NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Fitch: "AAA"
KBRA: "AAA"
Moody's: "Aa2"
See "MISCELLANEOUS – Ratings" herein.

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Refunding Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Refunding Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Refunding Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Refunding Bonds is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

$2,974,945,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2024 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Dated: Date of Delivery **Due: July 1, as shown herein**

The Los Angeles Unified School District (County of Los Angeles, California) 2024 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the "Refunding Bonds") are issued by the Los Angeles Unified School District (the "District"), located in the County of Los Angeles (the "County"), to refund and defease certain Prior Bonds (defined herein) as more fully described herein. A portion of the proceeds of the Refunding Bonds will be used to pay the costs of issuance incurred in connection with the issuance of the Refunding Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" herein. The Refunding Bonds are being issued under the laws of the State of California (the "State") and the applicable authorizations received at elections held by the District as described herein, and pursuant to resolutions of the Board of Education of the District.

The Refunding Bonds are general obligation bonds of the District secured by and payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds, all as more fully described herein. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS."

Interest on the Refunding Bonds is payable on each January 1 and July 1 to maturity, commencing July 1, 2024. Principal of the Refunding Bonds is payable on July 1 in each of the years and in the amounts set forth on the inside front cover page hereof.

The Refunding Bonds will be issued in book-entry form only, in denominations of $5,000 principal amount, or integral multiples thereof, and will be initially issued and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"). DTC will act as securities depository for the Refunding Bonds. Owners will not receive certificates representing their interests in the Refunding Bonds. Payments of principal of, premium, if any, and interest on the Refunding Bonds will be made by U.S. Bank Trust Company, National Association, as agent to the Treasurer and Tax Collector of the County, as the initial paying agent, to DTC, which is obligated to remit such payments to its DTC Participants for subsequent disbursement to the beneficial owners of the Refunding Bonds. See APPENDIX C – "BOOK-ENTRY ONLY SYSTEM."

The Refunding Bonds are not subject to redemption prior to their respective stated maturity dates. See "THE REFUNDING BONDS – No Early Redemption."

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR GENERAL REFERENCE ONLY. IT IS NOT INTENDED TO BE A SUMMARY OF THE SECURITY FOR OR TERMS OF THIS ISSUE. INVESTORS ARE ADVISED TO READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The Refunding Bonds will be offered when, as and if issued by the District, and received by the Underwriters, subject to the approval as to their legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the District, and certain other conditions. Certain legal matters will be passed upon for the District by the General Counsel to the District and by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Disclosure Counsel to the District, and for the Underwriters by Nixon Peabody LLP, Los Angeles, California. The Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about April 30, 2024.

BofA Securities **Jefferies** **RBC Capital Markets**

J.P. Morgan **Ramirez & Co., Inc.** **Siebert Williams Shank & Co., LLC**

Cabrera Capital Markets, LLC **Drexel Hamilton, LLC**
Mischler Financial Group, Inc. **Piper Sandler & Co.**

Raymond James **Rice Financial Products Company** **Stern Brothers & Co.**

Dated: April 24, 2024

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL PUBLIC OFFERING YIELDS, PRICES AND CUSIP NUMBERS

$2,974,945,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2024 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Base CUSIP† Number: 544647

Maturity (July 1)	Principal Amount	Interest Rate	Initial Public Offering Yield	Price	CUSIP† Suffix
2024	$ 42,790,000	6.000%	3.500%	100.409%	HF0
2025	111,300,000	5.000	3.430	101.779	HG8
2026	178,960,000	5.000	3.280	103.569	HH6
2027	144,545,000	5.000	3.130	105.596	HJ2
2028	169,085,000	5.000	3.010	107.738	HK9
2029	241,515,000	5.000	2.990	109.557	HL7
2030	293,995,000	5.000	2.990	111.243	HM5
2031	339,760,000	5.000	2.990	112.880	HN3
2032	394,420,000	5.000	2.990	114.469	HP8
2033	465,470,000	5.000	3.000	115.925	HQ6
2034	593,105,000	5.000	3.010	117.317	HR4

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LOS ANGELES UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

District	Member	Term Ending
5	Jackie Goldberg, President	December 16, 2024
3	Scott Schmerelson, Vice President	December 16, 2024
1	Dr. George J. McKenna III	December 16, 2024
2	Dr. Rocio Rivas	December 12, 2026
4	Nick Melvoin	December 12, 2026
6	Kelly Gonez	December 12, 2026
7	Tanya Ortiz Franklin	December 16, 2024

DISTRICT OFFICIALS

Alberto M. Carvalho, Superintendent
Jaime G. Torrens, Senior Advisor to the Superintendent
Pedro Salcido, Deputy Superintendent of Business Services and Operations
Devora Navera Reed, General Counsel
David D. Hart, Chief Business Officer
Nolberto Delgadillo, Deputy Chief Business Officer – Finance
Ernie Thomas, Controller
Timothy S. Rosnick, Director of Capital Planning and Budgeting

BOND COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

MUNICIPAL ADVISOR

Public Resources Advisory Group
Los Angeles, California

PAYING AGENT

U.S. Bank Trust Company, National Association, as agent for the
Treasurer and Tax Collector of the County of Los Angeles
Los Angeles, California

ESCROW AGENT

U.S. Bank Trust Company, National Association
Los Angeles, California

VERIFICATION AGENT

Robert Thomas CPA, LLC
Minneapolis, Minnesota

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing.

The information contained herein has been obtained from sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

THE REFUNDING BONDS HAVE NOT BEEN REGISTERED WITH THE U.S. SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE REFUNDING RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS.

When used in this Official Statement or in any continuing disclosure by the District, in any press release by the District or in any oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward-looking statements.” Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material.

The District maintains a website at **www.lausd.org**. However, reference to such website address is for informational purposes only. Unless specified otherwise, such website and the information or links contained therein are not incorporated by reference herein, should not be relied upon in making an investment decision with respect to the Refunding Bonds, and are not part of this Official Statement for purposes of and as that term is defined in Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

CUSIP® is a registered trademark of The American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of The American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is set forth for convenience of reference only. The District and the Underwriters assume no responsibility for the selection or uses of the CUSIP data or for the accuracy or correctness of such data. The CUSIP numbers for the Refunding Bonds are subject to being changed after the delivery of the Refunding Bonds as a result of various subsequent actions.

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$2,974,945,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2024 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and inside cover page, through the appendices hereto, and the documents summarized or described herein. The offering of the Refunding Bonds to potential investors is made only by means of the entire Official Statement. A full review should be made of the entire Official Statement.

General

This Official Statement, which includes the cover page through the appendices hereto, is provided to furnish information in connection with the sale of $2,974,945,000 aggregate principal amount of Los Angeles Unified School District (County of Los Angeles, California) 2024 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the “Refunding Bonds”) to be offered by the Los Angeles Unified School District (the “District”).

The Refunding Bonds are issued by the District pursuant to certain provisions of the California Government Code and other applicable law, the applicable authorizations received at elections held by the District as described herein, and resolutions adopted by the Board of Education of the District (the “District Board”) on June 13, 2023, and January 23, 2024 (collectively, the “Refunding Resolution”). See “INTRODUCTION – Authority and Purpose for Issuance of the Refunding Bonds.” The Refunding Bonds are being issued to refund and defease the Prior Bonds (defined herein). A portion of the proceeds of the Refunding Bonds will be used to pay the costs of issuance incurred in connection with the issuance of the Refunding Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “PLAN OF REFUNDING.”

THE REFUNDING BONDS ARE GENERAL OBLIGATION BONDS OF THE DISTRICT SECURED BY AND PAYABLE FROM *AD VALOREM* PROPERTY TAXES TO BE LEVIED UPON ALL PROPERTY SUBJECT TO TAXATION BY THE DISTRICT, WITHOUT LIMITATION AS TO RATE OR AMOUNT (EXCEPT AS TO CERTAIN PERSONAL PROPERTY WHICH IS TAXABLE AT LIMITED RATES). THE REFUNDING BONDS ARE NOT AN OBLIGATION OF THE COUNTY, THE STATE OF CALIFORNIA OR OF THE GENERAL FUND OF THE DISTRICT. SEE “SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS.”

The District

The District, encompassing approximately 710 square miles, is located in the western section of the County of Los Angeles (the “County”) in the State of California (the “State”). The District’s boundaries include virtually all of the City of Los Angeles (the “City”), all of the Cities of Cudahy, Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Calabasas, Carson, Commerce, Culver City, Downey, Hawthorne, Inglewood, Long Beach, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Rolling Hills Estates, Santa Clarita, Santa Monica, South Gate, and Torrance. In addition, the District provides services to several unincorporated areas of the County which include residential and industrial areas. The boundaries for the District are approximately 80% coterminous with the City, with the remaining 20% included in the smaller neighboring cities and unincorporated County areas described above. The District was formed in 1854 as the Common Schools for the City and became a unified school district in 1960.

The District is the largest public school district in the State and the largest self-governing public school district in the United States. At the time of preparation of the District's second interim report for fiscal year 2023-24 (the "Fiscal Year 2023-24 Second Interim Report"), the transitional kindergarten ("TK") through 12th grade enrollment in the District for fiscal year 2023-24 was projected to be approximately 412,341 students, including those attending magnet, opportunity, and continuation schools and centers, locally-funded affiliated charter schools ("Affiliated Charter Schools"), and schools for people with disabilities. Such enrollment represents a decrease of 1,482 students or a decline of approximately 0.36% from the budgeted TK-12 enrollment in the District at the time of preparation of the District's original adopted budget for fiscal year 2023-24 (the "Fiscal Year 2023-24 Budget"). Such enrollment does not include students attending fiscally independent charter schools ("Fiscally Independent Charter Schools") that was budgeted at 108,702 students at the time of preparation of the Fiscal Year 2023-24 Budget. Based on enrollment projections at the time of preparation of the Fiscal Year 2023-24 Second Interim Report, the District was projecting enrollment to decline by 2.49% on average through fiscal year 2025-26. For more information regarding District enrollment and average daily attendance, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance." See also APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Budget – *LACOE's Respon*ses to Fiscal Year 2023-24 Budget," for information regarding District operating deficits in relation to declining enrollment. As reflected in the District's Audited Annual Financial Report for fiscal year 2022-23, the District operated 1,238 schools and centers, which consisted of 434 elementary schools, 78 middle/junior high schools, 87 senior high schools, 59 options schools, 262 magnet centers, 67 magnet schools, 30 multi-level schools, 12 special education schools, 2 community adult schools, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, 18 primary school centers, and 89 California State preschools in fiscal year 2022-23. As reflected in the District's Audited Annual Financial Report for fiscal year 2022-23, 51 of the District's schools were operated as Affiliated Charter Schools. In addition, as reflected in the District's Audited Annual Financial Report for fiscal year 2022-23, the District oversaw 224 Fiscally Independent Charter Schools within the District's boundaries. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Charter School Funding."

Additional information on the District is set forth in Appendices A and B. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023." For specific information on the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic (i) on the security and source of payment for the Refunding Bonds, see "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Assessed Valuation of Property Within the District" and " – Tax Rates, Levies and Collections" and (ii) on the District's operations and finances, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak." For information regarding potential additional financings the District may undertake, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Future Financings."

The District's General Obligation Bond Program

Voters within the District have approved a total of $27.605 billion of general obligation bonds in six separate bond elections since 1997, as delineated in Table 1 below, a portion of which are currently outstanding. A total of $18.906 billion of the approved general obligation bonds has been issued, with $8.699 billion remaining to be issued under the bond authorizations listed below (collectively, the "Authorizations"). See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – The District's General Obligation Bond Program and Bonding Capacity."

TABLE 1
LOS ANGELES UNIFIED SCHOOL DISTRICT
General Obligation Bond Authorizations

Bond Authorization	Date Authorized by Voters	Percentage Approval[1]	Amount Authorized ($ Billions)	Amount Issued[2] ($ Billions)	Amount Unissued[2] ($ Billions)	Purposes
Proposition BB	April 8, 1997	71%	$ 2.400	$ 2.400	$0.000	Health and safety improvements, computer technology and science labs, air conditioning and new construction
Measure K	November 5, 2002	68	3.350	3.350	0.000	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities
Measure R	March 2, 2004	63	3.870	3.870	0.000	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and installation and upgrading of information-technology infrastructure
Measure Y	November 8, 2005	66	3.985	3.985	0.000	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and installation and upgrading of information-technology infrastructure
Measure Q	November 4, 2008	69	7.000	4.276	2.724	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and installation and upgrading of information-technology infrastructure
Measure RR	November 3, 2020	71	7.000	1.025	5.975	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and implementing COVID-19 facility safety standards
	Total		$27.605	$18.906	$8.699	

(1) Measure K, Measure R, Measure Y, Measure Q and Measure RR were approved pursuant to the provisions of Proposition 39, which requires approval of at least 55% of voters voting on the proposition. Proposition BB was approved pursuant to the provisions of Proposition 46, which requires approval of at least two-thirds of voters voting on the proposition.

(2) See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt – *General Obligation Bonds*" for the amounts of outstanding general obligation bonds under the referenced Authorizations. Excludes general obligation refunding bonds.

Source: Los Angeles Unified School District.

In addition to the bond proceeds from the six Authorizations referred to above, the District has received State-matching funds and other revenue sources to fund the general obligation bond program's various projects. The District may continue to receive other revenue sources, including State-matching funds; however, additional funding is not guaranteed. The District's general obligation bond program has completed all projects that enabled the District to operate all schools on a traditional two-semester calendar in the 2018-19 school year. In addition, approximately 23,900 new school construction, rehabilitation, modernization and replacement projects, which are intended to upgrade facilities and improve the learning environment for students, have been completed. The program includes, among other things, various school facilities improvements for computer technology, sustainability, information technology systems and school buses.

Authority and Purpose for Issuance of the Refunding Bonds

The Refunding Bonds are issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code other applicable law, the applicable Authorizations described in Table 1 herein and the Refunding Resolution. The proceeds of the Refunding Bonds will, after payment of costs of issuance therefor, be used to refund and defease the Prior Bonds (defined herein). See "PLAN OF REFUNDING" and "ESTIMATED SOURCES AND USES OF FUNDS."

Security and Source of Payment for the Refunding Bonds

The Refunding Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution, other State law and the applicable Authorizations. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds, all as more fully described herein. Such *ad valorem* property taxes are deposited in the related Interest and Sinking Fund of the District, which is established for the Refunding Bonds of the related voter-approved measure and held by the County and may only be applied to pay the principal of and interest on the Refunding Bonds of such voter-approved measure. Pursuant to the Refunding Resolution, the term "Interest and Sinking Fund" means each interest and sinking fund of the District, designated to correspond to the applicable general obligation bonds or general obligation refunding bonds of the District and related voter-approved bond measure of the District established for such bonds and used only for payment of principal of and interest on such bonds.

Pursuant to the Refunding Resolution, the District pledges and grants a lien on and security interest in, all revenues from the property taxes collected from the levy by the Board of Supervisors with respect to each voter-approved bond measure of the District for payment of bonds issued under such measure of the District and all amounts on deposit in any Interest and Sinking Fund of the District for the payment of the principal or redemption price of and interest on such bonds. The Refunding Resolution provides that this pledge and grant is valid and binding from the date of adoption of the Refunding Resolution for the benefit of the owners of such bonds and successors thereto. The Refunding Resolution further provides that the property taxes and amounts held in each Interest and Sinking Fund of the District are immediately subject to this pledge and grant, and that this pledge and grant constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in such Interest and Sinking Fund of the District to secure the payment of such bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge or grant, and without the need of any physical delivery, recordation, filing, or further act. The Refunding Resolution provides that this pledge and grant is an agreement between the District and the owners of each series of Refunding Bonds and of each issue of outstanding general obligation bonds and general obligation refunding bonds to provide security for each series of Refunding Bonds and all such other general obligation bonds and general obligation refunding bonds of the District in addition to any statutory lien that may exist, and each such issue of general obligation bonds and general obligation refunding bonds of the District are or were issued to finance or refinance, as applicable, one or more of the projects specified in the applicable voter-approved measure and not to finance the general purposes of the District. In accordance with Section 15251 of the Education Code, such bonds are also automatically secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the applicable voter-approved measure. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS."

Other Information

This Official Statement contains brief descriptions of, among other things, the District, the District's general obligation bond program, the Refunding Resolution and certain matters relating to the security and source of payment for the Refunding Bonds. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to documents are qualified in their entirety by reference to such documents. Copies of such documents are available for inspection at the District by request to the Office of the Chief Business Officer at (213) 241-7888 and, following delivery of the Refunding Bonds will be on file, as applicable, at the principal office of U.S. Bank Trust Company, National Association, as agent to the Treasurer and Tax Collector of the County, as paying agent (the "Paying Agent"), in Los Angeles, California.

PLAN OF REFUNDING

A portion of the proceeds of the Refunding Bonds will be applied (i) to refund and defease the District's outstanding (a) Los Angeles Unified School District (County of Los Angeles, California) General Obligation Bonds, Series KRY (2009) (Federally Taxable Build America Bonds) (the "Series KRY Bonds (2009)"), (b) Los Angeles Unified School District (County of Los Angeles, California) General Obligation Bonds, Series RY (2010) (Federally Taxable Build America Bonds) (the "Series RY Bonds (2010)" and, together with the Series KRY Bonds (2009), the "2009 and 2010 Bonds"), (c) Los Angeles Unified School District (County of Los Angeles, California) 2014 General Obligation Refunding Bonds, Series B (the "Series B Refunding Bonds (2014)"), (d) Los Angeles Unified School District (County of Los Angeles, California) 2014 General Obligation Refunding Bonds, Series C (the "Series C Refunding Bonds (2014)"), and (e) Los Angeles Unified School District (County of Los Angeles, California) 2014 General Obligation Refunding Bonds, Series D (the "Series D Refunding Bonds (2014)" and, together with the Series B Refunding Bonds (2014) and the Series C Refunding Bonds (2014), the "Series 2014 Refunding Bonds"), as identified below (collectively, the "Prior Bonds"), and (ii) to pay the costs of issuance of the Refunding Bonds.

The 2009 and 2010 Bonds were issued as bonds designated as "Build America Bonds," a form of "Direct Pay Bonds," under the provisions of the American Recovery and Reinvestment Act of 2009, and are subject to extraordinary optional redemption prior to their maturity, as a whole or in part, upon the occurrence of an "Extraordinary Event," which means a determination by the District that a material adverse change has occurred to Sections 54AA or 6431 of the Code, or the publication of any procedures, rules or guidance by the Internal Revenue Service (the "IRS") or the Treasury Department with respect to such sections or any other determination by the IRS or the Treasury Department, which determination is not the result of any act or omission by the District or the County to satisfy the requirements for the District to qualify to receive a direct cash subsidy payment from the Treasury Department equal to 35% of the interest payable on the Series KRY Bonds (2009) or the Series RY Bonds (2010), as applicable, on or about each interest payment date, pursuant to which each direct cash subsidy payment is reduced or eliminated.

Based on publicly available news reports, the District is aware that certain issuers who have exercised or notified investors that they intend to exercise extraordinary redemption provisions to redeem

"Build America Bonds" have received written communication from certain holders of the bonds being redeemed which disputed whether the conditions allowing the extraordinary redemption provisions to be exercised had occurred, and therefore disputing those issuers' right to redeem the bonds under those extraordinary redemption provisions. However, for various reasons, including, but not limited to, the enactment of the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012 and the resulting reduction of the cash subsidy payments expected, at the time of issuance, to be paid by the United States Treasury to the District with respect to the Series KRY Bonds (2009) and Series RY Bonds (2010) pursuant to Sections 54AA and 6431 of the Code, the District has determined that an "Extraordinary Event" has occurred and is continuing with respect to the Series KRY Bonds (2009) and Series RY Bonds (2010). The District therefore expects to redeem all or a portion of the Series KRY Bonds (2009) and the Series RY Bonds (2010) pursuant to the extraordinary optional redemption provisions applicable thereto.

The redemption price of each of the 2009 and 2010 Bonds subject to Extraordinary Optional Redemption is equal to the greater of (1) 100% of the principal amount of the 2009 and 2010 Bonds to be redeemed, or (2) the sum of the present value of the remaining scheduled payments of principal of and interest on the 2009 and 2010 Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2009 and 2010 Bonds are to be redeemed, discounted to the date on which such 2009 and 2010 Bonds are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months, at a discount rate equal to the Comparable Treasury Yield (as defined in the sale documents for the 2009 and 2010 Bonds), plus 100 basis points; plus, in each case, accrued interest on the 2009 and 2010 Bonds to be redeemed to the redemption date.

The portion of the proceeds of the Refunding Bonds to be used to refund the 2009 and 2010 Bonds to be refunded will be applied to redeem the 2009 and 2010 Bonds upon the issuance of the Refunding Bonds. The portion of the proceeds of the Refunding Bonds to be used to refund the Series 2014 Refunding Bonds to be refunded will be deposited into an escrow fund (the "Escrow Fund") established for the refunded Series 2014 Refunding Bonds under an escrow agreement, dated as of April 1, 2024, by and between the District and U.S. Bank Trust Company, National Association, as escrow bank (in such capacity, the "Escrow Agent"). Substantially all of the proceeds of the Refunding Bonds deposited into the Escrow Fund will be invested in accordance with the resolution authorizing the issuance of the Series 2014 Refunding Bonds and the remaining portion will be uninvested until applied to redeem the Series 2014 Refunding Bonds to be refunded. The amount deposited in the Escrow Fund will be sufficient to fully pay the interest due on Series 2014 Refunding Bonds to be refunded and the redemption price applicable to such Series 2014 Refunding Bonds on the redemption date therefore, as identified below. The mathematical computations used to determine the sufficiency of the escrow deposit will be verified in a verification report by the Verification Agent (defined herein). See "MISCELLANEOUS – Verification of Mathematical Computations." Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the District, expects to render an opinion to the District that, on their date of redemption, the 2009 and 2010 Bonds to be redeemed will be no longer outstanding under the resolutions pursuant to which they were issued, and a defeasance opinion to the District that, as of the date of issuance of the Refunding Bonds and use of proceeds thereof as described herein, the Series 2014 Refunding Bonds to be refunded will be no longer outstanding under the resolutions pursuant to which they were issued, except only that the District will remain liable for payment of all principal, interest and premium, if any, represented by such Series 2014 Refunding Bonds, but only out of monies on deposit in the interest and sinking fund or otherwise held in trust for such payment of such Series 2014 Refunding Bonds, which opinions will rely on, among other things, a verification report as to the mathematical accuracy of the schedules contained therein related to the sufficiency of the escrow fund established to pay the Series 2014 Refunding Bonds to be refunded. Bond Counsel will not independently verify the accuracy of the information contained in such verification report.

Set forth below is a description of the Prior Bonds to be refunded on the applicable redemption dates with proceeds of the Refunding Bonds:

Los Angeles Unified School District
(County of Los Angeles, California)
General Obligation Bonds, Series KRY (2009)
(Federally Taxable Build America Bonds)

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price[1]	CUSIP (544646)
2029	$340,040,000	5.755%	April 30, 2024	100.334%	XY3
2034	1,029,760,000	5.750	April 30, 2024	100.815	XZ0

[1] Based on the extraordinary optional redemption price calculation.

Los Angeles Unified School District
(County of Los Angeles, California)
General Obligation Bonds, Series RY (2010)
(Federally Taxable Build America Bonds)

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price[1]	CUSIP (544646)
2034	$1,250,585,000	6.758%	April 30, 2024	107.322%	ZR6

[1] Based on the extraordinary optional redemption price calculation.

Los Angeles Unified School District
(County of Los Angeles, California)
2014 General Obligation Refunding Bonds, Series B

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP (544646)
2025	$6,835,000	5.000%	July 29, 2024	100.000%	P63
2026	7,175,000	5.000	July 29, 2024	100.000	P71

Los Angeles Unified School District
(County of Los Angeles, California)
2014 General Obligation Refunding Bonds, Series C

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP (544646)
2025	$89,860,000	5.000%	July 29, 2024	100.000%	S86
2025	595,000	3.000	July 29, 2024	100.000	R20
2026	84,010,000	5.000	July 29, 2024	100.000	S94
2026	1,945,000	3.000	July 29, 2024	100.000	R38
2027	53,620,000	5.000	July 29, 2024	100.000	T28
2027	16,670,000	3.125	July 29, 2024	100.000	R46
2028	75,500,000	5.000	July 29, 2024	100.000	R53
2029	56,585,000	5.000	July 29, 2024	100.000	R61
2030	80,385,000	5.000	July 29, 2024	100.000	R79
2031	24,900,000	4.000	July 29, 2024	100.000	T69

Los Angeles Unified School District
(County of Los Angeles, California)
2014 General Obligation Refunding Bonds, Series D

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP (544646)
2025	$15,955,000	5.000%	July 29, 2024	100.000%	U67
2026	25,030,000	5.000	July 29, 2024	100.000	U75
2027	3,755,000	5.000	July 29, 2024	100.000	U83
2028	2,200,000	5.000	July 29, 2024	100.000	U91
2029	1,450,000	5.000	July 29, 2024	100.000	V25
2030	1,500,000	5.000	July 29, 2024	100.000	V33

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Refunding Bonds are as follows:

TABLE 2
ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources of Funds	
Principal Amount	$2,974,945,000.00
Original Issue Premium	363,513,910.55
Total Sources	$3,338,458,910.55
Estimated Uses of Funds	
Refunding of 2009 and 2010 Bonds	$2,775,459,192.74
Deposit to Escrow Fund to refund Series 2014 Refunding Bonds	556,202,386.63
Underwriters' Discount	5,907,331.18
Costs of Issuance(1)	890,000.00
Total Uses	$3,338,458,910.55

(1) Includes fees of Bond Counsel, Disclosure Counsel, Paying Agent, Escrow Agent, Municipal Advisor, rating agencies, printer, verification agent, and other miscellaneous expenses.

THE REFUNDING BONDS

General Provisions

The Refunding Bonds will be dated their date of delivery, will be issued in book-entry form only, without coupons, in denominations of $5,000 principal amount or any integral multiple thereof, and, when issued, will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository for the Refunding Bonds. Owners will not receive physical certificates representing their interest in the Refunding Bonds purchased, except in the event that use of the book-entry system for the Refunding Bonds is discontinued. Payments of principal of, premium, if any, and interest on the Refunding Bonds will be made by the Paying Agent to DTC, which is obligated in turn to remit such payments to its DTC Participants for subsequent disbursement to the beneficial owners of the Refunding Bonds. For information about the securities depository and DTC's book-entry system, see APPENDIX C – "BOOK-ENTRY ONLY SYSTEM."

The Refunding Bonds mature in the years and on the dates set forth on the inside front cover page hereof. Interest on the Refunding Bonds is payable on each January 1 and July 1 to maturity, commencing on July 1, 2024 (each, an "Interest Payment Date"). Interest on the Refunding Bonds will be computed based on a 360-day year of twelve 30-day months. Each Refunding Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated as of a date during the period from the 15th day of the calendar month immediately preceding such Interest Payment Date, inclusive, whether or not such day is a business day (each, a "Record Date") to such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the date of delivery of the Refunding Bonds.

No Early Redemption

The Refunding Bonds are not subject to redemption prior to their respective stated maturity dates.

Defeasance and Unclaimed Moneys

Defeasance. If at any time the District pays or causes to be paid or there shall otherwise be paid to the Owners of any or all of the outstanding Refunding Bonds all or any part of the principal of and premium, if any, and interest on such Refunding Bonds at the times and in the manner provided in the Refunding Resolution and in such Refunding Bonds, or as provided in the following paragraph, or as otherwise provided by law consistent herewith, then such Owners of such Refunding Bonds shall cease to be entitled to the obligation of the District as provided in the Refunding Resolution, and such obligation and all agreements and covenants of the District and of the County to such Owners under the Refunding Resolution and such Refunding Bonds shall thereupon be satisfied and discharged and shall terminate, except only that the District shall remain liable for payment of all principal of and premium, if any, and interest on such Refunding Bonds, but only out of monies on deposit in the related Interest and Sinking Fund of the District or otherwise held in trust for such payment; and provided further, however, that the provisions of the Refunding Resolution, shall apply in all events. See "– Unclaimed Moneys" below.

The District may pay and discharge any or all of the Refunding Bonds by depositing in trust with the Paying Agent or an escrow agent, selected by the District, at or before maturity, money and/or Defeasance Securities (as defined herein), in an amount which will, together with the interest to accrue thereon and available monies then on deposit in the related Interest and Sinking Fund of the District, be fully sufficient to pay and discharge the indebtedness on such Refunding Bonds (including all principal and interest) at their respective maturity dates.

The term "Defeasance Securities" means (i) non-callable direct and general obligations of the United States of America (including state and local government series), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including, in the case of direct and general obligations of the United States of America, evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations; provided that investments in such proportionate interests must be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; (ii) non-callable obligations of government sponsored agencies that are rated in one of the two highest rating categories assigned by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") or Moody's Investors Service ("Moody's"), but in each case the obligations are not guaranteed by a pledge of the full faith and credit of the United States of America; and (iii) Advance Refunded Municipal Securities (defined herein).

The term "Advance Refunded Municipal Securities" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local government unit of any such state (i) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee, fiscal agent or other fiduciary for such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds or other obligations for redemption on the date or dates specified in such instructions, (ii) which are secured as to principal of, premium, if any, and interest by a fund consisting only of cash, direct United States or United States guaranteed obligations, or any combination thereof, which fund may be applied only to the payment of such principal of, premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, as appropriate, and (iii) as to which the principal of, premium, if any, and interest on the bonds and obligations of the character described in clause (i) above which have been deposited in such fund, along with any cash on deposit in such fund, have been verified by an independent certified public accountant as being sufficient to pay principal of, premium, if any, and interest on such bonds or other obligations on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in clause (i) above, as applicable.

Unclaimed Moneys. Any money held in any fund created pursuant to the Refunding Resolution, or by the Paying Agent or an escrow agent in trust, for the payment of the principal of and interest on the Refunding Bonds, and remaining unclaimed for two years after the principal of all of the Refunding Bonds has become due and payable shall be transferred to any Interest and Sinking Fund of the District for payment of any outstanding bonds of the District payable from that fund; or, if no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS

General Description

The Refunding Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other State law. In order to provide sufficient funds for repayment of principal and interest when due on the Refunding Bonds, the Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates). When collected, such *ad valorem* property taxes are required by law to be deposited in the related Interest and Sinking Fund of the District, which is established for the Refunding Bonds of the related voter-approved measure, held and maintained by the County and may only be applied to pay the principal of and interest on the Refunding Bonds of such voter-approved measure. Such taxes are in addition to but separate from other taxes levied upon property within the District that are deposited by the County in the General Fund of the District. The District does not receive such funds, nor are they available to pay any of the District's operating expenses.

Under California law, the District's funds are required to be held by the Treasurer and Tax Collector of the County (the "County Treasurer"). All funds held by the County Treasurer in each Interest and Sinking Fund of the District are expected to be invested at the discretion of the County Treasurer on behalf of the District in such investments as are authorized by Section 53601 and following of the California Government Code and the investment policy of the County, as either may be amended or supplemented from time to time. See APPENDIX F – "THE LOS ANGELES COUNTY TREASURY POOL."

Pledge of Tax Revenues

Pursuant to the Refunding Resolution, the District pledges and grants a lien on and security interest in, all revenues from the property taxes collected from the levy by the Board of Supervisors with respect to each voter-approved bond measure of the District for payment of bonds issued under such measure of the District and all amounts on deposit in any Interest and Sinking Fund of the District for the payment of the principal or redemption price of and interest on such bonds. The Refunding Resolution provides that this pledge and grant is valid and binding from the date of adoption of the Refunding Resolution for the benefit of the owners of such bonds and successors thereto. The Refunding Resolution further provides that the property taxes and amounts held in each Interest and Sinking Fund of the District are immediately subject to this pledge and grant, and this pledge and grant constitutes a lien and security interest which immediately attaches to the property taxes and amounts held in such Interest and Sinking Fund of the District to secure the payment of such bonds and is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge or grant, and without the need of any physical delivery, recordation, filing, or further act. The Refunding Resolution provides that this pledge and grant is an agreement between the District and the owners of the Refunding Bonds and of each issue of outstanding general obligation bonds and general obligation refunding bonds to provide security for each the Refunding Bonds and all such other general obligation bonds and general obligation refunding bonds of the District in addition to any statutory lien that may exist, and each such issue of general obligation bonds and general obligation refunding bonds of the District are or were issued to finance or refinance, as applicable, one or more of the projects specified in the applicable voter-approved measure and not to finance the general purposes of the District. In accordance with Section 15251 of the Education Code, such bonds are also automatically secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the applicable voter-approved measure. See " – Statutory Lien on Taxes (Senate Bill 222)" below.

The pledge of tax revenues provided for in the Refunding Resolution specifies that said lien secures the Refunding Bonds and other bonds that may be issued in the future. Further, previous general obligation bonds of the District have been issued under resolutions which pledge tax revenues to secure the general obligation bonds and the general obligation refunding bonds issued thereunder and the District may provide for a similar pledge of tax revenues in resolutions adopted in the future that authorize general obligation bonds and general obligation refunding bonds. The Refunding Resolution does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the lien of the pledges.

Statutory Lien on Taxes (Senate Bill 222)

Pursuant to Section 53515 of the California Government Code (which became effective on January 1, 2016, as part of Senate Bill 222), all general obligation bonds issued by local agencies, including refunding bonds (including the Refunding Bonds), will be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. California Education Code Section 15251 provides for a similar lien for bonds issued and sold by school districts pursuant to Chapter 1 of Part 10 of Division 1 of Title 1 of the California Education Code. Section 53515 of the California Government Code and Section 15251 of the California Education Code provide that the lien will automatically arise, without the need for any action or authorization by the local agency or its governing board, and will be valid and binding from the time the bonds are executed and delivered. Section 53515 and Section 15251 further provide that the revenues received pursuant to the levy and collection of the tax will be immediately subject to the lien, and the lien will immediately attach to the revenues and be effective, binding and enforceable against the local agency or school district, as applicable, its successor, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Refunding Bonds, but also any other bonds of the District payable, as to both principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of the tax are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes

Article XIIIA of the California Constitution. On June 6, 1978, California voters approved Proposition 13, adding Article XIIIA to the California Constitution. Article XIIIA limits the amount of any *ad valorem* property tax on real property to one percent of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service (i) on indebtedness approved by the voters prior to July 1, 1978, (ii) (as a result of an amendment to Article XIIIA approved by California voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property that has been approved on or after July 1, 1978 by two-thirds of the voters voting on such indebtedness, and (iii) (as a result of a constitutional amendment approved by California voters on November 7, 2000) on bonded indebtedness incurred for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters voting on the bond measure. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIIIA defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-1976 tax bill under full ‘cash value,’ or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment.” Assessed value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area under taxing jurisdiction, or may be reduced in the event of declining property value caused by substantial damage, destruction or other factors. As a result, property that has been owned by the same taxpayer for many years can have an assessed value that is much lower than the market value of the property. Similar property that has recently been acquired may have a substantially higher assessed value reflecting the recent acquisition price. Increases in assessed value in a taxing area due to the change in ownership of property may occur even when the rate of inflation or consumer price index do not permit an increase in assessed valuation of property that does not change ownership. Proposition 13 has had the effect of stabilizing assessed valuation such that it does not fluctuate as significantly as the market value of property, but instead gradually changes as longer owned residential properties are transferred and reassessed upon such transfer. On June 18, 1992, the United States Supreme Court issued a decision upholding the constitutionality of Article XIIIA (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

Article XIIIA has subsequently been amended to permit reduction of the full cash value base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the full cash value base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways. Proposition 8, approved by the voters in November of 1978, provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the base year value. The assessed value increases to its pre-reduction level (escalated to the annual inflation rate of no more than two percent) following the year(s) for which the reduction is applied. Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Refunding Bonds.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The one percent property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the two percent annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years. All taxable property is shown at full assessed value on the tax rolls. Consequently, the one percent tax rate is expressed as $1 per $100 of taxable value.

Prospective purchasers of the Refunding Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Refunding Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to pay debt service on the Refunding Bonds in full when due.

Assessed Valuation of Property Within the District

General. As required by State law, the District uses the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are the County, the City of Los Angeles and other local agency and special district taxes.

State law exempts $7,000 of the full cash value of an owner-occupied dwelling from property tax, but this exemption does not result in any loss of revenue to local entities, including the District, because an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State to the County for distribution to local agencies. The County levies property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits the County to recognize changes in the assessed valuation of real property before the next regular assessment role is complete in order to levy taxes based on the new assessed value. In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year.

The fiscal year 2023-24 Assessment Roll for property within the District's boundaries reflects an increase of approximately 5.96% in assessed value from the prior year. Under State law, in addition to reassessments requested by property owners pursuant to Proposition 8 when the current market value of property is less than assessed value as of January 1, the county assessor annually initiates reviews of property for reassessments due to decline-in-value. See "*—Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

TABLE 3
LOS ANGELES UNIFIED SCHOOL DISTRICT
Historical Gross Assessed Valuation of Taxable Property[1]
Fiscal Years 2009-10 through 2023-24
($ in thousands)

Fiscal Year	Secured[2]	Unsecured	Total[2]	Change From Prior Year	Percent Change
2009-10	$451,127,882	$23,849,409	$474,977,291	$187,493	--
2010-11	442,092,473	21,753,078	463,845,551	(11,131,740)	(2.34)%
2011-12	447,830,204	21,265,021	469,095,225	5,249,674	1.13
2012-13	458,767,053	21,308,439	480,075,492	10,980,267	2.34
2013-14	482,043,584	21,634,336	503,677,920	23,602,428	4.92
2014-15	510,371,502	22,562,705	532,934,207	29,256,287	5.81
2015-16	546,807,059	23,362,404	570,169,464	37,235,257	6.99
2016-17	581,473,213	24,495,794	605,969,007	35,799,543	6.28
2017-18	619,162,082	25,342,665	644,504,747	38,535,740	6.36
2018-19	665,355,078	27,377,547	692,732,625	48,227,878	7.48
2019-20	710,954,606	28,442,486	739,397,092	46,664,467	6.73
2020-21	759,004,739	28,679,270	787,684,010	48,286,918	6.53
2021-22	790,822,215	27,581,051	818,403,266	30,719,256	3.90
2022-23	848,435,713	29,196,328	877,632,041	59,228,775	7.24
2023-24	898,345,149	31,634,928	929,980,077	52,348,036	5.96

(1) Full cash value.
(2) Includes utility valuations.

Source: California Municipal Statistics, Inc.

Assessed Valuation Reductions. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, including potential market declines caused by the effects of a reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, landslide, liquefaction, levee failure, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*—Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Property values could be reduced by factors beyond the District's control, including a depressed real estate market due to general economic conditions or other events. A pandemic, like the COVID-19 pandemic, may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of property in the District. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak." Events resulting in changing economic conditions may also alter the willingness or the ability of local taxpayers to pay *ad valorem* property taxes levied to repay the District's general obligation bonds. The District cannot predict whether events that may result in changing economic conditions will occur or the extent that a change in economic conditions will impact assessed value of property in the District or the willingness or ability of local taxpayers to pay *ad valorem* property taxes.

Aside from economic conditions, property values could be reduced by natural or manmade disasters. In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Moreover, the District is located in a seismically active region. Active earthquake faults include the San Andreas Fault that runs throughout the County, the Palos Verdes fault that runs along the coast and through a small portion of the County, and other smaller faults including the Lower Elysian Park thrust, the Upper Elysian Park fault and Puente Hills blind thrust system. Furthermore, California has experienced severe drought conditions in recent years, but has most recently experienced periods of extreme precipitation. These and other extreme weather events are all effects of climate change. As greenhouse gas emissions continue to accumulate, climate change may intensify and increase the frequency of such extreme weather events. The District cannot predict the timing, extent, or severity of any potential natural or manmade disaster and its impact on property values in the District.

Prospective purchasers of the Refunding Bonds should be aware that, notwithstanding any decrease in assessed valuation for any fiscal year, the County is required to levy sufficient taxes to pay debt service on the Refunding Bonds. The consequence of any decrease in assessed valuation is a corresponding increase in the tax rate on taxable property so that sufficient tax revenues may be collected from taxpayers to pay debt service on the Refunding Bonds in full when due. However, increases in tax rates may impact the ability or willingness of taxpayers to pay their property taxes. See " – Tax Rates, Levies and Collections."

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs. Any base year appeal must be made within four years of the change of ownership or new construction date.

The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

Assessed Valuation by Jurisdiction. The following Table 4 describes the percentage and value of the total assessed value of the property within the District's boundaries that resides in the various cities and unincorporated portions of the County, as well as the assessed value of property within the District relative to the County's assessed value, for fiscal year 2023-24.

TABLE 4
LOS ANGELES UNIFIED SCHOOL DISTRICT
Fiscal Year 2023-24 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bell	$1,898,648,181	0.20%	$2,386,832,811	79.55%
City of Bell Gardens	64,627,089	0.01	2,357,100,409	2.74
City of Beverly Hills	206,172,057	0.02	44,985,003,719	0.46
City of Calabasas	750,267	0.00	10,384,929,447	0.01
City of Carson	18,971,870,845	2.04	21,126,060,071	89.80
City of Commerce	393,476,151	0.04	7,130,442,900	5.52
City of Cudahy	1,082,136,157	0.12	1,082,375,575	99.98
City of Culver City	62,179,384	0.01	16,462,393,824	0.38
City of Downey	676	0.00	14,983,555,256	0.00
City of Gardena	8,656,755,345	0.93	8,656,755,345	100.00
City of Hawthorne	898,857,307	0.10	10,842,229,863	8.29
City of Huntington Park	4,024,858,436	0.43	4,024,858,436	100.00
City of Inglewood	43,767,072	0.00	16,123,306,112	0.27
City of Lomita	3,090,826,491	0.33	3,090,826,491	100.00
City of Long Beach	467,031,174	0.05	75,868,478,130	0.62
City of Los Angeles	819,314,948,319	88.10	819,772,705,348	99.94
City of Lynwood	60,507,001	0.01	4,538,648,661	1.33
City of Maywood	1,331,533,103	0.14	1,331,533,103	100.00
City of Montebello	12,963,135	0.00	7,950,856,621	0.16
City of Monterey Park	302,702,231	0.03	9,715,095,200	3.12
City of Rancho Palos Verdes	1,592,479,481	0.17	16,396,993,841	9.71
City of Rolling Hills Estates	26,956,445	0.00	4,672,574,538	0.58
City of San Fernando	2,609,359,578	0.28	2,609,359,578	100.00
City of Santa Clarita	54,430	0.00	44,856,053,742	0.00
City of Santa Monica	1,109,849	0.00	48,958,244,546	0.00
City of South Gate	6,327,886,721	0.68	7,756,779,545	81.58
City of Torrance	60,748,689	0.01	38,198,891,637	0.16
City of Vernon	7,948,251,550	0.85	7,948,251,550	100.00
City of West Hollywood	16,955,678,507	1.82	16,955,678,507	100.00
Unincorporated Los Angeles County	33,572,941,168	3.61	137,490,774,283	24.42
Total District	$929,980,076,839	100.00%		
Los Angeles County	$929,980,076,839	100.00%	$2,005,261,690,790	46.38%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following Table 5 sets forth the assessed valuation by land use of property within the District in fiscal year 2023-24.

TABLE 5
LOS ANGELES UNIFIED SCHOOL DISTRICT
Local Secured Assessed Valuation and Parcels by Land Use
Fiscal Year 2023-24

	2023-24 Assessed Valuation[(1)]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office Building	$150,905,944,798	16.80%	51,111	5.28%
Industrial	94,627,787,691	10.53	24,867	2.57
Recreational	2,635,325,413	0.29	1,234	0.13
Government/Social/Institutional	4,599,858,112	0.51	5,129	0.53
Miscellaneous	499,608,202	0.06	994	0.1
Subtotal Non-Residential	$253,268,524,216	28.20%	83,335	8.61%
Residential:				
Single Family Residence	$408,068,510,052	45.43%	578,883	59.83%
Condominium/Townhouse	80,954,041,301	9.01	138,017	14.27
Mobile Home Related	517,690,748	0.06	115	0.01
2-4 Residential Units	52,740,752,621	5.87	96,441	9.97
5+ Residential Units/Apartments	97,260,923,369	10.83	42,215	4.36
Miscellaneous Residential	53,660,212	0.01	320	0.03
Subtotal Residential	$639,595,578,303	71.21%	855,991	88.48%
Vacant Parcels	$5,369,854,036	0.60%	28,149	2.91%
Total	$898,233,956,555	100.00%	967,475	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following Table 6 sets forth the distribution of single-family homes within the District within various assessed valuation ranges in fiscal year 2023-24.

TABLE 6
LOS ANGELES UNIFIED SCHOOL DISTRICT
Assessed Valuations of Single Family Homes Per Parcel
Fiscal Year 2023-24

	No. of Parcels	2023-24 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	578,883	$408,068,510,052	$704,924	$444,269

2023-24 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	46,072	7.959%	7.959%	$2,971,697,039	0.728%	0.728%
$100,000 - $199,999	64,820	11.197	19.156	9,924,757,997	2.432	3.160
$200,000 - $299,999	83,585	14.439	33.595	20,838,318,544	5.107	8.267
$300,000 - $399,999	68,324	11.803	45.398	23,794,903,026	5.831	14.098
$400,000 - $499,999	57,567	9.944	55.342	25,831,034,834	6.330	20.428
$500,000 - $599,999	49,439	8.540	63.883	27,109,248,408	6.643	27.071
$600,000 - $699,999	41,147	7.108	70.991	26,677,628,507	6.538	33.609
$700,000 - $799,999	32,051	5.537	76.528	23,972,795,061	5.875	39.484
$800,000 - $899,999	24,268	4.192	80.720	20,573,688,859	5.042	44.525
$900,000 - $999,999	17,693	3.056	83.776	16,763,609,387	4.108	48.633
$1,000,000 - $1,099,999	12,562	2.170	85.946	13,155,607,699	3.224	51.857
$1,100,000 - $1,199,999	9,592	1.657	87.603	11,010,712,840	2.698	54.556
$1,200,000 - $1,299,999	7,797	1.347	88.950	9,731,103,852	2.385	56.940
$1,300,000 - $1,399,999	7,181	1.240	90.191	9,675,405,438	2.371	59.311
$1,400,000 - $1,499,999	5,887	1.017	91.208	8,522,869,688	2.089	61.400
$1,500,000 - $1,599,999	5,151	0.890	92.097	7,968,768,045	1.953	63.353
$1,600,000 - $1,699,999	4,581	0.791	92.889	7,547,907,532	1.850	65.202
$1,700,000 - $1,799,999	3,886	0.671	93.560	6,796,839,459	1.666	66.868
$1,800,000 - $1,899,999	3,422	0.591	94.151	6,327,362,819	1.551	68.418
$1,900,000 - $1,999,999	3,118	0.539	94.690	6,078,345,159	1.490	69.908
$2,000,000 - $2,099,999	2,533	0.438	95.127	5,188,748,001	1.272	71.180
$2,100,000 - $2,199,999	2,186	0.378	95.505	4,696,463,036	1.151	72.330
$2,200,000 - $2,299,999	1,972	0.341	95.846	4,437,475,795	1.087	73.418
$2,300,000 - $2,399,999	1,758	0.304	96.149	4,131,607,664	1.012	74.430
$2,400,000 - $2,499,999	1,639	0.283	96.432	4,015,802,966	0.984	75.414
$2,500,000 - $2,599,999	1,404	0.243	96.675	3,577,290,317	0.877	76.291
$2,600,000 - $2,699,999	1,366	0.236	96.911	3,614,539,205	0.886	77.177
$2,700,000 - $2,799,999	1,253	0.216	97.127	3,441,950,720	0.843	78.020
$2,800,000 - $2,899,999	1,092	0.189	97.316	3,110,456,960	0.762	78.783
$2,900,000 - $2,999,999	1,053	0.182	97.498	3,103,766,802	0.761	79.543
$3,000,000 and greater	14,484	2.502	100.000	83,477,804,393	20.457	100.000
Total	578,883	100.000%		$408,068,510,052	100.000%	

[1] Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Largest Secured Taxpayers in the District. The following Table 7 sets forth the twenty taxpayers with the greatest combined ownership of secured taxable property in the District on the fiscal year 2023-24 tax roll, and the secured assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District.

