STATE OF FLORIDA AUDITOR GENERAL

Operational Audit

Report No. 2027-038
October 2026

SUMMARY OF SIGNIFICANT FINDINGS AND FINANCIAL TRENDS IDENTIFIED IN DISTRICT SCHOOL BOARD AUDIT REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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, 2025

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, 2025. Pursuant to State law:

- 44 school district financial audits and 25 school district operational audits were completed by the Auditor General.
- 23 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 39 of the 67 school districts included findings addressing weaknesses in internal control; instances of noncompliance with applicable laws, rules, or regulations; or additional matters. Seven school district audit reports contained a financial statement material weakness finding, including one material weakness finding that was also reported as material noncompliance. For 3 of those 7 reports plus 3 other school district audit reports, there were a total of 7 Federal awards program material noncompliance and material weakness findings. In comparison, for the 2023-24 fiscal year, audit reports for 5 school districts had findings reported as financial statement material weaknesses and 1 of those 5 reports plus 4 other school district audit reports included Federal awards program noncompliance and material weakness findings.

Financial Trends

At June 30, 2025, the Statewide average financial condition ratio[1] for school districts was 11.06 percent, which was a decrease of 1.73 percentage point from the average financial condition ratio of 12.79 percent at June 30, 2024. Three school districts had financial condition ratios that were below 3 percent at June 30, 2025, including 2 school districts that were below 2 percent. Consequently, these 3 school districts had fewer resources available for emergencies and unforeseen situations than other school districts.

BACKGROUND

State law[2] 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

[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.

of a report on compliance and internal control for each major Federal program in accordance with 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 law[3] requires the Auditor General to conduct operational audits of district school boards at least every 3 years. The operational audits must be conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and must:

- Evaluate 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.
- Examine internal controls that are 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 identify weaknesses in those controls.

State law[4] 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 2024-25 fiscal year financial audit reports for 41 school districts contained no findings, while the financial audit reports for the other 26 school districts included a total of 63 findings. In addition, the 25 Auditor General operational audit reports for 23 school districts included 140 findings.[5] In total, the audit reports for 39 school districts included 203 findings addressing weaknesses in internal control;

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

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

[5] The Santa Rosa County and Putnam County District School Boards each received two operational audits, including an audit of the information technology (IT) system and another operational audit. The IT audit of Putnam County District School Board, as district of record for the North East Florida Educational Consortium, was on the Consortium IT system.

instances of noncompliance with applicable laws, rules, or regulations; or additional matters. For the 2023-24 fiscal year, the audit reports for 41 school districts included a total of 174 findings. The increase in the number of findings can be attributed, in part, to an increase in expenditure and purchasing control deficiencies and Federal awards program noncompliance. 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,[6] 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.

For the 2024-25 fiscal year, seven school district audit reports contained a financial statement material weakness finding, including one material weakness finding that was also reported as material noncompliance.[7] Specifically, the:

- Audit reports for Alachua, Bay, Indian River, and Polk County School Districts cited the need for improved financial reporting procedures to ensure the accuracy and completeness of financial statements. The audit report for Alachua County School District also cited bank reconciliation control deficiencies.
- Audit reports for Duval and Gadsden County School Districts disclosed that school internal funds audit reports were not timely issued and considered in completing the District financial statements and related audits. As a result, qualified opinions were issued on the aggregate remaining fund information for those two school districts.
- Audit report for Madison County School District disclosed unauthorized ad valorem tax levy uses totaling $360,824, resulting in questioned costs of that amount and material noncompliance with ad valorem tax levy requirements.

[6] Section 1003.621(1)(a)3., Florida Statutes.

[7] In comparison, for the 2023-24 fiscal year, five school district audit reports included material weakness findings and none of those reports included material noncompliance findings.

Financial Statement Significant Deficiency and Additional Matter Findings

Findings included in 39 school district audit reports for the 2024-25 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 12 school districts, various information technology (IT) control deficiencies were noted in the areas of access controls, disaster recovery plans, user authentication, logging and monitoring, as well as other areas related to IT.

- **Access Controls**. Audit reports for 12 school districts addressed various IT access control deficiencies. Specifically:
  - At 12 school districts, certain users had update access privileges to IT financial or human resources applications or components that allowed them to perform functions incompatible or inconsistent with their assigned duties.
  - At 2 school districts (also cited for inappropriate access privileges to IT applications), inappropriate or unnecessary IT access privileges to sensitive personal information of students existed.
  - 2 school districts (also cited for inappropriate access privileges to IT applications) did not promptly deactivate former employee IT access privileges.

