failed to comply with statutory transparency requirements. State law³⁸ requires each district school board to post on its Web site a plain language version of each proposed, tentative, and official budget describing each budget item in easily understandable terms. In addition, the information posted on the school district Web site must include graphical representations, for the district and each public school within the district, of summary financial efficiency data and fiscal trend information for the previous 3 years, and a link to the Web-based fiscal transparency tool developed by the FDOE. The law also includes a list of items recommended for inclusion on the Web sites, such as budget hearing information, contracts with teachers' unions and noninstructional staff, and contracts with vendors exceeding \$35,000. Readily available information and fiscal transparency leads to more responsible spending, more citizen involvement, and improved accountability.

Pursuant to State law, on July 8, 2025, we notified legislative leadership and the FDFS of ten school districts (Alachua, Citrus, Clay, Glades, Gulf, Hardee, Hendry, Jefferson, Nassau, and Polk) that failed to comply with the transparency requirements for the 2023-24 fiscal year. Six school districts were included in our notification for the 2022-23 fiscal year.³⁹

Corrective Action Notification

State law⁴⁰ requires the Auditor General to contact each district school board (school district) and request evidence of corrective action to address the Auditor General's previous operational audit report findings and recommendations. The school district must provide the Auditor General with evidence of the initiation of corrective action within 45 days after the request and completion of corrective action within 180 days

³⁶ The 165 findings were included in the audit reports issued during the 2024-25 fiscal year; whereas, there were 174 findings included in the audit reports for the 2023-24 fiscal year as discussed under the heading **Classification of Audit Findings**.

³⁷ Section 11.45(7)(i), Florida Statutes.

³⁸ Section 1011.035(2), Florida Statutes.

³⁹ None of the six school districts cited for noncompliance with the transparency requirements for the 2022-23 fiscal year were cited for transparency requirement noncompliance for the 2023-24 fiscal year.

⁴⁰ Section 11.45(2)(k), Florida Statutes.

after the request. If the school district fails to comply with the Auditor General's request or is unable to take corrective action within the required time frame, the Auditor General must notify the LAC.

Pursuant to State law, on June 30, 2025, we notified the LAC of the eight school districts (Alachua, Hardee, Hernando, Jefferson, Lafayette, Pinellas, St. Johns, and Wakulla) that were unable to provide us, within 180 days after request, evidence that corrective action was made for findings in audit reports issued during the period January 1, 2024, through December 31, 2024. Eight school districts were included in our notification issued for the 2023 calendar year.⁴¹

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of this project were to identify significant findings and financial trends based on our review of school district audit reports.

The scope of this project included a review of the audit reports for the fiscal year ended June 30, 2024, for the 45 school district financial audits and 26 school district operational audits completed by the Auditor General and the 22 school district financial audits completed by other independent CPAs and filed with the Auditor General.

Our methodology included a review of applicable audit reports and a compilation of significant findings and financial trends. We believe that the procedures performed provide a reasonable basis for the summaries of significant findings and financial trends included in this report.

AUTHORITY

Pursuant to the provisions of Section 11.45(7)(f), Florida Statutes, I have directed that this report be prepared to present the summary of significant findings and financial trends identified in district school board audit reports for the fiscal year ended June 30, 2024.



Sherrill F. Norman, CPA
Auditor General

⁴¹ None of the eight school districts that were unable to provide us evidence of corrective action for the 2023 calendar year were also cited for the inability to provide us evidence of corrective action for the 2024 calendar year.