TABLE 7
LOS ANGELES UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers(1)
Fiscal Year 2023-24

	Property Owner	Primary Land Use	2023-24 Assessed Valuation	% of Total(2)
1.	Universal Studios LLC	Movie Studio	$3,119,828,062	0.35%
2.	Douglas Emmett LLC	Office Building	2,976,972,693	0.33
3.	Essex Portfolio LP	Apartments	2,702,864,870	0.30
4.	Rexford Industrial Realty LP	Industrial	2,285,203,101	0.25
5.	Century City Mall LLC	Shopping Center/Mall	1,110,574,262	0.12
6.	Next Century Partners LLC	Residential/Hotel	1,097,659,368	0.12
7.	FSP South Flower Street	Office Building	1,003,714,148	0.11
8.	CJDB LLC	Shopping Center/Mall	967,010,182	0.11
9.	Rochelle H. Sterling	Apartments	898,094,714	0.10
10.	Hanjin International Corp.	Hotel	891,027,387	0.10
11.	Anheuser Busch Commercial	Industrial	843,163,069	0.09
12.	One Hundred Towers LLC	Office Building	715,390,295	0.08
13.	Trizec 333 LA LLC	Office Building	701,018,682	0.08
14.	Onni Wilshire Courtyard LLC	Office Building	673,342,925	0.07
15.	Maguire Partners 355 S. Grand LLC	Office Building	655,596,686	0.07
16.	BRE HH Property Owner LLC	Office Building	650,561,002	0.07
17.	Olympic and Georgia Partners LLC	Hotel	625,519,745	0.07
18.	Tishman Speyer Archstone Smith	Apartments	623,996,307	0.07
19.	LA Live Properties LLC	Commercial	582,531,585	0.06
20.	Maguire Properties 555 W. Fifth	Office Building	574,760,357	0.06
			$23,698,829,440	2.64%

(1) Excludes taxpayers with values derived from mineral rights or a possessory interest. Historically, among the top 10 taxpayers within the District are landowners with primary land use of oil and gas production, including Marathon Petroleum Corporation, Phillips 66 Company and Valero Energy Corporation, which are not reflected in the table above.
(2) Local Secured Assessed Valuation, excluding tax-exempt property and utility valuations: $898,233,956,555.

Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer's financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control.

Tax Rates, Levies and Collections

General. Taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. Real property that changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due. The annual tax rate is based on the amount necessary to pay all obligations payable from *ad valorem* property taxes and the assessed value of taxable property in a given year. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, drought, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District's outstanding general obligation bonds.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing property (real or personal) the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is listed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then may be sold at public auction by the County Treasurer.

Property taxes on the unsecured roll are due in one payment on the January 1 lien date and become delinquent after August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (i) a civil action against the taxpayer; (ii) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (iv) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Proposition 13 and its implementing legislation impose the function of property tax allocation on counties in the State and prescribe how levies on countywide property values are to be shared with local taxing entities within each county. The limitations in Proposition 13, however, do not apply to *ad valorem* property taxes or special assessments to pay the interest and redemption charges on indebtedness, like the District's general obligation bonds, approved by the voters.

The County levies a 1% *ad valorem* property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions that serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

State Government Code Sections 29100 through 29107 provide the procedures that all counties must follow for calculating tax rates. The secured tax levy within the District consists of the District's share of the 1% general *ad valorem* property and unitary taxes assessed on a County-wide basis and amounts levied that are in excess of the 1% general *ad valorem* property taxes. These tax receipts are part of the District's operations. In addition, the secured tax levy also includes the amount for the District's share of special voter-approved *ad valorem* property taxes assessed on a District-wide basis, such as the *ad valorem* property taxes assessed for the District's general obligation bonds issued pursuant to the Authorizations and any related general obligation refunding bonds. *Ad valorem* property taxes levied for general obligation bonds are deposited with the County and may only be applied to pay the principal of, redemption premium, if any, and interest on the District's general obligation bonds and general obligation refunding bonds. The District does not receive such funds nor are they available to pay any of the District's operating expenses. In addition, the total secured tax levy includes special assessments, improvement bonds, supplemental taxes or other charges which have been assessed on property within the District. Since State law allows homeowners' exemptions (described above) and certain business exemptions from *ad valorem* property taxation, such exemptions are not included in the total secured tax levy. See also "– California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" above.

Further, State Education Code Section 15251 provides that all taxes levied with respect to general obligation bonds when collected will be paid into the county treasury of the county whose superintendent of schools has jurisdiction over the school district on behalf of which the tax was levied, to the credit of the debt service fund (or interest and sinking fund) of the school district, and will be used for the payment of the principal of and interest on the general obligation bonds and general obligation refunding bonds of the school district and for no other purpose. Accordingly, the County may not borrow or spend such amounts nor can the District receive such funds and use them for operating purposes.

Typical Tax Rate Area. The following Table 8 shows *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 0067). TRA 0067 comprises approximately 30.19% of the total fiscal year 2023-24 assessed value of the District.

TABLE 8
LOS ANGELES UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation (TRA 0067)
Fiscal Years 2019-20 through 2023-24

	2019-20	2020-21	2021-22	2022-23	2023-24
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Los Angeles Unified School District(1)	0.125520	0.139929	0.113228	0.121072	0.124219
Los Angeles Community College District(1)	0.027175	0.040162	0.043759	0.024882	0.060231
City of Los Angeles(1)	0.018084	0.016538	0.014721	0.016066	0.011448
Metropolitan Water District of Southern California(2)	0.003500	0.003500	0.003500	0.003500	0.003500
Total	1.174279%	1.200129%	1.175208%	1.165520%	1.199398%

(1) Tax rate relates to bonds authorized by voters subsequent to the approval of Proposition 13.
(2) Tax rate relates to bonds authorized by voters pursuant to a special election held in 1966 (prior to the approval of Proposition 13) in the service area of the Metropolitan Water District of Southern California.

Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies. The following Table 9A sets forth the real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located in the District, for fiscal years 2013-14 through 2022-23. For reference and as an indication of comparative delinquency rates, Table 9B sets forth the real property tax charges and corresponding delinquencies for the portion of the County's 1% general fund levy that is allocated to the District, with respect to property located in the District for fiscal years 2013-14 through 2022-23. The portion of the County's 1% general fund levy that is allocated to the District is not pledged to and does not secure the repayment of Refunding Bonds.

TABLE 9
LOS ANGELES UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2013-14 through 2022-23

A. District General Obligation Bond Debt Service Levy

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percentage Delinquent June 30
2013-14	$707,334,806.26	$11,937,445.89	1.69%
2014-15	752,855,468.94	13,128,310.26	1.74
2015-16	711,852,286.31	10,350,374.48	1.45
2016-17	762,676,169.42	10,152,397.66	1.33
2017-18	765,484,783.08	11,238,395.43	1.47
2018-19	826,147,438.29	13,737,180.29	1.66
2019-20	903,922,222.21	25,782,448.86	2.85
2020-21	1,072,754,468.10	22,715,092.01	2.12
2021-22	904,728,597.58	16,272,122.21	1.80
2022-23	1,033,041,998.26	20,269,504.57	1.96

B. 1% General Fund Apportionment Levy

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent June 30	Percentage Delinquent June 30
2013-14	$948,210,266.65	$13,991,567.53	1.48%
2014-15	1,005,565,868.63	14,501,753.32	1.44
2015-16	1,078,286,485.58	15,318,415.41	1.42
2016-17	1,142,718,955.32	13,595,654.87	1.19
2017-18	1,222,916,327.88	15,217,873.23	1.24
2018-19	1,311,715,583.78	17,950,532.81	1.37
2019-20	1,405,968,051.67	31,757,910.59	2.26
2020-21	1,499,191,370.12	25,590,654.61	1.71
2021-22	1,556,962,602.77	24,377,000.99	1.57
2022-23	1,665,617,645.15	26,045,738.38	1.56

(1) District's general obligation bond debt service levy.
(2) 1% General Fund apportionment. Excludes redevelopment agency impounds.

Source: California Municipal Statistics, Inc.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak." If delinquencies increase substantially as a result of events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The County Does Not Participate in a Teeter Plan. Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.

The District Participates in CSDTFA. The District is a member of the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. Historically, CSDTFA has from time to time purchased delinquent *ad valorem* property tax receivables related to the District's share of the 1% general *ad valorem* property tax levy (not the additional *ad valorem* property tax levy for debt service on the District's general obligation bonds) from the District. However, the District cannot predict whether CSDTFA will continue to make such purchases in the future. CSDTFA purchased the District's delinquent *ad valorem* property tax receivables related to the 1% general *ad valorem* property tax levy attributable to fiscal year 2022-23 from the District at a purchase price equal to 108% of such receivables and is expected to purchase the District's delinquent *ad valorem* property tax receivables related to the 1% general *ad valorem* property tax levy attributable to fiscal year 2023-24 from the District at a substantially similar purchase price. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA.

Debt Service

Debt service on the Refunding Bonds is as shown in the following Table 10.

TABLE 10
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2024 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
Annual Debt Schedule

Year Ending July 1,	Principal	Interest	Total Debt Service
2024	$42,790,000.00	$25,276,900.42	$68,066,900.42
2025	111,300,000.00	146,607,750.00	257,907,750.00
2026	178,960,000.00	141,042,750.00	320,002,750.00
2027	144,545,000.00	132,094,750.00	276,639,750.00
2028	169,085,000.00	124,867,500.00	293,952,500.00
2029	241,515,000.00	116,413,250.00	357,928,250.00
2030	293,995,000.00	104,337,500.00	398,332,500.00
2031	339,760,000.00	89,637,750.00	429,397,750.00
2032	394,420,000.00	72,649,750.00	467,069,750.00
2033	465,470,000.00	52,928,750.00	518,398,750.00
2034	593,105,000.00	29,655,250.00	622,760,250.00
Total	$2,974,945,000.00	$1,035,511,900.42	$4,010,456,900.42

Source: Los Angeles Unified School District.

Aggregate Fiscal Year Debt Service

The following Table 11 sets forth the semi-annual debt service obligations in each fiscal year for all of the District's outstanding general obligation bonds, including the Refunding Bonds. For more information on the District's outstanding general obligation bonds, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt."

TABLE 11
LOS ANGELES UNIFIED SCHOOL DISTRICT
General Obligation Bonds, Semi-Annual Debt Service Schedule[1]

Semi-annual Period through	Outstanding General Obligation Bonds[2]	Refunding Bonds Principal	Refunding Bonds Interest	Refunding Bonds Semi Annual Debt Service	Total
July 1, 2024	$872,968,888	$42,790,000	$25,276,900	$68,066,900	$941,035,788
January 1, 2025	161,727,288	-	73,303,875	73,303,875	235,031,163
July 1, 2025	733,917,288	111,300,000	73,303,875	184,603,875	918,521,163
January 1, 2026	148,734,527	-	70,521,375	70,521,375	219,255,902
July 1, 2026	658,002,147	178,960,000	70,521,375	249,481,375	907,483,522
January 1, 2027	135,776,563	-	66,047,375	66,047,375	201,823,938
July 1, 2027	638,937,302	144,545,000	66,047,375	210,592,375	849,529,677
January 1, 2028	123,420,276	-	62,433,750	62,433,750	185,854,026
July 1, 2028	507,596,125	169,085,000	62,433,750	231,518,750	739,114,875
January 1, 2029	105,755,000	-	58,206,625	58,206,625	163,961,625
July 1, 2029	451,435,000	241,515,000	58,206,625	299,721,625	751,156,625
January 1, 2030	98,309,100	-	52,168,750	52,168,750	150,477,850
July 1, 2030	427,639,100	293,995,000	52,168,750	346,163,750	773,802,850
January 1, 2031	90,075,850	-	44,818,875	44,818,875	134,894,725
July 1, 2031	422,355,850	339,760,000	44,818,875	384,578,875	806,934,725
January 1, 2032	82,857,350	-	36,324,875	36,324,875	119,182,225
July 1, 2032	416,332,350	394,420,000	36,324,875	430,744,875	847,077,225
January 1, 2033	75,419,400	-	26,464,375	26,464,375	101,883,775
July 1, 2033	372,249,400	465,470,000	26,464,375	491,934,375	864,183,775
January 1, 2034	95,939,675	-	14,827,625	14,827,625	110,767,300
July 1, 2034	214,829,950	593,105,000	14,827,625	607,932,625	822,762,575
January 1, 2035	64,716,675	-	-	-	64,716,675
July 1, 2035	292,936,675	-	-	-	292,936,675
January 1, 2036	59,523,325	-	-	-	59,523,325
July 1, 2036	298,133,325	-	-	-	298,133,325
January 1, 2037	54,310,363	-	-	-	54,310,363
July 1, 2037	303,345,363	-	-	-	303,345,363
January 1, 2038	48,678,688	-	-	-	48,678,688
July 1, 2038	308,963,688	-	-	-	308,963,688
January 1, 2039	42,867,019	-	-	-	42,867,019
July 1, 2039	314,782,019	-	-	-	314,782,019
January 1, 2040	36,614,106	-	-	-	36,614,106
July 1, 2040	321,044,106	-	-	-	321,044,106
January 1, 2041	30,019,725	-	-	-	30,019,725
July 1, 2041	282,969,725	-	-	-	282,969,725
January 1, 2042	24,181,719	-	-	-	24,181,719
July 1, 2042	288,806,719	-	-	-	288,806,719
January 1, 2043	18,109,550	-	-	-	18,109,550
July 1, 2043	207,264,550	-	-	-	207,264,550
January 1, 2044	14,054,913	-	-	-	14,054,913
July 1, 2044	211,329,913	-	-	-	211,329,913
January 1, 2045	9,766,675	-	-	-	9,766,675
July 1, 2045	215,621,675	-	-	-	215,621,675
January 1, 2046	5,838,797	-	-	-	5,838,797
July 1, 2046	105,888,797	-	-	-	105,888,797
January 1, 2047	3,454,369	-	-	-	3,454,369
July 1, 2047	80,429,369	-	-	-	80,429,369
January 1, 2048	1,433,775	-	-	-	1,433,775
July 1, 2048	56,053,775	-	-	-	56,053,775
Total[3]	$10,535,417,821	$2,974,945,000	$1,035,511,900	$4,010,456,900	$14,545,874,721

(1) Reflects the refunding of the Prior Bonds from proceeds of the Refunding Bonds.
(2) Includes set-aside payments for Qualified School Construction Bonds. Excludes federal subsidies related to Qualified School Construction Bonds. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt – *Limitations on the Receipt of Federal Funds*."
(3) Totals may not equal the sum of the components due to rounding.

Source: Los Angeles Unified School District.

The District's General Obligation Bond Program and Bonding Capacity

Voters within the District have approved a total of $27.605 billion of general obligation bonds in six separate bond elections since 1997. See "INTRODUCTION – The District's General Obligation Bond Program." See also APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt" for additional information regarding the District's outstanding general obligation bonds. Pursuant to Section 15106 of the Education Code, the District's bonding capacity for general obligation bonds may not exceed 2.5% of taxable property value in the District as shown by the last equalized assessment of the County. The taxable property valuation in the District for fiscal year 2023-24 is $929.98 billion, which results in a total current bonding capacity of approximately $23.25 billion. The District's available capacity for the issuance of new general obligation bonds is approximately $12.53 billion (taking into account current outstanding debt after the issuance of the Refunding Bonds and accounting for the refunding of the Prior Bonds). The issuance of additional series of general obligation bonds, other than general obligation refunding bonds, in future fiscal years will depend upon, among other things, the assessed valuation of property within the District's boundaries, as determined by the District's analysis of information from, among other sources, the Office of the County Assessor. See "– California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" above and APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Future Financings – *General Obligation Bonds*."

Overlapping Debt Obligations

Set forth in Table 12 on the following page is the report prepared by California Municipal Statistics Inc. on March 15, 2024, which provides information with respect to direct and overlapping debt within the District as of April 1, 2024 (the "Overlapping Debt Report"). The Overlapping Debt Report is included for general information purposes only. The District has not reviewed the Overlapping Debt Report for completeness or accuracy and makes no representations in connection therewith. The Overlapping Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in Table 12 names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in Table 12) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

TABLE 12
LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Direct and Overlapping Bonded Debt
As of March 15, 2024

2023-24 Assessed Valuation: $929,980,076,839

	% Applicable	Debt 4/1/24
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	23.866%	$4,345,999
Los Angeles Community College District	81.868	4,264,716,977
Pasadena Area Community College District	0.001	1,747
Los Angeles Unified School District	100.000	10,916,795,000(1)
City of Los Angeles	99.944	948,078,778
Other Cities	Various	18,945,440
City Community Facilities Districts	100.000	77,195,000
Other City and Special District 1915 Act Bonds	0.006-100.000	18,998,243
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$16,249,077,184
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005, Series J (2010) Qualified School Construction Bonds and Election of 2005, Series H (2009) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Asides for Repayment		299,495,000(2)
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$15,949,582,184
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	46.377%	$1,171,039,994
Los Angeles County Superintendent of Schools Certificates of Participation	46.377	1,325,130
Pasadena Area Community College District Certificates of Participation	0.001	288
Los Angeles Unified School District Certificates of Participation	100.000	471,590,000
City of Los Angeles General Fund Obligations	99.944	1,348,950,655
Other City General Fund and Pension Obligation Bonds	Various	452,720,856
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,445,626,923
Less: City supported obligations		203,196
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,445,423,727
OVERLAPPING TAX INCREMENT DEBT:		
City of Los Angeles Redevelopment Agency (Successor Agency)	100.000%	$251,205,000
Other Redevelopment Agencies (Successor Agency)	Various	185,265,780
TOTAL OVERLAPPING TAX INCREMENT DEBT		$436,470,780
GROSS COMBINED TOTAL DEBT		$20,131,174,887(3)
NET COMBINED TOTAL DEBT		$19,831,476,691

Ratios to 2023-24 Assessed Valuation:

Direct Debt ($10,916,795,000)	1.17%
Net Direct Debt ($10,617,300,000)	1.14%
Total Gross Overlapping Tax and Assessment Debt	1.75%
Total Net Overlapping Tax and Assessment Debt	1.72%
Gross Combined Direct Debt ($11,388,385,000)	1.22%
Net Combined Direct Debt ($11,088,890,000)	1.19%
Gross Combined Total Debt	2.16%
Net Combined Total Debt	2.13%

Ratios to Redevelopment Incremental Valuation ($93,830,471,060):

Total Overlapping Tax Increment Debt	0.47%

(1) Excludes the Refunding Bonds. Includes the Prior Bonds to be refunded with proceeds of the Refunding Bonds.
(2) Set aside amount through fiscal year 2022-23.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

TAX MATTERS

Opinion of Bond Counsel. In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District ("Bond Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) interest on the Refunding Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Refunding Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Refunding Bonds is included in calculating the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Refunding Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Refunding Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel, under existing statutes, interest on the Refunding Bonds is exempt from personal income taxes imposed by the State of California.

Bond Counsel expresses no opinion as to any other Federal, state or local tax consequences arising with respect to the Refunding Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding Federal, state or local tax matters, including, without limitation, exclusion from gross income for Federal income tax purposes of interest on the Refunding Bonds.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Refunding Bonds in order that interest on the Refunding Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Refunding Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Refunding Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of interest on the Refunding Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral Federal income tax matters with respect to the Refunding Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Refunding Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Refunding Bonds.

Prospective owners of the Refunding Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Refunding Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount. "Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Refunding Bond (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Refunding Bonds. In general, the issue price for each maturity of Refunding Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Refunding Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Refunding Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Refunding Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium. In general, if an owner acquires a Refunding Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Refunding Bond after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Refunding Bond (a "Premium Bond"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership and amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the Refunding Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Refunding Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Refunding Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Refunding Bonds under Federal or state law or otherwise prevent beneficial owners of the Refunding Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Refunding Bonds.

Prospective purchasers of the Refunding Bonds should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins Delafield & Wood LLP relating to the Refunding Bonds is set forth in APPENDIX D — "PROPOSED FORM OF OPINION OF BOND COUNSEL."

LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

General. State law contains certain safeguards to protect the financial solvency of school districts. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS." If the safeguards are not successful in preventing a school district from becoming insolvent, the State Superintendent of Public Instruction (the "State Superintendent"), operating through an administrator appointed by the State Superintendent, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the school district for the adjustment of its debts, assuming that the school district meets certain other requirements contained in the Bankruptcy Code necessary for filing a petition under Chapter 9 of the Bankruptcy Code. School districts are not themselves authorized to file a bankruptcy proceeding, and they are not subject to involuntary bankruptcy.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, then the "automatic stay" provisions of the Bankruptcy Code would prohibit the parties from taking any action to collect any amount from the District or the County (including *ad valorem* property tax revenues) or to enforce any obligation of the District or the County, without the bankruptcy court's permission. In such a proceeding, as part of its plan of adjustment in bankruptcy, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Refunding Bonds and other transaction documents related to the Refunding Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. In addition, in such a proceeding, as part of such a plan, the District may be able to eliminate the obligation of the County to raise taxes if necessary to pay the Refunding Bonds. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Refunding Bonds, or other losses on the Refunding Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the existence of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Refunding Bonds.

As stated above, if a school district were to go into bankruptcy, the bankruptcy petition would be filed under Chapter 9 of the Bankruptcy Code. Chapter 9 provides that it does not limit or impair the power of a state to control, by legislation or otherwise, a municipality of or in such state in the exercise of the political or governmental powers of such municipality, including expenditures for such exercise. For purposes of Chapter 9, a school district is a municipality. State law provides that the *ad valorem* property taxes levied to pay the principal and interest on the Refunding Bonds shall be used for the payment of principal and interest of the District's general obligation bonds and for no other purpose. If this restriction on the expenditure of such *ad valorem* property taxes is respected in a bankruptcy case, then the *ad valorem* property tax revenue could not be used by the District for any purpose other than to make payments on the Refunding Bonds. It is possible, however, that a bankruptcy court could conclude that the restriction should not be respected.

Statutory Lien. Pursuant to the California Government Code, all general obligation bonds issued by local agencies, including refunding bonds (including the Refunding Bonds), are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax and the lien automatically arises, without the need for any action or authorization by the local agency or its governing board, and is valid and binding from the time the bonds are executed and delivered. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Statutory Lien on Taxes (Senate Bill 222)." Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply, preventing bondholders from enforcing their rights to payment from such tax collections without permission of the bankruptcy court, and payments that become due and owing on the Refunding Bonds during the pendency of the Chapter 9 proceeding could be delayed.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Refunding Bonds (see "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Pledge of Tax Revenues") are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues that are collected after the date of the bankruptcy filing should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. The District has specifically pledged the *ad valorem* property taxes for payment of the Refunding Bonds. State law prohibits the use of the tax proceeds for any purpose other than payment of the general obligation bonds (including general obligation refunding bonds) and the original bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payment of bonds in California, and no assurance can be given that a bankruptcy court will hold that the *ad valorem* property tax revenues are special revenues within the meaning of the Bankruptcy Code.

The Bankruptcy Code provides that there is no stay of application of pledged special revenues to payment of indebtedness secured by such revenues. The United States Court of Appeals for the First Circuit, in cases arising out of the insolvency proceedings of Puerto Rico, has held that this provision permits voluntary payments of debt service by the issuer of bonds backed by special revenues, but does not permit the bondholders to compel the issuer to make payments of debt service from special revenues. If this decision is followed by other courts, the holders of the Refunding Bonds may be prohibited from taking any action to require the District or the County to make payments on the Refunding Bonds, unless the bankruptcy court's permission is obtained. This could result in substantial delays in payments on the Refunding Bonds.

In addition, even if the *ad valorem* property tax revenues are determined to be "special revenues," the Bankruptcy Code provides that special revenues can be applied to necessary operating expenses of the project or system, before they are applied to other obligations. This rule applies regardless of the provisions of the transaction documents. Thus, a bankruptcy court could permit the District to use the *ad valorem* property tax revenues to pay necessary operating expenses of the District and its schools, before the remaining revenues are paid to the owners of the Refunding Bonds.

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the owners of the Refunding Bonds, it is not entirely clear what procedures the owners of the Refunding Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy). The United States Court of Appeals for the First Circuit, in another case arising out of the insolvency proceedings of Puerto Rico, has held that the Bankruptcy Code prohibits the bankruptcy court from requiring a governmental debtor to apply revenues in accordance with applicable non-bankruptcy law. In yet another case arising out of the insolvency proceedings of Puerto Rico, the United States Court of Appeals for the First Circuit has held that creditors cannot bring suit in a non-bankruptcy court to compel the governmental debtor to comply with non-bankruptcy law without first obtaining the permission of the bankruptcy court, and that the bankruptcy court has discretion as to whether to provide permission.

Opinion of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed form of opinion of Bond Counsel, included as Appendix D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights.

Amounts Held in County Treasury Pool

The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Refunding Bonds and may invest these funds in the County's Treasury Pool, as described in Appendix F – "THE LOS ANGELES COUNTY TREASURY POOL." Should those investments suffer any losses, there may be delays or reductions in payments on the Refunding Bonds.

Legality for Investment in the State

Under provisions of the State Financial Code, the Refunding Bonds are legal investments for commercial banks in the State to the extent that the Refunding Bonds, in the informed opinion of said bank, are prudent for the investment of funds of depositors, and, under provisions of the California Government Code, are eligible for security for deposits of public moneys in the State.

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") for each fiscal year by not later than 240 days following the end of the District's fiscal year (currently ending June 30), commencing with the Annual Report for fiscal year 2023-24, and to provide notices of the occurrence of certain specified events (collectively, the "Listed Events"). The information to be contained in the Annual Report and in a notice of a Listed Event is set forth in Appendix E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The District will provide or cause to be provided the Annual Report and such notices to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system in the manner prescribed by the Securities and Exchange Commission ("SEC"). Copies of the District's annual reports and notices of Listed Event filings are available at the website of Digital Assurance Certification, L.L.C. ("DAC"), www.dacbond.com, and at the website of the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") system, emma.msrb.org. The information presented on these websites is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Refunding Bonds. These covenants have been made in order to assist the Underwriters (defined herein) in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

Due to the impact of COVID-19 on California school district operations during fiscal year 2019-20, California Senate Bill 98 extended the deadline for school districts to file their audited financial statements for fiscal year 2019-20 with the State to March 31, 2021. As a result, at the time of filing the District's Annual Report for fiscal year 2019-20, the District's audited financial statements for fiscal year 2019-20 were not yet available. The District's audited financial statements for fiscal year 2019-20 were subsequently filed to EMMA on March 30, 2021. Additionally, within the past five years, certain of the District's annual report and Listed Events filings required in connection with its prior continuing disclosure undertakings were not properly linked to all CUSIP numbers for the District's outstanding bonds.

Certain Legal Matters

The validity of the Refunding Bonds and certain other legal matters are subject to the approving opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the District, and certain other conditions. A complete copy of the proposed form of opinion of Bond Counsel with respect to the Refunding Bonds is contained in Appendix D. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will also be passed upon for the District by its General Counsel and by the District's Disclosure Counsel, Orrick, Herrington & Sutcliffe LLP, Los Angeles, California ("Disclosure Counsel"), and for the Underwriters by their counsel, Nixon Peabody LLP, Los Angeles, California ("Underwriters' Counsel").

Each of Bond Counsel, Disclosure Counsel, and Underwriters' Counsel will receive compensation contingent upon the sale and delivery of the Refunding Bonds. From time to time, Bond Counsel and Disclosure Counsel each may represent one or more of the Underwriters in matters unrelated to the District or the Refunding Bonds.

FINANCIAL STATEMENTS

The District's Audited Annual Financial Report for fiscal year ended June 30, 2023, including its general purpose financial statements for the fiscal year ended June 30, 2023, is included as Appendix B. The basic financial statements of the District for the fiscal year 2022-23 have been audited by Simpson & Simpson, independent certified public accountants, as stated in their report appearing in Appendix B. The District has not requested nor has the District obtained the consent of Simpson & Simpson to the inclusion of its report in Appendix B. Simpson & Simpson has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Simpson & Simpson has not been requested to perform and has not performed any procedures relating to the Official Statement.

LITIGATION

There is no litigation pending against the District or, to the knowledge of its respective executive officers, threatened, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds or the Authorizations or any proceedings of the District taken with respect to the issuance or sale thereof, or the levy or application of *ad valorem* property taxes for the payment of principal of and interest on the Refunding Bonds or the use of the proceeds of the Refunding Bonds. There are no pending lawsuits that, in the opinion of the District's General Counsel, challenge the validity of the Refunding Bonds, the existence of the District, or the title of the executive officers to their respective offices. There are a number of lawsuits and claims pending against the District. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation." In the opinion of the District, the outcome of the presently pending suits and claims will not materially impair the District's repayment of the Bonds.

MISCELLANEOUS

Ratings

Fitch Ratings, Inc. ("Fitch"), Kroll Bond Rating Agency, LLC ("KBRA"), and Moody's Investors Service Inc. ("Moody's") have assigned their municipal bond ratings of "AAA," "AAA," and "Aa2," respectively, to the Refunding Bonds, which may include information that has not been included in this Official Statement. The District has furnished to each rating agency certain materials and information with respect to itself and the Refunding Bonds. Generally, rating agencies base their ratings on such information and materials and on their own investigations, studies and assumptions. Each rating reflects only the view of the respective rating agency, and any explanation of the significance of such rating may be obtained only from the issuing rating agency furnishing the same, at the following addresses: Fitch Ratings, Inc., 33 Whitehall Street, New York, New York 10004, telephone: (212) 908-0800, Kroll Bond Rating Agency, LLC, 805 Third Avenue, 29th floor, New York, New York 10022, telephone: (212) 702-0707, and Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, telephone: (212) 533-0300. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Refunding Bonds.

Municipal Advisor

The District has retained Public Resources Advisory Group, as Municipal Advisor (the "Municipal Advisor") in connection with the issuance of the Refunding Bonds and certain other financial matters. The Municipal Advisor has not been engaged, nor has it undertaken, to audit, authenticate or otherwise verify the information set forth in this Official Statement, or any other related information available to the District, with respect to accuracy and completeness of disclosure of such information. The Municipal Advisor has reviewed this Official Statement but makes no guaranty, warranty or other representation respecting accuracy and completeness of the information contained in this Official Statement. The Municipal Advisor will receive compensation from the District contingent upon the sale and delivery of the Refunding Bonds.

Verification of Mathematical Computations

Upon the delivery of the Refunding Bonds, Robert Thomas CPA, LLC, Minneapolis, Minnesota (the "Verification Agent"), will deliver a report stating that the firm has verified the mathematical accuracy of (i) certain computations relating to the adequacy of the moneys available to pay such redemption price of (including the applicable make-whole premium), including accrued interest thereon, the 2009 and 2010 Bonds and (ii) the schedules with respect to the sufficiency of the Escrow Fund established to pay the redemption price of, including accrued interest thereon, the Series 2014 Refunding Bonds. The scope of the verification will be based solely on information and assumptions provided to the Verification Agent by the Underwriters. The Verification Agent will express no opinion on the assumptions provided to it by the Underwriters, nor as to the exemption from taxation of the interest on the Refunding Bonds.

Underwriting

The Refunding Bonds are being purchased by BofA Securities, Inc., Jefferies LLC and RBC Capital Markets, LLC, on behalf of a syndicate that also includes the other underwriters set forth on the cover hereof (collectively, the "Underwriters"). The Underwriters have agreed to purchase the Refunding Bonds at the purchase price of $3,332,551,579.37 (which amount is equal to the aggregate principal amount of the Refunding Bonds, plus an original issue premium of $363,513,910.55, less an Underwriters' discount of $5,907,331.18), pursuant to a Bond Purchase Agreement, dated April 24, 2024 (the "Purchase Agreement"), by and between the Underwriters and the District, relating to the Refunding Bonds. Pursuant to the Purchase Agreement, the Underwriters will purchase all of the Refunding Bonds if any are purchased.

The Underwriters may offer and sell the Refunding Bonds to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement. The public offering prices may be changed from time to time by the Underwriters.

The Underwriters have provided the following paragraphs for inclusion in the section "MISCELLANEOUS – Underwriting." No representation is made by the District as to the accuracy, completeness or adequacy of such information.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the District and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an Underwriter of the Refunding Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of Merrill. As part of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the Refunding Bonds.

J.P. Morgan Securities LLC ("JPMS"), an Underwriter of the Refunding Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Refunding Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Refunding Bonds that such firm sells.

Stern Brothers & Co., an Underwriter of the Refunding Bonds, has entered into an agreement (the "Stern Brothers Agreement") with InspereX LLC ("InspereX") for the distribution of certain municipal securities offerings at the original issue price. Pursuant to the Stern Brothers Agreement, Stern Brothers & Co. may sell the Refunding Bonds to InspereX and will share a portion of its selling concession compensation, if applicable.

Additional Information

The purpose of this Official Statement is to provide information to prospective buyers of the Refunding Bonds. Quotations from and summaries of the Refunding Bonds, the Refunding Resolution, and the constitutional provisions, statutes and other documents described herein do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not a contract or agreement between the District and the purchasers or owners of any of the Refunding Bonds.

Execution and Delivery

The District has duly authorized the execution and delivery of this Official Statement.

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: /s/ David D. Hart
Chief Business Officer

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APPENDIX A

DISTRICT FINANCIAL INFORMATION AND
REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

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This Appendix A provides information concerning the operations and finances of the Los Angeles Unified School District (the "District") and certain demographic information in the area covered by the District. The Refunding Bonds are general obligation bonds of the District, secured and payable from ad valorem property taxes assessed on taxable properties within the District and are not an obligation of the County (defined herein) or of the general fund of the District. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS" in the forepart of this Official Statement. See also "GLOSSARY OF CERTAIN TERMS AND ABBREVIATIONS" herein for a description of certain terms and abbreviations used in this Appendix A.

DISTRICT GENERAL INFORMATION

District Boundaries

The District, encompassing approximately 710 square miles, is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State"). The District's boundaries include virtually all of the City of Los Angeles (the "City"), all of the Cities of Cudahy, Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Calabasas, Carson, Commerce, Culver City, Downey, Hawthorne, Inglewood, Long Beach, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Rolling Hills Estates, Santa Clarita, Santa Monica, South Gate, and Torrance. In addition, the District provides services to several unincorporated areas of the County, which include residential and industrial areas. The boundaries for the District are approximately 80% coterminous with the City, with the remaining 20% included in the smaller neighboring cities and unincorporated County areas described above. The District was formed in 1854 as the Common Schools for the City and became a unified school district in 1960.

District Governance; Senior Management

District Board. The District is governed by a seven-member Board of Education (the "District Board"), each member of which is a voting member and elected by voters within such member's designed district. The members of the District Board are elected to four-year terms in alternate slates of three and four, with elections held every two years. In an election year, if a candidate receives a majority of the votes cast for a District Board seat in the primary election, that candidate is elected to the office. In the event no candidate receives a majority of the votes cast for a District Board seat, there is a runoff election at the general election between the two candidates receiving the highest number of votes for the seat in the primary election. The current members of the District Board along with their district and term are set forth below.

District	Member	Term Ending
5	Jackie Goldberg, President	December 16, 2024
3	Scott Schmerelson, Vice President	December 16, 2024
1	Dr. George J. McKenna III	December 16, 2024
2	Dr. Rocio Rivas	December 12, 2026
4	Nick Melvoin	December 12, 2026
6	Kelly Gonez	December 12, 2026
7	Tanya Ortiz Franklin	December 16, 2024

The District Board seats in the odd-numbered districts are up for election in 2024. The incumbent members of the District Board for district 3, Scott Mark Schmerelson, and district 7, Tanya Ortiz Franklin, ran in the March 2024 primary election to remain on the District Board. The incumbent members of the District Board for district 1, George McKenna, and district 5, Jackie Goldberg, did not run to remain on the District Board. At the primary election held on March 5, 2024, Tanya Ortiz Franklin received a majority of the votes for the district 7 District Board seat and was re-elected to such seat. The remaining District Board seats (districts 1, 3 and 5) will have runoff elections in the general election on November 5, 2024. The district 1 runoff will be between Sherlett Hendy Newbill and Khallid A. Al-Alim; the district 3 runoff will be between Scott Mark Schmerelson and Dan Chang; and the district 5 runoff will be between Karla Griego and Graciela "Grace" Ortiz.

Superintendent. The chief executive officer of the District, appointed by the District Board to manage the day-to-day operations of the District, is the Superintendent of Schools (the "Superintendent"). The District Board appointed Alberto M. Carvalho to serve as the Superintendent effective February 2022.

Strategic Plan. On June 21, 2022, the District Board unanimously adopted a strategic plan for the next four years (the "2022-26 Strategic Plan") that focuses on the goal of ensuring that all District students graduate "ready for the world" and prepared to thrive in college, career, and life. The 2022-26 Strategic Plan revolves around five pillars, each consisting of four priorities, that represent critical areas the District will focus on: academic excellence; joy and wellness; engagement and collaboration; operational effectiveness; and investing in staff.

Pursuant to the 2022-26 Strategic Plan, the first pillar of "Academic Excellence" prioritizes improving student outcomes through high-quality instruction, delivering enriching experiences to instill lifelong learning, eliminating opportunity gaps, and encouraging multiple paths for college and career readiness. The second pillar of "Joy and Wellness" prioritizes creating welcoming and inclusive learning environments, addressing student well-being through health, nutrition, and wellness services, cultivating strong social-emotional skills, and ensuring outstanding attendance to achieve consistent learning. The third pillar of "Engagement and Collaboration" prioritizes strengthening relationships between students, families, and schools, providing accessible information to the community, leading on local, state, and national levels, and honoring the perspectives of students. The fourth pillar of "Operational Effectiveness" prioritizes developing data-driven decision-making, modernizing facilities and technological infrastructure, sustainably implementing school and District budgets, and making the District a district of choice of families. The fifth pillar of "Investing in Staff" prioritizes recruiting and retaining a diverse workforce, providing rigorous and relevant professional learning, cultivating staff wellness, and maintaining consistent and high performance standards.

The District developed an Implementation Guide for the 2022-26 Strategic Plan with actions and practices for practitioners to implement in schools and classrooms. Pursuant to the 2022-26 Strategic Plan, the District intends to, among other endeavors, ensure processes and systems are in alignment by reviewing budgets, updating reporting structures, offering professional development for school and central office staff, and providing additional support for aligning school-level plans to the 2022-26 Strategic Plan. Furthermore, to ensure the 2022-26 Strategic Plan remains on track, the District is regularly engaging with the community to solicit feedback on its actions and expenditures, and has established districtwide systems to monitor progress of ongoing implementation, as well progress toward achieving its targets for success – at both the central-office and school-site levels.

Regions. In addition to the Superintendent of the District, the District organizes its schools into four (formerly six) geographically-based regions (each, a "Region"). Each Region has a separate superintendent to oversee the schools in the related area of the District. The current Region Superintendents are Dr. David Baca (North), Andre Spicer (South), José P. Huerta (East), and Dr. Denise Collier (West).

Biographies. Brief biographical information for Superintendent Alberto M. Carvalho and other senior management of the District is set forth below.

Alberto M. Carvalho, Superintendent. Alberto M. Carvalho has served as Superintendent of the District, the nation's largest self-governing public school district, since February 2022. He was selected by the District Board in a unanimous vote following a comprehensive community engagement process and a nationwide search.

During his 14-year tenure as Superintendent of Miami-Dade County Public Schools ("M-DCPS"), Superintendent Carvalho garnered local, state, national and international recognition. His honors include Florida's 2014 Superintendent of the Year; the 2014 National Superintendent of the Year; the 2016 winner of the Harold W. McGraw Prize in Education; the 2018 National Urban Superintendent of the Year; the 2019 National Association for Bilingual Education (NABE) Superintendent of the Year Award; making him the most accomplished Superintendent in America's history.

Superintendent Carvalho currently serves on the National Assessment Governing Board, appointed by the U.S. Secretary of Education. He also serves as a committee member for the National Academies of Science, Engineering, and Medicine and as an Advisory Committee Member to the Harvard Program on Education Policy and Governance. Superintendent Carvalho is a dedicated member of the National Board of Directors for Common Threads and the Posse Foundation.

Under his tenure, M-DCPS became one of the nation's highest-performing urban school systems, receiving systemwide accreditation from AdvancEd in 2014. M-DCPS was named as the 2014 College Board Advanced Placement Equity and Excellence District of the Year and the 2012 winner of the Broad Prize for Urban Education. He is now seeking to elevate the District to the premier spot in American urban education.

Superintendent Carvalho has been awarded many honorary degrees. He has been honored by the President of Portugal with the "Ordem de Mérito Civil," by Mexico with the "Ohtli Award" and was awarded the Official Cross of the Orden de Isabel la Católica (Order of Isabella the Catholic) on behalf of King Felipe VI of Spain.

Jaime G. Torrens, Senior Advisor to the Superintendent. Mr. Torrens, Senior Advisor to the Superintendent of the District, is responsible for assisting and supporting the Superintendent in the overall operation of the largest self-governing public school district in the nation.

Mr. Torrens previously served as Deputy Superintendent and Chief of Staff for M-DCPS where he oversaw a broad portfolio of functional areas. Among other duties, he led the M-DCPS' response and recovery related to COVID-19 (as defined herein).

As Chief Facilities Officer for over 12 years he was responsible for all aspects of facilities planning, construction, maintenance, operations and inspections at the fourth largest school system in the nation. As a member of the Superintendent's Cabinet, he directed a staff of 1,000 professional and technical personnel responsible for all aspects of 3,100 buildings comprising 45 million square feet on over 400 school campuses and ancillary facilities.

Mr. Torrens also led the implementation of M-DCPS' $1.2 billion General Obligation Bond program approved by voters in 2012 to renovate, construct and modernize school facilities throughout Miami-Dade County. This extensive capital improvement program included instructional technology upgrades at every school to provide equity throughout all campuses. Concurrently, he helped launch a comprehensive business development program which drastically expanded participation of small, minority and women-owned businesses that had been historically underrepresented in the construction industry.

Mr. Torrens served M-DCPS in various positions of increasing responsibility related to facilities management and district/emergency operations. He led M-DCPS' infusion of sustainability principles into design criteria and specifications for capital projects, implemented the Guaranteed Energy Performance Contracting Program and opened the first Gold Certified comprehensive high school under the LEED for Schools Program.

Mr. Torrens holds a Master of Science in Management Information Systems and a Bachelor of Science in Electrical Engineering from Florida International University, and he is a LEED Accredited Professional.

Mr. Pedro Salcido, Deputy Superintendent of Business Services and Operations. Since joining the District in 2012, Pedro Salcido has served in a variety of roles. Appointed in November 2022, he is currently the Deputy Superintendent of Business Services and Operations overseeing the critical work and divisions that enable the District to run, including school operations, food services, transportation, finance, information technology, facilities, medical services, and procurement. Current strategic initiatives under his purview include closing the digital divide, school bus electrification and systems modernization, healthier and more appealing school meals, wireless network modernization, school building modernization projects, and zero-based budgeting.

Prior to becoming Deputy Superintendent of Business Services and Operations, Mr. Salcido served as the Chief of Staff, managing all District academic and nonacademic operations and activities, while also serving as the Superintendent's principal liaison to the District Board. He oversaw the execution of all District policies and was instrumental in the development of Superintendent Carvalho's 100-Day Plan and 2022-26 Strategic Plan. Mr. Salcido has a demonstrated track record in expanding equitable programmatic and financial practices. Most notably, he served as the leading staff member who developed and implemented the District's Student Equity Needs Index (SENI), an equity-based funding allocation that today has grown to distribute nearly $700 million to the neediest schools in the District.

Mr. Salcido also served as the District's Senior Executive Director of Finance and Policy, and the Director of Government Relations during which he managed state, federal and local advocacy efforts and supervised internal and external efforts related to finance, labor negotiations and general board policies. Moreover, for five years, he led the work on the initial development and implementation of the District's Local Control and Accountability Plan ("LCAP"), the result of which was the establishment of a system of common accountability and budget alignment with the LCAP Scorecard and broad community engagement efforts.

As a first-generation Mexican American son of immigrants and a first-generation high school and college graduate, Mr. Salcido often relies on his own lived experiences to connect with both the educational and personal experiences of the students we serve. He seeks to listen often to the perspectives of staff, students, and families to effectively contribute to the decisions that shape the daily experiences of Los Angeles students and families. Mr. Salcido holds a Master's in Public Administration from the University of Southern California and holds dual degrees in Politics and Latin American Studies from the University of California, Santa Cruz.

Devora Navera Reed, General Counsel. Devora Navera Reed serves as the General Counsel for the District. She has been serving the District since 2006 and previously held the position of Chief Education and Legal Services Counsel. Ms. Navera Reed oversaw legal issues and litigation in areas dealing with special education, school law and operations, charter schools, equity and access, and constitutional issues, to name a few. As General Counsel for the District, Ms. Navera Reed is responsible for administering and overseeing the legal activities of the District's legal staff and outside legal firms. In addition, she advises the District Board, Superintendent, and senior leadership related to matters of major importance to the District. Prior to joining the District in 2006, Ms. Navera Reed served as an attorney for the Children's Law Center of Los Angeles for nearly a decade, where she represented and advocated for children in dependency court and the foster care system. In addition to her legal responsibilities, Ms. Navera Reed serves as a board member of the California Minority Counsel Program promoting diversity, equity and inclusion in the legal field. Ms. Navera Reed earned a Bachelor of Arts from the University of Southern California in 1992 and a Juris Doctorate degree from the University of San Francisco School of Law in 1996.

David D. Hart, Chief Business Officer. Mr. Hart began serving as the District's Chief Business Officer in January 2020. Before coming to the District, Mr. Hart served as the Chief Financial Officer of the Cherry Creek School District for approximately three years – the last 18 months of which he also served as Cherry Creek's Chief Operating Officer. Before joining Cherry Creek, Mr. Hart was a Director at The PFM Group for nearly two years and a Senior Vice President in Public Finance at D.A. Davidson & Co. for approximately a year. Prior to that time, Mr. Hart served as the Chief Financial Officer for Denver Public Schools for four years and as Chief Financial Officer of the Douglas County School District for three years. He has also served as Manager of Revenue for the City and County of Denver, as Treasurer for the City and County of Denver and as Budget Director for the Douglas County School District. Mr. Hart attended the University of Colorado at Denver, where he received his Master of Public Administration: Policy Analysis and Evaluation.

Nolberto Delgadillo, Deputy Chief Business Officer – Finance. Mr. Delgadillo joined the District in July 2023, taking on the role to support the District's fiscal strategy. He came to the District from Portland Public Schools (Oregon) where he served as Chief Financial Officer. Prior to his time at Portland Public Schools he served in the same role for Tulsa Public Schools (Oklahoma). Mr. Delgadillo has a track record for being responsible for ensuring that school district funds are managed responsibly and reported accurately while leading the full spectrum of financial services. Before his time with Tulsa Public Schools, Mr. Delgadillo served as Chief Operations Officer in Los Angeles, at the LA Promise Fund. He also previously supported finance operations at Green Dot Public Schools (California). Mr. Delgadillo also spent over 12 years in the health care sector. He is a graduate from the University of Southern California earning degrees in Chemistry and Spanish and earning an MBA from Loyola Marymount University. He also completed a two-year program through The Broad Center, earning a Master's in Educational Leadership.

Ernie Thomas, Controller. Mr. Thomas joined the District in January 2024 from a national non-profit organization focused on education where he served for a decade, first as Controller and eventually as Treasurer and Controller for the last six years. He previously served as Corporate Controller for a community sector organization for two years. Prior to that, he served as Vice President at National Community Renaissance for a year. Before that, Mr. Thomas served at an entertainment company for over a decade, where he first held the position of Controller for three years, and then Chief Financial Officer for the last nine years. Mr. Thomas was also an auditor at Authur Andersen & Co. and is a Certified Public Accountant (inactive). Mr. Thomas graduated from UCLA with a Bachelor of Arts degree in Economics.