  Effective access controls help protect data and IT resources from unauthorized disclosure, modification, or destruction.
- **Disaster Recovery Plans**. Audit reports for 5 school districts (also cited for access control deficiencies) addressed the need to establish a comprehensive IT disaster recovery plan or needed improvements in existing plans. A comprehensive IT disaster recovery plan and annual testing of the plan help minimize data and asset loss in the event of a major hardware or software failure.
- **User Authentication**. Audit reports for 4 school districts (also cited for access control deficiencies) addressed the need for improvements in security controls over user authentication for IT applications or network accounts. Adequate security controls over user authentication help ensure that unauthorized individuals do not gain access to and compromise the confidentiality, integrity, and availability of school district data and related IT resources.
- **Logging and Monitoring**. Audit reports for 3 school districts (also cited for access control deficiencies) noted inadequate security control procedures over logging or monitoring IT system activities. Without adequate security controls related to system activity logging and monitoring, the risk is increased that inappropriate or unauthorized activity, should it occur, may not be timely detected and resolved.
- **Other**. Other IT findings addressed, for example, control deficiencies related to configuration management or vulnerability management, and the lack of a data loss prevention program.

Financial Record Keeping and Records Management. In addition to the previously discussed material weaknesses reported for 6 school districts (Alachua, Bay, Duval, Gadsden, Indian River, and Polk), the audit reports for 19 school districts (including Alachua, Bay, and Gadsden) 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, or journal entries.

- **Financial Reporting**. At 12 school districts, procedures needed improvements to ensure the accuracy and completeness of financial statements and related information. While the financial reporting findings at most of these school districts identified procedural deficiencies that caused financial misstatements requiring audit adjustments to properly present the financial statements or other required supplementary information, findings at 2 school districts needed improvements in procedures to properly report charter schools as discretely presented component units in the districts' financial statements. Moreover, audit reports for 2 of these 12 districts (Gadsden and Madison) disclosed that the school districts did not timely prepare their annual financial reports for audit and, as a result, did not ensure completion of the districts' Federal Single Audit reports by the March 31, 2026, due date and did not request an extension to submit that report to the Federal Audit Clearinghouse.

  Furthermore, the deficient controls over the financial reporting process for 3 of these 12 districts (Glades, Union, and Highlands) contributed to the declining general fund assigned and unassigned fund balances, resulting in financial condition ratios of negative 10.16 percent, negative 4.98 percent, and positive 2.36 percent, respectively. Consequently, these 3 districts had fewer resources for emergencies and unforeseen situations.

- **Budgetary Controls**. Seven school districts (including 4 cited for financial reporting deficiencies) were cited for deficient budgetary controls. These school districts did not always limit expenditures to budgeted amounts, contrary to State law[8] and SBE rules.[9]

- **Capital Assets**. Seven school districts (including 3 cited for financial reporting deficiencies) needed enhancements in controls over tangible personal property or other capital assets. The noted deficiencies were related to physical inventory procedures, capital assets subsidiary record keeping, and motor vehicle use and records.

- **Journal Entries**. Two school districts (also cited for financial reporting and budgetary control deficiencies) needed to enhance controls over journal entries.

Cash Controls. In addition to the previously discussed material weakness in bank reconciliation procedures noted for Alachua County School District, audit reports for 6 school districts included findings addressing the need to strengthen cash controls. Five school districts needed to improve bank reconciliation procedures and another district needed to strengthen controls over childcare cash collections.

Payroll and Personnel. Audit report findings for 12 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, as well as other areas related to payroll and personnel.

- **Employment Practices and Ethical Conduct**. Five school districts did not comply with SBE rules[10] by completing the required affidavit, issuing the final order, or reporting information to the Florida Department of Education (FDOE) for former employees who were dismissed or resigned and were convicted of an offense that disqualified the person from district employment. Moreover, 2 of the 5 districts 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 5 and 2 other school districts, personnel did not always complete required training on the

[8] Section 1011.05, Florida Statutes.

[9] SBE Rule 6A-1.007(2), Florida Administrative Code.

[10] SBE Rule 6A-10.084, Florida Administrative Code.

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 and ethical conduct), procedures for performing background screenings of district employees or contracted vendor workers with direct student contact were not adequate.
- **Other**. Other payroll and personnel findings addressed, for example, control deficiencies over sick leave payments; severance pay, noncompliance with school personnel performance evaluations, or base school administrators salary adjustments upon performance.

Expenditures and Purchasing. Audit report findings for 19 school districts addressed the need to improve controls over expenditures and purchasing. For 15 school districts, procedures needed improvement for their purchasing card (P-card) program; including P-card use and expenditure limits and approvals, or the timely cancellation of P-card privileges. In addition, 8 school districts (including 7 cited for control deficiencies over P-cards), needed to strengthen controls over changes to vendor or employee information to ensure that address or bank information changes were properly authorized, verified, and reviewed before payments were made. Also, for 5 school districts (3 also cited for control deficiencies over P-cards), contract monitoring and related payment procedures needed enhancements to ensure that contracts identified services and fees and that, prior to payment, satisfactory receipt of services is documented and reconciled to contract terms. Another school district needed enhancement over competitive procurement and contract awarding processes to demonstrate compliance with SBE rules[11] and to ensure that purchases were made at the lowest cost consistent with acceptable quality.

