

# HACIENDA LA PUENTE UNIFIED SCHOOL DISTRICT

ANNUAL INDEPENDENT AUDIT PRESENTATION

FISCAL YEAR ENDING JUNE 30, 2025

PRESENTED BY: KYLE MONTGOMERY, CPA, PARTNER

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# Summary of Audit Opinions

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The audit report provides opinions in three areas:

- **Report on the Audit of the Financial Statements (page 1)**
  - **Objective:** To obtain reasonable assurance that the District's financial statements are fairly presented and free from material misstatement.
  - **Also included: Report on Internal Control over Financial Reporting (page 75)**
- **Report on Compliance for Each Major Federal Program (page 77)**
  - **Objective:** Determine compliance with direct and material requirements subject to audit for District's major federal programs, as specified in the 2025 OMB Compliance Supplement.
- **Report on State Compliance (page 80)**
  - **Objective:** Determine compliance with requirements specified by 2024-25 K-12 State Audit Guide, as applicable.

# Summary of Auditors' Results

## FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

## FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	<u>No</u>
Identification of major programs:	

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A
84.425, 84.425U	Education Stabilization Fund Discretionary Grants

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,480,886</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

## STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Any audit findings disclosed that are required to be reported in accordance with 2024-25 Guide for Annual Audits of California K-12 Local Education Agencies ?	<u>Yes</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

*\*This schedule is presented on page 84.*

# State Compliance Finding: Classroom Teacher Salaries

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## **FINDING #2025-001: CLASSROOM TEACHER SALARIES (61000)**

**Criteria:** As set forth in Education Code section 41372, a unified school district must expend a minimum of 55% of the District's current expenses of education towards salaries and benefits of classroom teachers.

**Condition:** For the year ended June 30, 2025, the District did not meet the minimum percentage requirement of 55%. As shown in the SACS Form CEA, the District spent only 53.74% of current education expenses on classroom teacher salaries and benefits for the year ended June 30, 2025.

**Effect:** The District's current expense of education for the year ended June 30, 2025, was \$263,094,677 and the total salaries and benefits for classroom teachers was \$141,391,950. The District was below the minimum required percentage of 55% by 1.26%, which calculates out to a deficiency of \$3,314,993.

**Cause:** Administrative oversight.

**Questioned Costs:** The questioned costs are the deficiency of \$3,314,993.

**Repeat Finding:** This is a repeat of Finding #2024-002.

**Recommendation:** We recommend that the District monitor their expenses towards salaries and benefits of classroom teachers against their total current education expenses in future year to ensure compliance with the minimum requirement. The District should also consider requesting an exemption from the County Superintendent if certain criteria outlined under Education Code 41372 can be demonstrated.

**Corrective Action Plan:** The District is aware of the CEA ratio deficiency. The main reason for the deficit was due to expenditures spent outside of classroom salaries and benefits but essential to students education, such as technology devices, instructional online subscriptions, textbooks and instructional material, and costs for counseling and student support services. The District is monitoring the situation and working to resolve the ratio issue to ensure CEA compliance and to ensure that we continue to meet the 55% requirement going forward. The District will be requesting a one-time waiver.