Timothy S. Rosnick, Director of Capital Planning and Budgeting. Mr. Rosnick joined the District in October 2006 and served as the District's Director of Accounting Controls from October 2006 through June 2007 and the Director of Treasury and Accounting Controls from July 2007 through June 2008. Mr. Rosnick served as the District's Controller from June 2008 through June 2011 and served as the District's Deputy Controller from June 2011 through September 2023. Mr. Rosnick became Director of Capital

Planning and Budgeting in September 2023. Prior to joining the District, Mr. Rosnick served as an Administrator at the Orange County Department of Education and as a Financial Officer with LACOE. Mr. Rosnick graduated from the University of Washington with a Bachelor of Arts degree with Distinction in Economics and received a Master of Business Administration degree from the University of Texas at Austin. Mr. Rosnick is a member of the Government Finance Officers Association and the CFA Institute.

School Facilities

The District is the largest public school district in the State and the largest self-governing public school district in the United States. As reflected in the District's Audited Annual Financial Report for fiscal year 2022-23, the District operated 1,238 schools and centers in fiscal year 2022-23, which consisted of 434 elementary schools, 78 middle/junior high schools, 87 senior high schools, 59 options schools, 262 magnet centers, 67 magnet schools, 30 multi-level schools, 12 special education schools, 2 community adult schools, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, 18 primary school centers, and 89 California State preschools in fiscal year 2022-23. As reflected in the District's Audited Annual Financial Report for fiscal year 2022-23, 51 of the District's schools were operated as locally-funded affiliated charter schools ("Affiliated Charter Schools"). In addition, as reflected in the District's Audited Annual Financial Report for fiscal year 2022-23, the District oversaw 224 fiscally independent charter schools ("Fiscally Independent Charter Schools") within the District's boundaries in fiscal year 2022-23. See "STATE FUNDING OF SCHOOL DISTRICTS – Charter School Funding."

Enrollment and Average Daily Attendance

At the time of preparation of the District's second interim report for fiscal year 2023-24 (the "Fiscal Year 2023-24 Second Interim Report"), the transitional kindergarten ("TK") through 12th grade enrollment in the District for fiscal year 2023-24 was projected to be approximately 412,341 students, including those attending magnet, opportunity, and continuation schools and centers, Affiliated Charter Schools, and schools for people with disabilities. Such enrollment represents a decrease of 1,482 students or a decline of approximately 0.36% from the budgeted TK-12 enrollment in the District at the time of preparation of the District's original adopted budget for fiscal year 2023-24 (the "Fiscal Year 2023-24 Budget"). Such enrollment does not include students attending Fiscally Independent Charter Schools that was budgeted at 108,702 students at the time of preparation of the Fiscal Year 2023-24 Budget. Based on enrollment projections at the time of preparation of the Fiscal Year 2023-24 Second Interim Report, the District was projecting enrollment to decline by 2.49% on average through fiscal year 2025-26. For information regarding District operating deficits in relation to declining enrollment, see "DISTRICT FINANCIAL INFORMATION – District Budget – *LACOE's Response to Fiscal Year 2023-24 Budget*." While the District expects enrollment to continue to decline, the District's projected enrollment declines are subject to change as conditions change and more data becomes available throughout the fiscal year. The District attributes declining enrollment to, among other things, the reduced birth rate in the County, increased costs of living and housing costs in southern California, declining immigration trends in the Los Angeles area, and residual impacts of the Coronavirus Disease 2019 ("COVID-19") pandemic. The District's Strategic Enrollment & Program Planning Office continues to lead coordination of District-wide enrollment efforts by utilizing data-driven decision-making to expand successful district programs, improve marketing and outreach to communities, implement student retention and matriculation strategies, and streamline TK-12 pathways and programs.

As a result of declining enrollment in District schools, the District's annual average daily attendance ("ADA") has declined in recent years and is expected to further decline in fiscal years 2023-24 through 2025-26 based on projections contained in the Fiscal Year 2023-24 Second Interim Report. To ensure funding stability regardless of instructional model in light of the COVID-19 pandemic, the State budget for fiscal year 2020-21 included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21, and it provided that average daily attendance for fiscal year 2020-21 was based on fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020). Although the State budget for fiscal year 2021-22 did not include an extension of the ADA hold-harmless provision in fiscal year 2021-22, school districts with enrollment declines in fiscal year 2021-22, like the District, retained the ability to receive their apportionment based on the higher of their fiscal year 2019-20 or fiscal year 2021-22 ADA as provided under the Local Control Funding Formula (the "LCFF"). See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula." In light of pervasive declining enrollment throughout nearly all school districts in the State, the Governor's State budget for fiscal year 2022-23 revised the LCFF calculation beginning with fiscal year 2022-23 to consider the greater of a school district's current fiscal year, prior fiscal year, or the average of three prior fiscal years' ADA to allow school districts more time to adjust to enrollment-related LCFF funding declines. For purposes of fiscal year 2021-22, if a school district could demonstrate it provided independent study offerings to students in fiscal year 2021-22, such school district could consider the greater of its fiscal year 2021-22 ADA or its fiscal year 2021-22 enrollment adjusted for pre-COVID-19 absence rates. Such adjustment was applicable to fiscal year 2021-22 for purposes of calculating a school district's prior year ADA or the average of three prior years' ADA in fiscal year 2022-23 and beyond in accordance with the amendments made in connection with the Governor's State budget for fiscal year 2022-23. The following Table A-1 sets forth the District's actual and funded ADA for fiscal years 2014-15 through 2023-24. As reflected in Table A-1, the District's funded ADA for fiscal years 2014-15 through 2021-22 was based largely on actual prior year ADA for the second period of attendance ("P-2") for traditional TK-12 students, but current year P-2 ADA for students attending Affiliated Charter Schools. For fiscal years 2022-23 and 2023-24, the District's funded ADA was based largely on the average of three prior fiscal years' P-2 ADA for traditional TK-12 students, as adjusted in accordance with the COVID-19 ADA relief measures, but current year P-2 ADA for students attending Affiliated Charter Schools. As is shown in Table A-1, the revised LCFF calculation allowing the greater of a school district's current fiscal year, prior fiscal year, or the average of three prior fiscal years' ADA delays, but does not eliminate, the effects of enrollment declines on LCFF funding, such effects to eventually be felt as higher attendance levels from earlier years continue phasing out of the District's average.

TABLE A-1

LOS ANGELES UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2014-15 through 2023-24[(1)]

	Actual ADA			Funded ADA
Fiscal Year	**TK-12**[(2)]	**Affiliated Charter Schools**[(3)]	**Total**	**Total**
2014-15	476,285	39,944	516,229	524,591[(7)]
2015-16	463,735	39,632	503,367	512,625[(7)]
2016-17	450,713	41,143	491,856	500,648[(7)]
2017-18	438,359	40,232	478,591	483,710[(7)]
2018-19	415,100	38,910	454,010	470,127[(7)]
2019-20[(4)]	413,965	40,940	454,905	454,792[(7)]
2020-21[(5)]	N/A	N/A	N/A	455,356[(7)]
2021-22	345,896	35,043	380,939	449,912[(7)]
2022-23	348,544	35,466	384,010	434,269[(8)]
2023-24[(6)]	337,884	34,579	372,463	410,586[(8)]

(1) Data may differ from other District disclosures because adjustments were made in certain fiscal years due to additional attendance for non-public students, corrected attendance reports for District students, and/or audit findings.
(2) Includes non-public school special education students and District students attending schools operated by the County.
(3) Includes charter schools that are fiscally-affiliated with the District.
(4) Condensed reporting period. Does not reflect actual student attendance after February 29, 2020 due to the COVID-19 pandemic.
(5) Attendance reporting not required for fiscal year 2020-21. The fiscal year 2020-21 State budget included a hold harmless provision for the purpose of calculating apportionments under LCFF in fiscal year 2020-21, providing that ADA for fiscal year 2020-21 was based on ADA for fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020), as discussed in more detail above.
(6) Funded ADA, as reflected in the Fiscal Year 2023-24 Second Interim Report.
(7) Funded ADA is based largely on actual prior year P-2 ADA for TK-12 and current year P-2 ADA for Affiliated Charter Schools. For more information, see the discussion of ADA funding in the paragraph immediately preceding this table.
(8) Funded ADA is based largely on the average of three prior fiscal years' P-2 ADA for TK-12, as adjusted in accordance with the COVID-19 ADA relief measures, and current year P-2 ADA for Affiliated Charter Schools. For more information, see the discussion of ADA funding in the paragraph immediately preceding this table.

Sources: Los Angeles Unified School District Audited Annual Financial Report for fiscal year 2021-22 (actual ADA for fiscal years 2012-13 through 2021-22); unaudited actuals reports for fiscal years 2012-13 through 2022-23 (funded ADA for fiscal years 2012-13 through 2022-23; actual ADA for fiscal year 2022-23); Fiscal Year 2023-24 Second Interim Report (funded ADA for fiscal year 2023-24).

Cybersecurity

The District collects, processes, and distributes protected and personal information on students, staff, parents, and contractors. The size of the District's information assets creates a target-rich environment for a variety of threats such as cyber criminals and natural disasters. In 2019, the District experienced a cyberattack that resulted in unauthorized access to a limited number of student records; the software vulnerability was resolved the same day it was discovered. In March 2020, in response to the COVID-19 pandemic, the District rapidly implemented new remote learning and remote working capabilities, which increased the District's cyberattack surface area. The District implemented additional layers of technical and administrative controls to mitigate remote access risks. In August 2022, a Data Center power outage triggered by a failed electrical transformer owned by Los Angeles Department of Water and Power, resulted in temporary unavailability of some information systems. The District mitigated the risk by increasing electrical line and backup power capacity and successfully performing functional load tests.

On September 3, 2022, the District became aware of a cyberattack on its information technology assets and proactively suspended network traffic in and out of its data centers. In response to such incident, the District swiftly activated its incident response protocol and commenced an investigation with support from Kroll, LLC, an outside cybersecurity firm, to assist with containment, remediation, and forensic analysis. The Microsoft Detection and Response Team also assisted with the forensic investigation. The District also notified local and federal law enforcement agencies and continues to support their ongoing investigations. The District has identified, contained, and remediated the ransomware, and it has not found evidence of additional malware related to the cyberattack or any other persistent malicious activity on its network or systems.

The District's investigation of the incident determined that on or about July 31, 2022, the threat actor began conducting digital monitoring of the District's environment remotely using a contractor account to gain unauthorized access to systems. The District did not pay a ransom to the threat actor in connection with the incident. The threat actor posted approximately 500 gigabytes of data it stole from the District to its "leak site" on the dark web. Most of the files exfiltrated by the threat actor were located on the District's facilities servers and systems. The District provided required notifications to those individuals and entities with personal information included among those materials posted by the threat actor. This included employees, former employees, job applicants, and employees and contractors of facilities services division vendors who had personally identifiable information posted. The District offered credit monitoring services to such individuals. Notifications were also provided to individuals, including students and employees, who had personal "medical information" posted in the form of positive COVID-19 test results collected through the District's COVID-19 testing program, and to individuals, mostly former students, who had information contained in student assessment reports, most of which was dated, posted.

As a result of the incident, the District initially restricted access to its servers and systems, including access to user accounts, email, and software applications. Many operations and processes that were automated or facilitated by technology had to be completed manually, and some still remain manual at this time. Nonetheless, school sites remained operational. Most servers and systems were gradually restored within days as they were determined to be safe, with the District's most critical systems being restored first. The District restored certain impacted systems from backups and continues to work to rebuild others. While the District maintains cyber liability insurance, not all costs incurred are covered thereunder, and certain covered costs, which continue to be identified and calculated may ultimately exceed applicable coverage limits. Further, the District is planning to implement various security enhancements in light of the incident, but the District cannot currently predict the total cost of such enhancements.

Three related lawsuits relating to the incident remain pending against the District, which were filed on behalf of individuals allegedly impacted by the cyberattack, and unidentified classes of others impacted. At this early stage, the District cannot predict the outcome or any potential financial impact that may result from such litigation. Further, the District cannot predict whether any other claims or litigation will be filed or estimate any potential financial impact that may result. For more information about the existing lawsuits, see "DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation."

The District has implemented several protective measures with respect to access requirements to its systems to reduce the likelihood of a similar incident from occurring in the future. The District established an Independent Information Technology Task Force comprised of cybersecurity experts from private and public sectors to develop a set of recommendations to further strengthen the District's cybersecurity. The District has augmented its cybersecurity team, retained cybersecurity service providers, and implemented additional security controls and monitoring of its systems.

To minimize the impact and frequency of cybersecurity incidents, the District previously hired a Director of Information Technology Security in 2016 to develop and implement a risk-based information security management program ("ISMP"). The ISMP is designed to protect the confidentiality, integrity, and availability of information assets managed by the District's Information Technology Division and comply with all applicable information protection regulations including the Family Educational Rights and Privacy Act, Children's Internet Protection Act, and the Health Insurance Portability and Accountability Act. The ISMP includes a number of technical, administrative, and physical security safeguards that take into account the District's unique threats and vulnerabilities. Safeguards include, but are not limited to, policies that require employees, students, and parents to acknowledge their obligation to protect District information, cybersecurity training for employees, next generation network security technologies, access control systems, and cyber liability insurance. The District and its third-party IT vendors are required to carry cyber liability insurance to offset the cost of business disruptions caused by cybersecurity incidents.

No assurance can be made in any networked environment that a future cyberattack or natural disaster would not compromise the confidentiality, integrity or availability of District information assets. The only viable mitigation of cybersecurity risks is a layered defense strategy. The District implements layered defenses as a principal driver of its information security program and continuously monitors the effectiveness of the program to proactively modify it when the cyberattack landscape changes.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of *ad valorem* property taxes and its servers and systems for accounting and other matters, as well as other trustees, fiscal agents, dissemination agents and project management firms. No assurance can be given that future cyber threats and attacks against third party entities or service providers will not directly or indirectly impact the District or the owners of the Refunding Bonds, including the possibility of impacting the timely payments of debt service on the Refunding Bonds or timely filings pursuant to the District's continuing disclosure undertakings.

STATE FUNDING OF SCHOOL DISTRICTS

General

School districts in the State receive operating revenues from federal, State and local sources, including appropriations from the State's general fund and local property taxes derived from a school district's share of the 1% *ad valorem* property tax. School districts also currently receive revenues from the State attributable to temporary tax increases implemented by Proposition 30 (defined herein). In connection with voter approval of Proposition 55 (defined herein), certain of such temporary tax increases were extended by twelve years through 2030. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30" herein. School districts, such as the District, may be eligible for other special categorical funding, including funding for certain State and federal programs. The amount of categorical funding appropriated to a school district may vary significantly from other school districts and yearly. At the time of preparation of the Fiscal Year 2023-24 Second Interim Report, the District projected to receive approximately 60.42% of District General Fund revenues from funds of or controlled by the State. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations. For more information regarding the District's funding for fiscal year 2023-24, see "– State Budget Act – *2023-24 State Budget*," "– State Budget Act – Proposed 2024-25 State Budget," "– Local Control Funding Formula" and "DISTRICT FINANCIAL INFORMATION – District Budget" herein.

Article XVI of the State Constitution requires that from all State revenues, there first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND

APPROPRIATIONS – Constitutionally Required Funding of Education" herein. The State Legislature and the Governor approve the State's authorized appropriations for school districts each fiscal year in connection with the adoption of the State Budget Act (defined herein). Proposition 98 ("Proposition 98"), approved in November 1988 as a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act," provides the minimum funding formula for school districts. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98" herein. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), there are currently three tests which determine the minimum level of K-14 funding. See "CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS" and "STATE FUNDING OF SCHOOL DISTRICTS– Local Control Funding Formula" herein. Proposition 98 permits the State Legislature, by two-thirds vote of both houses and with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period. The amount of suspension is required to be repaid according to a specified State Constitutional formula, thereby restoring Proposition 98 funding to the level that would have been required in the absence of such suspension.

The actual appropriations and the timing of such appropriations are subject to, among other things, the estimated amount of State general fund revenues during the fiscal year and subsequent changes in State law. At times since the implementation of Proposition 98, the State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring apportionments of Proposition 98 funds from one fiscal year to the next, as the State did in fiscal years 2019-20 and 2020-21; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances. For more information on the Proposition 98 minimum guarantee under the 2023-24 State Budget, see "– State Budget Act – *2023-24 State Budget*" herein. For a description and an analysis of the Governor's proposed use of amounts in the Proposition 98 Rainy Day Fund (defined below) as a budget solution in the Proposed 2024-25 State Budget in relation to the Proposition 98 minimum guarantee and concerns expressed by the Legislative Analyst's Office with respect to such use, see also "–The State Budget Process – State Budget Act – *Proposed 2024-25 State Budget*" and "–The State Budget Process – State Budget Act – *LAO Analysis of the Proposed 2024-25 State Budget*" herein.

Since fiscal year 2013-14, the amount of funds an individual school district receives from State revenues depends on the amount of revenues the State calculates that the school district should receive based on the LCFF, less the amount the school district derives from such school district's share of the 1% *ad valorem* property tax. See "– Local Control Funding Formula" and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Constitutionally Required Funding of Education" herein.

The State Budget Process

The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year. State law requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "May Revision"). Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor (the "State Budget Act").

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the State Budget Act, as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the State Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature. Appropriations also may be included in legislation other than the State Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the State Legislature and be signed by the Governor. Bills containing K-14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse. See "– State Funding of Schools Without a State Budget" herein for a description of payments of appropriations during a budget impasse.

The description above and below of the State's budget has been obtained from publicly available information which the District believes to be reliable; however, the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not guarantee the accuracy or completeness of this information and have not independently verified such information. Additional information regarding State budgets is available at various State-maintained websites, including **www.dof.ca.gov**. The website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not make any representation as to the accuracy of the information provided therein.

State Budget Act

2023-24 State Budget. The Governor signed the fiscal year 2023-24 State budget on June 27, 2023, which was amended through a series of legislative bills (as amended, the "2023-24 State Budget"). The discussion below describes the 2023-24 State Budget. However, the 2023-24 State Budget was enacted based on then available information and a multitude of assumptions and expectations, including State revenue projections. Achievement of certain results or other expectations contained in the 2023-24 State Budget involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. See "– State Budget Act – *Proposed 2024-25 State Budget*" and "– State Budget Act – *LAO Analysis of the Proposed 2024-25 State Budget*" herein, for more current State budget information as well as a discussion of certain instances where expectations expressed in the 2023-24 State Budget were different than actual results.

As enacted, the 2023-24 State Budget reflected a downturn in revenues and slower revenue growth than previous projections due to the declining stock market, high inflation, rising interest rates and layoffs in high-wage sectors. It provided that the 2023-24 State Budget was able to address the shortfall with balanced solutions that would protect core State programs and services by paying down the State's debt and using one-time surplus funds on one-time commitments. The 2023-24 State Budget included a package of solutions to bridge an approximately $31.7 billion then-projected shortfall while avoiding what it described as deep and damaging program cuts. Specifically, the 2023-24 State Budget shifted approximately $9.3 billion of spending commitments from the State's general fund to other funds, reduced or pulled back approximately $8.1 billion in previously approved State general fund spending, delayed approximately $7.9 billion in spending across multiple years, included approximately $6.1 billion in additional revenue, primarily from the Managed Care Organization tax as well as internal borrowing from special fund balances not projected for programmatic purposes, and built in approximately $340.0 million in trigger reductions that were then projected to be restored in the then proposed State budget for fiscal year 2024-25, assuming sufficient funds. The 2023-24 State Budget provided that it avoids new significant ongoing commitments and maintains fiscal discipline by setting aside a record $37.8 billion in total budgetary reserves. The 2023-24 State Budget noted that a tax filing delay due to unprecedented storms in fiscal year 2022-23 had delayed the then projected receipt of $42.0 billion in State tax receipts to October 2023, including $28.4 billion from personal income tax and $13.3 billion from corporation tax, representing nearly one-fourth of the fiscal year 2022-23 total then projected personal income tax, and nearly one-third of the fiscal year 2022-23 then projected corporation tax.

The 2023-24 State Budget projected total resources available in fiscal year 2022-23 of approximately $260.9 billion, including revenues and transfers of approximately $205.1 billion and a prior year balance of approximately $55.8 billion, and total expenditures in fiscal year 2022-23 of approximately $234.6 billion. The 2023-24 State Budget projected total resources available for fiscal year 2023-24 of approximately $235.0 billion, inclusive of revenues and transfers of approximately $208.7 billion and a prior year balance of approximately $26.4 billion. The 2023-24 State Budget projected total expenditures in fiscal year 2023-24 of approximately $225.9 billion, inclusive of non-Proposition 98 expenditures of approximately $147.5 billion and Proposition 98 expenditures of approximately $78.4 billion. Citing revenue risks and uncertainties, the 2023-24 State Budget included a historic level of reserves as an important resiliency tool, setting aside a total of $37.8 billion in fiscal year 2023-24 and allocated reserves as follows: approximately $22.3 billion in the State Rainy Day Fund (the "State Rainy Day Fund") for fiscal emergencies, approximately $10.8 billion in the Public School System Stabilization Account (the "Proposition 98 Rainy Day Fund"), approximately $900.0 million in the Safety Net Reserve (the "Safety Net Reserve"), and approximately $3.8 billion to the State's Special Fund for Economic Uncertainties (the "State Special Fund for Economic Uncertainties"). In addition, the 2023-24 State Budget allocated approximately $5.3 billion of the State general fund's then projected fund balance in fiscal year 2023-24 to the State's Reserve for Liquidation of Encumbrances. The 2023-24 State Budget provided that the State Rainy Day Fund would be at its constitutional maximum of 10% of State general fund revenues.

The 2023-24 State Budget included total funding of $129.2 billion for all K-12 education programs, including $79.5 billion from the State's general fund and $49.7 billion from other funds. The 2023-24 State Budget reflected significant Proposition 98 funding that was to provide increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2023-24 State Budget included the following:

- Proposition 98 Minimum Guarantee. The 2023-24 State Budget reflected Proposition 98 funding levels of $110.6 billion in fiscal year 2021-22, $107.4 billion in fiscal year 2022-23, and $108.3 billion in fiscal year 2023-24. The 2023-24 State Budget provided that such funding represented approximately 38.5% of the State's general fund revenues, plus local property tax revenues. To accommodate enrollment increases related to the expansion of transitional kindergarten, the 2023-24 State Budget increased the funding level from approximately 38.2% to approximately 38.5% to increase the percentage of State general fund revenues due to the minimum guarantee.

- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The 2023-24 State Budget included payments required to be made to the Proposition 98 Rainy Day Fund in fiscal years 2021-22 through 2023-24 for a total expected account balance of $10.8 billion at the end of fiscal year 2023-24. The 2023-24 State Budget indicated that the expected balance of approximately $9.9 billion in fiscal year 2022-23 would trigger the cap on school district reserves beginning in fiscal year 2023-24. See "– Limitations on School District Reserves" and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751" herein.

- Local Control Funding Formula. The 2023-24 State Budget included a LCFF cost-of-living adjustment ("COLA") of 8.22%, which is the largest COLA in the history of LCFF. The 2023-24 State Budget provided approximately $556.3 million ongoing Proposition 98 general fund resources to reflect the COLA for specified categorical programs. The 2023-24 State Budget provided that the COLA, when combined with projected declining enrollment adjustments, increased the year-over-year projected discretionary funds available to local education agencies by approximately $3.4 billion. The 2023-24 State Budget also reflected the utilization of approximately $1.6 billion one-time Proposition 98 State general fund resources to support the overall costs of the LCFF in fiscal year 2023-24, and provided an increase of approximately $80.0 million ongoing Proposition 98 State general fund resources to support county offices of education serving students in juvenile court and other alternative school settings.

- Accountability Improvements and Equity Multiplier. The 2023-24 State Budget indicated that it reflects a comprehensive package to support accountability and a continuous improvement system to ensure student group and school site equity gaps within a local education agency are identified and addressed through the Local Control and Accountability Plan. To complement these efforts, the 2023-24 State Budget provided approximately $300.0 million ongoing Proposition 98 State general fund resources to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and approximately $2.0 million ongoing Proposition 98 general fund resources to support the critical work of the new Equity Leads within the statewide system of support.

- Literacy. The 2023-24 State Budget provided approximately $250.0 million one-time Proposition 98 general fund resources to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train and hire literacy coaches and reading specialists for one-on-one and small group intervention for struggling readers.

- State Preschool Program. The 2023-24 State Budget included the following set asides to fund any adjustments related to reimbursement for preschool providers: approximately $343.1 million in Proposition 98 general fund resources and $20,000 in non-Proposition 98 general fund resources from fiscal year 2022-23; approximately $369.3 million in Proposition 98 general fund resources and $126.1 million in general fund resources from fiscal year 2023-24; and approximately $445.7 million in Proposition 98 general fund resources and $186.5 million in general fund resources from fiscal year 2024-25. Consistent with this approach, the 2023-24 State Budget suspended the annual COLA applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25.

  The 2023-24 State Budget reallocated approximately $4.4 million non-Proposition 98 general fund resources and approximately $5.3 million Proposition 98 general fund resources from the 2022-23 State budget to continue to waive family fees from July 1, 2023 through September 30, 2023, and provided approximately $112.0 million in available federal funds to provide temporary stipends for State Preschool Program employees.

- Transitional Kindergarten. The 2023-24 State Budget provided approximately $357.0 million in ongoing Proposition 98 general fund resources for fiscal year 2022-23 to support the first year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and February 2. The 2023-24 State Budget also provided approximately $283.0 million in Proposition 98 general fund resources to provide one additional certificated or classified staff person in each transitional kindergarten classroom. Additionally, the 2023-24 State Budget provided approximately $597.0 million in ongoing Proposition 98 general fund resources beginning in fiscal year 2023-24 to support the second year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and April 2. The 2023-24 State Budget also provided approximately $165.0 million in Proposition 98 general fund resources to support the second year of adding one additional certificated or classified staff person in each transitional kindergarten classroom.

- Arts, Music, and Instructional Materials Discretionary Block Grant. The 2023-24 State Budget decreased one-time Proposition 98 general fund support for the Arts, Music, and Instructional Materials Block Grant by approximately $200.0 million, reducing total one-time program support from approximately $3.5 billion to approximately $3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately $938.0 million ongoing Proposition 98 general fund resources beginning in fiscal year 2023-24.

- Learning Recovery Emergency Block Grant. The 2023-24 State Budget delays approximately $1.1 billion one-time Proposition 98 general fund resources for the Learning Recovery Emergency Block Grant to fiscal years 2025-26, 2026-27, and 2027-28.

- Zero-Emission School Buses. The 2023-24 State Budget delayed approximately $1.0 billion one-time Proposition 98 general fund resources to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to fiscal years 2024-25 and 2025-26.

- California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (the "Full-Day Kindergarten Facilities Grant Program"). The 2022-23 State budget included $100.0 million one-time general fund resources and reflected an additional $550.0 million in fiscal year 2023-24 to support the Full-Day Kindergarten Facilities Grant Program. The 2023-24 State Budget delayed the planned $550.0 million investment for this program to fiscal year 2024-25.

- School Facility Program. The 2023-24 State Budget provided approximately $2.0 billion one-time general fund resources, which is $100.0 million less than previously planned, to support the School Facility Program in fiscal year 2023-24.

- Nutrition. The 2023-24 State Budget provided an additional $154.0 million in ongoing Proposition 98 general fund resources and an additional $110.0 million one-time Proposition 98 general fund resources to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.

- Bipartisan Safer Communities Act, Stronger Connections Program. The 2023-24 State Budget provided approximately $119.6 million in one-time federal funds to support local education activities related to improving school climate and safety through the Stronger Connections Program.

- Charter School Facility Grant Program. Consistent with the 2022-23 State budget, the 2023-24 State Budget provided a one-time investment of $30.0 million Proposition 98 general fund resources to support eligible facilities costs.

The complete 2023-24 State Budget is available from the California Department of Finance website at **www.dof.ca.gov** or **www.ebudget.ca.gov**. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2024-25 State Budget. The Governor released the fiscal year 2024-25 proposed State budget (the "Proposed 2024-25 State Budget") on January 10, 2024, which provides that it maintains the State's fiscal stability using some of the money saved in historic budget reserves. The Proposed 2024-25 State Budget notes that the estimated $37.9 billion budget shortfall poses a substantial challenge and is rooted in two separate but related developments during fiscal years 2022-23 and 2023-24 – the substantial decline in the stock market that drove down revenues in fiscal year 2022-23 and the unprecedented delay in critical income tax collections in fiscal year 2023-24. The Governor's proposed budgets in January and May 2023 warned of this increased budgetary uncertainty, and in June 2023, the State passed a budget that planned accordingly, setting aside record reserves of just under $38.0 billion. The Proposed 2024-25 State Budget provides that it solves for last fiscal year's shortfall while adjusting State spending to ensure continued fiscal stability in future fiscal years.

The Proposed 2024-25 State Budget provides that the stock market recovery and improved economic growth support its forecast assumptions that revenue growth will resume in fiscal year 2023-24 following the steep correction in fiscal year 2022-23, with potential upside through fiscal year 2024-25 if the markets continue to outperform the forecast. In addition, it provides that the Federal Reserve has indicated it intends to cut interest rates throughout 2024, which may stimulate real estate transactions and other sectors of State's economy. However, the Proposed 2024-25 State Budget provides that several risk factors such as a significant financial shock from tightening financial conditions, stock market and asset price volatility, and declines and geopolitical turmoil, could negatively impact the economy going forward. The Proposed 2024-25 State Budget provides that even after the proposed withdrawals from State reserves, total reserves in fiscal year 2024-25 will remain substantial at $18.4 billion. This includes $11.1 billion in the State Rainy Day Fund, $3.9 billion in the Proposition 98 Rainy Day Fund, and $3.4 billion in the State Special Fund for Economic Uncertainties.

The Proposed 2024-25 State Budget incorporates the following measures to close the budgetary shortfall in fiscal year 2024-25:

- $13.1 billion in budget withdrawals from the State's reserves, including $10.4 billion from the mandatory State Rainy Day Fund and Transfer Suspension, $1.8 billion from the discretionary State Rainy Day Fund, and $900.0 million from the Safety Net Reserve.

- $8.5 billion in various budget spending reductions, including, but not limited to, $500.0 million in reductions to the School Facilities Aid Program and $494.0 million in reductions to the Student Housing Revolving Loan Fund Program.

- $5.7 billion in support from revenue sources and internal borrowing from special funds.

- $5.1 billion in delayed budgetary funding for multiple items spread across a three-year period, beginning in fiscal year 2025-26, including but not limited to, a $550.0 million funding delay to the Full-Day Kindergarten Facilities Grant Program.

- $3.4 billion in budget fund shifts of certain expenditures from the State general fund to other funds, including, but not limited to, a $1.3 billion reduction on State plans retirement contributions using Proposition 2 debt repayment funding.

- $2.1 billion in funding deferrals to fiscal year 2025-26.

In addition to the budgetary measures listed above, the Proposed 2024-25 State Budget includes withdrawals from the Proposition 98 Rainy Day Fund of $5.7 billion to maintain support for local educational agencies and community college districts. However, see "*– LAO Analysis of the Proposed 2024-25 State Budget*" below, for an analysis of the Governor's proposed use of amounts in the Proposition 98 Rainy Day Fund as a budget solution in the Proposed 2024-25 State Budget in relation to the Proposition 98 minimum guarantee.

The Proposed 2024-25 State Budget estimates total resources available in fiscal year 2023-24 of approximately $238.9 billion, including revenues and transfers of approximately $196.9 billion and a prior year balance of approximately $42.1 billion, and total expenditures in fiscal year 2023-24 of approximately $230.9 billion. The Proposed 2024-25 State Budget projects total resources available for fiscal year 2024-25 of approximately $222.7 billion, inclusive of revenues and transfers of approximately $214.7 billion and a prior year balance of approximately $8.0 billion. The Proposed 2024-25 State Budget projects total expenditures in fiscal year 2024-25 of approximately $208.7 billion, inclusive of non-Proposition 98 expenditures of approximately $131.8 billion and Proposition 98 expenditures of approximately $76.9 billion. The Proposed 2024-25 State Budget includes approximately $29.0 billion in reserves in fiscal year 2024-25 and allocates reserves as follows: approximately $11.1 billion in the State Rainy Day Fund for fiscal emergencies, approximately $3.9 billion in the Proposition 98 Rainy Day Fund, approximately $10.6 million in the Reserve for Liquidation and Encumbrances, and approximately $3.4 billion in the State Special Fund for Economic Uncertainties.

The Proposed 2024-25 State Budget includes total funding of approximately $126.8 billion for all K-12 education programs, including approximately $76.4 billion from the State's general fund and approximately $50.4 billion from other funds. Per-pupil funding totals $17,653 per pupil in Proposition 98 funding and $23,519 per pupil when accounting for all funding sources. However, see "*– LAO Analysis of the Proposed 2024-25 State Budget*" below, for an assessment of the Governor's proposed K-12 education funding.

Certain budgeted programs and adjustments for K-12 education set forth in the Proposed 2024-25 State Budget include the following:

- <u>Proposition 98 Minimum Guarantee</u>. The revised estimates of State general fund revenues in the Proposed 2024-25 State Budget result in notable adjustments to the Proposition 98 minimum guarantee, resulting in funding estimates of approximately $98.3 billion in fiscal year 2022-23, $105.6 billion in fiscal year 2023-24, and $109.1 billion in fiscal year 2024-25, representing a three-year decrease in the minimum guarantee of approximately $11.3 billion over the level funded in the 2023-24 State Budget. Recognizing that the delay in the State tax filing deadline in fiscal year 2022-23 impacted State revenue projections for fiscal year 2022-23 available at the time the 2023-24 State Budget was enacted, the Proposed 2024-25 State Budget proposes statutory changes to address approximately $8.0 billion of this decrease to avoid impacting existing school district and community college district budgets.

- Proposition 98 Rainy Day Fund. The 2023-24 State Budget projected a total balance of $10.8 billion in the Proposition 98 Rainy Day Fund. The Proposed 2024-25 State Budget reflects revised fiscal year 2022-23 and 2023-24 payments, and a fiscal year 2024-25 payment, of approximately $339.0 million, $288.0 million, and $752.0 million, respectively, into the Proposition 98 Rainy Day Fund, and withdrawals of approximately $3.0 billion in fiscal year 2023-24 and $2.7 billion in fiscal year 2024-25, for a total revised account balance of more than $3.8 billion at the end of fiscal year 2024-25. There is a cap of 10% on school district reserves in fiscal years immediately succeeding those in which the balance in the Proposition 98 Rainy Day Fund is equal to or greater than 3% of the total K-12 share of the Proposition 98 minimum guarantee. See "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves" and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – *SB 751*" herein. The Proposed 2024-25 State Budget provides that the balance of $5.7 billion in the Proposition 98 Rainy Day Fund in fiscal year 2023-24 continues to trigger school district reserve caps in fiscal year 2024-25.

- Local Control Funding Formula. The Proposed 2024-25 State Budget includes a LCFF COLA of approximately 0.76%, down from the 3.94% COLA estimated at the time of the enactment of the 2023-24 State Budget. The 2023-24 State Budget provides that, when combined with population growth adjustments, this will result in a decrease of approximately $1.4 billion in discretionary funds for local educational agencies. To fully fund this increase and to maintain the level of current year principal apportionments, the Proposed 2024-25 State Budget proposes withdrawing approximately $2.8 billion from the Proposition 98 Rainy Day Fund to support ongoing LCFF costs in fiscal year 2023-24, withdrawing approximately $2.2 billion from the Proposition 98 Rainy Day Fund to support ongoing LCFF costs in fiscal year 2024-25, and using available reappropriation and reversion funding totaling $38.6 million to support ongoing LCFF costs in fiscal year 2024-25.

- Local Property Tax Adjustments. The Proposed 2024-25 State Budget includes decreases of Proposition 98 general fund resources for school districts and county offices of education of $113.0 million and $996.0 million, respectively, in fiscal year 2023-24 and fiscal year 2024-25, as a result of increased offsetting property taxes.

- Instructional Continuity. To provide students with needed instructional continuity including when facing challenges such as severe climate events, illness, or other barriers that impact attendance, the Proposed 2024-25 State Budget proposes statutory changes to allow local educational agencies to provide attendance recovery opportunities to students to make up lost instructional time, thereby offsetting student absences, and mitigating learning loss and chronic absenteeism, as well as related fiscal impacts.

- California State Preschool Program. To support reimbursement rate increases previously supported by available one-time federal stimulus funding, the Proposed 2024-25 State Budget includes $53.7 million in general fund resources. These resources are in addition to approximately $140.6 million in general fund resources and $206.3 million in Proposition 98 general fund resources identified in the 2023-24 State Budget.

- Teacher Preparation and Professional Development. To support training for educators to administer literacy screenings, the Proposed 2024-25 State Budget proposes $25.0 million in ongoing Proposition 98 general fund resources through the K-12 Mandate Block Grant.

To further assist educators in teaching mathematics aligned to the State Board of Education's newly adopted Mathematics Framework, the Proposed 2024-25 State Budget proposes $20.0 million in one-time Proposition 98 general fund resources for a county office of education to work with the University of California Subject Matter Projects, as well as other well-qualified governmental or non-profit providers, to develop and provide training for mathematics coaches and leaders who can in turn provide training and support to math teachers to deliver high-quality instruction.

The Proposed 2024-25 State Budget also proposes to make statutory changes to focus the use of unexpended allocated Learning Recovery Emergency Block Grant funds on actions to address the needs of students most impacted by learning loss, based on an assessment of needs and incorporated into the existing Local Control and Accountability Plan (LCAP) development process, and to clarify that the allowable uses of such grant funds include professional development aligned to the new Mathematics Framework.

- School Facility Program. The Kindergarten through Community College Public Education Facilities Bond Act of 2016 (Proposition 51), approved by voters in November 2016, authorized $9.0 billion in State general obligation bonds to support K-12 and community college school facilities construction. With Proposition 51 bond authority funds nearly exhausted, the 2022-23 State budget and 2023-24 State Budget provided approximately $1.3 billion in one-time general fund resources and $2.0 billion in one-time general fund resources, respectively, for the School Facility Program, for K-12 school facilities construction. To address the projected budget shortfall, the Proposed 2024-25 State Budget adjusts a planned fiscal year 2024-25 investment for the School Facility Program from $875.0 million to $375.0 million in one-time general fund resources.

- Full-Day Kindergarten Facilities Grant Program. The Full-Day Kindergarten Facilities Grant Program supports the construction of new school facilities or retrofitting existing school facilities for the purpose of providing transitional kindergarten, full-day kindergarten, or preschool classrooms. The 2022-23 State budget included $100.0 million in one-time general fund resources for the Full-Day Kindergarten Facilities Grant Program, and the 2023-24 State Budget reflected an additional $550.0 million in fiscal year 2024-25 to support the Full-Day Kindergarten Facilities Grant Program. To address the projected budget shortfall, the Proposed 2024-25 State Budget delays the fiscal year 2024-25 planned investment of $550.0 million to fiscal year 2025-26.

- Zero-Emission School Buses. The Proposed 2024-25 State Budget maintains $500.0 million one-time Proposition 98 general fund resources to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission in fiscal year 2024-25.

- Nutrition. The Proposed 2024-25 State Budget includes an increase of $122.2 million in ongoing Proposition 98 general fund resources to fully fund the universal school meals program in fiscal year 2024-25.

The complete Proposed 2024-25 State Budget is available from the California Department of Finance website at **www.dof.ca.gov** or **www.ebudget.ca.gov**. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Analysis of the Proposed 2024-25 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State legislature, released its report on the Proposed 2024-25 State Budget entitled "The 2024-25 Budget: Proposition 98 and K-12 Education" on February 15, 2024 (the "2024-25 Proposed Budget Analysis"). In the 2024-25 Proposed Budget Analysis, the LAO assesses changes related to the Proposition 98 Rainy Day Fund and Proposition 98 minimum guarantee and analyzes the major proposals for K-12 education.

The LAO notes that Proposition 98 sets aside a minimum amount of funding for schools based upon a set of constitutional formulas. Due to reductions in State revenue and the delayed deadline for personal income and corporation tax payments, the Proposed 2024-25 State Budget estimates the funding requirement to be down significantly over the fiscal years 2022-23 through 2024-25. Specifically, the delayed payments show that State tax collections for fiscal year 2022-23 were nearly $26.0 billion lower than the levels the State estimated in June 2023. The Proposed 2024-25 State Budget revised the estimate of the Proposition 98 minimum guarantee down nearly $9.1 billion for fiscal year 2022-23. The LAO observes that the reduction in the guarantee primarily reflects the significant drop in general fund revenue, but is offset slightly by a small increase in property tax revenue. The downward revision is the largest reduction to the guarantee in a prior year since the passage of Proposition 98 in 1988. By contrast, previous downward revisions to the prior-year guarantee have never been larger than a couple hundred million dollars. The LAO notes that nearly half of the increase, however, is due to two special adjustments. First, the State adjusts the guarantee up by more than $930.0 million to account for the arts education program established by Proposition 28 in the year 2022. Second, it makes a further upward adjustment of more than $630.0 million to account for the continued expansion of eligibility for transitional kindergarten. The LAO estimates the Proposition 98 guarantee is $7.7 billion lower than the Proposed 2024-25 State Budget level over the period. Specifically, estimates are $5.2 billion lower in fiscal year 2023-24 and $2.5 billion lower in fiscal year 2024-25.

The Proposed 2024-25 State Budget anticipates a rapid recovery and assumes an 8.0% increase in general fund revenue relative to the lower fiscal year 2022-23 level, including a 12.0% increase in personal income tax receipts. The Proposed 2024-25 State Budget anticipates a relatively strong rebound in general fund revenue for fiscal year 2023-24, but the State tax collections through January 2024 point to continuing weakness. Tax receipts from regular income tax withholding (the largest portion of the personal income tax) came in $1.0 billion or 11.0% below the estimates in the Proposed 2024-25 State Budget. Receipts from the quarterly estimated payments were even worse, coming in $3.0 billion or 27.0% below the budget estimate. Based on the recent tax collection data, the LAO sees a high level of downside risk to the revenue estimates in the Proposed 2024-25 State Budget. Specifically, LAO's updated estimate of general fund revenue (released in February 2024) is $15.3 billion lower than the Proposed 2024-25 State Budget estimates for fiscal year 2023-24 and $8.4 billion lower for fiscal year 2024-25. The LAO notes that there is low probability that revenues will approach the levels in the Proposed 2024-25 State Budget. The LAO estimates that the lower general fund revenue reduce the guarantee by nearly 40 cents for each dollar of lower revenue. Increases in local property tax, however, increase the Proposition 98 minimum guarantee on a dollar-for-dollar basis.

LAO's estimates of property tax revenue are somewhat higher than the levels in the Proposed 2024-25 State Budget. The LAO observes that the most important factor affecting local property tax revenue is the rate of growth in assessed property values. The Proposed 2024-25 Proposed Budget estimates assessed values will grow 5.1% in fiscal year 2023-24 and 4.7% in fiscal year 2024-25. The LAO observes that this growth assumption is somewhat below the historical average of about 5.5%. Accounting for all of the factors, the overall increase in local property tax revenue is about 4.0% in each year. The Proposed 2024-25 State Budget forecasts Proposition 98 guarantee to grow to $111.9 billion in fiscal year 2025-26, an increase of $2.8 billion or 2.6% from the fiscal year 2024-25 level. The LAO observes that approximately $1.1 billion of this increase in the guarantee is attributable to an adjustment for transitional kindergarten. Most notably, recent data from the Board of Equalization show that assessed property values grew nearly 6.7% in fiscal year 2023-24, compared with the estimate of 5.1% in the Proposed 2024-25 State Budget.

The LAO emphasizes that the Proposed 2024-25 State Budget's largest solution is a funding maneuver that would move some prior-year school spending to the non-Proposition 98 side of the budget and delay budgetary recognition of the expenditure for several years. In effect, the State would be using its cash resources to finance payments to schools that exceed the Proposition 98 guarantee in the prior year and creating an internal obligation to recognize the underlying budgetary cost at some point in the future. Unlike a traditional loan, however, the State would not score this mechanism as borrowing, make payments to an external creditor, or accrue any interest. The Proposed 2024-25 State Budget also proposes a $4.9 billion discretionary withdrawal to cover school spending that would otherwise exceed the minimum guarantee. Of this amount, the budget would use $2.8 billion for LCFF in fiscal year 2023-24 and $2.1 billion for LCFF in fiscal year 2024-25. These withdrawals would leave $3.9 billion in the reserve for future use. This balance exceeds the threshold triggering the cap on local school district reserves, meaning the cap would remain operative for at least another year. Furthermore, most of the school districts will experience funding declines in fiscal year 2024-25 as their higher attendance levels from earlier years continue phasing out of their average. The Proposed 2024-25 State Budget estimates this phaseout will reduce LCFF statewide by $2.0 billion or 2.6%. Partially offsetting this reduction, the Proposed 2024-25 State Budget estimates an LCFF increase of $796.0 million related to the expansion of transitional kindergarten. This increase consists of $635.0 million for base, supplemental, and concentration grant funding generated by students who are newly eligible in fiscal year 2024-25 and $161.0 million to support lower staffing ratios for these students. Accounting for the attendance phaseout and the expansion of transitional kindergarten, the overall reduction in LCFF costs is $1.2 billion.

The LAO notes that the Proposed 2024-25 State Budget recognizes the budget problem and introduces a few reasonable ideas. Most notably, the inclination to access funds in the Proposition 98 Rainy Day Fund and identify savings in the State Preschool program. However, the LAO expresses major concerns with the proposal to allow schools to keep cash disbursements above the minimum guarantee without recognizing the budgetary cost of those payments. According to the LAO, this proposal creates a new type of budget solution: effectively, an interest-free loan from the State's cash resources and, as such, it sets a problematic precedent. If the State legislature were to avoid the funding maneuver entirely and reduce funding to LAO's lower estimates of the guarantee, the State would need to identify a total of $14.0 billion in reductions or solutions affecting schools. Discretionary withdrawals from the Proposition 98 Rainy Day Fund as a one-time solution is contingent upon the State Governor declaring a budget emergency and the State legislature enacting a law authorizing the withdrawal. The LAO shares the view that a reserve withdrawal is warranted but has concerns about the way the Proposed 2024-25 State Budget would use these funds. The Proposed 2024-25 State Budget would use reserves to cover costs in fiscal years 2023-24 and 2024-25, including to free-up funding for spending increases. Using reserve withdrawals to support new spending seems contrary to the core purpose of the reserve—protecting existing programs—and diminishes an important tool that could mitigate the prior-year shortfall. The LAO notes that the reduction for State preschool program is reasonable, however, if program enrollment increases, the costs associated with providing certain payments in fiscal year 2024-25 will increase. Additionally, the Proposed 2024-25 State Budget funds the full COLA in fiscal year 2024-25 even though the guarantee cannot even support existing program costs. The LAO estimates that if the State had reduced the COLA rate for fiscal year 2023-24, it would face little or no ongoing shortfall in fiscal year 2024-25.

The LAO has offered recommendations to address the budget shortfall. The LAO recommends that the State legislature should prioritize core school programs but also promote stability for the budget moving forward. Taking this approach would require the State legislature to make some difficult choices this year but offers substantial advantages. The LAO notes that the Proposed 2024-25 State Budget proposed funding maneuver is bad fiscal policy, sets a problematic precedent, and creates a binding obligation on the State that will worsen future deficits and require more difficult decisions. The LAO strongly recommends the State legislature to reject the funding maneuver. The LAO recommends that the State legislature should begin identifying alternative reductions and solutions it would need to balance the budget. Specifically, the LAO recommends the following one-time and ongoing spending solutions:

- Build a budget that (a) contains a discretionary reserve withdrawal and (b) directs the entire withdrawal toward addressing the shortfall in fiscal year 2022-23. To the extent the State is required to withdraw any funds that remain in the reserve after covering the shortfall in fiscal year 2022-23, the LAO recommends directing those funds toward existing program costs that would otherwise exceed the guarantee in fiscal year 2023-24.