Capital Outlay Expenditures and Related Activities. In addition to the previously discussed material weakness in ad valorem tax levy uses reported for the Madison County School District, audit report findings for 7 school districts addressed the need to improve controls over capital outlay expenditures and related activities. Specifically, three school district audit reports noted that impact fee proceeds, sales surtax, ad valorem tax levy, or Public Education Capital Outlay funds were not always used for authorized purposes, contrary to State law.[12] These findings resulted in questioned costs totaling $13.7 million and ranging from $44,525 to $12.7 million. For 2 other school districts, improvements were needed in controls over construction management entity guaranteed maximum price contracts, including enhanced monitoring of subcontractor selections, contracts, and payments, and general conditions costs. Other findings addressed, for example, improvements needed in procedures related to educational facility safety inspections, construction cost reports for student station costs, 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, emergency drills, and threat management teams.

- **Safe-School Officers**. Audit reports for 9 school districts addressed control deficiencies relating to safe-school officers. For example, those school districts did not always maintain documented

[11] SBE Rule 6A-1.012, Florida Administrative Code.

[12] Sections 163.31801, 212.055(6), 1011.71, and 1013.64, Florida Statutes.

verifications that safe-school officers were appropriately trained as required by State law[13] 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 7 school districts (including 3 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 rules[14] or did not always properly spend mental health assistance funding, contrary to State law.[15]

- **Emergency Drills**. Three school districts (including 1 cited for deficiencies related to safe-school officers) did not always comply with emergency drill requirements specified in State law,[16] SBE rules,[17] and the Fire Code.[18] These school districts had not properly established procedures to ensure that the required active shooter and hostage situations or fire emergency drills were timely conducted and documented for each school.

- **Threat Management Teams**. Two school districts (also cited for deficiencies related to safe-school officers or emergency drills) did not always demonstrate that members of the district threat management teams completed the training required by SBE rules.[19]

Workforce Education Program. For 8 school districts, audit report findings addressed the need to improve procedures relating to the workforce education program expenditures and reporting. General Appropriations Act (GAA) proviso language[20] 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 rules.[21] The audit reports for 6 school districts included findings for misreporting adult general education program enrollment data. Additionally, 1 of these 6 school districts was also cited for misusing workforce education program funds totaling $201,887 for unauthorized salaries and benefits and another school district needed to adopt a spending plan for workforce education funds. Moreover, 2 school districts (including 1 also cited for program enrollment misreporting) did not always maintain the workforce education program industry certifications, contrary to the GAA.[22]

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 requirements[23] related to internal audit function, the need to verify health insurance participant eligibility, noncompliance with school advisory meeting requirements,[24] and the need to enhance controls over public records requests.

[13] Section 1006.12, Florida Statutes.
[14] SBE Rule 6A-1.094124, Florida Administrative Code.
[15] Sections 1006.041 and 1011.62(13), Florida Statutes.
[16] Section 1006.07(4), Florida Statutes.
[17] SBE Rule 6A-1.0018(16), Florida Administrative Code.
[18] Section 20.2.4.2.3 of the Florida Fire Prevention Code, 6th Edition.
[19] SBE Rule 6A-1.0019, Florida Administrative Code.
[20] Chapter 2024-231, Laws of Florida, Specific Appropriation 119.
[21] SBE Rule 6A-10.0381(5), Florida Administrative Code.
[22] Chapter 2024-231, Laws of Florida, General Appropriations Act, Specific Appropriation 117.
[23] Section 1001.42(12)(I), Florida Statutes.
[24] Section 1001.452, Florida Statutes.

Federal Awards Findings

The audit reports for ten school districts included a total of 20 Federal awards findings. These findings addressed the Federal compliance requirements of Allowable Costs and Cost Principles; Eligibility; Reporting; and Special Tests and Provisions and related to Education Stabilization Fund, Federal Pell, and Title I programs.

Six (Bay, Bradford, Gadsden, Hardee, Pinellas, and Polk) of the ten school district audit reports noted a total of 7 material noncompliance and material weakness in internal control over compliance findings for major Federal programs.[25] We also noted that audit reports for six of these ten school districts (including Bay and Polk) had a total of 13 noncompliance findings related to applicable compliance requirement types for major Federal programs.

For the 2024-25 fiscal year, five school district audit reports each had a finding or findings that identified Federal program questioned costs. The known questioned costs for these five school districts ranged from $60 to $1,248,993 and totaled $1,776,592. In comparison, for the 2023-24 fiscal year, seven school district audit reports each had a finding or findings that identified Federal program questioned costs ranging from $71,850 to $6,028,388 and totaling $12,258,982. 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 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.

[25] In comparison, for the 2023-24 fiscal year, five school districts were cited with a total of five noncompliance and material weaknesses in internal control over compliance for major Federal programs.