- Reject all of the one-time increases proposed in the Proposed 2024-25 State Budget to achieve savings of $599.0 million.

- Review existing grants with unallocated funding and reduce or eliminate any grants that do not represent highest priorities. The LAO recommends that one reasonable starting point would be to rescind some of the funding for community schools.

- For a few ongoing programs, the State likely could make one-time reductions that school districts could accommodate by drawing upon unspent carryover funding. Two of the programs for which the LAO anticipates school districts have unspent funds available are Expanded Learning Opportunities Program (“ELOP”) and the Special Education Early Intervention Grant.

- Zero out the COLA for the upcoming year. Rejecting the COLA would reduce the ongoing shortfall by $628.0 million and help the state avoid committing to an ongoing spending level it would have difficulty maintaining in the future.

- Reject most other ongoing increases in the Proposed 2024-25 State Budget, including the increases for school meals and the funding for literacy screeners.

- Plan to adopt lower LCFF cost estimates than the Proposed 2024-25 State Budget anticipates for fiscal years 2023-24 and 2024-25 and use updated data to calibrate estimates. Related to these recommendations, the LAO recommends ensuring the estimates account for the interaction between the expansion of transitional kindergarten and the three-year rolling average attendance calculation. Under LAO’s latest estimates, the overall cost of LCFF would be $1.8 billion lower across fiscal years 2023-24 and 2024-25.

- Explore changes to ongoing programs that could generate additional savings. The LAO outlines options for reducing costs in five large programs: ELOP allocations, State Preschool program, School Nutrition program, School Transportation program and Transitional Kindergarten Staffing Add-On program.

- Eliminate or scale back by revisiting three LCFF add-ons that provide additional funding for certain districts based on historical factors to reduce historical funding inequities among school districts, simplify the LCFF, and provide ongoing savings. The LAO profiles three such add-ons: Targeted Instructional Improvement Block Grants, Minimum State Aid and Economic Recovery Targets.

Governor and Legislature Early Action Agreement. On April 4, 2024, the Governor and the State Legislature agreed to an early action budget package (the "Early Action Agreement") to reduce the existing shortfall in the Proposed 2024-25 State Budget, to be addressed in the final budget for fiscal year 2024-25, by approximately $17.3 billion. The Early Action Agreement consists of a mix of budgetary actions, including $3.6 billion in budgetary reductions (primarily to one-time funding), $5.2 billion in revenue and borrowing, $5.2 billion in delays and deferrals, and $3.4 billion in shifts of costs from the general fund to other State funds. With respect to the budgeted programs for K-12 education, the Early Action Agreement includes a $500.0 million reduction to the School Facility Aid Program and a $550.0 million funding delay with respect to the Full-Day Kindergarten Facilities Grant Program. On April 11, 2024, the Early Action Agreement was passed by the State Legislature. The Early Action Agreement does not address the Proposition 98 funding maneuver proposed in the Proposed 2024-25 State Budget. The Early Action Agreement is available from the State of California website at **www.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2024-25 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Proposed 2024-25 State Budget. In May 2024, the Governor will revise the Proposed 2024-25 State Budget based on updated information available at such time. Such revision in May 2024 may also differ substantially from the Proposed 2024-25 State Budget. The final fiscal year 2024-25 State budget may be affected by national and State economic conditions and other factors which the District cannot predict. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2024-25 State budget from the Proposed 2024-25 State Budget. The District cannot predict the impact that the final fiscal year 2024-25 State budget, or subsequent budgets, will have on its finances and operations.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash and could impair the State's ability to fund schools during fiscal year 2023-24 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Refunding Bonds are payable from *ad valorem* property taxes, the 2023-24 State Budget is not expected to have a material impact on the payment of the Refunding Bonds.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at **www.lao.ca.gov**. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, **www.treasurer.ca.gov**. The information presented in these websites is not incorporated by reference in this Official Statement.

State Funding of Schools Without a State Budget

Although the State Constitution requires that the State Legislature adopt a budget for the State by June 15 of the prior fiscal year and that the Governor sign a budget by June 30, this deadline has been missed from time to time. Delays in the adoption of a Budget Act in any fiscal year could impact the receipt of State funding by the District. On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California), et al. (also referred to as White v. Davis) ("Connell"). The California Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of State funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the State Legislature, (ii) authorized by a self-executing provision of the State Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the State Constitution—the provision establishing minimum funding of K-14 education enacted as part of Proposition 98—did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. Nevertheless, the State Controller has concluded that the provisions of the State Education Code establishing K-12 and county office of education revenue limit funding (the predecessor to the LCFF) do constitute continuing appropriations enacted by the State Legislature and, therefore, has indicated that State payments of such amounts would continue during a budget impasse. The State Controller, however, has concluded that K-12 categorical programs are not authorized pursuant to a continuing appropriation enacted by the State Legislature and, therefore, cannot be paid during a budget impasse. To the extent the Connell decision applies to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of some payments to the District while such required legislative action is delayed, unless the payments are self-executing authorizations, continuing appropriations or are subject to a federal mandate. However, the District does not expect any delays in payments from the State to adversely affect its ability to pay the principal of and interest on the Refunding Bonds described in the forepart of this Official Statement, which are payable from voter-approved *ad valorem* property taxes.

Local Control Funding Formula

General. Funding for school districts, charter schools and county offices of education in connection with the LCFF includes State apportionments for general operating costs ("State Aid") and funding for categorical programs. During fiscal year 2022-23, approximately 55.99% of the District's General Fund revenues were pursuant to the LCFF. At the time of preparation of the Fiscal Year 2023-24 Second Interim Report, the District projected that approximately 60.48% of the District's fiscal year 2023-24 General Fund revenues will consist of funds determined under the LCFF. For fiscal years 2020-21 through 2023-24, LCFF revenues comprise a lower percentage of the District's total General Fund revenues as a result of increases in one-time federal funding for COVID-19 relief. The following Table A-2 sets forth the percentage of the District's General Fund revenues that are derived from revenues under the LCFF, federal revenues, other State revenues and other local revenues for fiscal years 2019-20 through 2023-24.

TABLE A-2

LOS ANGELES UNIFIED SCHOOL DISTRICT
General Fund Revenue Sources
Percentage of Total District General Fund Revenues[1]
Fiscal Years 2019-20 through 2023-24

Revenue Source	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23	Fiscal Year 2023-24[2]
LCFF	74.47%	64.68%	62.42%	55.99%	60.48%
Federal Revenues	8.31	19.15	19.13	19.57	19.05
Other State Revenues	14.98	13.99	18.08	22.77	15.36
Other Local Revenues	2.24	2.18	0.37	1.67	5.12

(1) Sum of percentages may not equal 100% due to rounding.
(2) Projected. For more information regarding State funding during fiscal year 2023-24, including information about the establishment of an Equity Multiplier as an add-on to the LCFF in the 2023-24 State Budget and impacts on the Fiscal Year 2023-24 Budget, see "– State Budget Act – *2023-24 State Budget*" and "DISTRICT FINANCIAL INFORMATION – District Budget – *Revisions to Fiscal Year* 2023-24 Budget."

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2022-23; Fiscal Year 2023-24 Second Interim Report for fiscal year 2023-24.

The LCFF allocates State funding based on a school district's demographics. Each school district receives a base grant (the "Base Grant") per ADA in an amount determined by the State. The Governor's State budget for fiscal year 2022-23 revised the LCFF calculation beginning with fiscal year 2022-23 to consider the greater of a school district's current fiscal year, prior fiscal year, or the average of three prior fiscal years' ADA. See "DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance." Pursuant to the LCFF, each local education agency ("LEA") is required to, among other things, show progress toward an average class enrollment of no more than 24 pupils in kindergarten through grade 3, unless the LEA has entered into a collective bargaining agreement specifying an annual alternative average class enrollment in those grades for each school. Accordingly, the LCFF includes an adjustment to the Base Grant for kindergarten through grade 3 (the "K-3 Grade Span Adjustment") of approximately 10.4% in order to cover the costs associated with class size reduction. In addition, the LCFF includes an adjustment to the Base Grant for grades 9 through 12 of approximately 2.6% to cover the costs of, among other things, providing career technical education.

Based on the ADA of the given demographic classification, school districts are eligible to receive a 20% supplemental grant (the "Supplemental Grant") for students classified as English learners ("EL"), students eligible to receive a free or reduced-price meal ("FRPM"), and students classified as foster youth ("LI"). The State expects the Supplemental Grants to reflect the additional costs associated with the education of EL, FRPM and LI students. In addition, school districts are eligible to receive a concentration grant (the "Concentration Grant") if the school district has a significant concentration of students classified as EL, FRPM or LI (collectively, "Unduplicated Pupils"). The LCFF uses an unduplicated student count to determine the amount of the Supplemental Grant and Concentration Grant authorized for a school district. A school district may only count a student one time if such student is classified in more than one of the EL, FRPM and LI categories. In the event the percentage of Unduplicated Pupils exceeds 55% of a school district's total enrollment, the LCFF provides additional funding to the school district through a Concentration Grant. The Concentration Grant will be an amount equal to an additional 65% of the school district's adjusted Base Grant, which includes the cost of living adjustment and grade span adjustments, if any, for each Unduplicated Pupil above the 55% threshold.

Starting with the 2023-24 fiscal year, an additional Equity Multiplier was added for LEAs who qualify by having both (1) a prior year nonstability rate of greater than 25% and (2) a prior year socioeconomically disadvantaged pupil rate of greater than 70%. The nonstability rate refers to the percentage of students who do not complete the year due to factors like expulsion or other reason without stable subsequent enrollment at another school. The socioeconomically disadvantaged pupil rate refers to the percentage of students who (i) do not have a parent with a high school diploma, (ii) are eligible for free or reduced-price meals, (iii) are migratory, (iv) are homeless youth, (v) are foster youth or (vi) are enrolled in a county juvenile court school. Every year, the state will allocate $300 million to the qualifying LEAs on a per-unit basis based on the LEA's prior year adjusted cumulative enrollment, but each qualifying school will receive at least $50,000. The Equity Multiplier revenue must be used for evidence-based services and support for pupils.

The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2023-24, the LCFF provided to school districts and charter schools: (a) a Base Grant for each LEA equivalent to $10,951 per ADA for kindergarten through grade 3; (b) a Base Grant for each LEA equivalent to $10,069 per ADA for grades 4 through 6; (c) a Base Grant for each LEA equivalent to $10,367 per ADA for grades 7 and 8; (d) a Base Grant for each LEA equivalent to $12,327 per ADA for grades 9 through 12. The Base Grant amount for fiscal year 2023-24 includes a COLA of 8.22%. The amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants is subject to the discretion of the State.

Since the full implementation of the LCFF in fiscal year 2018-19, there is no longer a gap between a school district's prior year funding and the target amount of funding under the LCFF for the current year. Further, there is no longer a difference between the District's target entitlement under the LCFF – the amount available once the LCFF is fully funded – and the District's transition entitlement. In fiscal year 2018-19, the District reached its target entitlement for the District and the Affiliated Charter Schools, such that there is no transition entitlement for the District and the Affiliated Charter Schools. Accordingly, the District's historically significant increases in LCFF funding from year to year are not reflective of the District's current and expected LCFF funding since the LCFF is fully funded.

The difference between the amount a school district or charter school would have received under the old funding system and the estimated amount it would receive for LCFF funding at full implementation, based on certain criteria is referred to as the "Economic Recovery Target." Only school districts and charter schools that were at, or below, the 90th percentile of per-pupil funding rates of school districts under the pre-fiscal year 2013-14 funding system, as determined at the certification of the State's second principal apportionment in fiscal year 2013-14, are eligible for Economic Recovery Target payments. Based on this criteria, the District is not entitled to receive Economic Recovery Target funding. However, certain of the District's Affiliated Charter Schools are entitled to the Economic Recovery Target funding and received $990,310, collectively, in fiscal year 2022-23, and will receive the same amount, collectively, in fiscal year 2023-24.

The District has the largest ADA in the State. See "DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance" herein. In addition, the District's ADA includes a significant number of students classified as Unduplicated Pupils. Accordingly, the District expects to receive more LCFF funding than other school districts in the State. The Fiscal Year 2023-24 Second Interim Report projects that approximately 85.67% of students attending non-charter schools of the District will be classified as Unduplicated Pupils under the LCFF during fiscal year 2023-24. The percentage of students classified as Unduplicated Pupils is based on a three-year rolling average. The District's calculation of ADA with respect to Unduplicated Pupils, which is used to determine Supplemental and Concentration Grant revenues, is subject to adjustment upon review thereof by the District's independent auditor.

The following Table A-3 sets forth the District's Base Grant per ADA for fiscal years 2014-15 through 2023-24 under the LCFF.

TABLE A-3

LOS ANGELES UNIFIED SCHOOL DISTRICT
Adjusted Base Grant Per Average Daily Attendance
Fiscal Years 2014-15 through 2023-24

Fiscal Year	Grades K-3	Grades 4-6	Grades 7-8	Grades 9-12
2014-15	$7,740	$7,116	$7,328	$8,712
2015-16	7,820	7,189	7,403	8,801
2016-17	7,820	7,189	7,403	8,801
2017-18	7,941	7,301	7,518	8,939
2018-19(1)	8,235	7,571	7,796	9,269
2019-20	8,503	7,818	8,050	9,572
2020-21	8,503	7,818	8,050	9,572
2021-22	8,934	8,214	8,458	10,057
2022-23	9,520	8,754	9,013	10,716
2023-24	10,951	10,069	10,367	12,327

(1) LCFF was fully funded in fiscal year 2018-19.

Sources: Los Angeles Unified School District Comprehensive Annual Financial Report for fiscal years 2014-15 and 2015-16; the District for fiscal years 2016-17 through 2022-23; and Fiscal Year 2023-24 Second Interim Report for fiscal year 2023-24.

Local Control and Accountability Plan. Pursuant to the LCFF, since July 1, 2014, school districts, county offices of education and charter schools have been required to develop, adopt and annually update a three-year LCAP. The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators. The Education Code requires each school district to file with the county superintendent of schools such school district's LCAP or annual update thereof not later than five days after its adoption. On or before August 15 of each year, the county superintendent of schools may seek clarification, in writing, from the governing board of such school district about the contents of the LCAP. The school district has the opportunity to respond to such request and the county superintendent is authorized to submit recommendations for amendments to the LCAP. On or before October 8 of each year, the county superintendent of schools is required to approve each school district's LCAP pending a determination that the school district has adhered to the template adopted by the State Board of Education, the school district's budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP based on projected costs, and the school district has adhered to the Education Code with respect to funds apportioned for Unduplicated Pupils.

The State's priorities for each LCAP include, among other things, compliance with requirements with respect to appropriateness of teacher assignments, ensuring that teachers are fully credentialed in the subject areas and for the pupils they are teaching, and ensuring that every pupil in the school district has sufficient access to the standards-aligned instructional materials as determined in accordance with the Education Code. In addition, school facilities are to be maintained in good repair. The State requires proper implementation of the academic content and performance standards adopted by the State Board of Education and will measure parental involvement (e.g., efforts to seek input from parents or guardians regarding decisions for the district and the school site), pupil achievement (e.g. performance on Statewide assessments, the academic performance index, readiness for college or career technical education, progress towards English proficiency, performance on advance placement examinations), pupil engagement (e.g., school attendance rates, chronic absenteeism rates, middle school dropout rates, high school dropout and graduation rates, pupil suspension and expulsion rates, etc.), access and enrollment in a broad course of study including the core subject areas and programs and services developed and provided to Unduplicated Pupils, and pupil outcomes in the subject areas comprising a broad course of study.

In November 2014, the State Board of Education adopted final regulations to govern the expenditure of the Supplemental Grant and Concentration Grant funding. These regulations require school districts, county offices of education, and charter schools to increase and improve services for Unduplicated Pupils and provide authority for school districts to spend funds school-wide when significant populations of Unduplicated Pupils attend a school. Pursuant to the regulations, LEAs are required to obtain input from parents of students and the general public in connection with the development, revision and updates of LCAPs. In addition, the regulations require County superintendents to review school district LCAPs and require county offices of education to provide technical assistance if they disapprove an LCAP. The Education Code grants the State Superintendent of Public Instruction authority to intervene if a school district or charter school fails to show improvement across multiple subgroups in three out of four consecutive years.

Infectious Disease Outbreak

In general, the outbreak of a highly contagious disease or epidemic disease could harm the District's financial results or result in a temporary shutdown of the District's facilities. As discussed above, school districts in California are funded based on the LCFF, which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes. Further, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State. " – State Budget Act – *Future Budgets and Budgetary Actions*." In addition, the District may incur increased operational costs to conduct distance learning or to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

COVID-19 Background. The outbreak of the respiratory disease caused by COVID-19 was previously declared a pandemic by the World Health Organization, a national emergency by former President Trump and a state of emergency by the Governor of the State. The national and public health emergency declarations ended on May 11, 2023. Additionally, the Governor of the State issued a proclamation terminating the State's COVID-19 state of emergency on February 28, 2023.

Federal Response. On March 13, 2020, former President Trump declared a nationwide emergency pursuant to Section 501(b) of the Stafford Act, regarding the COVID-19 pandemic. On March 22, 2020, former President Trump approved the Major Disaster Declaration for the State of California, authorizing federal emergency aid related to COVID-19 administered through the Federal Emergency Management Agency ("FEMA"). As a result, local educational agencies were permitted to submit a request for FEMA public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19. The District submitted all requests for FEMA public assistance for eligible cleaning, sanitation, COVID-19 testing, vaccination, and meal programs expenses incurred through June 30, 2023. As of February 29, 2024, the District has received $344.7 million for testing and miscellaneous response costs. In addition, the District received four obligation letters from FEMA totaling $159.6 million for testing, vaccinations and miscellaneous response costs. The District is working to maximize its reimbursement from FEMA and anticipates that a significant majority of the amount of assistance requested from FEMA will ultimately be deemed eligible and reimbursed.

On March 27, 2020, the U.S. House of Representatives approved and former President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act provided $30 billion to education, specifically $3 billion allocated to state governors to be used at their discretion to address the emergency, $13.5 billion for K-12 education, and $14.25 billion for postsecondary institutions. School districts are able to use their share of the $13.5 billion K-12 education allocation under the CARES Act, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses. The District received approximately $858.1 million in funding under the CARES Act, which is the full amount allocated to the District under the CARES Act and included approximately $289.7 million from the Elementary and Secondary School Emergency Relief Fund (the "ESSER") provided directly from the federal government to the District, and amounts allocated by the State of California through its Learning Loss Mitigation Fund, including approximately $488.6 million from the Coronavirus Relief Fund (the "CRF") provided from CARES Act funding, approximately $31.9 million from the Governor's Emergency Education Relief Fund (the "GEER") provided from CARES Act funding, and approximately $47.9 million from the State's general fund. The District has also received approximately $22.0 million in supplemental reimbursements at a rate of 75 cents per meal for meals served to students between March 2020 and August 2020; a portion of such funding was provided by federal sources under the CARES Act and the other portion of such funding was provided by State funds. In addition, the District has been awarded approximately $6.0 million in grant funds by the State under the California Community Schools Partnership Program for expenditures relating to the District's community schools. As of June 30, 2023, the District has received all $6.0 million of such grant funding.

On December 27, 2020, the Consolidated Appropriations Act of 2021 ("HR 133") was enacted, which includes a $900 billion COVID-19 relief package. HR 133 provided approximately $81.9 billion to education, specifically about $4.1 billion allocated to state governors to be used at their discretion to address the emergency, of which approximately $2.75 billion was reserved for private K-12 education, about $54.3 billion for K-12 education, around $22.7 billion for postsecondary institutions, and about $819 million for outlying areas and Bureau of Indian Affairs schools. School districts are able to use their share of the approximately $54.3 billion K-12 education allocation under HR 133, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses. Pursuant to HR 133, $154 million was allocated to the State in the form of funding for public schools from the GEER (the "GEER II"), and the State ultimately incorporated such funds into the expanded learning opportunity grant funding discussed below. In addition, pursuant to HR 133, the District is eligible to receive approximately $1.15 billion in funding from the ESSER (the "ESSER II") for eligible expenditures obligated through September 30, 2023. The District has received all $1.15 billion in ESSER II funding as of June 30, 2023. In addition, under HR 133, the District received a one-time child development stipend of approximately $4 million for costs associated with childcare programs.

On March 11, 2021, the American Rescue Plan Act of 2021 ("HR 1319"), a $1.9 trillion COVID-19 relief package, was enacted. HR 1319 provided approximately $165.15 billion to education, specifically about $122.8 billion to public K-12 education, around $2.75 billion to private K-12 education and about $39.6 billion to postsecondary institutions. Of the approximately $122.8 billion in K-12 funding, about $7.2 billion was set aside for purchasing technology to support digital learning and around $800 million is set aside for supporting homeless students. HR 1319 allocated K-12 funding to states and school districts according to the proportion of Title I funding received for the then most recent fiscal year. It further stipulated that of the K-12 funds received by states, 90% must be distributed to local educational agencies, 5% must be used to address learning loss, 1% must be used for summer enrichment programs and 1% must be used for comprehensive afterschool programs, and of the K-12 funds received directly by school districts, 20% must be used to address learning loss. Pursuant to HR 1319, the District expects to receive approximately $2.6 billion in additional funding from the ESSER (the "ESSER III") for expenditures obligated through September 30, 2024. As of February 29, 2024, the District has received approximately $2.1 billion in ESSER III funding. Pursuant to HR 1319, the District also may receive up to $281.6 million from the amounts dedicated to technology and digital learning (the "Emergency Connectivity Fund"). As of February 29, 2024, the District has received approximately $50.4 million of funding from the Emergency Connectivity Fund.

Pursuant to a grant from the U.S. Department of Health and Human Services, LACOE received funding for COVID testing to allocate to school districts within its jurisdiction. Accordingly, the District was allocated approximately $82.2 million in funding for COVID testing expenses during fiscal year 2021-22, all of which the District received during fiscal year 2021-22.

State Legislation Relating to School Districts. On March 17, 2020, the Governor signed Senate Bill 117 ("SB 117") as urgency legislation effective immediately. For purposes of school district funding for fiscal year 2019-20, SB 117 limited the average daily attendance reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed ADA period applied to school districts that complied with Executive Order N-26-20. SB 117 further states the intent of the State Legislature is that a school district's employees and contractors be paid during the period of a school closure due to COVID-19. SB 117 also waived instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the school district to fall below applicable instructional time requirements. SB 117 also included $100 million in additional funding to school districts for certain costs incurred as a result of COVID-19. The District received approximately $7.9 million, which includes amounts for Affiliated Charter Schools, from such additional State funding in fiscal year 2019-20.

The Governor signed Assembly Bill 86 ("AB 86") into law on March 5, 2021. AB 86 provided approximately $6.6 billion to local educational agencies to encourage a return to in-person education, with a focus on students who are younger (TK-2) and most disproportionately impacted by the COVID-19 pandemic. Funding was distributed as follows: $725 per student, an additional $1,000 per homeless student, and funds remaining after these apportionments are distributed proportionally based on LCFF. $2 billion was set aside as incentive for school districts that return to in-person instruction by March 31, 2021 for at least TK-2 and ramping up to include higher grades if county transmission rates allow. Beginning April 1, 2021, school districts' apportioned incentive funding was reduced by 1% for every academic calendar day they do not offer in-person education until May 15, 2021, after which school districts forfeit their entire apportionment of incentive funding. AB 86 allocated approximately $4.6 billion to local educational agencies to support expanded learning opportunities that target learning loss resulting from the COVID-19 pandemic. School districts must implement learning recovery programs that include, at minimum, supplemental instruction, resources for social and emotional well-being and meal programs. AB 86 also established reporting requirements to monitor COVID-19 cases and in-person education status and apportioned $25 million to the State's "Safe Schools For All Team" to provide technical assistance, community engagement, oversight and accountability to school districts. AB 86 further set aside 10% of the State's vaccine supply for childcare and TK-12 education staff. Pursuant to AB 86, the District expects to receive approximately $572.5 million in additional funding following its reopening of schools for in-person hybrid instruction throughout April 2021. As of February 29, 2024, the District has received approximately $561.7 million in such funding.

The Governor signed Assembly Bill 130 ("AB 130") into law on July 9, 2021. Pursuant to AB 130, the District received approximately $243.2 million in funding in fiscal year 2021-22 and is eligible for $457.10 million per year thereafter for the operation of afterschool and summer school enrichment programs through the Expanded Learning Opportunities Program. In addition, pursuant to AB 130, the District received an additional $45.7 million in funding through the Special Education Learning Recovery

Support program and approximately $10.1 million for dispute prevention and dispute resolution. While the Expanded Learning Opportunities Program is not a traditional one-time COVID relief funding source like the other COVID relief funding discussed above, it is part of the State's on-going response to educational challenges exacerbated by the COVID-19 pandemic.

As of February 29, 2024, in aggregate from federal and State funding sources described above from fiscal year 2019-20 through fiscal year 2023-24, the District expects to receive approximately $5.6 billion in COVID-19 relief funding, which does not include the funding that the District received through the Expanded Learning Opportunities Program in fiscal year 2021-22 or the funds that the District expects to receive through the Expanded Learning Opportunities Program on an ongoing basis. As of February 29, 2024, the District has received approximately $4.8 billion in such COVID-19 relief funding, which does not include any funds received through the Expanded Learning Opportunities Program.

District Response. As a result of the outbreak of COVID-19, on March 10, 2020, the District Board declared that emergency conditions exist throughout the District and authorized the Superintendent to take any and all actions necessary to ensure the health and safety of students and staff. Under such authority, the Superintendent closed all schools within the District for in-person instruction effective March 16, 2020. The District implemented a distance learning model for the remainder of the 2019-20 school year.

The District utilized the distance learning model for much of the 2020-21 school year, which commenced on August 18, 2020, given the ongoing COVID-19 pandemic. However, the District began reopening schools for in-person hybrid instruction the week of April 12, 2021, starting with 61 elementary schools and 11 early education centers. The remaining elementary schools and early education centers reopened for in-person hybrid instruction the week of April 19, 2021, and middle schools and high schools reopened for in-person hybrid instruction the week of April 26, 2021. Distance learning also remained available to students throughout the 2020-21 school year. To ensure that the reopening was as safe as possible for students, employees, and the communities, the District published its COVID-19 Containment, Response and Control Plan in February 2021, which details plans, practices and health and safety protocols for reopening schools and is available on the District's website. The District also offered vaccinations to all District employees, administered vaccinations at multiple school sites, and operated a mass vaccination center at Hollywood Park to serve its employees and charter school employees. Baseline COVID-19 testing and subsequent periodic testing on a weekly basis was made available to all students and staff located at school facilities.

The District fully opened its school facilities to full-time in-person instruction at the outset of the 2021-22 school year. The District operates an independent study program for students who do not want to return to in-person instruction. Beginning in October 2021, the District required all employees to be vaccinated against COVID-19, but on September 26, 2023, the Board of Education rescinded that requirement. During the 2021-22 school year, the District conducted weekly testing of all staff and students for COVID-19. During the 2022-23 school year, the District no longer required weekly testing, but provided rapid antigen tests for symptomatic and exposed students and staff. The District continues to implement strict health and safety measures to ensure the safety of its staff and students.

In response to the COVID-19 pandemic, the District incurred costs totaling approximately $5.1 billion from March 2020 through February 29, 2024, including costs associated with instructional connectivity, learning lost mitigation, meals, cleaning and protective equipment, COVID-19 testing, and business continuity and connectivity. As a result of the COVID-19 pandemic, the District currently projects approximately $915.6 million in COVID-19 related costs associated with operating schools during the 2023-24 school year. More specifically, based on the Fiscal Year 2023-24 Second Interim Report, the District projects (1) approximately $23.3 million in costs associated with strategies for continuous and safe in-person learning; (2) approximately $246.4 million in costs associated with addressing lost instructional time; and (3) approximately $645.9 million in costs for addressing additional district priorities. For more information on the District's COVID-19 relief funding expectations for fiscal year 2023-24, see "DISTRICT FINANCIAL INFORMATION – District Budget."

While the State and federal one-time COVID-19 relief funding discussed above has provided and will continue to provide some immediate relief to school districts, including the District, the long-term impacts of the COVID-19 outbreak on the District's operations and finances are not fully known as the situation continues to evolve. The District cannot predict whether similar legislation would be enacted in the event the outbreak severity of COVID-19 returns or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

Charter School Funding

A charter school is a public school authorized by a school district, county office of education or the State Board of Education. State law requires that charter petitions be approved if they comply with the statutory criteria. The District has certain fiscal oversight and other responsibilities with respect to both Affiliated Charter Schools and Fiscally Independent Charter Schools located in the District geographic boundaries. However, Fiscally Independent Charter Schools are separate LEAs and receive revenues directly from the State. Affiliated charter schools receive their funding from the District and are included in the District's budgets and audit reports. Information regarding enrollment, ADA, budgets and other financial information relating to Fiscally Independent Charter Schools is not included in the District's audit reports or in this Official Statement unless otherwise noted.

Pursuant to the LCFF, Fiscally Independent Charter Schools and Affiliated Charter Schools will receive a Base Grant per ADA and are eligible to receive Supplemental Grants, Concentration Grants and Equity Multiplier funds. See " – Local Control Funding Formula" herein. In fiscal year 2023-24, the District operates 51 Affiliated Charter Schools and oversees 221 Fiscally Independent Charter Schools within the District boundaries. The fiscal year 2023-24 funded ADA of the Affiliated Charter Schools and the Fiscally Independent Charter Schools is anticipated to be approximately 34,658 and 101,678, respectively. An increase in the number of Fiscally Independent Charter Schools within the boundaries of a school district or an increase in the number of students transferring to a Fiscally Independent Charter School or an Affiliated Charter School from a traditional school within a school district may cause a net reduction in the District's ADA.

Limitations on School District Reserves

Unless a school district is granted an exemption by its county superintendent of schools, amounts in its reserves may not exceed the limitations set forth in the Education Code once certain conditions precedent are met. Pursuant to Section 42127.01 of the Education Code, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Proposition 98 Rainy Day Fund is equal to or exceeds 3% of the combined total of State general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10% of total General Fund expenditures and other financing uses. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the reserves limitation for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserves limitation. The limitation applies once the Superintendent of Public Instruction notifies school districts and county offices of education that the conditions precedent are met. The

Superintendent of Public Instruction is also required to notify school districts and county offices of education when those conditions no longer exist.

The State-imposed minimum recommended reserve for the District is accounted for in the District's reserve for economic uncertainties. Payments allocated to the Proposition 98 Rainy Day Fund by the State in fiscal years 2021-22 and 2022-23 triggered certain limitations on school district reserves under the Education Code in fiscal years 2022-23 and 2023-24. In fiscal years 2022-23 and 2023-24, the District Board has committed funds comprising portions of the General Fund ending balance to (1) proportionality resources that are allocated to schools to increase or improve services for low income, English language learner, and foster youth students, (2) the primary promise program for elementary school students to build a foundation in literacy, math, and critical thinking skills, (3) inflation protection, and (4) financial obligations pursuant to labor agreements. At the time of preparation of the 2023-24 Second Interim Report, the District's assigned and unassigned ending General Fund balance for fiscal year 2023-24 did exceed 10% of the total General Fund expenditures and other financing uses. However, the reserve cap is not checked for compliance at interim reporting periods; it is checked at budget adoption and at the reporting of unaudited actuals. Should the District appear to exceed the reserve cap at the time of preparation of the District's fiscal year 2023-24 unaudited actuals, the District would take appropriate action to ensure compliance.

Even with the Governor's proposed withdrawals in fiscal years 2023-24 and 2024-25 in the Proposed 2024-25 State Budget (see " – Proposed 2024-25 State Budget"), the Proposed 2024-25 State Budget indicates the projected balance of $5.7 billion in the Proposition 98 Rainy Day Fund in fiscal year 2023-24 continues to trigger school district reserve limitations in fiscal year 2024-25.

DISTRICT FINANCIAL INFORMATION

District Financial Policies and Related Practices

General. The District has three key financial policies: a budget and finance policy (the "Budget and Finance Policy"), a debt management policy (the "Debt Management Policy") and an investment policy (the "Investment Policy").

Budget and Finance Policy. The District has adopted a Budget and Finance Policy pursuant to which the District creates and funds reserves for operating purposes (collectively, the "Operating Reserves") and liability management purposes (collectively, the "Liability Reserves"). The Budget and Finance Policy reflects reserve categories promulgated by the Government Accounting Standards Board ("GASB") and incorporates certain reserve categories established by the District. See "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves" herein.

Operating Reserves. The District uses the Operating Reserves to manage its budget for each fiscal year. A portion of the District's authorized appropriations are set aside in the Operating Reserves. The District generally appropriates amounts from the General Fund based on the amount estimated in its budget. However, the District may appropriate funds from unspent balances within the Operating Reserves, if necessary. Accordingly, the District uses the Operating Reserves to ensure that appropriations reflect the District's actual General Fund expenditures. The current Operating Reserves include nonspendable reserves, restricted reserves, committed reserves, assigned reserves, and unassigned reserves, the latter of which includes the District's reserve for economic uncertainties. Pursuant to the California Code of Regulations, school districts with an ADA between 30,001 and 400,000 students, such as the District, must maintain a reserve for economic uncertainties of 2% of General Fund appropriations.

Pursuant to the Budget and Finance Policy, the District's total General Fund balance may not be less than an amount equal to 5% of total General Fund expenditures and net transfers out during a fiscal year (the "5% Minimum Reserve Threshold"). In addition, the Budget and Finance Policy requires the projected General Fund balance to satisfy the 5% Minimum Reserve Threshold in each of the two subsequent fiscal years which the District includes in its interim financial reports. In the event that the District's estimates indicate that the total General Fund balance will not satisfy the 5% Minimum Reserve Threshold in any of the current fiscal year or two subsequent fiscal years, the Budget and Finance Policy directs the District to develop and implement budget proposals to restore reserve balances to the 5% Minimum Reserve Threshold.

Based on the Fiscal Year 2023-24 Second Interim Report, the District's Operating Reserves are expected to satisfy both the 5% Minimum Reserve Threshold and the 2% statutory reserve requirement for fiscal years 2023-24, 2024-25 and 2025-26. Unlike the 5% Minimum Reserve Threshold, the 2% statutory reserve requirement is based on the unrestricted and unassigned ending fund balance (including the reserve for economic uncertainties) only and does not take into account the restricted, committed, or assigned ending fund balances. See "– District Budget – *Fiscal Year 2023-24 Second Interim Report*" herein.

Liability Reserves. Pursuant to the Budget and Finance Policy, the District must establish several Liability Reserves, including a self-insurance reserve, a workers' compensation reserve (the "Workers' Compensation Fund"), a health and welfare reserve (the "Health and Welfare Benefits Fund"), an other-post-employment benefits ("OPEB") reserve (the "OPEB Trust Fund"), and a pension (CalSTRS and CalPERS) reserve (the "Pension Reserve").

The amount required to be on deposit in the Workers' Compensation Fund is established with information from an independent actuary. The District determines the annual budget for workers' compensation by reviewing the amount necessary to fund its outstanding workers' compensation liability to the actuarially recommended level based on the central estimate approach and by additionally calculating the amount necessary for claims and operation of the Workers' Compensation Fund. The District uses the difference of the current fiscal year's central estimate versus that from the previous fiscal year to establish the amount necessary to fund projected liabilities. With respect to funding claims activity, the amount required to be on deposit in the Workers' Compensation Fund is based on the anticipated increase in claims cost in the current fiscal year versus the prior fiscal year. Such amount is generally higher than the amount recommended in the actuarial report. See "– Risk Management and Litigation" herein.

The District Board approved the creation of an irrevocable trust for its OPEB liability (the "OPEB Trust Fund") in May 2014. The Budget and Finance Policy directs the District, subject to approval by the District Board, to make annual contributions to the OPEB Trust Fund when the balance in the General Fund exceeds the 5% Minimum Reserve Threshold to the extent possible. In the event that the unrestricted portion of the General Fund is above 5% of the unrestricted revenues (after the annual OPEB contribution has been determined), the Budget and Finance Policy directs the District to make an additional contribution from the assigned OPEB reserve to the OPEB Trust Fund. See "– Other Postemployment Benefits" herein. As of June 30, 2023, the net position of the OPEB Trust Fund was approximately $499.9 million. This amount does not reflect the $33.3 million contribution designated for internal purposes as a fiscal year 2022-23 contribution but not deposited into the OPEB Trust Fund until August 11, 2023 or the monthly amounts totaling $17.6 million deposited into the OPEB Trust Fund from September 2023 through April 2024, which monthly deposits are expected to continue through June 2024 with an additional $35 million expected to be deposited into the OPEB Trust Fund.

The Health and Welfare Benefits Fund is used to pay all health and welfare payments for active employees and retirees. The District determines funding of the Health and Welfare Benefits Fund based on the applicable health benefits agreement for each of the applicable years. See "– Employees and Labor Relations – *Negotiations Regarding Labor Contracts*" herein. As of June 30, 2023, the net position of the Health and Welfare Benefits Fund was approximately $107.7 million.

Budgeting Practices. Beginning in fiscal year 2022-23, the District implemented new budgeting practices. As part of such new budgeting practices, the District prepares quarterly budget to actuals analysis for various departments to inform internal budget adjustments or reallocations that may occur throughout the fiscal year. Such new budgeting practices also include zero-based budgeting that involves developing a new budget each fiscal year, as opposed to starting with the previous fiscal year's budget and making adjustments, in order to ensure that all expenses are justified for the new fiscal year. As part of the development of the Fiscal Year 2023-24 Budget, zero-based budgeting was implemented in certain departments, including Information Technology Services, Procurement Services, Maintenance and Operations, and Federal and State Education Programs. In the development of the District's fiscal year 2024-25 budget, the District is implementing zero-based budgeting in additional departments, including Early Childhood Education, Transportation Services, Food Services, and Multilingual and Multicultural Education. The District plans to continue phasing in zero-based budgeting to additional departments over time.

Debt Management Policy. The Debt Management Policy establishes formal guidelines for the issuance and management of the District's debt and other financial obligations. The Debt Management Policy establishes targets and ceilings for certificates of participation ("COPs") and unhedged variable rate exposure and sets forth benchmark debt ratios that include both COPs and the District's general obligation bonds. The Debt Management Policy also requires the District to annually publish a comprehensive debt report that, among other things, provides information on tax rates related to the District's general obligation bonds and credit factors that reflect the District's ratings.

The Debt Management Policy is required to be reviewed annually. The current Debt Management Policy was approved by the District Board on June 13, 2023. The District is in compliance with the Debt Management Policy. The Debt Management Policy establishes a ceiling of 2.0% for the ratio of COPs gross annual debt service to District General Fund expenditures. The District Board may increase the target at the time a new debt issuance is proposed, but such authority is not intended to exceed the ceiling established in the Debt Management Policy. As of March 1, 2024, the maximum fiscal year COPs debt service was approximately 0.43% of the District's General Fund budgeted expenditures for fiscal year 2023-24. As of March 1, 2024, the District has outstanding COPs in the aggregate principal amount of approximately $471.6 million. (See " – District Debt – *Certificates of Participation*" for more information.) The Debt Management Policy limits unhedged variable rate debt to $100 million and requires reporting of the debt ratios and benchmarks. The District currently has no variable interest rate exposure.

Investment Policy. The foremost objective of the District's Investment Policy is safety. In addition, the Investment Policy directs the District to invest public funds in a manner that will maximize the investment return on all of its funds with maximum security while meeting the daily cash flow demands of each portfolio of the District and conforming to all federal, State, and local statutes governing the investment of public funds. Further, the Investment Policy directs that all investments of the District be undertaken to ensure the preservation of capital in the overall portfolio. To attain this objective, the District may diversify its investments by investing funds among a variety of securities offering independent returns. In addition, the Investment Policy requires the District's investment portfolios remain sufficiently liquid to enable the District to meet its operating requirements and be structured to attain a maximum return commensurate with its investment risk constraints and the cash flow characteristics of each portfolio. The District is in compliance with the Investment Policy.

The District's operating funds and all of the debt service funds maintained for repayment of general obligation bonds are deposited in the County Treasury Pool in accordance with State law and managed pursuant to the County's Investment Policy, a copy of which can be found at **http://ttc.lacounty.gov/**. Such website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not make any representation as to the accuracy of the information provided therein. See APPENDIX F – "THE LOS ANGELES COUNTY TREASURY POOL." However, with the concurrence of the County's Treasurer and Tax Collector, the District may direct the investment of funds in certain of its operating funds and debt service funds so long as such direction complies with both the County's investment policy and the District's Investment Policy. In addition, the District can direct the investment of indentured funds held by third party trustees with regard to certain issuances of COPs pursuant to a prescribed list of permitted investments.

Significant Accounting Policies, System of Accounts and Audited Financial Statements

The CDE imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. The District uses fund accounting and maintains governmental funds, proprietary funds and fiduciary funds. The General Fund is the chief operating fund of the District. For a description of the other major funds of the District, see the description thereof contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023." Note 1 to such audited financial statements sets forth significant accounting policies that the District follows. Simpson & Simpson Certified Public Accountants ("Simpson"), Los Angeles, California, served as independent auditor to the District for its audited financial statements for fiscal year 2021-22. Simpson has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The District's audited financial statements for the fiscal year ended June 30, 2023, are included as Appendix B to this Official Statement. The complete audited financial statements of the District, including the notes thereto, are an integral part of this Official Statement.

Typically, the District is required to file its audited financial statements for the preceding fiscal year with the State Controller's Office, the CDE and the County Superintendent of Schools by December 15 of each year. During the last five years, the District timely filed its audited financial reports with the State Controller's Office, the CDE, and LACOE pursuant to the Education Code and any applicable legislation amending the filing deadline thereof by the respective deadlines therefor.

The audited financial statements for fiscal year 2022-23 include certain audit findings and questioned costs. With respect to the audited financial statements for fiscal year 2022-23, Simpson identified 18 audit findings and questioned costs totaling approximately $808.5 million. For detailed information regarding such findings and questioned costs, see Appendix B. Notably, in fiscal year 2022-23 – like fiscal year 2020-21 and fiscal year 2021-22 – the District did not meet the minimum threshold of General Fund spending on classroom teacher salaries and benefits in accordance with Education Code Section 41372. Under Education Code Section 41372, a unified school district, like the District, is required to spend a minimum of 55% of its General Fund resources on classroom salaries and benefits. In fiscal year 2022-23, the District spent approximately 47.05% of its General Fund resources on classroom salaries and benefits, which is approximately 7.95% or $687.6 million below such minimum threshold set forth in the Education Code. Such discrepancy is the result of the COVID-19 pandemic that caused the District to spend significant General Fund revenues on COVID-19 related expenses that were nonclassroom teacher salaries and benefits. In each of fiscal year 2020-21 and fiscal year 2021-22, the District Board approved the submission of a waiver request to the County Superintendent, and each was approved by the County Superintendent. The District expects to submit a waiver request with respect to fiscal year 2022-23 to the County Superintendent.

In addition, the audited financial statements for fiscal year 2022-23 included a finding that the District did not meet the minimum instructional minute and instructional day requirements of Education Code Sections 46207 and 46207 due to a work stoppage in March 2023 which resulted in the closure of all District schools for three days. The District offered 177 instructional days in sampled schools, not the minimum 180-day requirement. All the sampled schools not meeting the minimum number of instructional minutes (64,800 instructional minutes) where high schools. The calculated penalty for both the instructional days and the instructional time amounted to approximately $110.96 million. The District expects to file for a waiver and, to comply with the conditions for the penalty waiver, the District is offering 183 instructional days for the 2023-24 and 2024-25 school years, with comprehensive high schools offering over 66,000 annual instructional minutes for each of the school years. See "– Employees and Labor Relations – *Negotiations Regarding Labor Contracts*" for a discussion of the District's agreements relating to the instructional calendar for fiscal years 2023-24 and 2024-25 and the provision of three additional instructional days to make up for lost instructional days in March 2023. A similar finding regarding instructional minutes was made with respect to the District's Affiliated Charter Schools in the audited financial statements for fiscal year 2022-23.

Copies of the District's audited financial statements as well as budgets and interim financial reports may be obtained from the website of the District: **www.lausd.org**. The website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not make any representation as to the accuracy of the information provided therein.

District Budget

General School District Budget Process and Oversight. State law requires that each school district maintain a balanced budget in each fiscal year. The California Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Los Angeles Superintendent of Schools.

The county superintendent of schools must approve, conditionally approve, or disapprove the adopted budget for each school district by September 15 in accordance with the Education Code. The county superintendent of schools is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. The county superintendent of schools is also required to determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments. The Education Code directs the county superintendent of schools to disapprove any school district budget if it determines that the budget does not include expenditures necessary to implement an LCAP or an annual update to the LCAP. See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Local Control and Accountability Plan*" herein for more information about LCAP.

In the event that the county superintendent of schools conditionally approves or disapproves the school district's budget, the county superintendent of schools will submit to the governing board of the school district no later than September 15 of such year recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent of schools can approve that budget. In addition, school districts must make available for public review any revisions to revenues and expenditures that it has made to its budget to reflect the funding made available by the State Budget Act (defined herein) not later than 45 days after the enactment of the State Budget Act.

The governing board of the school district, together with the county superintendent of schools, must review and respond to the recommendations of the county superintendent of schools before October 8 at a regular meeting of the governing board of the school district. The county superintendent of schools will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent of schools disapproves a revised budget, the county superintendent of schools will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the county superintendent of schools may impose a budget and will report such school district to the State Legislature and the Department of Finance. In prior years, LACOE has granted a conditional approval to certain of the District's budgets pending, among other things, approval of the District's LCAP, information regarding collective bargaining and other budgetary considerations. However, in the last ten years, LACOE has not disapproved any budget submitted to it by the District. LACOE approved the Fiscal Year 2023-24 Budget, including the District's revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. See "*– Fiscal Year 2023-24 Budget,*" "*– Revisions to Fiscal Year 2023-24 Budget*" and *"– LACOE's Response to Fiscal Year 2023-24 Budget"* below.

Subsequent to approval, the county superintendent of schools will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations. If the county superintendent of schools determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent of schools will notify the school district's governing board, the Superintendent of Public Instruction and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the Superintendent of Public Instruction and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent of schools will also make a report to the Superintendent of Public Instruction and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent of schools. However, the county superintendent of schools may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent of schools assumed authority.

Fiscal Stabilization Plan. While LACOE and the District will partner to implement actions necessary to stabilize and improve the financial condition of the District as and when needed, LACOE has not required nor has the District implemented a fiscal stabilization plan since 2019 in light of the District's positive certification on its recent interim reports. In the event that the District's financial condition were to change in future fiscal years, LACOE may require the District to implement a fiscal stabilization plan to stabilize and improve the financial condition of the District.

Fiscal Year 2023-24 Budget. The Fiscal Year 2023-24 Budget was adopted by the District Board on June 20, 2023. The Fiscal Year 2023-24 Budget was developed with the assumptions contained in the Governor's May revision to the proposed fiscal year 2023-24 State Budget, which were revised in the 2023-24 State Budget.

The Fiscal Year 2023-24 Budget projects a General Fund beginning balance of approximately $5.18 billion, total budgeted revenues of $10.53 billion, total budgeted expenditures of $11.64 billion, budgeted other financing sources and uses of $2.82 million, and a budgeted ending balance of $4.07 billion. The Fiscal Year 2023-24 Budget projects that its budgeted General Fund ending balance of $4.07 billion is expected to consist of approximately $233.45 million for the mandatory reserve for economic uncertainties, $43.00 million of non-spendable revolving cash, stores, and prepaid expenditures, $1.26 billion of restricted ending balances, $1.97 billion of committed ending balances, $451.87 million of assigned ending balances, and $113.70 million of undesignated and unassigned ending balances.