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

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

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

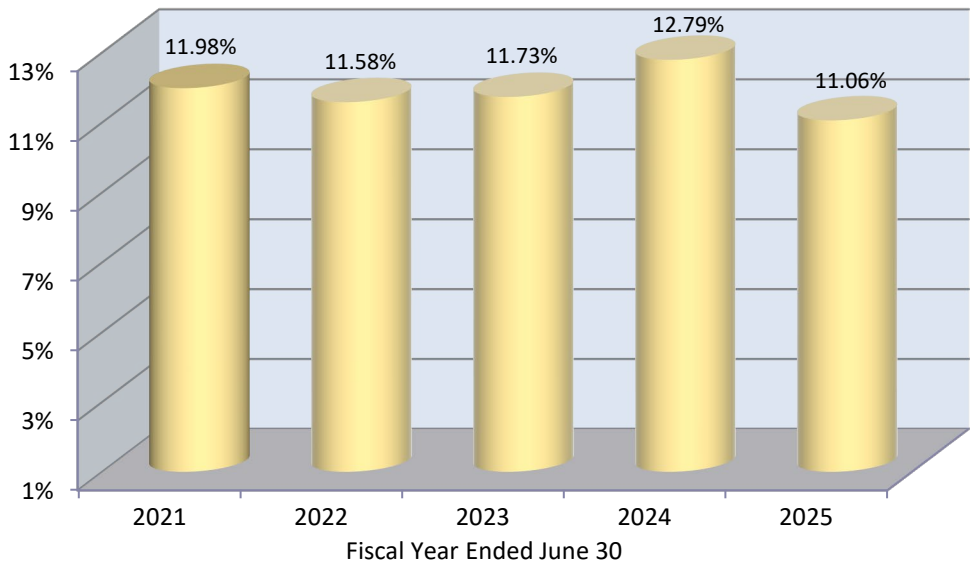
We also considered revenue stream characteristics and expenditure practices for school districts. In view of the revenue and expenditure considerations of school districts, the school districts' established financial management practices, and FDOE oversight, a lower total assigned and unassigned fund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

Financial Condition Trends

Chart 1 shows the average financial condition ratios for school districts Statewide for the fiscal years ended June 30, 2021, through June 30, 2025. As shown in Chart 1, the average financial condition ratio was 11.06 percent at June 30, 2025, which was a 1.73 percentage point decrease from the prior year. This decrease resulted primarily from increased operating expenses such as salaries and benefits and other education-related costs and, due to decreases in Federal COVID-19 pandemic relief program funding, many school districts used operating fund reserves to pay for recurring staffing costs.

[27] Section 1011.051, Florida Statutes.

Chart 1
Average Financial Condition Ratios of School Districts
For the Fiscal Years Ended June 30, 2021, Through June 30, 2025



State law[28] 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.

Table 2 identifies school districts with financial condition ratios below 3 percent at June 30, 2025, and the number of consecutive years that the districts' ratios had been below 3 percent at fiscal year end.

[28] Section 1011.051(1), Florida Statutes.
[29] Section 1011.051(2), Florida Statutes.
[30] Section 218.503(3), Florida Statutes.

Table 2
School Districts with Financial Condition Ratios Below 3 Percent

School District	Financial Condition Ratio Fiscal Year Ended June 30, 2025	Number of Consecutive Years Ratio Below 3 Percent
Glades	-10.16%	2
Union	-4.98%	2
Highlands	2.36%	Not Applicable

As shown in Table 2, three school districts had financial condition ratios below 3 percent, including two school districts with financial condition ratios below 2 percent for the fiscal year ended June 30, 2025. 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 three districts' financial reporting processes contributed to the financial condition ratios falling below 3 percent at June 30, 2025. The Glades and Union County School Districts established fiscal recovery plans as a result of the low financial condition ratios from the previous fiscal year and notified the FDOE that the districts were not on pace to meet the projected 3 percent financial condition ratios by June 30, 2026. Meanwhile, the Highlands County School District Superintendent did not submit a notification to the FDOE and a financial recovery plan was 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 3 shows the number of school districts with a financial condition ratio below 3 percent for the 5 fiscal years ended June 30, 2021, through June 30, 2025.

Table 3
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, 2021	1
June 30, 2022	1
June 30, 2023	1
June 30, 2024	2
June 30, 2025	3

Table 4 shows the school districts with the largest financial condition ratio increases and decreases between the fiscal years ended June 30, 2021, and June 30, 2025. 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 4
Changes in Financial Condition Ratios and Fund Balances [a]
Between June 30, 2021, and June 30, 2025

School District	Financial Condition Ratios at June 30			Fund Balances at June 30 (In Thousands)		
	2021	2025	Change	2021	2025	Change
Largest Ratio Increases						
1 Bradford	2.05%	28.67%	26.62	$ 542	$ 8,245	$ 7,703
2 Jefferson	11.16%	36.87%	25.71	888	4,725	3,837
3 Manatee	6.37%	15.30%	8.93	28,677	91,121	62,444
4 Hamilton	14.63%	23.38%	8.75	2,018	3,773	1,755
5 Monroe	10.24%	17.96%	7.72	11,096	26,909	15,813
Largest Ratio Decreases						
1 Glades	20.19%	-10.16%	-30.35	3,358	-1,998	-5,356
2 Union	18.04%	-4.98%	-23.02	3,522	-1,036	-4,558
3 Gadsden	18.08%	3.46%	-14.62	7,215	1,519	-5,696
4 Jackson	20.92%	7.75%	-13.17	12,366	4,610	-7,756
5 Walton	50.18%	39.86%	-10.32	53,417	66,696	13,279

[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 49 percent, from $2.43 trillion in the 2021 calendar year to $3.63 trillion in the 2025 calendar year. Due to this increase, Statewide property tax levies for school district operations increased by 49 percent, from $15.29 billion for the 2020-21 fiscal year to $22.83 billion for the 2024-25 fiscal year.