The Fiscal Year 2023-24 Budget includes certain assumptions and policies, including:

- a COLA of 8.22% for the LCFF;
- 8.22% statutory COLA for selected categorical programs outside of LCFF and Special Education;
- LCFF-funded ADA of 375,903.74 for non-charter schools, which is based on the average of 3 prior year's ADA, and 34,020.45 for Affiliated Charter Schools, which is based on projected fiscal year 2023-24 ADA; the percentage of ADA to enrollment is 90%;
- estimated unduplicated pupil count and three-year rolling average unduplicated pupil percentage of 325,422 and 85.93%, respectively, for non-charter schools (including County Program students) and 17,663 and 46.93%, respectively, for Affiliated Charter Schools;
- an LCFF allocation of $1.25 billion from the Education Protection Account (the "Education Protection Account") established by Proposition 30 (defined herein) to be spent for instruction;
- LCFF supplemental and concentration expenditure of $1.60 billion;
- no LCFF Equity Multiplier revenue;
- State Special Education funding reflects increased base rate of $887 per ADA;
- lottery unrestricted rate per ADA is estimated at $170 per ADA and restricted rate per ADA is estimated at $67 per ADA;
- receipt of approximately $1.8 billion in fiscal year 2022-23 from HR 1319 - Elementary and Secondary School Emergency Relief (ESSER) III, which is a one-time COVID-19 resource, and approximately $579.9 million in fiscal year 2022-23 from Expanded Learning Opportunities Program;
- receipt of approximately $68.9 million from HR 133 - Elementary and Secondary School Emergency Relief (ESSER) II and receipt of approximately $881.6 million from HR 1319 - Elementary and Secondary School Emergency Relief (ESSER) III in fiscal year 2023-24, which the District anticipates using for schools, operations, and continuity of learning in fiscal year 2023-24;

- receipt of approximately $457.1 million from the ELOP in fiscal year 2023-24, which the District anticipates using, together with approximately $456.4 million in ELOP funds carried over from fiscal year 2022-23, for expanded learning opportunities;

- a net enrollment decline of 8,453 from fiscal year 2022-23 for non-charter and Affiliated Charter Schools;

- an enrollment decline of approximately 1,759 students for Fiscally Independent Charter Schools;

- certificated and classified salaries include bargaining unit agreements with SEIU Local 99, AALA (Unit J – Classified Managers), and UTLA;

- funding for employee health and medical benefits at the per participant rate set forth in the Health and Welfare Agreement (defined herein);

- a contribution to the OPEB Trust Fund of $211 million from all funds of the District for fiscal year 2023-24;

- a contribution rate for CalSTRS (defined herein) for fiscal year 2023-24 of 19.10%;

- an increase of 1.31% of the CalPERS (defined herein) employer contribution rate for fiscal year 2023-24 from 25.37% to 26.68%;

- a California consumer price index of 3.54% on other operating expenditures, except utilities which is projected to decline by 5.76% as a result of shifting from 24-hour HVAC to occupancy-based usage;

- ongoing and major maintenance resources of $310.6 million, which constitutes approximately 3% of the District's budgeted General Fund expenditures and other financing uses, excluding CALSTRS on-behalf payments made by the State and COVID-19 expenditures from certain one-time funds related to ESSER II and ESSER III;

- support to the cafeteria program and child development from the General Fund of $11.6 million and $1.5 million, respectively, in fiscal year 2023-24;

- a contribution from all funds of the District of $120.0 million to the Workers' Compensation Fund and inclusion of the total Workers' Compensation actuarially-determined funded liability of $463.2 million;

- inclusion of general obligation bonds and COPs (defined herein) proceeds, debt service and other interfund transfer expenditures and revenues in fiscal year 2023-24;

- a reserve for economic uncertainties totaling $233.5 million, which reflects the statutory 2% budgeted expenditure requirement and other financing uses;

- inclusion of beginning balances in the General Fund and other funds for fiscal year 2023-24, reflecting the updated estimated ending balance as of June 30, 2023, which includes expenditures related to COVID-19;

- estimated ending balances for the General Fund and other funds for fiscal year 2023-24, which reflect the difference between the estimated revenue and expenditure levels for fiscal year 2023-24;

- commitment of portions of the General Fund ending balances to meet the 10% limitation on reserves (calculated based on assigned and unassigned balances) (see "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves" for more information);

- release of committed fund balance of $300 million originally committed to Student Equity Needs Index (SENI), as approved by the District Board on May 9, 2023. SENI, funded at $700 million, is intended to be funded with a combination of sources including, but not limited to, supplemental and concentration funds and the proposed equity multiplier;

- authority to transfer amounts, as necessary, to implement technical adjustments related to the Fiscal Year 2023-24 Budget;

- authority to implement new revenues for fiscal year 2023-24, if any, and increase budgeted appropriations accordingly; and

- a transfer from the Community Redevelopment Agency Fund to repay the General Fund in the amount of $30 million initially paid for the ongoing and major maintenance resources.

Revisions to Fiscal Year 2023-24 Budget. The Fiscal Year 2023-24 Budget was developed with the assumptions contained in the Governor's May revision to the proposed fiscal year 2023-24 State Budget, which were revised in the 2023-24 State Budget. On August 22, 2023, the District Board approved revisions to the Fiscal Year 2023-24 Budget that reflect the enacted 2023-24 State Budget as well as other significant changes affecting the District's finances since the adoption of the Fiscal Year 2023-24 Budget, including impacts of certain completed labor negotiations. Significant approved revisions to the Fiscal Year 2023-24 Budget included:

- In June 2023, reopener negotiations concluded with CSEA with respect to employee bargaining Unit D – Technical and Business Services. As a result of such agreement, the District budgeted an increase in fiscal year 2023-24 expenditures of approximately $67.07 million (all funds), of which approximately $45.20 million relate to the District's General Fund. Of such amounts, approximately $37.14 million (all funds) of such expenditures ($23.78 million related to the District's General Fund) reflect expenditures accrued to fiscal years 2021-22 and 2022-23 but are to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, contract negotiations concluded with LASPA with respect to employee bargaining Unit A – School Police. As a result of such agreement, the District budgeted an increase in fiscal year 2023-24 expenditures of approximately $7.27 million (all funds), of which approximately $6.60 million relate to the District's General Fund. Of such amounts, approximately $2.26 million (all funds) of such expenditures ($2.09 million related to the District's General Fund) reflect expenditures accrued to fiscal year 2022-23 but are to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, contract negotiations concluded with LASPMA with respect to employee bargaining Unit H – School Police Management. As a result of such agreement, the District budgeted an increase in fiscal year 2023-24 expenditures of approximately $1.98 million (all funds), of which approximately $1.96 million relate to the District's General Fund. Of such amounts, approximately $643,397 (all funds) of such expenditures ($637,352 related to the District's General Fund) reflect expenditures accrued to fiscal year 2022-23 but to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, contract negotiations concluded with "Trades" union with respect to employee bargaining Unit E. As a result of such agreement, the District budgeted an increase in fiscal year 2023-24 expenditures of approximately $70.23 million (all funds), of which approximately $65.95 million relate to the District's General Fund ($65.83 million of which relate to restricted funds in the District's General Fund). Of such amounts, approximately $34.58 million (all funds) of such expenditures ($32.58 million related to the District's General Fund) reflect expenditures accrued to fiscal years 2021-22 and 2022-23 but are to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, the District entered into a memorandum of understanding with SEIU and UTLA modifying the three-year tentative instructional calendar approved by the District Board on March 27, 2023, to a two-year instructional calendar (fiscal years 2023-24 and 2024-25). As a result of such agreement, the District budgeted an increase in fiscal year 2023-24 expenditures of approximately $93.15 million (all funds), of which approximately $85.70 million relate to the District's General Fund. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- The 2023-24 State Budget provides approximately $300.00 million ongoing Proposition 98 State general fund resources to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps. As a result, the District budgeted approximately $26.9 million of additional general fund revenue in fiscal year 2023-24 to be placed in assigned ending balance.

- The 2023-24 State Budget decreases or delays one-time Proposition 98 general fund support for the Arts, Music, and Instructional Materials Block Grant and the Learning Recovery Emergency Block Grant. However, the reductions to these grants are lower compared to the reductions proposed in the Governor's May revision to the proposed fiscal year 2023-24 State Budget, which provides the District with amounts of approximately $114 million and $86 million, respectively, to be used as a budget balancing solution in fiscal year 2025-26 and help fund existing labor costs.

- Consistent with State law requirements, the amounts required to be budgeted for the District's Routine Restricted Maintenance Account (3% of General Fund expenditures) and the District's reserve for economic uncertainties (2% of General Fund appropriations for school districts, such as the District, with ADA between 30,001 and 400,000 students) are adjusted to reflect the revisions to the Fiscal Year 2023-24 Budget, which, as so adjusted, are budgeted at $314.72 million (originally budgeted at $310.55 million) and $236.23 million (originally budgeted at $233.45 million), respectfully.

At the time of the adoption of the Fiscal Year 2023-24 Budget revisions, the District recognized that it continues to have a structural deficit whereby in-year expenditures exceed in-year revenues; revenues continue to be impacted by declining enrollment and expenditures have not been reduced commensurately. As a result, the Fiscal Year 2023-24 Budget revisions included the use of one-time State funding as well as the draw down of one-time committed ending fund balances over the multi-year projections as balancing solutions. The draw down of one-time committed ending fund balances consist of (i) for fiscal year 2023-24, the draw down of $77 million committed unrestricted General Fund amounts previously designated to be contributed to the OPEB Trust Fund in fiscal year 2023-24 but released when restricted General Fund dollars and other District funds were allocated to contribute their respective shares to the District's $211 million fiscal year 2023-24 budgeted contribution to the OPEB Trust Fund (see "DISTRICT FINANCIAL INFORMATION – Other Postemployment Benefits"), and (ii) for fiscal year 2024-25, the draw down of $211 million committed unrestricted General Fund amounts previously designated to be contributed to the OPEB Trust Fund in fiscal year 2024-25. As a result of the Fiscal Year 2023-24 Budget revisions, the District's unrestricted/unassigned General Fund ending balance reserve percentage was then estimated to drop from 4.44% in fiscal year 2022-23 (the same as originally projected at the time of preparation of the Fiscal Year 2023-24 Budget) to 2.21% in fiscal year 2025-26 (originally projected at 2.19% at the time of preparation of the Fiscal Year 2023-24 Budget). The District recognized at the time of the adoption of the Fiscal Year 2023-24 Budget revisions that, in the absence of further balancing solutions, the cost of labor agreements with bargaining units that had not settled as of the time of the adoption of the revisions shall further lower the unrestricted/unassigned General Fund ending balances. Moreover, the District recognized that the uncertainty with the national and state economy brought about by the delayed tax receipts due to the postponement of federal and California tax filings until October 2023, interest rate hikes, and the prospect of a potential recession were risk factors that could affect the District's financial condition. For more information on recent bargaining unit agreements, see "– Employees and Labor Relations." See also "– *Second Interim Financial Report for Fiscal Year 2023-24*."

LACOE's Response to Fiscal Year 2023-24 Budget. In its September 2023 letter to the District, LACOE approved the Fiscal Year 2023-24 Budget. LACOE noted that the District projected an operating deficit in its unrestricted General Fund in fiscal year 2023-24 and projected ongoing unrestricted General Fund operating deficits in fiscal years 2024-25 and 2025-26 primarily due to declining enrollment and ADA, resulting in reduced LCFF revenues, increased salary and health and welfare contributions as a result of recently settled multi-year bargaining unit agreements and increased contributions to restricted programs. As LACOE explained more specifically, the Fiscal Year 2023-24 Budget reflected a loss in funded ADA of approximately 42,306 from fiscal year 2023-24 to fiscal year 2025-26, which will impact the LCFF revenue received by the District (even with the change in the LCFF to allow for a calculation based on the average of three prior years' ADA). LACOE also pointed out that as of the preparation of the Fiscal Year 2023-24 Budget, some labor negotiations for fiscal year 2023-24 were unsettled and some labor agreements had not yet been calculated and incorporated into projected salary and benefit expenditures, so any potential financial impacts as a result of such labor negotiations were not reflected in the Fiscal Year 2023-24 Budget. For more information on revisions to the Fiscal Year 2023-24 Budget relating to labor negotiations, see "– *Revisions to Fiscal Year 2023-24 Budget*." For more information on recent bargaining unit agreements, see "– *Employees and Labor Relations*." See also "– *Second Interim Financial Report for Fiscal Year 2023-24*."

District General Fund Budgets and Audited Actuals. The following Table A-4 sets forth the District's Final Adopted Budgets for the District General Fund, inclusive of regular and specially funded programs, for fiscal years 2019-20 through 2023-24 and the actual results for fiscal years 2019-20 through 2022-23. The budgeted beginning balance for each fiscal year reflects the estimated ending balance for the prior fiscal year based upon information as of the budget adoption date. Accordingly, the budgeted ending balance for a fiscal year and the subsequent budgeted beginning balance may differ from the actual ending balance and actual beginning balance.

TABLE A-4

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Budget for Fiscal Years 2019-20 through 2023-24
Audited Actuals for Fiscal Years 2019-20 through 2022-23[(1)(2)(3)]
($ in millions)

	Final Adopted Budget 2019-20	Audited Actuals 2019-20	Revised Adopted Budget 2020-21[(4)]	Audited Actuals 2020-21	Final Adopted Budget 2021-22	Audited Actuals 2021-22	Final Adopted Budget 2022-23	Audited Actuals 2022-23	Final Adopted Budget 2023-24[(5)]
Beginning Balance	$2,010.8	$2,216.9	$1,866.7	$2,049.5	$2,714.4	$2,855.3	$3,567.6	$3,328.3	$5,179.3
Revenue									
State Apportionment	$4,364.8	$4,264.8	$4,122.2	$4,133.6	$4,357.5	$4,487.2	$4,573.8	$4,844.3	$5,080.1
Property Taxes	1,222.5	1,388.6	1,407.7	1,522.3	1,466.2	1,551.0	1,511.6	1,749.9	1,658.2
Total LCFF	5,587.4	5,653.4	5,529.9	5,655.9	5,823.7	6,038.2	6,085.4	6,594.2	6,738.3
Federal	767.8	631.1	1,576.6	1,674.4	4,446.0	1,850.5	2,823.3	2,304.2	1,840.5
Other State	873.5	1,137.0	963.1	1,223.8	1,374.3	1,748.8	1,717.9	2,681.9	1,678.0
Other Local	142.4	170.1	142.5	190.8	132.5	35.5	168.1	196.2	274.2
Total Revenue	$7,371.0	$7,591.6	$8,212.1	$8,745.0	$11,776.5	$9,672.9	$10,794.7	$11,776.5	$10,531.0
Total Beginning Balance and Revenue	$9,381.8	$9,808.5	$10,078.8	$10,794.5	$14,490.9	$12,528.2	$14,362.3	$15,104.8	$15,710.3
Expenditures									
Certificated Salaries	$3,008.7	$2,998.9	$3,252.1	$3,086.7	$3,411.4	$3,379.8	$3,772.5	$3,474.9	$3,730.4
Classified Salaries	986.1	1,077.6	1,073.5	1,159.8	1,107.2	1,257.2	1,260.8	1,346.1	1,434.0
Employee Benefits	2,172.6	2,300.9	2,169.1	2,151.4	2,437.6	2,370.1	2,798.4	2,592.9	2,820.2
Books and Supplies	698.5	267.0	1,001.9	621.3	1,638.0	479.4	2,793.8	670.5	1,893.1
Other Operating Expenses	862.0	975.0	893.4	1,067.8	1,076.5	1,726.4	1,045.9	1,272.1	1,718.5
Capital Outlay	101.4	128.1	81.5	95.7	54.3	94.9	17.9	111.1	53.6
Debt Service	0.5	0.3	0.4	0.1	0.3	5.7	0.1	22.4	4.8
Other Outgo	7.7	5.6	7.7	5.5	7.7	5.5	5.3	6.9	5.8
Transfers of Indirect Cost	(27.3)	(23.2)	(27.0)	(22.3)	(31.6)	(24.9)	(30.4)	(24.0)	(20.0)
Total Expenditures	$7,810.3	$7,730.3	$8,452.7	$8,166.0	$9,701.5	$9,294.1	$11,664.3	$9,472.9	$11,640.2
Excess (Deficiency) of Revenue Over (Under) Expenditures	(439.3)	(138.7)	(240.6)	579.0	2,075.0	378.9	(869.6)	2,303.6	(1,109.2)
Total Other Financing Sources (Uses)	(36.5)	(28.7)	286.6	226.8	(25.1)	94.2	4.6	76.3	2.8
Change in Fund Balance	(475.7)	(167.4)	46.0	805.8	2,049.9	473.0	(865.0)	2,379.9	(1,106.4)
Ending Balance	$1,535.1	$2,049.5	$1,912.7	$2,855.3	$4,764.3	$3,328.3	$2,702.6	$5,708.2	$4,072.9

TABLE A-4

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Budget for Fiscal Years 2019-20 through 2023-24
Audited Actuals for Fiscal Years 2019-20 through 2022-23[(1)(2)(3)]
(Continued)
($ in millions)

Fund Balance[(6)]									
Nonspendable	$ 27.6	$ 37.7	$ 27.3	$ 58.0	$ 37.7	$ 48.0	$ 46.6	$ 47.5	$ 43.0
Restricted	56.7	103.9	55.2	200.0	2,731.6	544.3	208.6	1,843.0	1,258.0
Committed	87.6	87.6	--	--	--	--	1,491.3	2,920.9	1,972.8
Assigned	618.0	1,248.9	568.2	1,064.1	592.1	1,596.0	351.6	510.9	451.9
Reserved for Economic Uncertainties	79.0	79.0	85.2	92.0	97.7	199.9	234.1	238.8	233.5
Undesignated/Unassigned	666.3	492.4	1,176.8	1,441.3	1,305.3	940.2	370.4	147.1	113.7
	$1,535.1	$2,049.5	$1,912.7	$2,855.3	$4,764.3	$3,328.3	$2,702.6	$5,708.2	$4,072.9

(1) Totals may not equal sum of component parts due to rounding.
(2) Includes the Regular Program and the Specially-Funded Programs.
(3) Amounts set forth in Table A-4 reflect the "Estimated Amounts" in the District's budget for the respective fiscal year rather than the "Authorized Amount." Pursuant to the Education Code, school districts may not spend more than Authorized Amount in the Final Adopted Budget as adjusted during the fiscal year.
(4) The District's original budget for fiscal year 2020-21 was adopted by the District Board on June 30, 2020. On August 25, 2020, the District Board adopted a revised budget for fiscal year 2020-21, which reflects the revised assumptions contained in the Governor's fiscal year 2020-21 State budget. Figures are based on the revised budget for fiscal year 2020-21.
(5) For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.
(6) The nonspendable, restricted, committed, assigned, reserved for economic uncertainties and undesignated/unassigned general fund balances in millions of dollars for fiscal years 2013-14 through 2018-19 are as follows: $19.6, 192.9, --, 336.4, 65.4 and 85.9, respectively, for fiscal year 2013-14; $20.7, 126.5, --, 418.4, 65.4 and 188.8, respectively, for fiscal year 2014-15; $31.1, 182.8, 218.3, 558.7, 72.4 and 247.0, respectively, for fiscal year 2015-16; $23.5, 163.1, --, 783.9, 73.4, and 721.3, respectively, for fiscal year 2016-17; $27.6, 135.8, --, 1,057.4, 75.4, and 714.7, respectively, for fiscal year 2017-18; and $27.3, 114.6, 174.6, 916.1, 75.6, and 908.6, respectively, for fiscal year 2018-19.

Sources: Los Angeles Unified School District's Final Adopted Budgets for fiscal years 2019-20 through 2023-24; Audited Annual Financial Report for fiscal years 2019-20 through 2022-23.

Historical Review of District General Fund Actual Revenues and Expenditures. The following Table A-5 sets forth the District's total revenues, total expenditures and the difference reflected in the actual results for fiscal years 2003-04 through 2022-23.

TABLE A-5

LOS ANGELES UNIFIED SCHOOL DISTRICT
Historical Review of District General Fund Audited Revenues and Expenditures for Fiscal Years 2003-04 through 2022-23
($ in millions)

Fiscal Year	Total Revenues[(1)]	Total Expenditures[(2)]	Difference
2003-04	$ 5,881.69	$ 6,136.75	$ (255.06)
2004-05	6,461.93	6,436.35	25.58
2005-06	6,572.70	6,487.75	84.95
2006-07	6,994.08	6,733.36	260.72
2007-08	6,954.29	6,992.29	(38.00)
2008-09	6,764.50	6,671.80	92.70
2009-10	6,302.12	6,389.17	(87.05)
2010-11	6,428.93	6,193.37	235.56
2011-12	5,919.59	5,998.31	(78.72)
2012-13	5,722.96	5,955.05	(232.09)
2013-14	5,896.35	5,788.82	107.53
2014-15	6,452.84	6,333.28	119.56
2015-16	7,213.53	6,723.15	490.38
2016-17	7,292.27	6,837.31	454.96
2017-18	7,308.08	7,062.45	245.63
2018-19	7,788.71	7,582.63	206.08
2019-20	7,613.72	7,781.09	(167.37)
2020-21	9,010.00	8,204.19	805.82
2021-22	9,781.49	9,308.46	473.03
2022-23	11,868.39	9,488.47	2,379.92[(3)]

(1) Includes Other Financing Sources.
(2) Includes Other Financing Uses.
(3) See "– *Second Interim Financial Report for Fiscal Year 2023-24*," for a discussion of the use of the projected unrestricted unassigned/unappropriated components of the fiscal year 2023-24 General Fund ending balance to balance future budgets.

Sources: Audited Annual Financial Report for fiscal years 1999-00 through 2022-23.

District Interim Financial Reports. A State law adopted in 1991 (known as "A.B. 1200") imposed financial reporting requirements on school districts and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et. seq*.), each school district is required to file two interim certifications with the county superintendent of schools (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent of schools reviews the certification and issues either a positive, negative or qualified certification. In the past five fiscal years, the District has received a qualified certification for its first and second interim reports for fiscal year 2018-19 and its first interim report for fiscal year 2021-22.

A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent of schools, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent of schools, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30. Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent of schools determines that the school district's repayment of indebtedness is probable.

For school districts under fiscal distress, the county superintendent of schools is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent of schools is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent of schools, request an emergency appropriation from the State, in which case the county superintendent of schools, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent of schools will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

Second Interim Financial Report for Fiscal Year 2023-24. Like the District's First Interim report for fiscal year 2023-24 (the "Fiscal Year 2023-24 First Interim Report"), the District submitted the Fiscal Year 2023-24 Second Interim Report to LACOE with a positive certification. Based on the Fiscal Year 2023-24 Second Interim Report, the District expects to meet its financial commitments and satisfy the 5% Minimum Reserve Threshold and the 2% statutory reserve requirement for fiscal years 2023-24, 2024-25 and 2025-26. However, the Fiscal Year 2023-24 Second Interim Report provides that the District continues to be challenged with deficit spending wherein expenditures are greater than projected revenues, and projects deficits in fiscal years 2024-25 and 2025-26 of $1,589.6 million and $94.5 million, respectively.

The Fiscal Year 2023-24 Second Interim Report provides that the District's practice of using one-time/non-recurring resources for ongoing expenses is not consistent with prevailing best practices and has drawn comments from LACOE. See "DISTRICT FINANCIAL INFORMATION – District Budget – *LACOE's Response to Fiscal Year 2023-24 Budget*," for LACOE's review of the District's Fiscal Year 2023-24 Budget and discussion of the District's operating deficits and the contributing factors to such deficits, which include declining enrollment, resulting reductions in LCFF revenue, and increased salary and health and welfare contributions as a result of recently settled multi-year bargaining unit agreements. See also "DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance" for a discussion of the District's enrollment and ADA, including information about the District's declining ADA over the last ten years, and "DISTRICT FINANCIAL INFORMATION – Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" for information regarding recently settled multi-year bargaining unit agreements.

The Fiscal Year 2023-24 Second Interim Report projects a General Fund ending balance of $6,272.9 million for fiscal year 2023-24, consisting of a projected unrestricted General Fund ending balance of $4,441.6 million and a projected restricted General Fund ending balance of $1,831.3 for fiscal year 2023-24. The projected Fiscal Year 2023-24 unrestricted General Fund ending balance consists of non-spendable, committed, assigned, unassigned reserve for economic uncertainties and unassigned/unappropriated components in the amounts of $47.9 million, $2,902.7 million, $441.6 million, $244.9 million and $804.5 million, respectively. The Fiscal Year 2023-24 Second Interim Report indicates that the unrestricted unassigned/unappropriated General Fund amounts are expected to be used to balance future year budgets, and the Fiscal Year 2023-24 Second Interim Report projects a fiscal year 2025-26 unrestricted General Fund ending balance of $2,757.6 million, with the unassigned/unappropriated portion of such fiscal year 2025-26 ending balance projected to be $72.2 million. The projected Fiscal Year 2023-24 restricted General Fund ending balance represents projected unspent balances from legally restricted funding sources. This is comprised primarily of State grants such as the Learning Recovery Emergency Block Grant, the Arts, Music and Instructional Materials Discretionary Block Grant, the Expanded Learning Opportunities Program, the Educator Effectiveness, and Literacy Coaches and Reading Specialists Grant Program.

The Fiscal Year 2023-24 Second Interim Report acknowledges the Proposed 2024-25 State Budget projected a state-wide budget shortfall of $37.9 billion and that the Governor proposes a COLA for fiscal year 2024-25 of 0.76%, down from the 3.94% COLA estimated at the time of the enactment of the 2023-24 State Budget. The Fiscal Year 2023-24 Second Interim Report further acknowledges LAO's warning of worsening budget conditions ahead as the State's year-to-date revenue receipts are falling below forecasts and that there have been a wide disparity of revenue estimates between the LAO and the California Department of Finance. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *Proposed 2024-25 State Budget*" and "– State Budget Act – *LAO Analysis of the Proposed 2024-25 State Budget.*" In May 2024, the Governor will revise the Proposed 2024-25 State Budget based on updated information available at such time. Such revision may differ substantially from the Proposed 2024-25 State Budget, and could result in even further negative impacts to State K-12 education funding in fiscal year 2024-25. The District cannot predict the impact that the final fiscal year 2024-25 State budget, or subsequent budgets, will have on its finances and operations.

The District revises its projections of revenues, expenditures, and ending fund balances contained in the Fiscal Year 2023-24 Budget as more financial data becomes available throughout the fiscal year. The Fiscal Year 2023-24 Second Interim Report reflects the District's projected actuals for fiscal year 2023-24 for the period from July 1, 2023 through January 31, 2024 and projections for the period from February 1, 2024 through June 30, 2024. It also reflects multi-year projections through fiscal year 2025-26. The Fiscal Year 2023-24 Second Interim Report, which was approved by the District Board on March 12, 2024, is also included in the table that follows and described throughout this Appendix A. The achievement of certain results or other expectations contained in the Fiscal Year 2023-24 Second Interim Report involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described therein to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All projections, forecasts, assumptions, expressions of opinions, estimates, and other forward-looking statements contained in the Fiscal Year 2023-24 Second Interim Report are expressly qualified in their entirety by the foregoing and the other cautionary statements.

The following Table A-6 sets forth budgeted revenues and expenditures and projected year-end amounts, including projected and year-end General Fund Balances, as reported in the Fiscal Year 2023-24 Budget and the Fiscal Year 2023-24 Second Interim Report.

TABLE A-6

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Summary of Fund Balances, Revenues and Expenditures
Fiscal Year 2023-24
($ in millions)

	Fiscal Year 2023-24 Final Adopted Budget (June 2023)	Fiscal Year 2023-24 Second Interim Report (March 2024)[1]
Beginning Balance	$5,179.3	$5,708.3[2]
Revenues	10,531.0	11,123.3
Expenditures	11,640.2	10,567.4
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	(1,109.2)	555.9
Other Financings Sources/Uses	2.8	8.7
Ending Balance	$4,072.9	$6,272.9

(1) Reflects the District's unaudited actuals for fiscal year 2023-24 for the period from July 1, 2023 through January 31, 2024 and projections for the period from February 1, 2024 through June 30, 2024.
(2) Beginning balance reflects the District's audited actuals for fiscal year 2022-23.

Sources: Los Angeles Unified School District Fiscal Year 2023-24 Final Adopted Budget; Fiscal Year 2023-24 Second Interim Report.

LACOE's Review of Fiscal Year 2023-24 Second Interim Report. In its April 2024 letter to the District, LACOE concurred with the District's positive certification on the Fiscal Year 2023-24 Second Interim Report. LACOE pointed out that the Fiscal Year 2023-24 Second Interim Report projected operating deficits in fiscal years 2024-25 and 2025-26, emphasizing the erosion of projected General Fund balances. LACOE acknowledged that the Fiscal Year 2023-24 Second Interim Report projected maintaining the required level of reserves but recommended that the District monitor causes for deficit spending to prevent additional fund balance erosion. LACOE also indicated that the Fiscal Year 2023-24 Second Interim Report reflected declining enrollment and funding under LCFF based on three-year average daily attendance for fiscal years 2023-24, 2024-25 and 2025-26, and highlighted the impacts of declining enrollment, emphasizing that continued declines in enrollment and attendance will result in a loss of revenue for the District in future years. LACOE recommended the District carefully monitor its enrollment and attendance trends and adjust financial projections for the current and subsequent fiscal years accordingly to reflect the resulting impact. LACOE also indicated that staffing needs and facilities planning should also be assessed and adjusted based on the projected rate of decline in enrollment.

Employees and Labor Relations

General. The District has twelve bargaining units with existing contracts. The largest bargaining unit among the District's employees is United Teachers Los Angeles ("UTLA"), which is comprised of among other employees, teachers, counselors, adviser, nurses, psychologists, and social workers. In addition, certain employees are not represented by a formal bargaining unit (the "District Represented Employees"). The following Table A-7 sets forth the number of members of each bargaining unit as of April 1, 2024, and the expiration dates of the existing or successor labor agreements with each of the District's employee bargaining units.

TABLE A-7

LOS ANGELES UNIFIED SCHOOL DISTRICT
Employee Bargaining Units and Contract Expiration Dates
As of April 1, 2024

Employee Bargaining Unit	Members	Contract Expiration Date (June 30)
Associated Administrators of Los Angeles ("AALA") (Certificated)	3,060	2025
Unit A (School Police)	234	2025
Unit B (Instructional Aides)	13,251	2024
Unit C (Operations – Support Services)	8,505	2024
Unit D (Office – Technical and Business Services)	4,582	2026
Unit E (Skilled Crafts)	1,365	2025
Unit F (Teacher Assistants)	1,657	2024
Unit G (Playground Aides)	6,800	2024
Unit H (Sergeants and Lieutenants)	54	2025
Unit J (Classified Management)	416	2025
Unit S (Classified Supervisors)	3,283	2024
United Teachers Los Angeles	36,760	2025
District Represented Employees[1]	548	N/A

(1) District-represented employees include employees that are not represented by a union due to their designation as management, confidential or unrepresented employees. Does not include unrepresented seasonal employees or employees in positions not yet assigned to a union.

Source: Los Angeles Unified School District Office of Labor Relations.

Negotiations Regarding Labor Contracts. The United Teachers Los Angeles ("UTLA") and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "UTLA Agreement"). For fiscal year 2022-23, the UTLA Agreement provides for a 3% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023. For fiscal year 2023-24, the UTLA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024. For fiscal year 2024-25, the UTLA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. In addition, the UTLA Agreement (a) provides for certain on schedule salary increases for certain employee groups, including special and early education teachers, nurses and table employees, (b) provides for academic class size reduction in certain schools, (c) for adjustments in staffing ratios for counselors, pupil services and attendance counselors (PSA) and psychiatric social workers (PSW), (d) provides for additional funding for certain community schools, (e) for additional community school coach positions, and (f) includes differential pay increases for certain positions and programs. There are no reopeners provided for in the UTLA Agreement. The financial impacts of the UTLA Agreement are incorporated as expenditures in the Fiscal Year 2023-24 Budget. UTLA and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2025-26 through 2027-28 after January 1, 2025.

SEIU Local 99 (Units B, C, F and G) and the District reached a one-year agreement for fiscal year 2020-21, and a three-year agreement for fiscal years 2021-22 through 2023-24 (collectively, the "SEIU Agreements"). Under the SEIU Agreements, (a) based on the salary table effective July 1, 2021, all SEIU bargaining unit members will receive a 6% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables; (b) based on the salary table effective July 1, 2022, all SEIU bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables; (c) based on the salary table effective July 1, 2023, all SEIU bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables, and (d) based on the salary table effective January 1, 2024, there will be a $2.00 per hour on-schedule wage increase applied to all pay scale groups and levels of the base salary table. In addition, the SEIU Agreements (a) provide for the funding an Education and Professional Development Fund in the amount of $3 million, (b) effective January 1, 2024, make employees assigned 4 hours per day or 80 hours per month, with respect to Units F and G, eligible (along with eligible dependents) to enroll in certain low cost health insurance plans or receive a cash amount if the employee opts out, and (c) include certain pay differentials and one-time pay increases. There are no reopeners provided for in the SEIU Agreements. The financial impacts of the SEIU Agreements are incorporated as expenditures in the Fiscal Year 2023-24 Budget. SEIU Local 99 (Units B, C, F and G) and the District are set to begin successor negotiations for a three-year agreement for fiscal years 2024-25 through 2026-27 in April 2024.

AALA (Certificated Administrators) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "AALA (Certificated Administrators) Agreement") with on schedule salary increases to be applied to the AALA (Certificated Administrators) master salary table comparable to the increases provided to UTLA in the UTLA Agreement. There are no reopeners provided for in the AALA (Certificated Administrators) Agreement. As a result of such agreement, the District anticipates an increase in fiscal year 2023-24 expenditures of approximately $87.07 million (all funds), of which approximately $81.10 million relate to the District's general fund. Of such amounts, approximately $25.07 million (all funds) of such expenditures ($23.36 million related to the District's general fund) reflect expenditures attributable to fiscal year 2022-23 and are to be paid in fiscal year 2023-24. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. The additional expenditures associated with the AALA (Certificated Administrators) Agreement are reflected in the Fiscal Year 2023-24 Second Interim Report. AALA (Certificated Administrators) and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2025-26 through 2027-28 after January 1, 2025.

CSEA (Unit D – Technical and Business Services) and the District have reached a three-year agreement for fiscal years 2023-24 through 2025-26 (the "CSEA Agreement"). The CSEA Agreement provides for one reopener for fiscal year 2024-25 and fiscal year 2025-26. Based on the salary table effective July 1, 2023, all CSEA bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables, and based on the salary table effective January 1, 2024, there will be a $2.00 per hour on-schedule wage increase applied to all pay scale groups and levels of the base salary table. The CSEA Agreement also provides for an increase to $22.52 effective January 1, 2024, for the classifications of Office Technician, Parent Education Support Assistant, Parent Resource Assistant, Microfilm Operator, Clerk, and Student Integration Helper. As a result of such agreement, the District anticipates an increase in fiscal year 2023-24 expenditures of approximately $43.50 million (all funds), of which approximately $37.01 million relate to the District's general fund. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. The additional expenditures associated with the CSEA Agreement are reflected in the Fiscal Year 2023-24 Second Interim Report.

Under the District's prior agreement with CSEA (Unit D – Technical and Business Services) for fiscal years 2020-21 through 2022-23 (the "Prior CSEA Agreement"), reopeners for three articles – wages and salaries, vacation, and telecommuting – were provided for, and CSEA requested reopener negotiations with respect to fiscal years 2021-22 and 2022-23. In June 2023, reopener negotiations concluded with CSEA under the Prior CSEA Agreement. For fiscal year 2021-22, the reopener agreement provides for a 1% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2021. This 1% is in addition to the 5% previously applied under the CSEA Agreement to all pay scale groups and levels of the base salary table for fiscal year 2021-22, for a total of 6%. For fiscal year 2022-23, the reopener agreement provides for a 7% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023. The reopener agreement also included one-time retention and appreciation bonuses. Due to the timing of the reopener agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. CSEA (Unit D – Technical and Business Services) and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2026-27 through 2028-29 after January 1, 2026.

Teamsters (Unit S – Classified Supervisors) and the District reached a three-year agreement for fiscal years 2021-22 through 2023-24 (the "Teamsters Agreement"). Under the Teamsters Agreement (a) based on the salary table effective July 1, 2021, all Teamsters bargaining unit members will receive a 1% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables (which is in addition to the 5% increase previously agreed to and applied); (b) based on the salary table effective July 1, 2022, all Teamsters bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables; (c) based on the salary table effective July 1, 2023, all Teamsters bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables, and (d) based on the salary table effective January 1, 2024, there will be a $2.00 per hour on-schedule wage increase applied to all pay scale groups and levels of the base salary table. As a result of such agreement, the District anticipates an increase in fiscal year 2023-24 expenditures of approximately $90.43 million (all funds), of which approximately $61.51 million relate to the District's general fund. Of such amounts, approximately $31.61 million (all funds) of such expenditures ($21.38 million related to the District's general fund) reflect expenditures attributable to fiscal year 2022-23 and are to be paid in fiscal year 2023-24. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. The additional expenditures associated with the Teamsters Agreement are reflected in the Fiscal Year 2023-24 Second Interim Report. Teamsters (Unit S – Classified Supervisors) and the District are in successor negotiations for a three-year agreement for fiscal years 2024-25 through 2026-27.

LASPA (Unit A – School Police) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "LASPA Agreement"). The LASPA Agreement provides, with respect to sworn officers, (a) for fiscal year 2022-23, a 3% retroactive on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% retroactive on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023; (b) for fiscal year 2023-24, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024; and (c) for fiscal year 2024-25, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. The LASPA Agreement provides, with respect to school safety officers, (a) for fiscal year 2022-23, a 7% retroactive on schedule wage increase applied to the base salary tables effective July 1, 2022; (b) for fiscal year 2023-24, a 7% on schedule wage increase applied to the base salary tables effective July 1, 2023; and (b) for a Step 1 an increase to $22.53 effective January 1, 2024, with the subsequent Steps applied accordingly. The classification of school safety officer is not included in the on-schedule fiscal year 2024-25 wage increase as the additional increase is being provided on January 1, 2024. There are no reopeners provided for in the LASPA Agreement. The financial impacts of the LASPA Agreement are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24

Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. LASPA and the District are currently in dispute over LASPA's assertion that they are entitled to a $1.00 per hour increase for fiscal year 2019-20. LASPA (Unit A – School Police) and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2025-26 through 2027-28 after January 1, 2025.

LASPMA (Unit H – School Police Management) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "LASPMA Agreement"). For fiscal year 2022-23, the LASPMA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023. For fiscal year 2023-24, the LASPMA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024. For fiscal year 2024-25, the LASPMA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024 and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. There are no reopeners provided for in the LASPMA Agreement. The financial impacts of the LASPMA Agreement are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. LASPMA (Unit H – School Police Management) and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2025-26 through 2027-28 after January 1, 2025.

"Trades" (Unit E) and the District reached agreements for fiscal years 2020-21 and 2021-22 and for fiscal years 2022-23 through 2024-25 (the "Trades Agreements"). With respect to fiscal years 2020-21 and 2021-22, the Trades Agreements provide for a 5% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2021. The Trades Agreements also provide for (a) one-time payments to certain employees that were employed during fiscal years 2020-21 and 2021-22 and did not receive an increase to their base salary in the fiscal year 2019-20 reopener, and (b) retention and appreciation bonuses for fiscal year 2021-22. With respect to fiscal years 2022-23 through 2024-25, the Trades Agreements provide (a) for fiscal year 2022-23, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023; (b) for fiscal year 2023-24, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024; and (c) for fiscal year 2024-25, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. During the term of the Trades Agreements for fiscal years 2022-23 through 2024-25, the District and Trades have agreed to reopen on two items – health and welfare and deferred compensation, but have not begun negotiations. The financial impacts of the Trades Agreements are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts (other than agreed upon reopeners to be negotiated) were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. "Trades" (Unit E) and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2025-26 through 2027-28 after January 1, 2025.

AALA (Unit J – Classified Managers) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "AALA Agreement"). The AALA Agreement provides (a) for fiscal year 2022-23, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023; (b) for fiscal year 2023-24, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024; and (c) for fiscal year 2024-25, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. There are no reopeners provided for in the AALA Agreement. The financial impacts of the AALA Agreement are incorporated as expenditures in the Fiscal Year 2023-24 Budget. AALA (Unit J – Classified Managers) and the District are expected to begin successor negotiations for a three-year agreement for fiscal years 2025-26 through 2027-28 after January 1, 2025.

Employees that are classified as "District-represented" are not in a formal bargaining unit. In alignment with District Board-approved labor agreements discussed above, District-represented employees will receive comparable compensation adjustments. District-represented employees as well as employees in positions that have not yet been assigned a union, totaling approximately 2,200 positions, with salaries within the range of union-represented classifications, will receive a 21% wage increase, beginning with 3% effective July 1, 2022; 4% on January 1, 2023; 3% on July 1, 2023; 4% on Jan. 1, 2024; 3% on July 1, 2024; and 4% on Jan. 1, 2025. District-represented employees, totaling approximately 87 positions, with salaries outside of the range of union-represented classifications, will receive a 15% wage increase, beginning with 3% effective July 1, 2022; 4% on January 1, 2023; 2% on July 1, 2023; 2% on Jan. 1, 2024; 2% on July 1, 2024; and 2% on Jan. 1, 2025. As a result of such agreement, the District anticipates an increase in fiscal year 2023-24 expenditures of approximately $30.0 million (all funds), of which approximately $25.6 million relate to the District's general fund. Of such amounts, approximately $8.6 million (all funds) of such expenditures ($7.3 million related to the District's general fund) reflect expenditures attributable to fiscal year 2022-23 and are to be paid in fiscal year 2023-24. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. The additional expenditures associated with the District-represented agreement are reflected in the Fiscal Year 2023-24 Second Interim Report.

The District entered a memorandum of understanding with SEIU and UTLA modifying the three-year tentative instructional calendar approved by the District Board on March 27, 2023, to a two-year instructional calendar (fiscal years 2023-24 and 2024-25). The memorandum of understanding maintains a three-week (15 days) winter break, provides for three additional instructional days to make up for lost instructional days in March 2023, and provides for instruction, enrichment, nutrition and child supervision through a voluntary winter recess academy in each such fiscal year. The financial impacts of the memorandum of understanding with SEIU and UTLA are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget *– Revisions to Fiscal Year 2023-24 Budget*" above. Subsequently, on December 11, 2023, the District entered a memorandum of understanding with CSEA with the same provisions outlined above in the SEIU and UTLA instructional calendar memorandum of understanding. As a result of such agreement, the District budgeted an increase in fiscal year 2023-24 expenditures of approximately $0.28 million, all of which relate to the District's General Fund. The additional expenditures associated with the memorandum of understanding with CSEA are reflected in the Fiscal Year 2023-24 Second Interim Report.

Health and Welfare Agreement. On October 5, 2023, the District reached a two-year agreement (the "Health and Welfare Agreement") with all of its bargaining units for calendar years 2024 and 2025 to continue providing health and welfare benefits for active employees and retirees at no additional cost to participants. Under the Health and Welfare Agreement, the District will make contributions to fully fund the per-participant actual costs of current health and welfare benefits, including administrative cost, for the 2024 and 2025 calendar years. This is exclusive of any plan design changes that increase benefit costs and is different than previous agreements where the District's obligation was to pay a fixed dollar amount for each participant category. The Health and Welfare Agreement also provides that any unspent health care reserve funds held pursuant to the District's prior health and welfare agreements will be maintained as reserves for the term of the Health and Welfare Agreement and used to improve or adjust health care plan designs as agreed to from time to time by the parties and approved by the District Board. As of June 30, 2022 and June 30, 2023, the District had $64.6 million and $107.7 million (unaudited), respectively, in health care reserves. Future District health and welfare contributions are subject to negotiations for a successor agreement. It is anticipated that such negotiations will commence in 2024.

The District anticipates an increase in fiscal year 2023-24 expenditures related to the Health and Welfare Agreement of approximately $106.4 million (all funds), of which approximately $94.2 million relate to the District's general fund. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. The additional expenditures associated with the Health and Welfare Agreement are reflected in the Fiscal Year 2023-24 Second Interim Report.

Reduction in Force and Release Notices. In general, pursuant to Sections 44949 and 44951 of the Education Code, the District must give written notice to a certificated employee no later than March 15 if such certificated employee is to be released or reassigned for the ensuing school year. Similarly, pursuant to Section 45117 of the Education Code, the District must give written notice to a classified employee no later than March 15 if such classified employee is to be laid off for the ensuing school year. Further, pursuant to Sections 44955.5 and 45117(d) of the Education Code (as applicable), the District Board has the authority to terminate the services of certificated and classified employees between the period commencing five days after the enactment of the annual State Budget Act and August 15 of the fiscal year to which the State Budget Act applies if the District's LCFF apportionment per unit of ADA has not increased by at least 2% for such fiscal year. To provide flexibility in the event budget reductions are necessary in a given fiscal year, the District Board may approve the use of reduction in force and release notices for a portion of its certificated and classified employees. There were no such notices approved by the District Board prior to March 15, 2024, for the ensuing 2024-25 school year.

Retirement Systems

General. The District currently participates in CalSTRS, CalPERS and PARS (defined herein). The amounts of the District's contributions to CalSTRS, CalPERS and PARS are subject to, among other things, modifications to or approvals of collective bargaining agreements and any changes in actuarial assumptions used by CalSTRS, CalPERS and PARS.

The information set forth below regarding CalSTRS and CalPERS and their respective actuarial valuations and comprehensive annual financial reports has been obtained from publicly available sources and has not been independently verified by the District and is not guaranteed as to the accuracy or completeness thereof by or to be construed as a representation by the District. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities stated below.

The following Table A-8 sets forth the District's aggregate contributions to CalSTRS, CalPERS and PARS, inclusive of employee contributions to CalPERS paid by the District, for fiscal years 2019-20 through 2022-23 and the budgeted contribution for fiscal year 2023-24 and these contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. See Table A-9 "Annual Regular CalSTRS Contributions," Table A-11 "Annual CalPERS Regular Contributions" and Table A-14 "Annual PARS Contribution." See also the District's financial statements for fiscal year 2022-23 contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

TABLE A-8

LOS ANGELES UNIFIED SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS, CalPERS and PARS
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	$755.33	7.35%
2020-21	762.30	7.06
2021-22	869.20	7.12
2022-23	1,040.37	8.36
2023-24[2]	1,174.30	7.83

(1) Reflects data for all District Funds, including the District's General Fund. Excludes on-behalf payments from the State to CalSTRS and CalPERS.
(2) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2022-23; Fiscal Year 2023-24 Budget; and the District for the percentage of Total Governmental Funds Expenditures.

California State Teachers' Retirement System. CalSTRS is a defined benefit plan that covers all full-time certificated District employees and some classified District employees, which are District employees employed in a position that does not require a teaching credential from the State. Benefit provisions are established by State legislation in accordance with the State Teachers' Retirement Law. CalSTRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. Copies of the CalSTRS' comprehensive annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275. The information presented in these reports is not incorporated by reference in this Official Statement.

Member benefits are determined pursuant to the Education Code and are generally based on a member's age, final compensation and years of credited service. Members are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to $400 per month. Members hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Benefits include a 2% cost of living increase (computed on a simple, non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit. See "– *California Public Employees' Pension Reform Act of 2013*" herein and Note 9 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

__Funding; Contributions__. The CalSTRS defined benefit plan (the "DB Plan") is funded through a combination of investment earnings and statutorily set contributions from members of CalSTRS, the participating employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily-set rate did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employer, employee and State contributions to the DB Plan were not sufficient to pay actuarially required amounts. To address the shortfall, Assembly Bill 1469 ("AB 1469"), signed into law by the Governor as part of the State budget for fiscal year 2014-15, increased member, employer and State contributions as part of a plan to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014.

Pursuant to AB 1469, since fiscal year 2021-22, the State Teachers' Retirement Board is authorized to modify the percentages paid by employers and employees to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations and subject to certain limitations. The State Teachers' Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers' Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. The District cannot predict the impact of State, national, and international events on investment earnings and contribution rates or the amount the District will be required to pay for pension related costs in future fiscal years.

The State is not an employer (with certain limited exceptions) in any of the CalSTRS programs but contributes to the DB Plan and a supplemental benefits maintenance account pursuant to provisions of the Education Code. For fiscal year 2022-23, the State contributed 8.328% of members' annual earnings to the DB Plan and an additional 2.5% of member earnings into the CalSTRS supplemental benefit maintenance account, which is used to maintain the purchasing power of benefits. The State's contribution rate for fiscal year 2023-24 will remain at 8.328% of members' annual earnings to the DB Plan and an additional payment of 2.5% of member earnings into the CalSTRS supplemental benefit maintenance account.

The District's employer contribution rate for fiscal year 2022-23 was 19.10% of covered payroll. The District's employer contribution rate for fiscal year 2023-24 will remain at 19.10% of covered payroll. The District's employer contribution rate is inclusive of the employer base contribution of 8.25% of payroll provided by the Education Code.

The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 60 members) was 10.25% for fiscal years 2016-17 through 2022-23 and will remain at 10.25% for fiscal year 2023-24. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 62 members) was 9.205% for fiscal years 2016-17 and 2017-18, 10.205% for fiscal years 2018-19 through 2022-23, and will remain at 10.205% for fiscal year 2023-24.

The following Table A-9 sets forth the District's regular annual contributions to CalSTRS for fiscal years 2019-20 through 2022-23 and the budgeted contribution for fiscal year 2023-24 and such contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. The District has always paid all required CalSTRS annual contributions. As of June 30, 2023, 37,684 District employees were members of CalSTRS.

TABLE A-9

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual Regular CalSTRS Contributions
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	CalSTRS Employer Rate	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	17.10%	$509.0	4.95%
2020-21	16.15	497.7	4.61
2021-22	16.92	563.9	4.62
2022-23	19.10	663.9	5.33
2023-24[2]	19.10	728.3	4.86

(1) Reflects data for all District Funds, including the District's General Fund. Excludes on-behalf payments from the State to CalSTRS.
(2) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2022-23; Fiscal Year 2023-24 Budget; and the District for the percentage of Total Governmental Funds Expenditures.

Actuarial Valuation. The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the DB Plan. CalSTRS actuarial consultant (the "Actuarial Consultant") determines the actuarial value of the DB Plan's assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

The actuarial valuation for the entire CalSTRS defined benefit program as of June 30, 2022 (the "2022 CalSTRS Actuarial Valuation") showed an estimated unfunded actuarial liability of $88.55 billion, a decrease of approximately $1.17 billion from the June 30, 2021 valuation. Such estimated unfunded actuarial liability was projected to increase in the June 30, 2021 valuation, which projected an unfunded actuarial liability of $89.80 billion as of June 30, 2022. The actual unfunded actuarial liability as of June 30, 2022 represents a net actuarial gain of approximately $1.25 billion. Such net actuarial gain is due primarily to member salary increases being more than assumed and market value returns (estimated at negative 2.40%) being less than assumed (7.00%). The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2022 and June 30, 2021, based on the actuarial assumptions, were approximately 74.40% and 73.00%, respectively. According to the 2022 CalSTRS Actuarial Valuation, the funded ratio increased by 1.40% during the past year. As described in the 2022 CalSTRS Actuarial Valuation, the increase in the funded ratio is primarily due to the recognition of deferred investment gains from prior fiscal years that were used to offset the reported negative 2.40% return on investments on the market value of assets for fiscal year 2021-22, which is CalSTRS' first negative return on investments since fiscal year 2008-09. Other factors contributing to such increase include the additional State contributions made in the prior fiscal years and contributions to pay down the unfunded actuarial liability under the State Teachers' Retirement Board's valuation policy. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not increase in the future, subject to the limitations of AB 1469.

The following are certain of the actuarial assumptions set forth in the 2022 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The 2022 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See *"− California Public Employees' Pension Reform Act of 2013"* below for a discussion of the pension reform measure signed by the Governor in September 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

The CalSTRS Comprehensive Annual Financial Report for fiscal year 2021-22 (the "2021-22 CalSTRS CAFR") states that during fiscal year 2021-22, CalSTRS included 38,528 covered employees of the District in its State Teachers' Retirement Program and 3,485 covered employees of the District in its tax-deferred defined contribution plans under Sections 403(b) and 457 of the Internal Revenue Code (the "Pension2 Program"). Accordingly, covered employees of the District represented approximately 7.60% and 11.80% of covered employees in the State Teachers' Retirement Program and Pension2 Program, respectively.

The UAAL and funded status of the CalSTRS pension fund as of June 30 of fiscal years ended June 30, 2018, through June 30, 2022, are set forth in the following Table A-10. The fair market value of the CalSTRS pension fund as of June 30, 2021, and June 30, 2022, was approximately $271.95 billion and $260.29 billion, respectively, based on total system assets less amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account Reserve. The individual funding progress for the District and the District's proportionate share of CalSTRS' net pension liability is set forth in the District's audited financial statements. See "– *Pension Accounting and Financial Reporting Standards*" herein and Note 9 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

TABLE A-10

Actuarial Value of CalSTRS Defined Benefit Program
Valuation Dates June 30, 2018 through June 30, 2022
($ in billions)

Valuation Date (June 30)	Actuarial Obligation	Actuarial Value of Assets[1]	Market Value of Assets	Unfunded Actuarial Obligation	Funded Ratio (Actuarial Value)	Funded Ratio (Fair Market Value)
2018	$297.603	$190.451	$211.367	$107.2	64.0%	65.7%
2019	310.719	205.016	225.466	105.7	66.0	67.0
2020	322.127	216.252	233.253	105.9	67.1	66.5
2021	332.082	242.363	292.980	89.7	73.0	81.9
2022	346.089	257.537	283.340	88.6	74.4	75.2

(1) Actuarial Value of Assets does not include amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account Reserve which was approximately $15.76 billion as of June 30, 2018, $17.38 billion as of June 30, 2019, $19.13 billion as of June 30, 2020, $21.03 billion as of June 30, 2021, and $23.05 billion as of June 30, 2022.

Sources: California State Teachers' Retirement System Defined Benefit Program Actuarial Valuations as of June 30, 2018 through June 30, 2022.

<u>District Proportionate Share</u>. As of June 30, 2023, the District's proportionate share of CalSTRS' net pension liability was approximately $3.9 billion, based on a discount rate of 7.10%. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the fiscal year 2021-22 employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and non-employer contributing entities. At June 30, 2022, the District's proportionate rate was 5.497%. The District's proportionate share of the CalSTRS net pension liability was projected to be approximately $1.60 billion if the discount rate was increased to 8.1% and approximately $6.5 billion if the discount rate was decreased to 6.1%. See Note 9(b) of the District's financial statements in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

California Public Employees' Retirement System. CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. CalPERS is operated on a Statewide basis and, based on publicly available information, has significant unfunded liabilities. CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS CAFR and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Official Statement. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law and are generally based on a member's age, final compensation, and years of credited service. For a description of member benefits for both the Safety Plan and Miscellaneous Plan of the District administered by CalPERS, see Note 9(a) set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

<u>Funding; Contributions</u>. All qualifying classified employees of K-12 school districts in the State are members in CalPERS. All school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. However, unlike contributions to CalSTRS, which incrementally increase at statutorily set rates, school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability of CalPERS. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of State, national or international events on investment earnings and school district contributions. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 8.00% in fiscal year 2022-23, which will remain at 8.00% in fiscal year 2023-24. School districts are required to contribute to CalPERS at an actuarially determined rate, which was originally 20.733% and 22.68% of eligible salary expenditures for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State's buydown of employer contribution rates in fiscal year 2019-20. Similarly, the fiscal year 2020-21 State budget allocated funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to approximately 20.70% and 22.91%, respectively. The actuarially determined rate for employer contributions was 25.37% for fiscal year 2022-23 and is 26.68% for fiscal year 2023-24. For a description of employer and member contribution rates, see Note 9(a) set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

The following Table A-11 sets forth the District's employer contribution rates, regular annual contributions, inclusive of employee contributions paid by the District to CalPERS for fiscal years 2019-2020 through 2022-23, and the budgeted contribution for fiscal year 2023-24, and such contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. The District has always paid all required CalPERS annual contributions. As of June 30, 2023, 29,689 District employees were members of CalPERS.

TABLE A-11

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual CalPERS Regular Contributions
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	CalPERS Employer Rate (Miscellaneous)	CalPERS Employer Rate (Safety)	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	19.721%	43.059%	$239.1	2.33%
2020-21	20.700	47.268	257.3	2.38
2021-22	22.910	48.900	298.4	2.44
2022-23	25.370	50.130	370.3	2.98
2023-24[2]	26.680	53.680	436.9	2.91

(1) Reflects data for all District Funds, including the District's General Fund.
(2) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2022-23; Fiscal Year 2023-24 Budget and District Budget Services and Financial Planning Division Financial Guide No. 1, dated May 19, 2023 for fiscal year 2023-24; and the District for the percentage of Total Governmental Funds Expenditures.

Actuarial Valuation. Since the June 30, 2015, valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a 15-year period with experience gains and losses spread over a rolling 30-year period. The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution. See Table A-12 – "Actuarial Value of Schools Portion of CalPERS – Historical Funding Status" herein.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2022 (the "2022 CalPERS Schools Pool Actuarial Valuation"), was released in September 2023, and such valuation reported an actuarial accrued liability of approximately $116.98 billion with the market value of assets at approximately $79.39 billion, and a funded status of approximately 67.90%. From June 30, 2021, to June 30, 2022, the funded status of the CalPERS Schools Pool decreased by approximately 10.40%, and the unfunded accrued liability increased by approximately $13.61 billion, largely due to the difference between the expected and actual rate of return on investments.

CalPERS reported a negative 6.10% net return on investments for fiscal year 2021-22, which is CalPERS' first negative return on investments since fiscal year 2008-09. The negative 6.10% net return on investments was less than the assumed annual rate of return on investments of 6.80%. Such negative return generated an actuarial investment loss of approximately $12.40 billion, which will be amortized over 20 years with a five-year phase in, increasing the component of the expected employer contribution rate related to the unfunded liability contribution in fiscal year 2023-24 by 1.69% of payroll. The 2022 CalPERS Schools Pool Actuarial Valuation reports that the employer contribution rates for fiscal years 2024-25, 2025-26, 2026-27, 2027-28 and 2028-29 are projected to be 27.80%, 28.50%, 28.90%, 30.30% and 30.10%, respectively. Such projections assume that all actuarial assumptions will be realized, including net investment returns in such fiscal years of 6.80%, and that no further changes to assumptions, contributions, benefits or funding will occur during such fiscal years. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases reflected in the 2022 CalPERS Schools Pool Actuarial Valuation. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future.

The 2022 CalPERS Schools Pool Actuarial Valuation as summarized assumes, among other things, 2.30% price inflation, 2.80% wage inflation and payroll growth of 2.80% compounded annually. The 2022 CalPERS Schools Pool Actuarial Valuation as summarized reflects a discount rate of 6.80% compounded annually (net of administrative expenses) as of June 30, 2022. The CalPERS Board of Administration adopted new demographic assumptions on November 17, 2021, including a reduction in the discount rate from 7.00% as of June 30, 2020, to 6.80% as of June 30, 2021, a reduction in the inflation assumption from 2.50% as of June 30, 2020 to 2.30% as of June 30, 2021, and an increase in payroll growth from 2.75% as of June 30, 2020 to 2.80% as of June 30, 2021. Such assumption changes result in increases in both the normal cost and unfunded liabilities contributions to be paid in the future. The actuarial funding method used in the 2022 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method."

The UAAL and funded status of the Schools portion of CalPERS as of June 30 of fiscal years ended June 30, 2018 through June 30, 2022 are set forth in the following Table A-12.

TABLE A-12

Actuarial Value of Schools Portion of CalPERS
Historical Funding Status
Valuation Dates June 30, 2018 through June 30, 2022
($ in millions)

Valuation Date (June 30)	Actuarial Accrued Liabilities	Market Value of Assets (MVA)	Funded Status (MVA)	Unfunded Liabilities/ (Surplus) (MVA)	Projected Payroll for Determining Contributions	Unfunded Liability/ (Surplus) as a % of Payroll
2018	$92,071	$64,846	70.4%	$27,225	$14,234	191.3%
2019	99,528	68,177	68.5	31,351	14,844	211.2
2020	104,062	71,400	68.6	32,662	15,295	213.6
2021	110,507	86,519	78.3	23,988	15,181	158.0
2022	116,982	79,386	67.9	37,596	16,731	224.7

Source: CalPERS Schools Pool Actuarial Valuation as of June 30, 2022.

District Proportionate Share. As of June 30, 2023, the District reported a net pension liability of $2.7 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured by CalPERS as of June 30, 2022, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by CalPERS pursuant to an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on the fiscal year 2021-22 employer contributions calculated by CalPERS. As of June 30, 2023, the District's proportion of the CalPERS net pension liability was approximately 7.82%. See "– *Pension Accounting and Financial Reporting Standards*" herein and Note 9(a) to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

Safety Plan Actuarial Valuation; Net Pension Liability. The CalPERS Safety Plan of the Los Angeles Unified School District (Employer # 3614620780) Annual Valuation Report as of June 30, 2022 uses the "Entry Age Normal Cost Method" as the actuarial funding method and assumes, among other things, a 6.8% investment rate of return (net of administrative expenses), projected annual salary increases based on category, entry age, and duration of service, projected inflation of 2.30% and projected payroll growth of 2.80%. The UAAL and funded status of the District's Safety Plan, which is an individual component of CalPERS, as of June 30 of fiscal years ended June 30, 2018 through June 30, 2022, are set forth in the following Table A-13. As of June 30, 2023, the District's net pension liability under the CalPERS Safety plan was $118.2 million. The net pension liability of the CalPERS Safety plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. See Note 9(a) to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

TABLE A-13

CalPERS Actuarial Value of LAUSD Safety Plan[1]
Historical Funding Status
Valuation Dates June 30, 2018 through June 30, 2022
($ in millions)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets[2]	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2018	$414.6	$301.3	$113.3	72.7%	$32.2
2019	438.7	320.7	118.0	73.1	33.7
2020	459.1	335.9	123.2	73.2	33.3
2021	479.3	412.9	66.4	86.1	26.2
2022	508.4	377.1	131.3	74.2	23.5

(1) Reflects information relating to the District's Safety Plan and does not include information relating to the Miscellaneous Plan. Actuarial information relating to the historical funding status of the District's Miscellaneous Plan is not available from CalPERS as a separate report but is incorporated in the combined schools portion of CalPERS' pension fund as set forth in Table A-12 above.
(2) CalPERS no longer uses an actuarial value of assets and only uses the market value of assets.

Source: CalPERS Safety Plan of the Los Angeles Unified School District (Employer # 3614620780) Annual Valuation Report as of June 30, 2022.

Public Agency Retirement System. On July 1, 1992, the District joined the Public Agency Retirement System ("PARS"), a multiple-employer retirement trust. This defined contribution plan covers the District's part-time, seasonal, temporary and other employees not otherwise covered by CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. The District is unable to predict the amount of the contributions which the District may be required to make to PARS in the future. Accordingly, there can be no assurances that the District's required contributions to PARS will not significantly increase in the future above current levels. The District has always paid all required PARS annual contributions.

The following Table A-14 sets forth the District's annual contributions to PARS for fiscal years 2019-20 through 2022-23 and the budgeted annual contribution to PARS for fiscal year 2023-24, and the contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. As of June 30, 2023, 55,381 active District employees were members of PARS.

TABLE A-14

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual PARS Contribution
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	District Contributions[1][2]	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	$7.2	0.07%
2020-21	7.3	0.07
2021-22	6.9	0.06
2022-23	6.2	0.05
2023-24[3]	9.1	0.06

(1) Reflects payments to PARS for pension costs associated with the District's regular and specially funded programs.
(2) Includes amounts related to prior years' PARS contributions.
(3) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2022-23; Fiscal Year 2023-24 Budget; and the District for the percentage of Total Governmental Funds Expenditures.

California Public Employees' Pension Reform Act of 2013. In September 2012, the Governor approved Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). Among other things, PEPRA establishes new retirement formulas for employees hired on or after January 1, 2013 ("PEPRA Employees") and prohibits public employers from offering defined benefit pension plans to PEPRA Employees that exceed the benefits provided thereunder. PEPRA increases the retirement age for new State, school, city and local agency employees depending on job function and limits the annual CalPERS and CalSTRS pension benefit payouts. PEPRA applies to all public employers except the University of California, charter cities and charter counties. However, PEPRA is applicable to those entities which contract with CalPERS.

PEPRA mandates equal sharing of normal costs between a contracting agency or school employer and their employees and that employers not pay any of the required employee contribution. However, PEPRA limits the contribution to an amount not in excess of 8% of pay for local miscellaneous or school members, not more than 12% of pay for local police officers, local firefighters, and county peace officers, and not more than 11% of pay for all local safety members. PEPRA requires employers to complete a good faith bargaining process as required by law prior to implementing changes regarding the contribution requirements. The contribution requirements of PEPRA went into effect on January 1, 2018. See "– *California State Teachers' Retirement System*" and "– *California Public Employees' Retirement System*" herein.

In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits for PEPRA Employees. Further, PEPRA permits certain public employers who have offered a lower defined benefit retirement plan before January 1, 2013 to continue to offer such plan to PEPRA

Employees. However, if a public employer adopts a new defined benefit plan on or after January 1, 2013, such plan will be subject to PEPRA requirements unless, among other things, its retirement system's chief actuary and retirement board certify that the new plan is not riskier or costlier to the public employer than the defined benefit formula required under PEPRA.

Pension Accounting and Financial Reporting Standards. In 2012, the Governmental Accounting Standards Board issued Governmental Accounting Standards Board Statement No. 68 – "Accounting And Financial Reporting For Pensions" ("GASB 68"), which revises and establishes new financial reporting requirements for most public employers, such as the District, that provide pension benefits to their employees. GASB 68, among other things, requires public employers providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and provides greater guidance on measuring the annual costs of pension benefits, including thorough guidelines on projecting benefit payments, use of discount rates and use of the "entry age" actuarial cost allocation method. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. GASB 68 became effective for the financial statements of plan employers, including the District's financial statements, commencing the fiscal year ended June 30, 2015.

Pursuant to GASB 68, CalSTRS and CalPERS will use a new blended rate that reflects a long-term rate of return on plan assets, which reflects a pension fund's long-term investment strategy, and a high-quality, non-taxable municipal bond index rate, to account for the potential need to borrow funds to pay pension benefits after net assets have been fully depleted. CalSTRS has cautioned that use of the new, blended discount rate may cause the financial statements of plans, such as CalSTRS, to reflect an increased unfunded liability.

Other Postemployment Benefits

General. In addition to employee health care costs, the District provides post-employment health care benefits ("OPEB") in accordance with collective bargaining agreements and the health benefits agreement. The District's OPEB consists of post-employment benefits for health, prescription drug, dental, and vision coverage for retirees and their dependents. As of June 30, 2023, there were approximately 59,010 active employees who meet the eligibility requirements for OPEB benefits, 40,013 inactive employees or beneficiaries currently receiving benefits, and 139 inactive employees entitled to but not yet receiving benefits, for a total of 99,162 current and former employees entitled to receive benefits under the District's OPEB plan. Historically, the District has funded these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year. Beginning in fiscal year 2013-14, the District's policy, subject to District Board approval, is to prefund a portion of its OPEB costs for employees, retirees and their beneficiaries by allocating funds for the express purpose of funding future other postemployment benefit costs to the extent possible. See "–District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein. The District Board approved the creation of the OPEB Trust Fund in May 2014.

As of April 15, 2024, the District has contributed approximately $548.3 million to the OPEB Trust Fund, inclusive of the District's contributions of $60 million in July 2014, $30 million in September 2014, $45 million in September 2015, $6 million in March 2016, $78 million in October 2016, $120 million in October 2017, $33.3 million in August 2023, $52.8 million in September 2023, and $17.6 million in each of October 2023, November 2023, December 2023, January 2024, February 2024, March 2024 and April 2024. The District did not contribute to the OPEB Trust Fund in fiscal years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23. At the time of preparation of the District's Fiscal Year 2022-23 Estimated Actuals, it was expected that the District would contribute $141.00 million to the OPEB Trust Fund in fiscal year 2022-23. However, after the preparation of the 2022-23 Estimated Actuals in connection with the approval of the Fiscal Year 2023-24 Budget, the fiscal year 2022-23 contribution was reduced by $107.7 million and the transfer of the remaining $33.3 million contribution was delayed until fiscal year 2023-24. Thus, although the District designated the $33.3 million contribution as a fiscal year 2022-23 contribution for internal purposes, there was no transfer of funds to the OPEB Trust Fund in fiscal year 2022-23. As indicated above, the $33.3 million was deposited in the OPEB Trust Fund in August 2023. Based on the Fiscal Year 2023-24 Budget, the District has budgeted to contribute $244.3 million from all funds of the District (not just the General Fund) to the OPEB Trust Fund in fiscal year 2023-24, $209.3 million of which has been deposited in the OPEB Trust Fund as of April 15, 2024. The District expects to deposit the remaining $35 million budgeted for fiscal year 2023-24 in May and June of 2024 in the amounts of $17.6 million and $17.4 million, respectively.

In the June 2023 Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2022, measurement date for fiscal year 2022-23 (the "2022 Actuarial Valuation"), Aon Hewitt indicated that based on the District's current funding policy, projected cash flows, and the assumed asset return, the assets in the OPEB Trust Fund are projected to be depleted in fiscal year 2035-36 if such assets were drawn upon to pay benefits as they come due without the District funding such benefits on a pay-as-you-go basis. The year of depletion was projected to be fiscal year 2029-30 in the District's fiscal year audited financial statements. See Note 9 to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

The following Table A-15 sets forth the District's funding of other postemployment benefits for fiscal years 2019-20 through 2022-23, the budgeted contribution for fiscal year 2023-24, and the contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. In addition, Table A-15 sets forth the District's contribution to the OPEB Trust for fiscal years 2019-20 through 2023-24.

TABLE A-15

LOS ANGELES UNIFIED SCHOOL DISTRICT
Expenditures for Other Postemployment Benefits
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	Pay-as-You-Go Amount	OPEB Trust Fund Contribution[2]	Total Amount	Expenditure as Percentage of Total Governmental Funds Expenditures
2019-20	$221.2	$0.0	$221.2	2.15%
2020-21	231.2	0.0	231.2	2.14
2021-22	231.1	0.0	231.1	1.89
2022-23	235.9	0.0[3]	235.9	1.90
2023-24[1]	198.0	244.3[4]	442.3	2.95

(1) Budgeted.
(2) As of April 15, 2024, the District has contributed approximately $548.3 million to the OPEB Trust Fund, inclusive of the District's contributions of $60 million in July 2014, $30 million in September 2014, $45 million in September 2015, $6 million in March 2016, $78 million in October 2016, $120 million in October 2017, $33.3 million in August 2023, $52.8 million in September 2023, and $17.6 million in each of October 2023, November 2023, December 2023, January 2024, February 2024, March 2024 and April 2024.
(3) At the time of preparation of the Fiscal Year 2022-23 Estimated Actuals, the net position of the OPEB Trust Fund for fiscal year 2022-23 was estimated at approximately $628.8 million. This amount reflected a District fiscal year 2022-23 contribution of $141.0 million to the OPEB Trust Fund. However, after the preparation of the 2022-23 Estimated Actuals in connection with the approval of the Fiscal Year 2023-24 Budget, the fiscal year 2022-23 contribution was reduced by $107.7 million, and the transfer of the remaining $33.3 million contribution was delayed until fiscal year 2023-24. Thus, although the District designated the $33.3 million contribution as a fiscal year 2022-23 contribution for internal purposes, there was no transfer of funds to the OPEB Trust Fund in fiscal year 2022-23. As of June 30, 2023, the adjusted net position of the OPEB Trust Fund for fiscal year 2022-23 is $499.9 million, which reflects the changes described above as well as unrealized gains/losses due to market fluctuations.
(4) The $244.3 million includes $33.3 million the District, for internal purposes, designated as a fiscal year 2022-23 contribution. As of April 15, 2024, $209.3 million of the $244.3 million budgeted amount has been deposited in the OPEB Trust Fund, including the $33.3 million designated as a fiscal year 2022-23 contribution. The District expects to deposit the remaining $35 million budgeted for fiscal year 2023-24 in May and June of 2024 in the amounts of $17.6 million and $17.4 million, respectively.

Sources: Audited Annual Financial Reports for fiscal years 2019-20 through 2022-23; Fiscal Year 2023-24 Budget; and the District for the percentage of Total Governmental Funds Expenditures.

Postemployment Benefits Other Than Pensions Accounting and Financial Reporting Standards. In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("GASB 75"), which revised and established new accounting and financial reporting requirements for state and local governments, such as the District, that offer OPEB to employees. Pursuant to GASB 75, net OPEB liabilities are required to be recognized in the financial statements for such state and local governments. In addition, GASB 75 provides additional guidance with respect to recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures. GASB 75 directs the use of "entry age normal" as the actuarial cost allocation method to be used and the various procedures, assumptions and discount rates to be used in connection with the calculation of liabilities. In connection therewith, states and local governments that do not pre-fund their respective OPEB obligations may report increased liabilities. GASB 75, among other things, requires additional note disclosures and the presentation of required supplementary information in financial statements. GASB 75 was implemented in the District's audited financial statements beginning in fiscal year 2017-18.

The District's net OPEB liability takes into consideration the adoption of GASB 75, under which the District is required to recognize in full its total net OPEB liability rather than on an incremental basis. Over the past few years, the District has taken steps to (i) reduce its OPEB liability through a more cost-effective healthcare plan and (ii) pre-fund its OPEB liability by making deposits from time to time to an irrevocable trust when its reserves exceed the 5% Minimum Reserve Threshold, subject to District Board approval.

Changes in Net OPEB Liability. The District's net OPEB liability has fluctuated over time based on a variety of factors, including changes in healthcare plans and actuarial assumptions and the funded status of the OPEB Trust. In the 2022 Actuarial Valuation, the District's actuary, Aon Hewitt, points out that a byproduct of the GASB 75 standards is the potential for increased volatility of results from year to year, which the District has experienced since the implementation of GASB 75. In January 2019, the District implemented a less costly healthcare plan, the Anthem Preferred PPO (50 state Medicare Advantage Plan) (the "Anthem PPO"), which replaced the United HealthCare Group Medicare Advantage Plan and the Anthem Blue Cross Medicare (EPO) plan. The implementation of the Anthem PPO together with certain updated actuarial assumptions resulted in a significant reduction in the District's net OPEB liability from $14.97 billion as of June 30, 2018 (prior to the Anthem PPO implementation) to $11.18 billion as of June 30, 2019 (after the Anthem PPO implementation) to $8.58 billion as of June 30, 2020 (based on further revised actuarial assumptions). However, the District's net OPEB liability as of June 30, 2021 increased to $11.06 billion and then decreased to $10.19 billion as of June 30, 2022 based on certain changes in actuarial assumptions described in more detail below. See "*– 2021 Actuarial Valuation*" below for more information. As of June 30, 2023, the District's net OPEB liability has further decreased to $8.48 billion also based on certain changes in actuarial assumptions also described in more detail below. See "*– 2022 Actuarial Valuation*" below for more information.

2021 Actuarial Valuation. The District's net OPEB liability decreased by nearly $1 billion from $11.06 billion as of June 30, 2021 to $10.19 billion as of June 30, 2022. According to the March 2022 Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2021 measurement date for fiscal year 2021-22 (the "2021 Actuarial Valuation"), such decrease in net OPEB liability is primarily due to the healthcare experience gain reflected in the 2021 Actuarial Valuation as there were no other significant adjustments in actuarial assumptions from the Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2020 measurement date for fiscal year 2020-21 (the "2020 Actuarial Valuation"), prepared for the District by Aon Hewitt. The 2021 Actuarial Valuation reflects updated financial information for fiscal year 2021-22 and is based on the census data, actuarial assumptions, and plan provisions used in the 2020 Actuarial Valuation with the following changes:

- Assets: $542,828,439 as of June 30, 2021 measurement date
- Municipal Bond Rate: 2.16% as of June 30, 2021, based on the *Bond Buyer* General Obligation Bond 20-Bond Municipal Bond Index
- Expected Long-Term Return on Assets: 7.00% as of June 30, 2021, based on District's revised expectations for certain asset allocations
- Discount Rate: 2.20% as of June 30, 2021, after reassessment based on updated assets and municipal bond rate as of June 30, 2021

2022 Actuarial Valuation. The District's net OPEB liability decreased by approximately $1.70 billion from $10.19 billion as of June 30, 2022 to $8.48 billion as of June 30, 2023. According to the 2022 Actuarial Valuation, the 150-basis point increase in the discount rate from the 2021 Actuarial Valuation has a considerable impact in the 2022 Actuarial Valuation, decreasing the value of liabilities by more than 20%. As explained in the 2022 Actuarial Valuation, such impact, which is somewhat offset by low asset returns as of the measurement date, decreases the net OPEB liability and the OPEB expense for fiscal year 2022-23. The 2022 Actuarial Valuation reflects updated financial information for fiscal year 2022-23 and is based on the census data, actuarial assumptions, and plan provisions used in the 2021 Actuarial Valuation with the following changes:

- Assets: $469,939,493 as of June 30, 2022, measurement date
- Municipal Bond Rate: 3.54% as of June 30, 2022, based on the *Bond Buyer* General Obligation Bond 20-Bond Municipal Bond Index
- Contributions: Additional contribution of $211 million to OPEB Trust scheduled to be made for fiscal years ending 2023, 2024 and 2025. The District currently budgets to contribute $244.3 million in fiscal year 2023-24, $33.3 million of which the District, for internal purposes, designated as a fiscal year 2022-23 contribution.
- Expected Long-Term Return on Assets: 6.10% as of June 30, 2022, based on District's revised expectations for certain asset allocations
- Discount Rate: 3.70% as of June 30, 2022, after reassessment based on updated assets and municipal bond rate as of June 30, 2022

The following Table A-16 shows the impact of the changes to the actuarial assumptions in the 2022 Actuarial Valuation on the District's Net OPEB Liability for the fiscal year ending June 30, 2023 compared to fiscal year June 30, 2022 that was based on the 2021 Actuarial Valuation.

TABLE A-16

LOS ANGELES UNIFIED SCHOOL DISTRICT
NET OPEB LIABILITY
As of June 30, 2022 and June 30, 2023
($ in billions)

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2023
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving payment	$ 3.019	$2.755
(b) Active Participants	7.710	6.197
(c) Total	10.729	8.952
(2) Plan Fiduciary Net Position	0.543	0.470
(3) Net OPEB Liability	10.186	8.482
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.06%	5.25%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	$0.231	-

Source: 2022 Actuarial Valuation.

The District cannot predict the impact future changes in healthcare plans and actuarial assumptions and the funded status of the OPEB Trust will have on the District's net OPEB liability.

For more information on the District's OPEB plan, OPEB liability and related assumptions for fiscal year ended June 30, 2023, see Note 9 to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023" attached hereto.

Risk Management and Litigation

General. The District maintains various excess property, casualty and fidelity insurance programs, which are self-insured, with varying self-insured retentions. The District's excess property coverage is provided currently through its membership in the Public Entity Property Insurance Program ("PEPIP"), an insurance pool comprised of certain cities, counties and school districts. The District maintains excess property insurance on all District facilities under a combination of self-insurance retentions and varying sublimits through the excess insurance policies of PEPIP. The current self-insured retention for fire loss damage for excess property coverage is $2,500,000 per occurrence and the aggregate policy limit is $500 million. The District maintains what it considers to be adequate reserves to cover losses within the self-insurance retention. District General Fund resources are used to pay for property loss insurance and uninsured repairs for property damage. In addition to the above excess property policies, the District purchases a separate boiler and machinery policy with $100 million in occurrence limits and a Fidelity crime coverage with $15 million in occurrence limits.

Excess property insurance is maintained through a combination of excess policies with an occurrence limit of $500 million. General liability insurance currently provides $30 million coverage above a $5 million self-insurance retention. The District expects to be reimbursed for settlements from its insurance carriers. The District maintains reserves at the level recommended by an independent actuarial analysis, which it believes are adequate to cover losses within the self-insured retention.

Prior to fiscal year 2013-14, the District's liability coverage generally included coverage for sexual misconduct and molestation with some limited exceptions as described herein with respect to

Assembly Bill 218. See "– *Sexual Misconduct Cases* – Assembly Bill 218 and Related Claims" herein. Liability coverage beginning in fiscal year 2013-14 did not include this coverage because the District determined that it is not available at reasonable rates from any insurance provider. In March 2014, the District Board approved a joint powers authority agreement by and between the District and the Los Angeles Trust Children's Health Inc. to establish the Los Angeles Unified School District Risk Management Authority (the "Risk Management Authority") which became effective July 1, 2014. The Risk Management Authority allows the District to purchase reinsurance for excess liability coverage for incidents such as sexual misconduct and molestation, to the extent such coverage is available. The Risk Management Authority was capitalized by the District and provides an insurance program for the District and the Los Angeles Trust Children's Health Inc. The Risk Management Authority allows the District to purchase reinsurance for excess liability coverage which is not presently available to self-insured public agencies such as the District. See "– *Sexual Misconduct Cases*" herein. Sexual misconduct and molestation coverage is maintained with a limit of $15 million above a $5 million self-insurance retention.

The District believes that the amounts currently reserved for potential liabilities attributable to claims of wrongful death, catastrophic injury and sexual misconduct are adequate. See "*– Wrongful Death Cases*," "*– Catastrophic Injury Cases*" and "*– Sexual Misconduct Cases*" herein. The District will increase the expenditures projected in its budget and interim financial reports if necessary and only to the extent that the District's liabilities exceed the amount budgeted for self-insurance or current excess liability coverage. The District expects that such an increase will occur if claims relating to wrongful death, catastrophic injury or sexual misconduct by former and suspended District employees exceed the amount reserved for settlements and monetary damages to date. Such liabilities could decrease the District's net position as of June 30, 2024 from the amount set forth in the District's financial statements for fiscal year 2022-23. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

Liabilities for loss and loss adjustment expenses under each of the District's insurance programs include the accumulation of estimates for losses reported prior to the balance sheet date, estimates of losses incurred but not reported and estimates of expenses for investigating and adjusting reported and unreported losses. Such liabilities are estimates of the future expected settlements and are based upon analysis of historical patterns of the number of incurred claims and their values. The District believes that, given the inherent variability in any such estimates, the aggregate liabilities are within a reasonable range of adequacy. Individual reserves are continually monitored and reviewed, and, as settlements are made or reserves adjusted, differences are reflected in current operations. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

Workers' Compensation. The District is self-insured for its Workers' Compensation Program. A separate fund is used to account for amounts set aside to pay claims incurred and related expenditures under the Workers' Compensation Program. The amount to be deposited in the Workers' Compensation Fund is established with information from an independent actuary. The District maintains at a minimum the actuarially required deposit in its Workers' Compensation Fund in accordance with its policy. See "– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein. The District's "Actuarial Study of Workers' Compensation Program" as of December 31, 2021, recommended a minimum funding level of approximately $122.5 million for fiscal year 2022-23. The "Actuarial Study of Workers' Compensation Program" as of December 31, 2022, recommends a minimum funding level of approximately $110.7 million for fiscal year 2023-24 and approximately $106.8 million for fiscal year 2024-25. As of June 30, 2023, the total revenues in the District's Workers' Compensation Fund (operating revenues and nonoperating revenues) was $150.5 million, which reflects a negative year-end accounting adjustment of $6.8 million to recognize the unrealized loss for the District's cash deposited in the County Treasury Pool.

Additionally, the District's actuarially determined total liability for the Workers' Compensation Program is fully funded. The District's most recent "Actuarial Study of Workers' Compensation Program" as of December 31, 2022 reflected total expected losses of approximately $334.6 million (at a 4.0% interest rate) as of June 30, 2023 plus an additional amount of approximately $24.6 million in estimated outstanding unallocated loss adjustment expenses (at a 4.0% interest rate) to create a total liability of approximately $359.2 million as of June 30, 2023. The District has approximately $635.5 million in cash available in the Workers' Compensation Fund as of June 30, 2023, which exceeds the amount necessary to fund the District's actuarially determined liability.

The following Table A-17 sets forth the actuary's recommended minimum funding levels for workers' compensation set forth in the actuarial report as of December 31, 2020, December 31, 2021 and the most recent actuarial report covering the period as of December 31, 2022.

TABLE A-17

LOS ANGELES UNIFIED SCHOOL DISTRICT
Recommended Minimum Funding Levels
Workers' Compensation
Fiscal Years 2021-22 through 2025-26
($ in millions)

Fiscal Year	Present Value of Projected Ultimate Losses (Discounted at 3.5% Unless Otherwise Noted)	Budgeted Expenses for Claims Handling and Administration	Recommended Minimum Funding Level
2021-22	$102.20[(1)]	$17.57	$119.77
2022-23	104.64[(1)]	17.83	122.47
2023-24	92.31	18.40	110.71
2024-25	87.82	19.00	106.82
2025-26	88.51	19.60	108.11

(1) Discounted at 1.5%

Source: Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2020 for fiscal year 2021-22; Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2021 for fiscal years 2022-23; Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2022 for fiscal years 2023-24 thru 2025-26.

The following Table A-18 sets forth information on changes in the Workers Compensation Program's liabilities from fiscal years 2018-19 through 2022-23. The District uses separate funds to account for amounts set aside to pay claims incurred and related expenditures under the respective insurance programs. See "– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein and Note 10 in the audited financial statements for fiscal year 2022-23 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023."

TABLE A-18

LOS ANGELES UNIFIED SCHOOL DISTRICT
Workers' Compensation Claims Paid
Fiscal Years 2018-19 through 2022-23
($ in millions)

Fiscal Year	Liability: Beginning of fiscal year	Current Year Claims and Changes in Estimates	Claims Paid	Liability: End of fiscal year
2018-19	$455.4	$85.1	$(97.9)	$442.7
2019-20	442.7	124.5	(87.2)	480.0
2020-21	480.0	3.1	(79.4)	403.6
2021-22	403.6	52.4	(72.6)	383.5
2022-23	383.5	56.6	(80.9)	359.2

Sources: Audited Annual Financial Report for fiscal years 2018-19 through 2022-23.

Pollution Legal Liability Policy. The District purchased a pollution legal liability ("PLL") policy through Allied World National Assurance Company with coverage of $10.0 million per incident and $10.0 million in aggregate, effective May 1, 2023 to May 1, 2026.

Owner-Controlled Insurance Program. The District has arranged for its construction projects to be insured under its owner-controlled insurance program ("OCIP"). An OCIP is a single insurance program that insures the District, the District Board, all enrolled contractors, and enrolled subcontractors, and other designated parties for work performed at project sites. The District pays the insurance premiums for the OCIP coverages and requires each eligible bidder to exclude from its bid price the cost of insurance coverage. The exclusion of the cost of insurance premiums from each bid is intended to result in lower overall bids for projects, which would in turn lower the contract award amount and general obligation bond and other funds spent. In addition, the District may be able to pay a lower overall insurance cost than a single contractor because of the economies of scale gained by the purchase of an OCIP.

Litigation Regarding Insurance Providers. In September 2015, the District filed a lawsuit entitled *Los Angeles Unified School District v. ACE et al.* (the "Miramonte Coverage Action"), in Los Angeles County Superior Court seeking more than $200 million in damages from twenty-seven of the District's current and former insurance providers who failed to fund the defense and reimburse the District for settlement amounts paid by the District in connection with claims by hundreds of students and parents alleging that negligent hiring, supervision, and retention of former teachers Mark Berndt and Martin Springer at Miramonte Elementary School resulted in sexual abuse of the students. In April 2017, the District filed a second lawsuit in Los Angeles County Superior Court entitled *Los Angeles Unified School District vs. AIU Insurance Company, et. al.* (the "Telfair Coverage Action"), seeking more than $40 million in damages from eight of the District's current and former insurance providers in connection with the lawsuits filed against the District alleging that negligence of its employees in hiring, retaining, and supervising Paul Chapel resulted in sexual abuse of approximately twenty students at Telfair Elementary School. In August 2017, the District filed a third lawsuit in Los Angeles County Superior Court entitled *Los Angeles Unified School District v. Allied World et al.* (the "De La Torre Coverage Action"), seeking more than $60 million in damages from seven of the District's current and former insurance providers who failed to fund the defense and reimburse the District for settlement amounts paid by the District in connection with claims by over twenty students and their parents alleging that negligent hiring, supervision, and retention of former teacher Robert Pimentel at De La Torre Elementary School resulted in sexual abuse of the students. The District has not been reimbursed by any of the defendants for amounts expended in conjunction with resolving the underlying sexual abuse litigation described in this section. While no insurer agreed to pay any of the District's defense costs before the coverage actions were filed, rulings obtained in the Miramonte Coverage Action have forced AIG to reimburse the District for over $21 million in defense costs. Further, the District has alleged that the insurance providers have not only breached their respective insurance obligations owed to the District in connection with underlying litigation, but also breached the implied covenant of good faith and fair dealing. The District and the insurers continue to discuss terms for a mediation of all three coverage cases. In 2021, following a bench trial, the court found that the insurer breached its duty to indemnify the District under one insurance policy at issue in the Miramonte Coverage Action for its settlements of the underlying claims. The District is considering its options with respect to additional motion practice and appellate review.

On November 4, 2020, the District filed two new lawsuits against its insurers, *LAUSD v. Starr Indemnity & Liability Co., et al.* and *LAUSD v. Ins. Co. of the State of Pennsylvania, et al.*, in which it is seeking more than $25 million and $8 million, respectively, in settlement reimbursements plus defense costs relating to underlying litigation involving the alleged abuse of multiple students at Franklin High School and Cahuenga High School. The District cannot predict the final outcome of or remedy imposed by any court with respect to these complaints or the amounts, if any, by which any of the insurance providers will reimburse the District for settlements and defense costs in the underlying litigation matters. In 2021, the District moved for summary adjudication to establish that the Insurance Company of State of Pennsylvania (an AIG Co.) had breached its duty to defend the District under a 2002-2003 insurance policy, which the court denied. The District is considering its options with respect to additional motion practice and appellate review.

On September 29, 2022, the District filed a new lawsuit against its insurers, *LAUSD v. Everest National Insurance Company, et al.*, in which it is seeking more than $11 million in settlement reimbursements plus defense costs relating to underlying litigation involving the alleged abuse of multiple students at El Sereno Elementary School. One insurer has reimbursed some, but not all, of the District's defense costs in connection with the underlying litigation. The District cannot predict the final outcome of or remedy imposed by any court with respect to this complaint or the amount, if any, by which any of the insurance providers will reimburse the District for settlements and defense costs in the underlying litigation.

Wrongful Death Cases. In August 2020, the mother of a Normandie Avenue Elementary School student filed a lawsuit seeking unspecified damages in excess of $1,000,000 against the District for the alleged wrongful death of her son on December 26, 2019, after he died from injuries sustained while at a District employee's home, during the employee's non-working hours and when school was out for winter break. The death was later ruled a homicide and the employee was subsequently criminally convicted. A jury trial in the matter commenced on July 31, 2023, in the Van Nuys Courthouse of the Los Angeles Superior Court and on August 10. 2023, the jury found the District 90% at fault and awarded plaintiff $30 million. On October 17, 2023, the District brought a motion for a new trial which the Court denied. On November 8, 2023, the District filed its Notice of Appeal and will seek to overturn the verdict based on a number of grounds that the District believes to have strong merit. Should the District's appeal be unsuccessful, thus obligating the District to pay its share of the judgment ($27 million), the District's expected share will be $5 million (self-insured retention amount) and the balance of the judgment would be expected to be covered by the District's reinsurers through the Risk Management Authority. The District is expected to file and serve its opening brief with respect to the appeal by May 2024.

In September 2022, a Helen Bernstein High School student was found deceased in a school bathroom after normal school hours from a Fentanyl drug overdose. The deceased student's friend was found in the courtyard of the school and survived after a hospital stay. On December 12, 2022, the deceased student's mother filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for negligence and wrongful death. Trial is currently scheduled for June 10, 2024. On October 13, 2023, a complaint was filed on behalf of the deceased student's friend against the District in the Los Angeles Superior Court, seeking unspecific damages for negligence.

In April 2016, a Palms Middle School student experienced sudden cardiac arrest during physical education class and died. On July 21, 2017, the father of the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for wrongful death. The case was tried to a jury in April 2023, resulting in a $15 million verdict. On August 11, 2023, the District filed a Notice of Appeal, which is currently pending, and the District's opening brief will likely be filed by June 2024.

Catastrophic Injury Cases. In January 2020, a non-verbal special education student claims to have sustained injury on a District special education campus when he allegedly pulled a soccer goal post net, causing himself and the goal to fall, hitting him on the head. The student underwent emergency cervical spine surgery as a result of the incident, and his medical bills/costs known to date exceed $1,000,000. On January 11, 2022, the court appointed conservator for the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages. The matter is scheduled for trial on November 4, 2024.

In February 2017, a Marvin Avenue Elementary School student claims to have fallen and struck her head at the school. On November 22, 2017, the mother of the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for traumatic brain injury. Plaintiff alleges the District failed to provide the requisite medical care and failed to contact emergency medical personnel in a timely manner. Trial is currently scheduled for August 26, 2024.

COVID-19 Distance Learning Lawsuits. On September 24, 2020, a class action lawsuit was filed on behalf of nine named plaintiffs in Los Angeles County Superior Court asserting that the District's instructional plan in response to the COVID-19 pandemic denied plaintiffs' children their basic education rights under the California Constitution. The complaint alleges that the District's distance learning approach was inadequate in that it allegedly reduced instructional and professional development time, eliminated student assessments, failed to provide adequate access to technology, and failed to reengage students who did not participate in online learning in the spring of 2020 after the closure of school facilities due to the COVID-19 pandemic. The operative first amended complaint asserts various causes of action for injunctive and declaratory relief, including claims for alleged violations of statutory and Constitutional rights and claims of discrimination and disparate treatment. On April 9, 2021, the District's motion to strike certain allegations in the complaint with respect to individualized education program services was granted, but its demurrer to the first amended complaint was overruled. After plaintiffs filed a second amended complaint, the District filed another demurrer. On August 16, 2021, the Court sustained the District's demurrer with leave to amend. The Court further struck plaintiffs' claims seeking retrospective injunctive relief on a class wide basis. Plaintiffs were given 20 days to file an amended complaint. In September 2021, the Court dismissed the action in its entirety, with prejudice, and entered judgment in favor of the defendants, including the District. Plaintiffs subsequently filed a notice of appeal with the Court of Appeal of California, Second Appellate District. On September 19, 2023, the California Court of Appeal issued its decision reversing in part the September 2021 order dismissing the lawsuit. The Court of Appeal found that dismissal of the case and denial of class certification was premature, permitting the plaintiffs to move forward on three of their eight causes of action, but sustaining the dismissal of the remaining claims in favor of the District. The matter has now been remanded back to the trial court to proceed. The District will defend the case and also determine any potential settlement options.

COVID-19 Employee Vaccinations Lawsuit. Since the Fall of 2021, the District has been named in at least twenty-nine different lawsuits challenging the District's previous COVID-19 vaccination mandate, filed by current and former employees and job applicants, asserting various causes of action for wrongful termination, employment discrimination, and violations of Constitutional rights, among other theories of recovery. As of December 2023, four of the twenty-nine cases had settled. While certain of the lawsuits have been filed on behalf of a single named plaintiff, others are filed on behalf of groups of plaintiffs ranging from 6 to 167. The earliest filed of such actions, *Health Freedom Defense Fund v. Carvalho, et al.,* is presently on appeal before the Ninth Circuit Court of Appeals, following the U.S.