Increasing Enrollment. Over the past 5 years, Statewide student enrollment increased 14 percent from 2,740,062 for the 2020-21 fiscal year to 3,123,063 for the 2024-25 fiscal year. A total of 62 school districts had enrollment increases ranging from 1 to 51,274 unweighted full-time equivalent students (FTE) during this period. As shown in Table 5, of these 62 school districts, 38 school districts' student enrollments increased by more than 5 percent and 1,000 FTE.

Table 5
School Districts with Enrollment Growth of More than 5 Percent and 1,000 Unweighted FTE Students
2020-21 Fiscal Year Through the 2024-25 Fiscal Year

	School District	Unweighted FTE 2020-21	Unweighted FTE 2024-25	Increase	Percent Increase
1	St. Lucie	41,158	53,877	12,719	30.90%
2	St. Johns	44,059	55,506	11,447	25.98%
3	Lake	41,835	52,602	10,767	25.74%
4	Walton	10,055	12,636	2,581	25.67%
5	Marion	41,741	51,568	9,827	23.54%
6	Polk	104,667	127,657	22,990	21.96%
7	Hendry	11,801	14,350	2,549	21.60%
8	Charlotte	14,674	17,833	3,159	21.53%
9	Sumter	8,452	10,264	1,812	21.44%
10	Pasco	76,105	91,852	15,747	20.69%
11	Flagler	12,577	14,969	2,392	19.02%
12	Osceola	69,162	82,164	13,002	18.80%
13	Duval	127,233	149,681	22,448	17.64%
14	Volusia	57,758	67,763	10,005	17.32%
15	Manatee	48,826	57,074	8,248	16.89%
16	Lee	92,722	108,380	15,658	16.89%
17	Santa Rosa	26,675	31,065	4,390	16.46%
18	Nassau	11,983	13,837	1,854	15.47%
19	Hernando	22,536	26,006	3,470	15.40%
20	Miami-Dade	334,904	386,178	51,274	15.31%
21	Brevard	70,214	80,777	10,563	15.04%
22	Alachua	27,745	31,783	4,038	14.55%
23	Bay	24,681	28,232	3,551	14.39%
24	Orange	200,495	227,455	26,960	13.45%
25	Collier	45,182	51,099	5,917	13.10%
26	Sarasota	42,872	48,309	5,437	12.68%
27	Monroe	7,987	8,994	1,007	12.61%
28	Palm Beach	186,876	210,167	23,291	12.46%
29	Seminole	64,214	71,437	7,223	11.25%
30	Highlands	11,721	13,004	1,283	10.95%
31	Hillsborough	215,342	237,679	22,337	10.37%
32	Martin	18,049	19,816	1,767	9.79%
33	Clay	37,506	40,802	3,296	8.79%
34	Citrus	15,230	16,558	1,328	8.72%
35	Broward	259,925	282,242	22,317	8.59%
36	Escambia	38,181	40,956	2,775	7.27%
37	Leon	32,232	34,546	2,314	7.18%
38	Okaloosa	31,350	33,366	2,016	6.43%

Although 62 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. From the 2020-21 fiscal year to the 2024-25 fiscal year, only 5 school districts experienced enrollment declines ranging from 7 to 327 unweighted FTE (Baker, Dixie, Hardee, Liberty, and Madison) and only 1 (Hardee) 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 2024-25 fiscal year, the base Florida Education Finance Program (FEFP) allocation was $5,330.98 per weighted FTE, which represents an increase of $191.25 over the base FEFP allocation of $5,139.73 per weighted FTE for the 2023-24 fiscal year. Also, the base FEFP allocation for the 2025-26 fiscal year increased by $41.62 per weighted FTE to $5,372.60. The weighted FTE enrollment in school districts increased by 155,419, or 4.7 percent, from the 2023-24 to the 2024-25 school year. Conversely, the weighted FTE enrollment in the 2025-26 school year decreased by 132,709, or 3.8 percent. 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, 2025, consisted primarily of:

- COPs totaling $9.3 billion (38 school districts).

[31] In contrast for 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 5 (DeSoto, Dixie, Franklin, Hardee, and Madison) declined by more than 5 percent.

- General obligation bonds totaling $1.9 billion (3 school districts).
- School district revenue bonds totaling $995.3 million (29 school districts).
- Qualified School Construction Bonds (QSCBs) totaling $822.8 million (20 school districts).
- Qualified Zone Academy Bonds (QZABs) totaling $152.5 million (3 school districts).
- Long-term debt notes totaling $95.8 million (4 school districts).
- Build America Bonds (BABs) totaling $29.7 million (2 school districts).
- SBE bonds totaling $21.2 million (21 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, 2025, 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 6, school districts reported revenues of $44.8 billion in the governmental funds for the 2024-25 fiscal year, a decrease of $386.4 million (0.86 percent) from the 2023-24 fiscal year.