District Court for the Central District of California's grant of the District's motion for judgment on the pleadings in September 2022. Oral arguments were heard on September 14, 2023, and the District is awaiting a ruling by the Ninth Circuit Court of Appeals.

In general, the District believes it has strong defenses to these employee vaccination mandate lawsuits, and anticipates that most will result in defense verdicts. Nevertheless, given the inherent uncertainty of litigation and the different factual scenarios presented in each of them, the District faces potential exposure to claims for damages, including lost wages, a claim in at least one case for emotional distress damages, claims for punitive damages, and perhaps most significantly, exposure to potential awards of prevailing party attorneys' fees, which in some employment cases, can reach seven figures. The damages sought in these lawsuits vary significantly, particularly depending on the number of plaintiffs involved, the causes of action asserted, and remedies sought. As such, the District cannot predict the total damages that might be recovered in the event that it does not prevail in one or more of the lawsuits.

COVID-19 Student Vaccination Lawsuit. On October 13, 2021, two non-profit organizations purporting to represent groups of parents of children attending District schools filed a petition for writ of mandate and request for immediate stay with respect to the District's COVID-19 vaccination requirements for students. The petition alleges that the District lacked the authority to mandate students to be vaccinated for COVID-19, and seeks writs and orders vacating and setting site the District's mandate, and enjoining the enforcement thereof. On April 15, 2022, the Superior Court heard and granted the District's demurrer to several of the claims in the plaintiffs' first amended complaint, but permitted the plaintiffs to provide additional pleading of facts to support their complaint. The District subsequently filed a demurrer in response to the plaintiffs' second amended complaint. In light of the July 5, 2022, Superior Court order in a similar student vaccination lawsuit that invalidated the mandate as preempted by State law, which was issued after the District's demurrer in this case, plaintiffs' counsel filed a motion for summary adjudication citing the July 5, 2022 order. Thereafter, the District filed an additional demurrer and motion to dismiss the matter as moot. The Court granted the demurrer and dismissed the case as moot. Plaintiffs chose not to appeal the matter and final judgment is pending. In response, plaintiffs' counsel filed a motion for attorneys' fees which the District opposed. The Court denied the motion concluding that plaintiffs failed to show that their lawsuit was a factor causing the District to delay implementation of its former student vaccine policy. Plaintiffs are still within their deadlines to file an appeal of the attorneys' fees issue. The District will respond accordingly in the event plaintiffs appeal the denial of the motion.

Sexual Misconduct Cases. The District is occasionally subject to claims relating to the sexual misconduct of District personnel and other students. There are currently threatened and pending claims against the District brought on behalf of minor students as a result of alleged sexual misconduct by District personnel. The District is in various stages of litigation relating to such pending claims and cannot predict the outcome and effects of such claims or provide any assurances that such claims will not be successful. The damages requested by the plaintiffs in the various pending sexual misconduct cases are substantial, but vary significantly, in multiple instances there are demands for several million dollars. However, the District cannot predict any final award of damages or settlement amounts. The District also cannot predict the damages sought by any threatened litigation.

<u>Miramonte</u>. In the Miramonte sexual abuse litigation, involving Mark Berndt (who in 2013 pleaded no contest to 23 felony counts of lewd acts on children and was sentenced to 25 years in prison), in which there have previously been approximately $185 million in settlements with 176 students, there are multiple active cases remaining with 46 plaintiffs. The earliest trial date is scheduled May 20, 2024, but that trial and most of the cases are expected to be resolved based on a recent tentative settlement reached at mediation with a group of 40 plaintiffs.

<u>Assembly Bill 218 and Related Claims</u>. Pursuant to Assembly Bill 218 ("AB 218"), which became effective on January 1, 2020, certain changes were made to the claim prerequisites and the

applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the District. AB 218 has impacted the District's liability exposure because it (1) extended the statute of limitations periods for claims of childhood sexual assault, (2) did away altogether with the Tort Claims Act's presentation requirements for claims involving childhood sexual assault under which many claims were found to be late, and (3) revived certain claims for which applicable statute of limitations periods have otherwise already expired (if brought within three years of January 1, 2020). Pursuant to AB 218, a plaintiff now has twenty-two years from the age of majority or five years after the plaintiff discovered or reasonably should have discovered psychological injury or illness occurring after the age of majority caused by the alleged childhood sexual assault to bring an action, with certain actions being barred from commencement after the plaintiff's fortieth birthday. With respect to claims that otherwise would have been barred as of January 1, 2020, AB 218 revived such claims for a period of three years, which period expired on December 31, 2022

The District is currently defending approximately 156 lawsuits (totaling 247 claimants) arising from AB 218, relating to allegations of misconduct by former employees. Since the District is in the middle of litigation on many of the pending AB 218 lawsuits, the District cannot fully predict the extent of its liability in such cases, whether the claimants will prevail, and if so, how a final court decision or settlement agreement with respect to each such lawsuit may affect the financial status, policies or operations of the District, as the nature of the court's remedy and the responses thereto are unknown at the present time. Nonetheless, the District currently estimates its liability for the existing claims arising from AB 218 will likely exceed $250 million. It should be noted that these cases include a significant number of claimants in the Miramonte sexual abuse litigation matters described above. While the District has set aside an amount in its liability self-insurance fund to pay existing claims arising under AB 218 as well as other, unrelated claims based on an independent third-party actuarial estimate, the District's total liability arising from existing AB 218 claims could exceed the actuarial estimate and the amount available in its liability self-insurance fund. Further, the District may finance or refinance certain judgments arising from AB 218 claims. While the District may be able to access insurance coverage for a portion of some of the AB 218 claims, the District is not currently able to determine what amount of the total liability may be covered by prior insurance policies or existing insurance policies for excess coverage. The District has identified certain gaps in insurance coverage prior to 1992 for which it is actively investigating the availability of policies that may provide coverage for AB 218 claims. Additionally, under AB 218, individuals who were over the age of 26 and under 40 on December 31, 2022, will still be able to timely file a lawsuit until they turn 40, and the District is unable to estimate the potential liability associated with this group of potential claimants.

Within the District, the treatment of child abuse and related reporting has evolved significantly over the past several decades. Prior to 1981, District employees did not have child abuse and neglect reporting obligations under California law, and there was limited, if any, training provided to District employees. Since 1981, California law mandates District employees to report suspected child abuse or neglect. The District's policies on such reporting have evolved and improved since then consistent with changes to California law. The District currently maintains (a) policies regarding child abuse and neglect reporting, sexual harassment (student-to-student, adult-to-student, and student-to-adult), social media for employees and associated persons, responsible use of technology, and ethics, (b) a code of conduct with students, and (c) protocols and procedures for reporting and investigating allegations of employee misconduct. The District also offers a variety of online and in-person training courses and resources to District employees. Currently, all District employees are subject to background checks prior to employment and are required to complete yearly child abuse training. For further reference, certain of the District's policies, protocols, training materials are made available online at the District's website. The District regularly reviews its policies, procedures and protocols with respect to these topics and updates them periodically to address evolving circumstances.

Litigation Regarding September 2022 Cyberattack. Four separate lawsuits have been filed against the District relating to the 2022 cyberattack on the District. The first three cases have been deemed related, with the matter of *M.M., et al. v. Los Angeles Unified School District*, Case No. 22STCV37822, serving as the lead case. The three lawsuits, filed on behalf of named individuals and purported classes of individuals whose personal information was allegedly posted to the dark web as a result of the cyberattack, have been deemed complex, and plaintiffs' counsel filed a consolidated complaint against the District and Defendant Infosys, Ltd. Therein, on February 13, 2024. The District filed its demurrer in response to the consolidated complaint on March 22, 2024, which is set to be heard on May 9, 2024. A separate limited jurisdiction lawsuit related to the 2022 cyberattack filed in October 2023 has been settled and is expected to be dismissed shortly. For more information related to the cyberattack, see "DISTRICT GENERAL INFORMATION – Cybersecurity."

Charter School Co-Location Policy Litigation. On April 2, 2024, the California Charter Schools Association ("CCSA"), on behalf of itself, member charter schools and students they serve, filed a civil action in Los Angeles County Superior Court, challenging the District Board's September 26, 2023, adoption of the resolution titled, "Creating a Charter Schools Co-Location Policy to Mitigate Impacts Caused by Proposition 39" ("Charter School Co-Location Resolution") and March 19, 2024 approval of the "Proposition 39 Charter Schools Co-Location Policy" ("Charter School Co-Location Policy"). In a Verified Petition for Writ of Mandate and Complaint for Declaratory Relief ("CCSA Petition"), CCSA asserts two writ causes of action and a declaratory relief cause of action. The CCSA Petition claims that, among other things, by adopting the Charter School Co-Location Policy, the District has violated its mandatory and non-discretionary duty to comply with the California Education Code. The CCSA Petition also seeks a preliminary injunction prohibiting the District from implementing the Charter School Co-Location Resolution and the Charter School Co-Location Policy until the merits of the lawsuit have been determined. The CCSA Petition also alleges that the District has failed to comply with the California Public Records Act by refusing to make records available in response to CCSA's request seeking documents related to the District's Proposition 39 compliance and the development/passage of the Charter School Co-Location Resolution and the Charter School Co-Location Policy. The CCSA Petition seeks, among other things, a writ of mandate that sets aside the Charter School Co-Location Resolution and the Charter School Co-Location Policy, and rescinds all Board policies, administrative regulations and internal directives or guidance documents that restrict the availability of District facilities to charter schools for any reasons not expressly authorized by state law. Additionally, the CCSA Petition seeks a writ of mandate that commands the District to comply with the California Public Records Act by promptly providing to CCSA all of the records requested in its request. Further, the CCSA Petition seeks a declaratory judgment stating that the Charter School Co-Location Resolution and the Charter School Co-Location Policy do not comply with Proposition 39 and are unnecessary, unenforceable and void. The CCSA Petition also seeks a preliminary injunction commanding the District to not enforce the Charter School Co-Location Resolution and the Charter School Co-Location Policy. Lastly, the CCSA Petition seeks recovery of CCSA's attorneys' fees and costs. As it has recently been filed, the District is evaluating its options for responding to the CCSA Petition.

District Debt

General Obligation Bonds. From July 1997 through March 2003, the District issued the entire amount of $2,400,000,000 general obligation bonds authorized pursuant to Proposition BB approved by voters on April 8, 1997 (the "Proposition BB Authorization"). From May 2003 to May 2010, the District issued the entire amount of $3,350,000,000 general obligation bonds pursuant to Measure K approved by voters on November 5, 2002 (the "Measure K Authorization"). From September 2004 through October 2021, the District issued the entire amount of $3,870,000,000 general obligation bonds pursuant to Measure R approved by voters on March 2, 2004 (the "Measure R Authorization"). From February 2006 through October 2021, the District issued the entire amount of $3,985,000,000 general obligation bonds pursuant to Measure Y approved by voters on November 8, 2005 (the "Measure Y Authorization").

A $7,000,000,000 general obligation bond authorization was approved by voters on November 4, 2008 (the "Measure Q Authorization"). The District has issued $4,275,955,000 of aggregate principal amount of Measure Q general obligation bonds, leaving $2,724,045,000 aggregate principal amount available under the Measure Q Authorization. A $7,000,000,000 general obligation bond authorization was approved by the voters on November 3, 2020 (the "Measure RR Authorization"). The District has issued $1,025,000,000 aggregate principal amount of Measure RR general obligation bonds, leaving $5,975,000,000 aggregate principal amount available under the Measure RR Authorization.

Under the District's general obligation bond program, approximately 23,900 new school construction, rehabilitation, modernization and replacement projects, which are intended to upgrade facilities and improve the learning environment for students, have been completed. In addition, 896 projects valued at approximately $7.5 billion are currently underway, including 607 projects valued at nearly $2.8 billion in pre-construction, and 289 projects valued at nearly $4.7 billion under construction.

Pursuant to Section 1(b)(3) of Article XIIIA of the State Constitution, Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the State Education Code, as amended, and other applicable law (collectively, the "Act"), the District Board has appointed the LAUSD School Construction Bond Citizens' Oversight Committee (the "Citizens' Bond Oversight Committee"). The Citizens' Bond Oversight Committee is composed of 15 members representing numerous community groups and operates to inform the public concerning the spending of Measure K, Measure R, Measure Y, Measure Q, and Measure RR Authorization bond funds authorized by the Act. The Citizens' Bond Oversight Committee regularly reviews the potential bond projects and budgets and provides non-binding advice to the District Board on how to allocate and reallocate scarce bond proceeds in order to ensure the completion of viable projects and to avoid non-completion of projects once commenced. The Citizens' Bond Oversight Committee also informs the public concerning the spending of funds attributable to the Proposition BB Authorization, although Proposition BB was approved under statutes other than the Act. The Citizens' Bond Oversight Committee meets monthly in order to review all matters including, among other things, changes in budget, scope and schedules that relate to the District's general obligation bonds and the projects proposed to be funded therefrom. In addition, the Citizens' Bond Oversight Committee makes recommendations to the District Board regarding such matters. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 39" herein. The District's Office of the Inspector General conducts audits on a selected number of the construction management firms on an annual basis to ensure that funds from the School Upgrade Program (SUP) and other legacy bond programs are spent in compliance with the Act and the District's policies relating thereto. The District's outside auditor, Simpson & Simpson, currently prepares the required bond audits regarding the expenditures of general obligation bond proceeds.

The members of the District's Citizens' Bond Oversight Committee and the community groups represented by such members are set forth in Table A-19 below.

TABLE A-19

LOS ANGELES UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee
(As of March 1, 2024)

Member	Community Group Represented
Margaret Fuentes, Chair	LAUSD Student Parent
D. Michael Hamner, Vice-Chair	American Institute of Architects
Samantha Rowles, Secretary	LAUSD Student Parent
Robert Campbell, Executive Member	Los Angeles County Auditor-Controller's Office
Scott Pansky, Executive Member	Los Angeles Area Chamber of Commerce
Neelura Bell	California Charter School Association
Chad Boggio	Los Angeles County Federation of Labor AFL-CIO
Jeffrey Fischbach	California Tax Reform Association
Aleigh Lewis	Los Angeles City Controller's Office
Patrick MacFarlane	Early Education Alliance
Jennifer McDowell	Los Angeles City Mayor's Office
Brian Mello	Associated General Contractors of California
Clarence Monteclaro	Tenth District Parent Teacher Student Association
William O. Ross IV	Thirty-First District Parent Teacher Student Association
Santa Ramirez	Tenth District Parent Teacher Student Association (Alternate)
Connie Yee	Los Angeles County Auditor-Controller's Office (Alternate)
(Vacant)	American Association of Retired Persons

The following Table A-20, Table A-21, Table A-22, Table A-23, Table A-24 and Table A-25 set forth the outstanding series of general obligation bonds and the amount outstanding as of March 1, 2024, under the Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR Authorizations, respectively. The tables below do not reflect the issuance of the Refunding Bonds. For more information, see "PLAN OF FINANCE" in the forepart of this Official Statement.

TABLE A-20

LOS ANGELES UNIFIED SCHOOL DISTRICT
Proposition BB (Election of 1997) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of March 1, 2024	Date of Issue
2015 Refunding Bonds, Series A[1]	$326,045	$51,055	May 28, 2015
2016 Refunding Bonds, Series A[1]	202,420	88,535	April 5, 2016
2017 Refunding Bonds, Series A[1]	139,265	69,015	May 25, 2017
2021 Refunding Bonds, Series A[1]	25,785	25,290	April 29, 2021
TOTAL	$693,515	$233,895	

[1] Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Proposition BB Authorization are not counted against the Proposition BB Authorization of $2.4 billion.

Source: Los Angeles Unified School District.

TABLE A-21

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure K (Election of 2002) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of March 1, 2024	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 200,000	$ 200,000	October 15, 2009
2014 Refunding Bonds, Series B[1]	323,170	44,175	June 26, 2014
2016 Refunding Bonds, Series B[1]	227,535	224,920	September 15, 2016
2017 Refunding Bonds, Series A[1]	941,565	629,645	May 25, 2017
2019 Refunding Bonds, Series A[1]	153,285	118,625	May 29, 2019
2020 Refunding Bonds, Series A[1]	112,350	107,445	October 6, 2020
2021 Refunding Bonds, Series B[1]	48,855	47,015	November 10, 2021
TOTAL	$2,006,760	$1,371,825	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure K Authorization, are not counted against the Measure K Authorization of $3.35 billion.

Source: Los Angeles Unified School District.

TABLE A-22

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure R (Election of 2004) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of March 1, 2024	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 363,005	$ 363,005	October 15, 2009
Series RY Bonds (2010) (Federally Taxable Build America Bonds)	477,630	477,630	March 4, 2010
2014 Refunding Bonds, Series C[1]	948,795	570,170	June 26, 2014
2016 Refunding Bonds, Series A[1]	56,475	29,265	April 5, 2016
2016 Refunding Bonds, Series B[1]	176,455	176,455	September 15, 2016
2019 Refunding Bonds, Series A[1]	349,350	263,255	May 29, 2019
Series RYQ Bonds (2020)	36,000	28,070	April 30, 2020
2020 Refunding Bonds, Series A[1]	113,150	102,125	October 6, 2020
Series RYRR (2021)	123,990	103,830	November 10, 2021
TOTAL	$2,644,850	$2,113,805	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure R Authorization, are not counted against the Measure R Authorization of $3.87 billion.

Source: Los Angeles Unified School District.

TABLE A-23

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure Y (Election of 2005) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of March 1, 2024	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 806,795	$ 806,795	October 15, 2009
Series H Bonds (2009) (Qualified School Construction Bonds)	318,800	318,800[2]	October 15, 2009
Series RY Bonds (2010) (Federally Taxable Build America Bonds)	772,955	772,955	March 4, 2010
Series J Bonds (2010) (Qualified School Construction Bonds)	290,195	290,195[3]	May 6, 2010
2014 Refunding Bonds, Series D[1]	153,385	65,490	June 26, 2014
2016 Refunding Bonds, Series A[1]	92,465	50,385	April 5, 2016
2016 Refunding Bonds, Series B[1]	96,865	96,865	September 15, 2016
Series M-1 Bonds (2018)	117,005	101,735	March 8, 2018
2019 Refunding Bonds, Series A[1]	91,970	71,220	May 29, 2019
Series RYQ Bonds (2020)	182,000	141,905	April 30, 2020
2020 Refunding Bonds, Series A[1]	76,500	74,215	October 6, 2020
Series RYRR (2021)	70,150	58,745	November 10, 2021
TOTAL	$3,069,085	$2,849,305	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure Y Authorization, are not counted against Measure Y Authorization of $3.985 billion.
(2) Includes the set-aside deposits totaling $69.760 million for fiscal years 2019-20 and 2020-21.
(3) Includes the set-aside deposits totaling $85.110 million for fiscal years 2018-19 through 2020-21.

Source: Los Angeles Unified School District.

TABLE A-24

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure Q (Election of 2008) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of March 1, 2024	Date of Issue
Series A Bonds (2016)	$ 648,955	$ 320,505	April 5, 2016
Series B-1 Bonds (2018)	1,085,440	949,510	March 8, 2018
Series RYQ Bonds (2020)	724,940	565,240	April 30, 2020
Series C Bonds (2020)	1,057,060	855,585	November 10, 2020
2021 Refunding Bonds, Series A[1]	164,095	160,360	April 29, 2021
Series QRR (2022)	100,000	95,060	November 22, 2022
Series QRR (2023)	525,000	494,890	November 7, 2023
TOTAL	$4,305,490	$3,441,150	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure Q Authorization, are not counted against Measure Q Authorization of $7.00 billion.

Source: Los Angeles Unified School District.

TABLE A-25

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure RR (Election of 2020) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of March 1, 2024	Date of Issue
Series RYRR (2021)	$300,000	$251,220	November 10, 2021
Series QRR (2022)	400,000	348,955	November 22, 2022
Series QRR (2023)	325,000	306,640	November 7, 2023
TOTAL	$1,025,000	$906,815	

Source: Los Angeles Unified School District.

Lease Obligations and Certificates of Participation. As of March 1, 2024, the District has outstanding lease obligations in the form of COPs in the aggregate principal amount of approximately $471.6 million. The District estimates that the aggregate payment of principal and interest evidenced by COPs will be approximately $658.1 million until the final maturity thereof. The District's lease obligations are not subject to acceleration in the event of a default thereof. The following Table A-26 sets forth the District's existing lease obligations paid from the District General Fund with respect to its outstanding COPs as of March 1, 2024. See " – Future Financings – *Lease Financings*" for more information.

TABLE A-26

LOS ANGELES UNIFIED SCHOOL DISTRICT
Certificates of Participation Lease Obligations Debt Service Schedule[1]
(as of March 1, 2024)
($ in thousands)

Fiscal Year Ending (June 30)	Paid From General Fund[2][3]
2024[4]	$12,784,131
2025	50,176,664
2026	50,166,678
2027	50,165,837
2028	50,170,829
2029	50,163,720
2030	48,411,327
2031	48,412,291
2032	38,004,125
2033	38,001,075
2034	37,992,000
2035	37,985,550
3036	36,406,750
2037	36,409,000
2038	36,410,750
2039	36,408,000
Total[3]	$658,068,727

(1) The lease payments reflect the net obligations of the District due to the defeasance of certain COPs.
(2) The District expects to pay all or a portion of the final debt service payments evidenced by certain series of COPs from funds on deposit in the related debt service reserve fund.
(3) Total may not equal sum of component parts due to rounding.
(4) Only reflects remaining debt service for fiscal year ending June 30, 2024, as of March 1, 2024. Total debt service for fiscal year ending June 30, 2024 is $25.0 million.

Source: Los Angeles Unified School District.

Limitations Related to Receipt of Federal Subsidy Payments. On March 1, 2013, then-President Barack Obama signed an executive order (the "Sequestration Executive Order") to reduce budgetary authority in certain accounts subject to sequester in accordance with the Budget Control Act of 2011 (the "Budget Control Act") and the American Taxpayer Relief Act of 2012 (the "Taxpayer Relief Act"). Pursuant to the Sequestration Executive Order, budget authority for all accounts in the domestic mandatory spending category including, among others, accounts for the payments to issuers of "Direct Pay Bonds," which includes the District's outstanding Series KRY Bonds (2009) (Federally Taxable Build America Bonds) (the "Series KRY Bonds (2009)") and Series RY Bonds (2010) (Federally Taxable Build America Bonds) (the "Series RY Bonds (2010)") and Series J (Qualified School Construction Bonds) (the "Series J Bonds"), are subject to sequestration. Direct Pay Bonds are issued as taxable bonds and provide credits to the District from the federal government pursuant to Section 54AA(d) and 54AA(g) of the Code.

Pursuant to the Bipartisan Budget Act of 2013, enacted in December 2013, the District's Direct Pay Bonds are subject to the full amount of sequestration budget cuts. The federal subsidy for the Direct Pay Bonds for the federal fiscal year ended September 30, 2023, was reduced by 5.7%, and the U.S. Treasury Department has announced a decrease in subsidy amounts by 5.7% through federal fiscal year ending 2031. During the federal fiscal year ended September 30, 2023, the sequester resulted in a reduction in the aggregate amount of approximately $4.2 million with respect to the refundable credits for the Series KRY Bonds (2009), Series RY Bonds (2010) and Series J Bonds. See "PLAN OF

REFUNDING" in the forepart of this Official Statement for a discussion of the refunding of all or a portion of the Series KRY Bonds (2009) and the Series RY Bonds (2010).

Congress can terminate, extend or otherwise modify reductions in federal subsidy payments on Direct Pay Bonds due to sequestration at any time. Furthermore, due to recent federal legislation, it was reported that the Congressional pay-as-you-go or PAYGO budget rule and scorecard could increase the overall sequestration percentage from the current level of 5.7% (under the Budget Control Act) to 100%. The Consolidated Appropriations Act of 2023, enacted in December 2022, prevented the PAYGO sequestration provisions from being triggered in January 2023 and delaying PAYGO sequestration until January 2025, absent further legislation. Accordingly, the District cannot predict what action, if any, that Congress may take with respect to the federal subsidy and its impact on the District's Direct Pay Bonds in future federal fiscal years. However, the District's Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds are payable from and secured by *ad valorem* property taxes which are to be assessed in amounts sufficient to pay principal of and interest on the Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds when due. The County has levied and will continue to levy *ad valorem* property taxes in an amount sufficient to pay principal of and interest on the Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds when due regardless of the amount of federal subsidy.

Future Financings

General Obligation Bonds. The District may not issue general obligation bonds without voter approval and may not issue general obligation bonds in an amount greater than its bonding capacity. The District may not issue general obligation bonds under the Measure Q Authorization, or the Measure RR Authorization, as applicable, if the tax rate levied to meet the debt service requirements under the related Authorization for general obligation bonds is projected to exceed $60 per year per $100,000 of taxable property in accordance with Article XIIIA of the State Constitution. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the State Constitution" and "– Proposition 39" herein.

Pursuant to the Education Code, the District's bonding capacity for general obligation bonds may not exceed 2.5% of taxable property valuation in the District as shown by the last equalized assessment roll of the County. The taxable property valuation in the District for fiscal year 2023-24 is approximately $929.98 billion, which results in a total current bonding capacity of approximately $23.25 billion. The District's available capacity for the issuance of new general obligation bonds is approximately $12.53 billion (taking into account current outstanding debt after the issuance of the Refunding Bonds). The fiscal year 2023-24 assessed valuation of property within the District's boundaries of approximately $929.98 billion reflects an increase of 5.96% from fiscal year 2022-23. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Assessed Valuation of Property Within the District" in the forepart of this Official Statement and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the State Constitution" herein.

The District has $2,724,045,000 authorized and unissued general obligation bond authorization remaining under the Measure Q Authorization. The District has $5,975,000,000 authorized and unissued general obligation bond authorization remaining under the Measure RR Authorization. The District may issue additional general obligation bonds or general obligation refunding bonds in the future depending upon project needs and market conditions, and may, if authorized by the District Board, issue approximately $1 billion of additional general obligation bonds in the fall of 2024.

As provided in the text of each of the ballots of Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR the District Board does not guarantee that the respective bonds authorized and issued under the Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and

Measure RR Authorizations will provide sufficient funds to allow completion of all potential projects listed in connection with said measures.

Lease Financings. The District may finance capital projects through the execution and delivery of certificates of participation or other obligations secured by general fund lease payments from time to time. In particular, the District may utilize lease financing, from time to time, to fund projects that are not eligible to be funded with general obligation bond proceeds, that are not authorized to be funded under existing general obligation bond measures, or for which there is not sufficient general obligation bond authorization to fund. Although the breadth of projects of such types is much larger, the District has identified projects of such types in the estimated amount of $682 million that it may consider to lease finance in 2025-26 through 2027-28. See also "– District Financial Policies and Related Practices – Debt Management Policy" herein.

AB 218 Claims. See "DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation – *Sexual Misconduct Cases* – Assembly Bill 218 and Related Claims," for a discussion of the lawsuits arising from AB 218 and the possibility that the District may finance or refinance certain judgments arising from AB 218 claims.

Tax and Revenue Anticipation Notes. The District did not issue tax and revenue anticipation notes in fiscal year 2022-23 and does not expect to issue tax and revenue anticipation notes in fiscal year 2023-24. However, the District may issue tax and revenue anticipation notes in future fiscal years depending on State and federal funding.

CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases as well as increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the State Constitution

On June 6, 1978, California voters approved Proposition 13 ("Proposition 13"), which added Article XIIIA to the State Constitution ("Article XIIIA"). On June 3, 1986, California voters approved Proposition 46 ("Proposition 46") which amended Article XIIIA to permit local governments and school districts to increase the *ad valorem* property tax rate above 1% if two-thirds of those voting in a local election approve the issuance of such bonds and the proceeds of such bonds are used to acquire or improve real property. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes – *Article XIIIA of the California Constitution*" in the forepart of this Official Statement.

The provisions of Article XIIIA were subsequently modified pursuant to Proposition 39, which was approved by California voters on November 7, 2000. See "– Proposition 39" below. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Subsequent amendments further limit the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on bonded indebtedness approved by the requisite percentage of voters voting on the proposition.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any *ad valorem* property tax (except to pay voter-approved indebtedness). The 1% *ad valorem* property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the up to 2% annual inflationary adjustment of the 1% tax base are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years. Separate *ad valorem* property taxes to pay voter approved indebtedness such as general obligation bonds are levied by the County on behalf of the local agencies. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the Proposition 13 limit except for taxes to support such indebtedness.

The full cash value of taxable property under Article XIIIA represents the maximum taxable value for property. Accordingly, the fair market value for a given property may not be the equivalent of the full cash value under Article XIIIA. During periods in which the real estate market within the District evidences an upward trend, the fair market value for a given property, which has not been reappraised due to a change in ownership, may exceed the full cash value of such property. During periods in which the real estate market demonstrates a downward trend, the fair market value of a given property may be less than the full cash value of such property and the property owner may apply for a "decline in value" reassessment pursuant to Proposition 8. Reassessments pursuant to Proposition 8, if approved by the Office of the County Assessor, lower valuations of properties (where no change in ownership has occurred) if the current value of such property is lower than the full cash value of record of the property. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Assessed Valuation of Property Within the District" in the forepart of this Official Statement. The value of a property reassessed as a result of a decline in value may change, but in no case may its full cash value exceed its fair market value. When and if the fair market value of a property which has received a downward reassessment pursuant to Proposition 8 increases above its Proposition 13 factored base year value, the Office of the County Assessor will enroll such property at its Proposition 13 factored base year value.

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Under Article XIIIB, the State and each local governmental entity have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, State subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in costs of living and changes in population, and adjusted where applicable for transfer of financial responsibility of providing services to or from another unit of government. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. However, in the event that a school district's revenues exceed its spending limit, the district may, in any fiscal year, increase its appropriations limit to equal its spending by borrowing appropriations limit from the State, provided the State has sufficient excess appropriations limit in such year. See "STATE FUNDING OF SCHOOL DISTRICTS" herein.

The 2023-24 State Budget projects that the State will be below its appropriations limit (also referred to as the Gann Limit) for fiscal year 2023-24.

The District Board adopted the annual appropriation limit for both fiscal year 2022-23 and fiscal year 2023-24 of approximately $3.9 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs.

Article XIIIC and Article XIIID of the State Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however, it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Proposition 218 does not affect the *ad valorem* property taxes to be levied to pay debt service on the Refunding Bonds.

Proposition 98

On November 8, 1988, State voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "Accountability Act"). The Accountability Act changed State funding of public education below the university level, and the operation of the State's Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, "K-14 districts").

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (i) in general, a fixed percent of the State general fund's revenues ("Test 1"), (ii) the amount appropriated to K-14 districts in the prior year, adjusted for changes in the cost of living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment ("Test 2"), or (iii) a third test, which would replace Test 2 in any year when the percentage growth in per capita State general fund revenues from the prior year plus 0.05% is less than the percentage growth in State per capita personal income ("Test 3"). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a "credit" to schools which would be the basis of payments in future years when per capita State general fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of fiscal year 1988-89 that implemented Proposition 98, determined the K-14 districts' funding guarantee under Test 1 to be 40.3% of the State general fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 34.559% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature, by a two-thirds vote of both houses of the State Legislature and with the Governor's concurrence, to suspend the K-14 districts' minimum funding formula for a one-year period. In the fall of 1989, the State Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. In the fall of 2004, the State Legislature and the Governor agreed to suspend the K-14 districts' minimum funding formula set forth pursuant to Proposition 98 in order to address a projected shortfall during fiscal year 2004-05. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

The 2023-24 State Budget projects the Proposition 98 guarantee to fall under Test 1 for fiscal years 2021-22, 2022-23, and 2023-24, resulting in funding estimates of $110.6 billion in fiscal year 2021-22, $107.4 billion in fiscal year 2022-23, and $108.3 billion in fiscal year 2023-24. For more information on the Proposition 98 funding under the 2023-24 State Budget, see "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act –*2023-24 State Budget*" herein.

Proposition 39

Proposition 39, which was approved by California voters in November 2000 ("Proposition 39"), provides an alternative method for passage of school facilities bond measures by lowering the constitutional voting requirement from two-thirds to 55% of voters and allows property taxes to exceed the current 1% limit in order to repay such bonds. The lower 55% vote requirement would apply only to bond issues to be used for construction, rehabilitation, or equipping of school facilities or the acquisition of real property for school facilities. The State Legislature enacted additional legislation which placed certain limitations on this lowered threshold, requiring that (i) two-thirds of the governing board of a school district approve placing a bond issue on the ballot, (ii) the bond proposal be included on the ballot of a Statewide or primary election, a regularly scheduled local election, or a Statewide special election (rather than a school district election held at any time during the year), (iii) the tax rate levied as a result of any single election not exceed $25 for a community college district, $60 for a unified school district, or $30 for an elementary school or high school district per $100,000 of taxable property value, and (iv) the governing board of the school district appoint a citizen's oversight committee to inform the public concerning the spending of the bond proceeds. In addition, the school board of the applicable district is required to perform an annual, independent financial and performance audit until all bond funds have been spent to ensure that the funds have been used only for the projects listed in the measure. The District's Measure K, Measure R, Measure Y, Measure Q, and Measure RR bond programs were authorized pursuant to Proposition 39. See "DISTRICT FINANCIAL INFORMATION – District Debt – *General Obligation Bonds*" herein. The District is in full compliance with all Proposition 39 requirements.

Proposition 1A

Proposition 1A, which was approved by California voters in November 2004 ("Proposition 1A"), provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provided, however, that beginning in fiscal year 2008-09, the State could shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "– Proposition 22" below.

Proposition 22

Proposition 22, which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State general fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of

2004. See "– Proposition 1A" herein. In addition, Proposition 22 generally eliminated the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increased school and community college district's share of property tax revenues, prohibited the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibited the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO stated that Proposition 22 would prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. However, the California Supreme Court, in *California Redevelopment Association v. Matosantos*, held that the dissolution provisions set forth in Assembly Bill No. 26 of the First Extraordinary Session (2011) were constitutional and permitted the State to allocate revenues that would have been directed to the redevelopment agencies to make pass-through payments (*i.e.*, payments that such entities would have received under prior law) to local agencies and to successor agencies for retirement of the debts and certain administrative costs of the redevelopment agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO stated that Proposition 22 would require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow needs. The District does not believe that the adoption of Proposition 22 will have a significant impact on their respective revenues and expenditures.

Proposition 30

Proposition 30, which was approved by voters in the State in November 2012 ("Proposition 30") authorized the State to temporarily increase the maximum marginal personal income tax rates for individuals, heads of households and joint filers above 9.3% by creating three additional tax brackets of 10.3%, 11.3% and 12.3%. The tax increases set forth in Proposition 30 were in effect from tax year 2012 to tax year 2018. In addition, Proposition 30 temporarily increased the State's sales and use tax rate by 0.25% from 2013 to 2016.

Pursuant to Proposition 30, the State included revenues from the temporary tax increases in the general fund calculation of the Proposition 98 minimum guarantee for education spending. The State deposited a portion of the new general fund revenues into an Education Protection Account established to support funding for schools and community colleges. The remainder of the new general fund revenues was available to help the State balance its budget through fiscal year 2017-18. However, the allocation of such revenues to particular programs was subject to the discretion of the Governor and the State Legislature.

In addition, Proposition 30 amended the State Constitution to address certain provisions relating to the realignment of State program responsibilities to local governments. Proposition 30 required the State to continue to provide tax revenues that were redirected in calendar year 2011 (or equivalent funds) to local governments to pay for transferred program responsibilities. Further, Proposition 30 permanently excluded sales tax revenues that are redirected to local governments from the calculation of the Proposition 98 minimum guarantee for schools and community colleges.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the voters approved on November 8, 2016 the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), which extended by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the State Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

State Rainy Day Fund. The Proposition 2 constitutional amendments related to the State Rainy Day Fund (i) require deposits into the State Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the State Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (defined herein as the "Proposition 98 Rainy Day Fund") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Proposition 98 Rainy Day Fund unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created. For more information on limitations on school district reserves and the District's commitment of funds in fiscal years 2022-23 and 2023-24, see "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves."

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Proposition 98 Rainy Day Fund, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Proposition 98 Rainy Day Fund is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The District, which has an ADA between 30,001 and 400,000 students, is required to maintain a reserve for economic uncertainty in an amount equal to 2.00% of its general fund expenditures and other financing uses. The District's assigned and unassigned ending General Fund balance for fiscal year 2023-24 does not exceed 10% of the total General Fund expenditures and other financing uses. Thus, the District complies with the limitations on reserves. For more information on limitations on school district reserves and the District's commitment of funds in fiscal year 2023-24, see "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves."

The Refunding Bonds are payable from *ad valorem* taxes to be levied within the District pursuant to the California Constitution and other State law. Accordingly, the District does not expect SB 858 or SB 751 to adversely affect its ability to pay the principal of and interest on the Refunding Bonds as and when due.

State School Facilities Bonds

General. The District applies for apportionments from State bond initiatives and historically has received funding from such State bond initiatives. No assurances can be given that the District will continue to apply for apportionments from current or future State bond initiatives or that the District will continue to receive funding from State bond initiatives for which it applies.

Proposition 47. The Class Size Reduction Kindergarten – University Public Education Facilities Bond Act of 2002 appeared on the November 5, 2002 ballot as Proposition 47 ("Proposition 47") and was approved by State voters. Proposition 47 authorized the sale and issuance of $13.05 billion in general obligation bonds by the State to fund construction and renovation of K-12 school facilities ($11.4 billion) and higher education facilities ($1.65 billion). Proposition 47 includes $6.35 billion for acquisition of land and new construction of K-12 school facilities. Of this amount, $2.9 billion is set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002. The balance of $3.45 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. To be eligible for bond proceeds under Proposition 47, K-12 school districts are required to pay 50% of the costs for land acquisition and new construction with local revenues. In addition, Proposition 47 provided that up to $100 million of the $3.45 billion would be allocated for charter school facilities. Proposition 47 provides up to $3.3 billion for reconstruction or modernization of existing K-12 school facilities. Of this amount, $1.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002 and the balance of $1.4 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 40% of the costs for reconstruction or modernization with local revenues. Proposition 47 provides a total of $1.7 billion to K-12 school districts which are considered critically overcrowded, specifically to schools that have a large number of pupils relative to the size of the school site. In addition, $50 million will be available to fund joint-use projects. Proposition 47 also includes $1.65 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in the State's public higher education systems. As of March 1, 2024, the District has received approximately $949.88 million in funds attributable to Proposition 47.

Proposition 55 (2004). The Kindergarten-University Public Education Facilities Bond Act of 2004 appeared on the March 2, 2004 ballot as Proposition 55 ("Proposition 55 (2004)") and was approved by State voters. Proposition 55 (2004) authorizes the sale and issuance of $12.3 billion in general obligation bonds by the State to fund construction and renovation of public K-12 school facilities ($10 billion) and public higher education facilities ($2.3 billion). Proposition 55 (2004) includes $5.26 billion for the acquisition of land and construction of new school buildings. Under Proposition 55 (2004), a school district is required to provide a 50% matching share for new construction or a 60% matching share for modernization projects with local resources unless it qualifies for state hardship funding. Proposition 55 (2004) also allocates up to $300 million of new construction funds for charter school facilities.

Proposition 55 (2004) makes $2.25 billion available for the reconstruction or modernization of existing public school facilities. School districts would be required to pay 40% of project costs from local resources. Proposition 55 (2004) directs a total of $2.44 billion to school districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 55 (2004) also makes a total of $50 million available to fund joint-use projects. Proposition 55 (2004) includes $2.3 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. The measure allocates $690 million to the University of California and California State University and $920 million to community colleges in the State. The Governor and the State Legislature select specific projects to be funded by the bond proceeds. As of March 1, 2024, the District has received approximately $2.31 billion in funds attributable to Proposition 55 (2004).

Proposition 1D. The Kindergarten-University Public Education Facilities Bond Act of 2006 was approved by State voters at the November 7, 2006 ballot as Proposition 1D ("Proposition 1D"). Proposition 1D authorizes the sale and issuance of $10.4 billion in general obligation bonds by the State to fund construction and renovation of public K-12 school facilities ($7.3 billion) and public higher education facilities ($3.1 billion). Proceeds of bonds issued by the State under Proposition 1D are required to be deposited in the 2006 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. Proposition 1D includes $1.9 billion for land acquisition and construction of new school buildings. Under Proposition 1D, a school district is required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. Proposition 1D also allocates $500 million for charter school facilities.

Proposition 1D makes $3.3 billion available for the reconstruction or modernization of existing public school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 1D directs a total of $1.0 billion to school districts with schools that are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 1D also makes a total of $29 million available to fund joint-use projects. Proposition 1D includes $3.1 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. Pursuant to Proposition 1D, the Governor and the State Legislature select specific projects to be funded by the bond proceeds. As of March 1, 2024, the District has received approximately $819.50 million in funds attributable to Proposition 1D.

Proposition 51. The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 was approved by State voters at the November 8, 2016 ballot as Proposition 51 ("Proposition 51"). Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State to fund new construction of school facilities ($3 billion), school facilities for charter schools ($500 million), modernization of school facilities ($3 billion), facilities for career technical education programs ($500 million), and acquisition, construction, renovation, and equipping of community college facilities ($2 billion). Proceeds of bonds issued by the State for K-12 under Proposition 51 are required to be deposited in the 2016 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. As of March 1, 2024, the District has received approximately 397.31 million in funds attributable to Proposition 51.

Future Initiatives

The foregoing described amendments to the State Constitution and propositions were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted that further affect District revenues or the District's ability to expend revenues.

REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The District is located in the City of Los Angeles and portions of the County of Los Angeles. The following economic and demographic information pertains to the City of Los Angeles (the "City") and the County of Los Angeles (the "County"). The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors.

The Refunding Bonds are general obligations of the District secured by and payable from *ad valorem* property taxes levied within the District. The Refunding Bonds are not general obligations of the City or the County.

Population

The following Table A-27 sets forth the estimates of the population of the City, the County and the State in calendar years 2019 through 2023.

TABLE A-27

POPULATION ESTIMATES
2019 through 2023

Year (as of January 1)	City of Los Angeles	County of Los Angeles	State of California
2019	3,986,031	10,163,139	39,605,361
2020	3,975,234	10,135,614	39,648,938
2021	3,853,323	9,931,338	39,303,157
2022	3,819,538	9,861,224	39,185,605
2023	3,766,109	9,761,210	38,940,231

Source: Department of Finance Demographic Research Unit.

Income

The following Table A-28 sets forth the median household income for the City, the County, the State and the United States for calendar years 2018 through 2022.

TABLE A-28

MEDIAN HOUSEHOLD INCOME[(1)]
2018 through 2022

Year	City of Los Angeles	County of Los Angeles	State of California	United States
2018	$62,474	$68,093	$75,277	$61,937
2019	67,418	72,797	80,440	65,712
2020	65,290	71,358	78,672	64,994
2021	70,372	77,456	84,907	69,717
2022	76,135	82,516	91,551	74,755

(1) Estimated. In inflation-adjusted dollars.

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

The following Table A-29 sets forth the distribution of income by certain income groupings per household for the City, the County, the State and the United States for calendar year 2022.

TABLE A-29

INCOME GROUPINGS 2022[(1)]
(Percent of Households)

Income Per Household	City of Los Angeles	County of Los Angeles	State of California	United States
$24,999 & Under	18.3%	15.9%	14.4%	16.0%
$25,000-49,999	16.7	15.6	13.9	18.0
$50,000 & Over	65.0	68.6	71.7	66.0

(1) Estimated. In inflation-adjusted dollars. Data may not add up due to rounding.

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

Employment

The District is within the Los Angeles-Long Beach Primary Metropolitan Statistical Area Labor Market (Los Angeles County). The following Table A-30 sets forth wage and salary employment in the County from calendar years 2019 through 2023.

TABLE A-30

LABOR FORCE AND EMPLOYMENT IN THE COUNTY OF LOS ANGELES[(1)]
2019 through 2023

	2019	2020	2021	2022	2023
Civilian Labor Force	5,153,100	4,968,900	4,994,100	4,984,800	5,015,600
Employment	4,926,100	4,355,900	4,548,900	4,739,900	4,763,600
Unemployment	227,000	613,000	445,200	244,900	252,000
Unemployment Rate	4.4%	12.3%	8.9%	4.9%	5.0%
Wage and Salary Employment					
Farm	4,400	4,400	4,600	4,900	4,700
Mining and Logging	1,900	1,700	1,600	1,600	1,700
Construction	149,800	146,500	149,800	150,900	151,000
Manufacturing	340,700	315,100	311,700	321,800	319,200
Trade, Transportation and Utilities	851,000	788,000	817,600	837,400	826,400
Information	215,300	191,000	213,200	235,000	193,000
Financial Activities	223,600	212,600	210,800	215,900	211,000
Professional and Business Services	647,000	599,800	629,500	668,900	652,500
Educational and Health Services	839,900	820,300	839,600	873,600	914,500
Leisure and Hospitality	547,200	393,500	429,300	511,300	534,100
Other Services	158,400	128,700	134,100	153,500	157,800
Government	586,900	570,200	558,200	568,500	582,300
Total[(1)]	4,566,100	4,171,700	4,300,000	4,543,400	4,548,200

(1) Totals may not equal sum of component parts due to rounding.

Source: California Employment Development Department, Labor Market Information Division.

The following Table A-31 sets forth taxable sales in the County for the calendar years 2019 through 2023.

TABLE A-31

COUNTY OF LOS ANGELES
TAXABLE TRANSACTIONS[1]
2019 through 2023
($ in thousands)

Type of Business	2019	2020	2021	2022	2023
Motor Vehicle and Parts Dealers	$ 18,954,470	$ 18,534,326	$ 23,555,049	$ 25,236,081	$23,403,883
Home Furnishings and Appliance Stores	7,308,501	6,608,482	8,177,309	7,682,325	6,946,670
Building Materials and Garden Equipment and Supplies Dealers	8,698,495	9,556,946	10,450,185	10,997,781	10,640,811
Food and Beverage Stores	7,255,360	7,650,294	7,861,401	8,137,012	8,224,646
Gasoline Stations	12,491,790	8,132,307	12,405,237	16,114,153	14,239,588
Clothing and Clothing Accessories Stores	12,536,982	9,498,705	13,957,944	14,388,631	13,904,314
General Merchandise Stores	12,910,844	12,263,784	14,541,309	15,072,717	14,514,788
Food Services and Drinking Places	25,097,944	17,006,158	23,577,050	27,861,821	29,314,178
Other Retail Group	17,190,290	24,164,972	24,407,441	24,618,548	24,281,294
Total Retail and Food Services	$122,444,678	$113,415,974	$138,932,925	$150,109,069	$145,470,173
All Other Outlets	$ 49,868,925	$ 44,322,010	$53,340,253	$62,671,752	$61,880,723
TOTAL ALL OUTLETS	$172,313,603	$157,737,984	$192,273,178	$212,780,821	$207,350,896

[1] Totals may not equal sum of component parts due to rounding.

Source: California Department of Tax and Fee Administration, Taxable Sales in California.

Leading County Employers

The economic base of the County is diverse with no one sector being dominant. Some of the leading activities include government (including education), business/professional management services (including engineering), health services (including training and research), tourism, distribution, and entertainment. The following Table A-32 sets forth the major employers in the County as of August 2023.