Table 6
School District Revenues – All Governmental Funds
For the 2023-24 and 2024-25 Fiscal Years

	2023-24		2024-25		Change	
Governmental Fund Type	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
General Fund	$28,979,196,572	64.18%	$29,744,061,429	66.44%	$ 764,864,857	2.64%
Other Funds	16,172,521,854	35.82%	15,021,302,772	33.56%	-1,151,219,082	-7.12%
Totals	**$45,151,718,426**	**100.00%**	**$44,765,364,201**	**100.00%**	**$-386,354,225**	**-0.86%**

Table 7 shows, by source, the total governmental fund type revenues and the related changes by revenue source reported by school districts for the 2023-24 and 2024-25 fiscal years.

Table 7
School District Revenues by Source – All Governmental Funds
For the 2023-24 and 2024-25 Fiscal Years

	2023-24		2024-25		Change	
Source	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
Federal	$ 6,959,777,436	15.41%	$ 5,258,939,054	11.75%	$-1,700,838,382	-24.44%
State	13,541,494,132	30.00%	13,837,576,956	30.91%	296,082,824	2.19%
Local	24,650,446,858	54.59%	25,668,848,191	57.34%	1,018,401,333	4.13%
Totals	**$45,151,718,426**	**100.00%**	**$44,765,364,201**	**100.00%**	**$-386,354,225**	**-0.86%**

The $386 million (0.86 percent) decrease in total revenues for the 2024-25 fiscal year consisted of a decrease in Federal revenues of $1.7 billion and increases in local revenues and State revenues of $1 billion and $296 million, respectively. The decrease in Federal revenues was primarily due to a significant reduction in Education Stabilization Fund allocations for COVID-19 pandemic relief. The increase in local revenues was mainly due to increases in property taxable values. The slight increase in State revenues was mainly impacted by increased student enrollment.

Table 8 shows the Federal, State, and local sources reported in the school districts' general funds (operating funds) for the 2023-24 and 2024-25 fiscal years, and the related changes in these revenues.

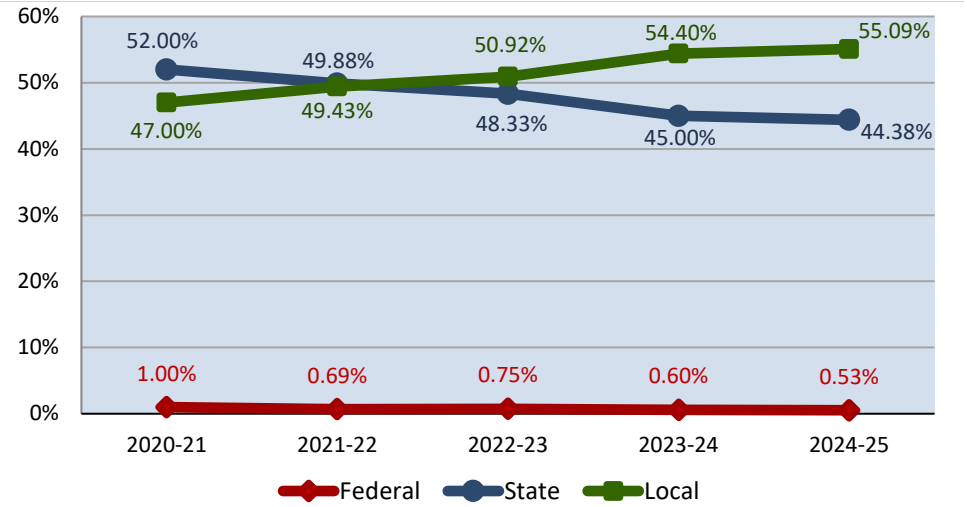
Table 8
School District General Fund Revenues by Source
For the 2023-24 and 2024-25 Fiscal Years

	2023-24		2024-25		Change	
Source	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent
Federal	$ 175,706,339	0.60%	$ 156,676,045	0.53%	$-19,030,294	-10.83%
State	13,039,746,533	45.00%	13,201,033,452	44.38%	161,286,919	1.24%
Local	15,763,743,700	54.40%	16,386,351,932	55.09%	622,608,232	3.95%
Totals	**$28,979,196,572**	**100.00%**	**$29,744,061,429**	**100.00%**	**$764,864,857**	**2.64%**

As shown in Table 8, local revenue sources provided over half of the school districts' general fund resources for the 2024-25 fiscal year, and the State provided approximately 11 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 2020-21 through 2024-25 fiscal years.

Chart 2
Percentage of School District General Fund Revenues
From Federal, State, and Local Sources

For the 2020-21 Through 2024-25 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 $19.7 billion for the 2024-25 fiscal year and consisted of $6.7 billion in State revenues and $13 billion in local revenues. The local FEFP revenues increased by $676 million, or 5.5 percent, due to an increase in property tax values, while the State FEFP revenues decreased by $125 million, or 1.8 percent, from the previous fiscal year. In addition to the $6.7 billion in State revenues for operations as part of the FEFP, the school districts reported $7.1 billion in other restricted State revenues. These restricted State revenues were for Class Size Reduction, Workforce Development, and other specific programs, and increased by $421 million, or 6.3 percent, from the previous fiscal year.

Other Local Revenues. In addition to the $13 billion in local revenues for funding operations as part of the FEFP, the school districts reported $12.7 billion in other local revenues (Table 7). These local revenues included, but were not limited to, $5 billion from capital outlay millage levies for advertised construction, facility maintenance, and equipment; $2.2 billion from special voter levies; and $128 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 $2 billion for the 2024-25 fiscal year, while the same number of school districts reported local sales tax revenues totaling $1.9 billion for the 2023-24 fiscal year. Twenty-eight school districts reported impact fee revenues totaling $666 million for the 2024-25 fiscal year, while 27 school districts reported impact fee revenues totaling $696 million for the 2023-24 fiscal year. Impact fees were in place during the 2024-25 fiscal year for 5 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 grantors[32] for specific program purposes, such as those of the Title I and National School Lunch Act programs. 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. As shown in Table 7, Federal revenues were $1.7 billion less than the prior fiscal year due to closing out Federal programs for COVID-19 pandemic relief, such as the Education Stabilization Fund and the Coronavirus Relief Fund.

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 2024-25 fiscal year totaled $995 million, compared to $1.4 billion for the 2023-24 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, and maintenance of school district facilities. These resources are generally not available to finance the operating activities of a school district.

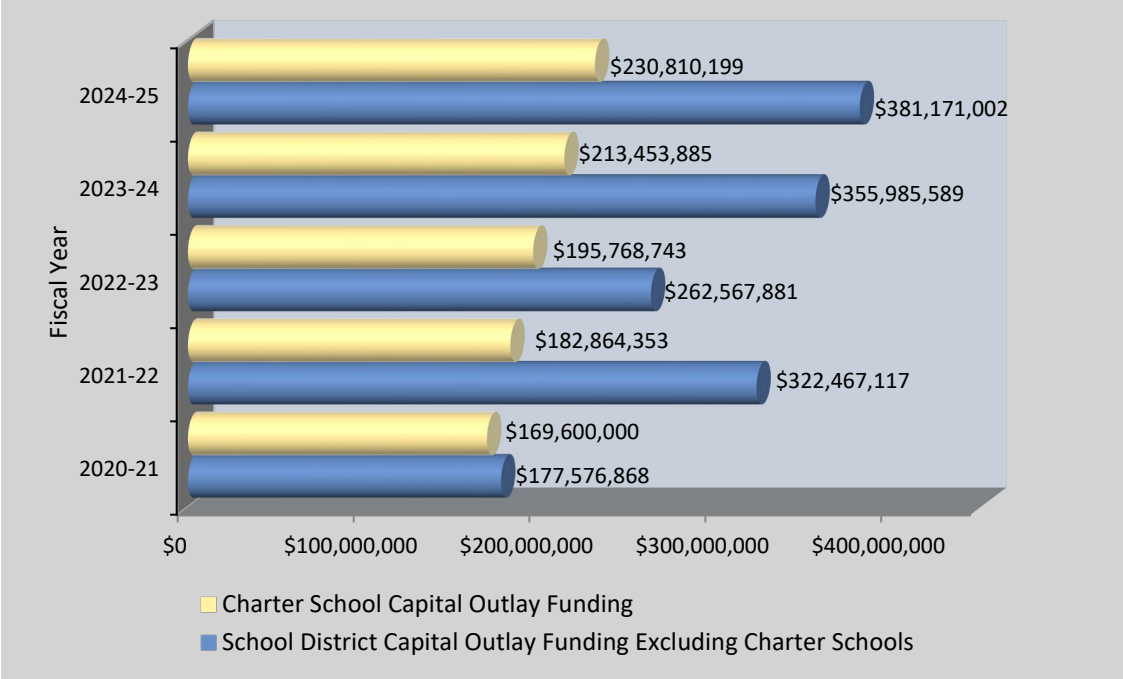
State Capital Outlay Appropriations. Certain statutory appropriations, such as Public Education Capital Outlay (PECO) appropriations authorized by State law,[33] are provided for school district new construction and facilities maintenance projects. These State capital outlay appropriations have included PECO, educational facilities security grants, 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 2020-21 through 2024-25, State capital outlay funding to school districts, excluding funding to charter schools, ranged from a low of $178 million for the 2020-21 fiscal year to a high of $381 million for the 2024-25 fiscal year. During that same 5-year period, State capital outlay appropriations for charter schools increased each year from $170 million for the 2020-21 fiscal year to $231 million for the 2024-25 fiscal year.

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

[33] Section 1013.65, Florida Statutes.

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

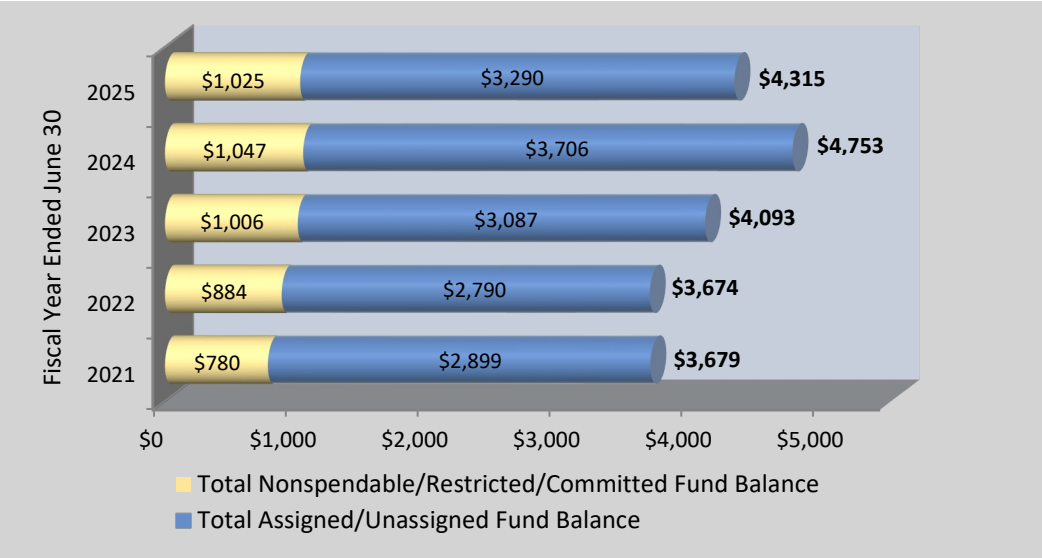
Chart 3
State Capital Outlay Appropriations
For the 2020-21 Through 2024-25 Fiscal Years



The $25 million, or 7 percent, increase in State capital outlay appropriations to school districts for the 2024-25 fiscal year was composed of an increase in PECO of $19 million and an increase in CO&DS funding of $6 million, respectively. The increase in PECO was due primarily to a $63 million increase in special facilities construction funding, which was offset by a $33 million decrease in nonrecurring special projects funding allocated to certain school districts and a $10 million decrease in vocational-technical school funding.

Fund Balance Trends. As shown in Chart 4, the total fund balances of the school district general funds (operating funds) increased from $3.7 billion at June 30, 2021, to $4.8 billion at June 30, 2024, and decreased to $4.3 billion at June 30, 2025. The $438 million decrease in total fund balance from June 30, 2024, to June 30, 2025, resulted primarily from increased salaries and benefits and other education-related costs and, because Federal COVID-19 pandemic relief program funding was reduced, many school districts used operating fund reserves to pay for recurring staffing costs.

Chart 4
Fund Balances of the General Fund
For the Fiscal Years Ended June 30, 2021, Through June 30, 2025
(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, during the 5 fiscal years, the total assigned and unassigned portions of the general fund balance ranged from a low of $2.8 billion at June 30, 2022, to a high of $3.7 billion at June 30, 2024.

OTHER MATTERS OF INTEREST

Findings Repeated from Previous Audit Reports

State law[35] 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 corrective action in response to a recommendation that was included in the two preceding financial or operational audit reports. Of the 206 findings[36] included in the 2024-25 fiscal year audit reports issued during the period July 1, 2025, through June 30, 2026, 21 findings (10 percent) were also included in the two preceding financial or operational audit reports. In comparison, 11 (7 percent) of the 165 findings included in the audit reports issued during the period July 1, 2024, through June 30, 2025, had also been included in the two preceding financial or operational audit reports.

Pursuant to State law, on June 30, 2026, we notified the LAC of the 11 district school boards that failed to take full corrective action in response to recommendations included in the two preceding audit reports.

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

[36] The 206 findings were included in the audit reports issued during the 2025-26 fiscal year; whereas, there were 203 findings included in the audit reports for the 2024-25 fiscal year as discussed under the heading ***Classification of Audit Findings***.

School District Fiscal Transparency

State law[37] 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 law[38] 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 13, 2026, we notified legislative leadership and the FDFS of seven school districts (Bay, DeSoto, Duval, Gadsden, Gilchrist, Madison, and Putnam) that failed to comply with the transparency requirements for the 2024-25 fiscal year. Ten school districts were included in our notification for the 2023-24 fiscal year.[39]

Corrective Action Notification

State law[40] 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 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, 2026, we notified the LAC of the five school districts (Charlotte, Duval, Gilchrist, Hendry, and St. Lucie) 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, 2025, through December 31, 2025. Eight school districts were included in our notification issued for the 2024 calendar year.[41]

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

[38] Section 1011.035(2), Florida Statutes.

[39] None of the ten school districts cited for noncompliance with the transparency requirements for the 2023-24 fiscal year were cited for transparency requirement noncompliance for the 2024-25 fiscal year.

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

[41] None of the eight school districts that were unable to provide us evidence of corrective action for the 2024 calendar year were also cited for the inability to provide us evidence of corrective action for the 2025 calendar year.

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, 2025, for the 44 school district financial audits and 25 school district operational audits completed by the Auditor General and the 23 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, 2025.



Sherrill F. Norman, CPA
Auditor General