TABLE A-32

COUNTY OF LOS ANGELES
MAJOR EMPLOYERS[1]
2023

Employer	Product/Service	Employees
Los Angeles County	Government	100,729
Los Angeles Unified School District	Education	74,000
University of California, Los Angeles	Education	51,597
U.S. Government – Federal Executive Board	Government	50,000
Kaiser Permanente Southern California	Nonprofit health plan	44,769
City of Los Angeles	Government	34,421
State of California	Government	32,300
University of Southern California	Private university	23,227
Northrop Grumman Corp.	Systems and products in aerospace, electronics and information systems	18,000
Cedars-Sinai	Health system	16,730
Allied Universal	Provider of security services and technology solutions	15,326
Target Corp.	Retailer	15,000
Providence	Health care	14,395
Ralphs/Food 4 Less (Kroger Co. division)	Grocery retailer	14,000
Walt Disney Co.	Media and entertainment	12,200
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	12,005
Long Beach Unified School District	Education	12,000
Los Angeles County Metropolitan Transportation Authority	Transportation	11,700
UPS	Logistics, transportation and freight	11,643
Los Angeles Community College District	Education	11,618
Home Depot	Home improvement retailer	11,200
Los Angeles Department of Water & Power	Energy	11,000
NBCUniversal	Media and entertainment	11,000
Amazon	Online retailer	10,500
AT&T Inc.	Telecommunications, DirecTV, cable, satellite and television provider	10,500
Albertsons Cos.	Retail grocer	10,406
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	9,224
California State University, Long Beach	Education	8,477
Edison International	Electric utility, energy services	7,672
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	7,535
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,400
FedEx Corp.	Shipping and logistics	6,750
Children's Hospital Los Angeles	Nonprofit freestanding children's hospital	6,644
Dignity Health	Health care	6,263
Costco Wholesale	Membership chain of warehouse stores	6,002
Space Exploration Technologies Corp.	Rockets and spacecraft	6,000
City of Long Beach	Government	5,395
Mt. San Antonio Community College District	Education	4,400
California State University, Northridge	Education	4,282
Glendale Unified School District	Education	4,000
Los Angeles World Airports	Airport authority owner and operator	3,662
Cal Poly Pomona	Education	3,094

[1] This information was provided by representatives of the employers themselves and annual budget reports. Government agencies and companies are ranked by the current number of full-time employees in the County. Several organizations and companies may have qualified for this list, but failed to submit information or do not break out local employment data.

Source: "Largest Public-Sector Employers" and "Largest Private Sector Employers," Los Angeles Business Journal, August 28-September 3, 2023.

Construction

The following Table A-33 sets forth the valuation of permits for new residential buildings and the number of new single-family and multi-family dwelling units in the City for the years 2019 through 2023.

TABLE A-33

CITY OF LOS ANGELES
PERMIT VALUATIONS AND UNITS OF CONSTRUCTION[1]
2019 through 2023
($ in thousands)

Year	New Residential Valuation	New Single Family Dwelling Units	New Multi-Family Dwelling Units	Total New Units
2019	$3,726,652	2,623	11,291	13,914
2020	3,235,640	1,887	10,448	12,335
2021	3,013,650	2,469	11,667	14,136
2022	3,783,606	3,042	13,049	16,091
2023[2]	1,518,970	737	4,252	4,989

(1) Total may not equal sum of component parts due to rounding.
(2) Values include data through July 31, 2023.

Source: California Homebuilding Foundation | Construction Industry Research Board.

The following Table A-34 sets forth the lending activity, home prices and sales, recorded notices of default, unsold new housing and vacancy rates of properties within the County from 2018 through 2022.

TABLE A-34

COUNTY OF LOS ANGELES
REAL ESTATE AND CONSTRUCTION INDICATORS
2018 through 2022

Indicator	2018	2019	2020	2021	2022[3]
Construction Lending[1]	$20,419	$14,193	$9,247	$11,038	$5,583
Residential Purchase Lending[1]	$48,203	$56,480	$72,996	$96,872	$38,879
New & Existing Median Home Prices	$598,387	$614,080	$674,964	$777,767	$844,008[2]
New & Existing Home Sales	75,086	73,548	71,479	90,259	38,471
Notices of Default Recorded	9,726	9,821	4,858	3,566	3,434
Office Market Vacancy Rates[2]	14.4%	13.9%	14.9%	18.5%	19.5%
Industrial Market Vacancy Rates[2]	1.4%	1.2%	1.8%	1.2%	0.9%

(1) Dollars in millions.
(2) Average of quarterly data.
(3) Values reflect second quarter of 2022.

Source: Real Estate Research Council of Southern California – Second Quarter 2022 (2018-2022).

The following Table A-35 sets forth information with respect to building permits and building valuations in the County from 2019 through 2023.

TABLE A-35

COUNTY OF LOS ANGELES
BUILDING PERMITS AND VALUATIONS(1)
2019 through 2023

	2019	**2020**	**2021**	**2022**	**2023**
Residential Building Permits (Units)					
New Residential Permits					
Single Family	5,738	6,198	7,327	8,301	2,462
Multi-Family	15,884	14,056	16,718	18,912	7,769
Total Residential Building Permits	21,622	20,254	24,045	27,213	10,231
Building Valuations ($ in millions)					
Residential Building Valuations					
Single Family	$1,967	$1,874	$2,086	$2,180	$1,056
Multi-Family	2,961	2,790	3,027	3,524	1,369
Alterations and Additions	1,626	1,014	908	1,423	1,060
Residential Building Valuations Subtotal	$6,554	$5,678	$6,021	$7,127	$3,485
Non-Residential Building Valuations					
New Industrial Buildings	$ 64	$ 32	$ 28	$ 25	$ 129
Office Buildings	475	242	162	69	75
Store & Other Mercantile	1,338	897	170	879	348
Hotels and Motels	203	232	53	40	68
Alterations and Additions	3,404	1,241	946	2,417	1,352
Amusement and Recreation	32	2	38	3	15
Parking Garages	231	103	0	80	445
Service Stations and Repair Garages	1	72	1	6	1
Other	840	691	466	661	497
Non-Residential Building Valuations Subtotal	$6,590	$3,513	$1,863	$4,184	$2,929
Total Building Valuations	$13,144	$9,191	$7,884	$11,311	$6,414

(1) Totals may not equal sum of component parts due to rounding.

Sources: California Homebuilding Foundation | Construction Industry Research Board.

GLOSSARY OF CERTAIN TERMS AND ABBREVIATIONS

The following are definitions and abbreviations of certain terms used in this Appendix A.

"AALA" means the Associated Administrators of Los Angeles, which represents the middle managers in the District.

"ADA" means average daily attendance, a measure of pupil attendance used as the basis for providing revenue to school districts and as a measure of unit costs. ADA includes only in-seat attendance.

"CAFR" means comprehensive annual financial report.

"CalPERS" means the California Public Employees' Retirement System, a defined benefit plan which covers classified personnel who work four or more hours per day.

"CalSTRS" means the California State Teachers' Retirement System, a defined benefit plan which covers all full-time certificated and some classified District employees.

"CARES Act" means Coronavirus Aid, Relief and Economic Security Act.

"CDE" means the California Department of Education.

"COLA" means cost-of-living adjustments, which is used in determining the District's funding from the State.

"Common Core" means Common Core State Standards.

"COPS" means certificates of participation.

"COVID-19" means Coronavirus Disease 2019.

"CSEA" means California School Employees Association.

"EL" means English learners, a classification for students.

"FRPM" means free or reduced-price meal.

"GASB" means the Governmental Accounting Standards Board, an operating entity of the Financial Accounting Foundation establish to set standards of financial accounting and reporting for state and local governmental entities.

"ISMP" means the Information Security Management Program.

"LACOE" means the Los Angeles County Office of Education.

"LAO" means the Legislative Analyst's Office of the State of California.

"LASPA" means the Los Angeles Sheriff's Professional Association.

"LASPMA" means the Los Angeles School Police Management Association.

"LCAP" means the Local Control and Accountability Plan.

"LCFF" means the Local Control Funding Formula.

"LEA" means local education agency as defined under the NCLB Act.

"LI" means students classified as foster youth.

"OCIP" means owner controlled insurance program.

"OPEB" means Other Post-Employment Benefits.

"PARS" means the Public Agency Retirement System, a defined contribution plan which covers the District's part-time, seasonal, temporary and other employees not otherwise covered by CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax.

"PEPIP" means the Public Entity Property Insurance Program, an insurance pool comprised of certain cities, counties and school districts.

"PEPRA" means the California Public Employees' Pension Reform Act of 2013.

"PERB" means the Public Employee Relations Board.

"PLL" means pollution legal liability.

"SEIU" means Service Employees International Union.

"SUP" means School Upgrade Program.

"UAAL" means unfunded actuarial accrued liability.

"UTLA" means the United Teachers Los Angeles, which is the collective bargaining unit representing teachers and support service personnel of the District.

APPENDIX B

AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2023

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LAUSD UNIFIED

Audited Annual Financial Report

For Fiscal Year Ended June 30, 2023

2022–23

Los Angeles, California

LOS ANGELES UNIFIED SCHOOL DISTRICT
LOS ANGELES, CALIFORNIA

AUDITED ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

MR. ALBERTO M. CARVALHO
SUPERINTENDENT OF SCHOOLS

MR. PEDRO SALCIDO
DEPUTY SUPERINTENDENT,
BUSINESS SERVICES AND OPERATIONS

MR. DAVID D. HART
CHIEF BUSINESS OFFICER

MR. V. LUIS BUENDIA
DEPUTY CHIEF BUSINESS OFFICER, FINANCE

MS. JOY MAYOR
CONTROLLER
(April 29, 2021 to September 15, 2023)

PREPARED BY
ACCOUNTING AND DISBURSEMENTS DIVISION

333 S. BEAUDRY AVENUE
LOS ANGELES, CALIFORNIA 90017

LOS ANGELES UNIFIED SCHOOL DISTRICT

Audited Annual Financial Report

Year Ended June 30, 2023

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LOS ANGELES UNIFIED SCHOOL DISTRICT
Audited Annual Financial Report
Year Ended June 30, 2023

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OTHER INDEPENDENT AUDITOR REPORTS

INTRODUCTORY SECTION

Alberto M. Carvalho
Superintendent

Los Angeles Unified School District
Administrative Offices

333 S. Beaudry Avenue, 24th Floor
Los Angeles, California 90017
Phone (213) 241-7000

December 13, 2023

The Honorable Board of Education
Los Angeles Unified School District
333 South Beaudry Avenue
Los Angeles, California 90017

Dear Board Members:

The Audited Annual Financial Report (AAFR) of the Los Angeles Unified School District (District), for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The report also includes a "State and Federal Compliance Information" section, which is designed to meet the reporting requirements of the Office of the California State Controller, the U.S. General Accounting Office, the U.S. Office of Management and Budget, and the Single Audit Act Amendments of 1996.

Independent Audit

Education Code Section (EC§) 41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the District's income by source of funds and expenditures by object and program. The District's contract auditor for 2022-23 is Simpson & Simpson, CPAs. The independent auditor's report on the basic financial statements is presented in the Financial Section of this report on page 1.

Management Discussion and Analysis (MD&A)

The MD&A provides an objective and easily readable analysis of the District's financial activities on both a short-term and long-term basis. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Profile of the Los Angeles Unified School District

The District encompasses approximately 710 square miles in the western section of Los Angeles County. The District's boundaries include most of the City of Los Angeles, all of the Cities of Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Carson, Commerce, Cudahy, Culver City, Hawthorne, Inglewood, Long Beach, Los Angeles, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Santa Clarita, South Gate and Torrance. The District was formed in 1854 as the Common Schools for the City of Los Angeles and became a unified school district in 1960.

As of June 30, 2023, the District operated 434 elementary schools, 78 middle/junior high schools, 87 senior high schools, 59 options schools, 30 multi-level schools, 12 special education schools, 67 magnet schools and 262 magnet centers, 18 primary school centers, 2 community adult schools, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, and 89 California State Preschools. The District is governed by a seven-member Board of Education elected by voters within the District to serve alternating five-year terms. These terms were extended to five years for members elected in 2015 and thereafter. As of June 30, 2023, the District employed 35,145 certificated, 31,211 classified, and 5,721 unclassified employees. Enrollment as of September 2022 was 422,276 students in K-12 schools, 32,427 students in adult schools and centers, and 7,678 students in early education centers.

As a reporting entity, the District is accountable for all activities related to public education in most of the western section of Los Angeles County. This report includes all funds of the District with the exception of the fiscally independent charter schools, which are required to submit their own individual audited financial statements, and the Auxiliary Services Trust Fund, which is not significant in relation to District operations. The Auxiliary Services Trust Fund was established in 1935 to receive and disburse funds for insurance premiums on student body activities and property, “all city” athletic and musical events, grants restricted for student activities, and other miscellaneous activities.

Economic Condition and Outlook

The October 2023 UCLA Anderson Forecast does not expect a mild, near-term recession but instead predicts a weak economy in 2024 and slow growth in 2025. Gross domestic product (GDP) will fall to 0.9% in the fourth quarter of 2024 and will rise to 2.4% by the fourth quarter of 2025. However, there are notable risks to the economy and forecast namely the Russia/Ukraine and China/Taiwan conflicts, impact of the 2024 election result to national economic policy in 2025, negative impact of interest rates on expansion, and climate change. The forecast report also noted that while monetary policy tightened, fiscal policies enacted through the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, the Infrastructure Act, and the Inflation Reduction Act added significant demand to the economy and increased investments thus averting the occurrence of a recession. Another contributing factor in the avoidance of a recession is that the interest-sensitive sectors of housing and autos were not overbuilt and in fact, were still recovering from unmet demand during the pandemic.

The UCLA Anderson Forecast also expects inflation rates to remain above the 2% goal stated by the Federal Reserve. Based on the table below, inflation rates for 2023 have been above 3% and still above pre-pandemic levels.

U.S. Monthly Inflation Rates

Month	2019	2020	2021	2022	2023
January	1.6%	2.5%	1.4%	7.5%	6.4%
February	1.5%	2.3%	1.7%	7.9%	6.0%
March	1.9%	1.5%	2.6%	8.5%	5.0%
April	2.0%	0.3%	4.2%	8.3%	4.9%
May	1.8%	0.1%	5.0%	8.6%	4.0%
June	1.6%	0.6%	5.4%	9.1%	3.0%
July	1.8%	1.0%	5.4%	8.5%	3.2%
August	1.7%	1.3%	5.3%	8.3%	3.7%
September	1.7%	1.4%	5.4%	8.2%	3.7%
October	1.8%	1.2%	6.2%	7.7%	3.2%
November	2.1%	1.2%	6.8%	7.1%	N/A
December	2.3%	1.4%	7.0%	6.5%	N/A

Source: Bureau of Labor Statistics / N/A Not Available

The UCLA Anderson Forecast is anticipating California's economy to grow faster than the U.S. economy. The largest gains in jobs for the state are in the sectors of health care and social services, public and private education, construction, leisure and hospitality group, and durable goods manufacturing. A May 2023 report from the Legislative Analyst's Office (LAO) projects a state budget shortfall larger than the state administration's projections reaching a difference of $10 billion by 2026-27 due to variations in revenue and spending estimates. Ahead of its annual Fiscal Outlook report scheduled for release in December 2023, LAO is estimating the statutory COLA for 2024-25 to be about 1 percent which is significantly down from the 3.94 percent estimated for 2024-25 at the 2023-24 Enacted State Budget. The Governor is required to submit a balanced budget proposal to the Legislature for 2024-25 by January 10, 2024. At that time, the proposal shall provide details on the State's spending plan including Proposition 98.

Superintendent's Strategic Plan

In June 2021, the Board of Education approved a set of four powerful goals outlining expected student outcomes by 2026. These goals establish a philosophy on the primary areas of success: postsecondary preparedness, literacy, numeracy, and social-emotional wellness to ensure our students are ready for the world. The 2022-26 Strategic Plan has been built to guide a singular focus on achieving these goals, providing clear direction for collective planning and for every action taken.

The elements outlined below reflect new and inspiring approaches that will best serve students, as well as the proven work of educators, school leaders, and support staff. The strategies included in this plan will constantly evolve and adapt to exemplify the best in public education. These elements are also not intended to stand alone but to be interconnected and to influence or support one another. While the priorities and strategies may be categorized in a particular area, each piece will work together in a coherent system to provide an exceptional education program to ensure all students graduate ready for the world.

Financial Information

The District maintains internal accounting controls designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use and disposition and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes the importance of a close evaluation of costs and benefits, which requires estimates and judgments by management. The objective is to establish effective internal controls, the cost of which should not exceed the benefits derived therefrom. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

School districts in California are required by EC §41010 to follow the California School Accounting Manual in preparing reports to the State. The District utilizes a single adoption budget schedule that requires Final Budget adoption by the State mandated July 1 deadline. The District is allowed to modify its adopted budget within 45 days of the passage of the State budget.

EC §42600 mandates that a school district's expenditures may not legally exceed budgeted appropriations by major object classification, namely certificated salaries, classified salaries, employee benefits, books and supplies, services and other operating expenditures, capital outlay, other outgo, and other financing uses. EC §42600 further specifies that districts may not spend more than the amounts authorized in the Final Budget as adjusted during the fiscal year.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year end and encumbrances outstanding at that time are reported as assigned fund balance for subsequent year expenditures.

Financial Results

In 2022-23, the Statement of Changes in Net Position shows that the District's Net Position increased by $3.9 billion during the year. The Unrestricted Net Position, which is negative, improved by $2.2 billion from -$15.4 billion to -$13.2 billion. The negative Unrestricted Net Position is largely the result of our other postemployment benefits (OPEB) liability and pension liabilities for various retirement plans. The noted improvement is primarily attributable to the receipt of new programs funded by the California Department of Education (CDE), and reallocation of certain costs to optimize the utilization of the one-time grants.

In fiscal year 2022-23, the District continued to receive one-time funding for COVID-19 that helped sustain the District's operations, address student learning gaps, and sustained in-person learning in schools. For the fiscal year ended June 30, 2023, the District spent $1.6 billion on COVID-19 related expenses.

Another highlight in this year's AAFR is the adoption of Government Accounting Standard Board (GASB) Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs), which is the new accounting standard that better meets the information needs of financial statement users by improving accounting and financial reporting for software contracts by government entities. It requires that all software contracts meeting GASB 96 criteria must report a liability and an intangible right to use asset.

Audit Results

There were 8 federal programs and 31 state compliance requirements that were audited. The examination resulted in 18 audit findings with a total *questioned costs* of $808.5 million. The *questioned costs* mainly pertain to the District not meeting the Current Expense Formula (CEF). The District did not meet the minimum 55% minimum threshold of spending General Fund resources on classroom teacher salaries and benefits per EC Section 41372. The District's percentage spent is only 47.05%. This is due to a significant amount of dollars spent on expenditures other than classroom teacher salaries and benefits necessary to provide safe return to campus and in-person learning to students brought about by the COVID-19 pandemic. Further, the ratio is lower due to the significant increase in COVID-19 expenditures which are part of the denominator in the formula. Examples of these expenditures include purchases of devices, connectivity, instruction software licenses, and other necessary expenses to support In-Person learning and the safety of students and staff. The District shall engage with the Los Angeles County Office of Education (LACOE) to seek a waiver request this year, which is allowed under Education Code Section 41372. In 2021-22, the District had the same finding and LACOE approved the waiver which exempted the District from the corrective action and questioned costs.

Furthermore, the District did not meet the minimum instructional days and instructional minutes requirements per EC Section 46207, 46208 and 47612.5. This was due to a work stoppage in March 2023 resulting in the closure of all District schools, for 3 days. For school samples identified as exceptions, the District offered 177 instructional days and not the minimum 180-day requirement. Given that the instructional minutes provided by all district schools surpass the state's minimum requirement, it's noteworthy that the non-compliant schools identified exclusively comprised secondary schools (grades 9-12). The District plans to file for the Instructional Time Penalty Waiver with LACOE.

For the 2022-23 school year, the District also failed to meet the average transitional kindergarten class enrollment and adult-to-pupil ratio requirements pursuant to EC Section 48000. The District's sampled school sites which offered transitional kindergarten and identified with audit findings, exceeded the 24 pupils average class enrollment and the average of at least one adult for every 12 pupils for transitional kindergarten classrooms. The District has put mechanisms in place to track the compliance of transitional kindergarten average class size and adult-to-pupil ratio for school year 2023-24. A Toolkit and job aids were created and distributed to support school sites and district administrators to ensure enrollment ratios are followed.

Other audit findings noted were on Immunization and Unduplicated Pupil Count. The common finding is due to the lack of supporting documents for some of the samples tested. This in effect disallows the District to claim for any revenue resulting from average daily attendance generated by the tested samples identified as exceptions.

The District continues to remain fully committed and be compliant with Federal and State guidelines. There is a continued focus to resolve remaining audit findings, improve our internal controls and record keeping process, and ensure that compliance with State and Federal program requirements are met.

Acknowledgments

We wish to express our appreciation to the Division of Accounting and Disbursements team, the various District divisions who assisted in the preparation of this report, school based and program staff for their cooperation in providing requested audit information and their assistance in resolving potential audit findings and acknowledge the effort of our independent auditors.

Respectfully submitted,

Alberto M. Carvalho
Superintendent of Schools

Prepared by:

V. Luis Buendia
Deputy Chief Business Officer, Finance

Nolberto Delgadillo
Deputy Chief Business Officer, Finance

David D. Hart

David D. Hart
Chief Business Officer

BOARD OF EDUCATION

Jackie Goldberg, President
Board District 5

Dr. George J. McKenna III Board District 1	Dr. Rocio Rivas Board District 2	Scott Schmerelson Board District 3
Nick Melvoin Board District 4	Kelly Gonez Board District 6	Tanya Ortiz Franklin Board District 7

PRINCIPAL SCHOOL DISTRICT OFFICIALS

Alberto M. Carvalho
Superintendent of Schools

Pedro Salcido
Deputy Superintendent, Business Services and Operations

David D. Hart
Chief Business Officer

V. Luis Buendia
Deputy Chief Business Officer, Finance

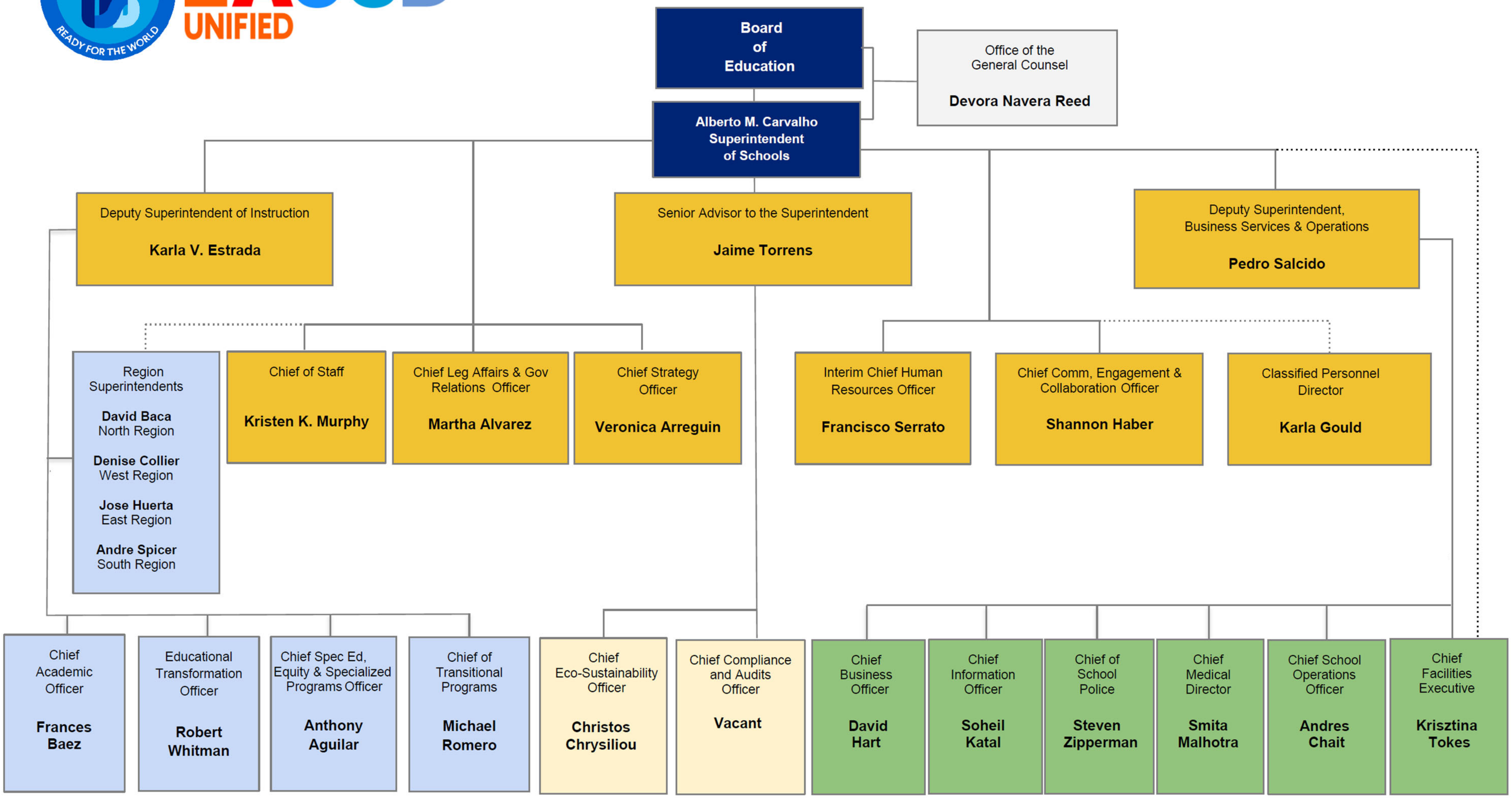
Nolberto Delgadillo
Deputy Chief Business Officer, Finance
(effective July 21, 2023)

REGION OFFICIALS

as of December 15, 2023

	Region Superintendent	Administrator of Instruction	Administrator of Operations	Administrator of Parent & Community Engagement
North:	Dr. David Baca	Dr. Alma Flores Mylene Keipp	Jose Razo	Laura Fuentes Dr. Jeremiah Gonzalez
South:	Andre Spicer	Alma Kimura Rafael Balderas	Mira Pranata, *Interim*	Leticia Estrada de Carreon
East:	Jose Huerta	Cristina Munoz Dr. Lourdes Ramirez-Ortiz	Gilberto Martinez	Megan Guerrero
West:	Denise Collier	Andrew Jenkins	Dr. Debra Bryant	(Vacant)

2023-2024 Organization Chart



FINANCIAL SECTION

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
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www.simpsonandsimpsoncpas.com

Independent Auditor's Report

To The Honorable Board of Education
Los Angeles Unified School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of California Code of Regulations (CCR), Title 5, Education, Section 19810. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 1(q) to the basic financial statements, on July 1, 2022, the District adopted the new accounting and disclosure requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 15 and the required supplementary information on pages 77 to 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 86 to 113, 119, 122 to 128, and 137, and the schedule of expenditures of federal awards and related notes on pages 138 to 141, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the supplementary information on pages 115 to 118, 120 to 121, and 129 to 136 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
December 13, 2023

As management of the Los Angeles Unified School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

Financial Highlights

- The liabilities plus deferred inflows of resources of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year by $4.3 billion (deficit net position). The negative net position is primarily comprised of an unrestricted $13.2 billion deficit, which includes net pension liabilities for various retirement plans totaling $6.7 billion and net other postemployment benefits (OPEB) liability totaling $8.5 billion. The District's total net position increased by $3.9 billion from the prior year.
- Long term liabilities increased by $0.5 billion primarily due to increase in change of actuarial assumptions in the net pension liability.
- As of the close of the 2023 fiscal year, the District's governmental funds reported combined ending fund balances of $8.9 billion, an increase of $2.4 billion from the fiscal year ended June 30, 2022.
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was $0.9 billion, or 10% of total General Fund expenditures**.**

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these elements as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Each of the government-wide financial statements relates to functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District are all related to public education.

The government-wide financial statements can be found on pages 16-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 21 individual governmental funds. In the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances, separate columns are presented for General Fund, District Bonds Fund, Bond Interest and Redemption Fund, and all other funds. Individual account data for all other nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 18 and 20 of this report.

Proprietary funds. The District maintains Internal Service Funds as the only type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for Health and Welfare Benefits, Workers' Compensation Self-Insurance, and Liability Self-Insurance. Because all of these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

It is the District's practice to record estimated claim liabilities at the present value of the claims, in conformity with the accrual basis of accounting, for all its internal service funds.

The proprietary fund financial statements can be found on pages 23-25 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-75 of this report.

Combining and individual fund schedules and statements. Combining schedules and statements consisting of the budget to actual comparisons for District Bonds Fund, Bond Interest and Redemption Fund, the individual accounts within the nonmajor governmental funds, and the internal service funds are presented immediately following the required supplementary information. Combining and individual fund schedules and statements can be found on pages 86-113 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $4.3 billion at the close of the most recent year.

The District's net position reflects its investments in capital assets ($4.1 billion) (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position of $4.8 billion represents resources that are subject to external restrictions on how they may be used. The majority of this pertains to capital projects funds, debt services funds, and various programs such as Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, Kitchen Infrastructure and Training Funds, and Literacy Coaches and Reading Specialists Grant Program. The remaining negative balance in unrestricted net position (-$13.2 billion) resulted primarily from the net pension liability for various retirement plans totaling $6.7 billion and the net OPEB liability totaling $8.5 billion.

At the end of the 2023 fiscal year, the District is able to report positive balances in all categories of net position except for unrestricted net position.

The $0.4 billion increase in net capital assets primarily relates to costs incurred for school modernization projects throughout the District which is higher compared to the recognition of depreciation expense.

Long-term liabilities increased by $0.5 billion primarily due to increase in change of actuarial assumptions in the net pension liability.

Summary Statements of Net Position (in thousands)

As of June 30, 2023 and 2022:

	Governmental Activities	
	2023	**2022**
Current Assets	$ 11,893,489	$ 8,993,699
Capital Assets, net	15,757,952	15,380,283
Total Assets	27,651,441	24,373,982
Deferred Outflows of Resources	5,564,111	3,723,083
Current Liabilities	2,114,406	1,547,470
Long-term Liabilities	12,409,724	12,638,389
Net Pension Liability	6,730,407	4,311,675
Net Other Postemployment Benefits Liability	8,482,271	10,186,225
Total Liabilities	29,736,808	28,683,759
Deferred Inflows of Resources	7,729,290	7,572,724
Net Position:		
Net investment in capital assets	4,141,883	3,614,823
Restricted for:		
Debt service	1,152,339	1,073,923
Program activities	3,681,025	2,528,420
Unrestricted	(13,225,793)	(15,376,584)
Total Net Position	$ (4,250,546)	$ (8,159,418)

Summary Statements of Changes in Net Position (in thousands)

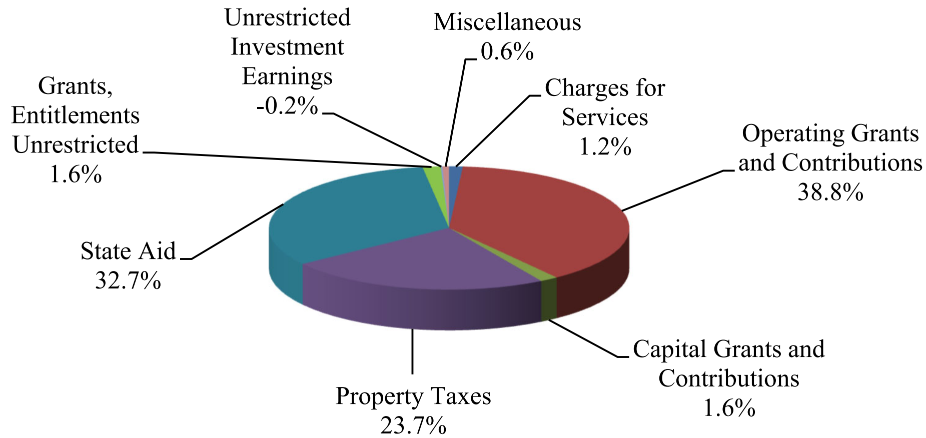
Years ended June 30, 2023 and 2022:

	Governmental Activities	
	2023	**2022**
Revenues:		
Program Revenues:		
Charges for services	$ 168,351	$ 157,424
Operating grants and contributions	5,323,415	4,917,729
Capital grants and contributions	223,810	261,523
Total Program Revenues	5,715,576	5,336,676
General Revenues:		
Property taxes levied for general purposes	2,102,924	1,854,404
Property taxes levied for debt service	1,093,217	967,767
Property taxes levied for community redevelopment	55,694	48,947
State aid not restricted to specific purpose	4,491,309	4,183,846
Grants, entitlements, and contributions not restricted to specific programs	221,467	134,647
Unrestricted investment earnings	(23,186)	(144,178)
Miscellaneous	81,034	43,249
Total General Revenues	8,022,459	7,088,682
Total Revenues	13,738,035	12,425,358
Expenses:		
Instruction	$ 4,558,356	$ 4,714,575
Support Services:		
Support services – students	552,649	1,134,663
Support services – instructional staff	869,837	844,210
Support services – general administration	115,813	151,426
Support services – school administration	560,724	614,633
Support services – business	258,764	443,287
Operation and maintenance of plant services	898,066	898,224
Student transportation services	172,738	169,703
Data processing services	118,973	108,031
Operation of noninstructional services	558,572	612,394
Facilities acquisition and construction services	165,545	140,579
Other uses	6,970	5,553
Interest expense	407,889	396,253
Depreciation – unallocated	584,267	591,051
Total Expenses	9,829,163	10,824,582
Changes in Net Position	3,908,872	1,600,776
Net Position – Beginning of Year	(8,159,418)	(9,760,194)
Net Position – End of Year	$ (4,250,546)	$ (8,159,418)

At the end of the current fiscal year, the District's net position increased by $3.9 billion from the prior year primarily due to (1) reallocation of certain costs to optimize the utilization of the one-time grants, and (2) revenue recognitions of the State funded programs such as Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, Kitchen Infrastructure and Training Funds, and Literacy Coaches and Reading Specialists Grant Program.

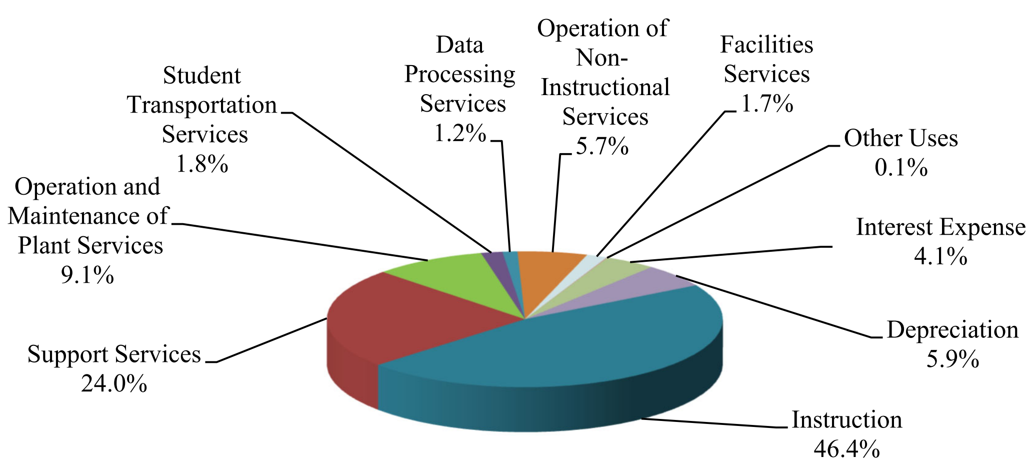
The following pie chart shows that state aid, property taxes, and operating grants and contributions are the main revenue sources of the District.

Revenues by Source
Year Ended June 30, 2023



The following pie chart shows that instruction and support services are the main expenses of the District.

Expenses
Year Ended June 30, 2023



Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to facilitate compliance with finance-related requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Committed, assigned, and unassigned balances comprise the unrestricted fund balances and may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $8.9 billion, an increase of $2.4 billion in comparison with the prior year. Approximately 62.8% of this total combined ending fund balance consists of the assigned fund balance totaling $0.5 billion (5.9%) and nonspendable and restricted fund balances totaling $5 billion (56.9%), which can only be spent for specific purposes because of laws and regulations or grantor restrictions. The committed fund balance of $2.9 billion, 32.9% of the total combined ending balance, is self-imposed policies by the District's higher level of decision-making authority. The remaining $0.4 billion (4.3%) of this total combined ending fund balance constitutes reserved for economic uncertainties fund balance totaling $0.2 billion (2.7%), and unassigned fund balance totaling $0.2 billion (1.6%) which includes spendable amounts not contained in the other classifications.

The General Fund is the primary operating fund of the District. At the end of the 2023 fiscal year, the unassigned fund balance of the General Fund was $0.4 billion, while the total fund balance $5.7 billion. The fund balance of the District's General Fund increased by $2.4 billion during the current fiscal year. This is primarily attributable to the revenue recognitions of the State funded programs such as Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, Kitchen Infrastructure and Training Funds, and Literacy Coaches and Reading Specialists Grant Program.

Other changes in fund balances in the governmental funds are detailed as follows (in thousands):

			Other Governmental Funds			
	District Bonds	Bond Interest and Redemption	Special Revenue	Debt Service	Other Capital Projects	Total
Fund Balance, June 30, 2023:						
Nonspendable						
Revolving cash and imprest funds	$ 500	$ —	$ 16	$ —	$ —	$ 16
Inventories	—	—	19,041	—	—	19,041
Prepaids	234	—	44	—	—	44
Restricted	1,234,840	1,305,162	284,169	436	307,709	592,314
Assigned	—	—	5,871	—	10,351	16,222
Unassigned	—	—	(8,192)	—	—	(8,192)
Total	1,235,574	1,305,162	300,949	436	318,060	619,445
Fund Balance, July 1, 2022	1,315,137	1,174,108	218,234	13,382	447,917	679,533
Increase (decrease) in fund balance	$ (79,563)	$ 131,054	$ 82,715	$ (12,946)	$ (129,857)	$ (60,088)

The fund balance decreased during the current year for the District Bonds due to continued spending for school modernization projects and renovation. The increase of $131.1 million in Bond Interest and Redemption was attributable to the increase in property tax levy for local bond debt service. Special Revenue funds increased by $82.7 million primarily due to the Cafeteria Fund in which overall revenues are higher generated from the meal programs during the year.

Debt Service Fund decreased by $13 million due to the release of the debt service reserve fund during the refunding of COPs 2012A and COPs 2012B.

The decrease of $0.1 billion for the Capital Projects is primarily due to spending on projects in the County School Facilities Bonds and Capital Facilities Fund combined with project cost transfers out to other funds.

Proprietary funds. The District's proprietary funds provide the same type of information found in government-wide financial statements.

At the end of the year, the District's proprietary funds have an unrestricted net position of $0.4 billion, a net increase of $0.07 billion in the current year.

General Fund Budgetary Highlights

The District closely monitors and reviews its revenue and expenditure data to ensure that a sufficient ending balance is maintained. This monitoring and review occur from budget development through the State-mandated first and second interim financial reports, and at year end, utilizing actual revenue and expenditure data.

Modified Final Budget vs. Original Final Budget

The District's Original Final Budget is based on assumptions from the State's May Revision Budget, while the Modified Final Budget is based on the State's Enacted Budget and all other known State budgetary changes and changes to The District's priority of program implementations and/or planned expenditures since the Original Final Budget. Differences between the 2022-23 General Fund Original Final Budget and the Modified Final Budget resulted in a $1.3 billion higher budgeted ending balance of $4.0 billion from $2.7 billion. Adjustments to the Original Final Budget included a decrease in beginning balance of $0.2 billion, an increase in budgeted revenues and financing sources of $1.7 billion, and an increase in budgeted expenditures and other financing uses of $0.1 billion.

The decrease in beginning balance of $0.2 billion was to reflect the actual ending balance as of June 30, 2022, as opposed to the estimated ending balance as of June 30, 2022. The net increase in budgeted revenues and other financing sources of $1.7 billion was mostly due to an increase in LCFF revenue of $0.5 billion, higher grant funding of $0.2 billion, recognition of Arts, Music, and Instructional Materials Discretionary Block Grant and Learning Recovery Emergency Block Grant totaling $0.8 billion in state revenues, and Expanded Learning Opportunities (ELO) Grant of $0.1 billion in federal revenue.

The increase in estimated expenditures and other financing uses of $0.1 billion was mostly attributable to the program implementation of Expanded Learning Opportunities (ELO) Grant.

Actual vs. Modified Final Budget

The unfavorable variance of $0.7 billion in revenues and other financing sources between the Actual and Modified Final Budget was mostly due to adjustments on multi-year grants and COVID-related funds which are budgeted in their entirety but earned only to the extent of actual expenditures incurred.

The favorable variance of $2.4 billion in expenditures and other financing uses between the Actual and the Modified Final Budget was mostly from COVID-related and school carryover accounts. The unspent portion of these accounts shall carry over into the next fiscal year for further program implementation and/or to pay future obligations. The largest favorable variances were in Books and Supplies ($1.3 billion), Certificated Salaries ($0.4 billion) and Services and Other Operating Expenditures ($0.3 billion).

Differences between the Actual and Modified Final Budget resulted in a $1.7 billion higher ending balance of $5.7 billion from $4.0 billion.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to $15.8 billion (net of accumulated depreciation), 2.46% increase from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment, construction in progress, lease assets, and subscription assets, net of any related accumulated depreciation. The increase is primarily due to comprehensive and major modernization projects, heating, ventilation, and air conditioning (HVAC) projects, improvement at school sites, and the recognition of subscription assets under GASB 96.

Summary of capital assets (net of accumulated depreciation) is as follows (in thousands):

	Governmental Activities	
	2023	**2022**
Sites	$ 3,101,518	$ 3,100,671
Improvement of sites	323,162	334,963
Buildings and improvements	9,098,155	9,306,858
Equipment	367,061	395,607
Construction in progress	2,777,727	2,185,368
Lease assets	54,970	56,816
Subscription assets	35,359	—
Total	$ 15,757,952	$ 15,380,283

Additional information on the District's capital assets can be found in Note 7 on pages 40-41 of this report.

Debt Administration

Long-term obligations. At the end of the current fiscal year, the District had total long-term obligations of $27.6 billion. Of this amount, $11.5 billion is comprised of debt to be repaid by voter approved property taxes and not by the General Fund of the District.

The District's total long-term obligations increased by $0.5 billion (1.8%) during the current fiscal year. The increase was primarily due to increase in change of actuarial assumptions in the net pension liability.

Summary of long-term obligations is as follows (in thousands):

	Governmental Activities	
	2023	**2022**
General Obligation (GO) Bonds	$ 11,448,075	$ 11,612,001
Certificates of Participation (COPs)	101,109	127,611
Capital Lease Obligations	55,818	57,374
Subscription-based Information Technology Agreements	32,296	–
Liability for Compensated Absences	90,932	86,722
Liability for Other Employee Benefits	24,891	29,594
Self-insurance Claims	656,603	725,087
Net Pension Liability	6,730,407	4,311,675
Other Postemployment Benefits (OPEB)	8,482,271	10,186,225
Total	$ 27,622,402	$ 27,136,289

Long-Term Credit Ratings

Below are the District's long-term credit ratings as of June 30, 2023, from the rating agencies that carry ratings on all or some of the District's outstanding GO bonds and COPs:

1. Moody's Investors Service (Moody's) rated the District's GO bonds and COPs "Aa3" and "A2", respectively, with a Positive Outlook. In addition, Moody's assigned an "A1" issuer rating to the District.
2. Fitch Ratings (Fitch) rated the District's GO bonds as "AAA" with a Stable Outlook and provided an Issuer Default Rating of "A" with a Stable Outlook
3. Standard & Poor's (S&P) rated the District's GO bonds as "AA-" with a Stable Outlook.
4. Kroll Bond Rating Agency (KBRA) rated the District's GO bonds as "AAA" with a Stable Outlook.

Prior to 2008, the District purchased municipal bond insurance and/or reserve surety bond policies at the time of issuance for some of its COPs and bonds. Moody's, S&P and Fitch assigned insured ratings of "Aaa", "AAA" and "AAA", respectively, on said COPs and bonds at the time of issuance. Subsequent to February 1, 2008, the rating agencies downgraded the ratings of certain bond insurers, including all of those who had issued bond insurance policies and/or surety bonds on these District issues.

State statutes limit the issuance of general obligation bond debt by a unified school district if the outstanding general obligation bonds are more than 2.5% of its total taxable property. The debt limitation for the District as of June 30, 2023, is $21.9 billion, which is in excess of the District's outstanding general obligation bond debt.

Additional information on the District's long-term obligations can be found in Notes 11 and 12 on pages 65-68 of this report.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. This report is available on the District's website, under the Office of the Chief Business Officer homepage (https://www.lausd.org/Page/1679). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Business Officer, Los Angeles Unified School District, P.O. Box 513307-1307, Los Angeles, California 90051-1307.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

(in thousands)

	Governmental Activities
Assets:	
Cash in county treasury, in banks, and on hand	$ 10,097,712
Cash held by trustee	299,495
Investments	14,335
Lease receivable	14,590
Property taxes receivable	109,754
Accounts receivable, net	1,185,590
Accrued interest receivable	88,532
Prepaids	21,957
Inventories	52,972
Accounts receivable, noncurrent	3,708
Other assets	4,844
Capital assets:	
Sites	3,101,518
Improvement of sites	896,849
Buildings and improvements	17,691,090
Equipment	2,636,623
Construction in progress	2,777,727
Lease assets	65,532
Subscription assets	55,256
Less accumulated depreciation	(11,466,643)
Total Capital Assets, Net of Depreciation	15,757,952
Total Assets	27,651,441
Deferred Outflows of Resources	5,564,111
Liabilities:	
Vouchers and accounts payable	485,433
Contracts payable	128,594
Accrued payroll	772,959
Accrued interest	265,549
Other payables	350,045
Unearned revenue	111,826
Long-term liabilities:	
Portion due within one year	981,120
Portion due after one year	11,428,604
Net pension liability	6,730,407
Net other post-employment liablities	8,482,271
Total Liabilities	29,736,808
Deferred Inflows of Resources	7,729,290
Net Position:	
Net investment in capital assets	4,141,883
Restricted for:	
Debt service	1,152,339
Program activities	3,681,025
Unrestricted	(13,225,793)
Total Net Position	$ (4,250,546)

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2023
(in thousands)

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:					
Instruction	$ 4,558,356	$ 18,784	$ 2,808,565	$ —	$ (1,731,007)
Support Services – students	552,649	997	346,096	—	(205,556)
Support Services – instructional staff	869,837	97	682,675	—	(187,065)
Support Services – general administration	115,813	—	(145)	—	(115,958)
Support Services – school administration	560,724	—	202,159	—	(358,565)
Support Services – business	258,764	12,188	229,097	—	(17,479)
Operation and maintenance of plant services	898,066	32,515	254,002	—	(611,549)
Student transportation services	172,738	—	17,448	—	(155,290)
Data processing services	118,973	—	3,120	—	(115,853)
Operation of non-instructional services	558,572	742	722,469	—	164,639
Facilities acquisition and construction services*	165,545	103,028	56,972	173,923	168,378
Other Uses	6,970	—	81	—	(6,889)
Interest expense	407,889	—	876	49,887	(357,126)
Depreciation – unallocated**	584,267	—	—	—	(584,267)
Total Governmental Activities	$ 9,829,163	$ 168,351	$ 5,323,415	$ 223,810	$ (4,113,587)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,102,924
Property taxes, levied for debt service					1,093,217
Property taxes, levied for community redevelopment					55,694
State aid not restricted to specific purpose					4,491,309
Grants, entitlements, and contributions not restricted to specific programs					221,467
Unrestricted investment earnings					(23,186)
Miscellaneous					81,034
Total General Revenues					8,022,459
Change in Net Position					3,908,872
Net Position – Beginning of Year					(8,159,418)
Net Position – End of Year					$ (4,250,546)

* This amount represents expenses incurred in connection with activities related to capital projects that are not otherwise capitalized and included as part of capital assets (for example, project manager fees).

** This amount excludes the depreciation that is included in the direct expenses of the various programs.

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2023
(in thousands)

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Total Governmental
Assets:					
Cash in county treasury, in banks, and on hand	$ 6,146,465	$ 1,415,572	$ 1,007,359	$ 540,321	$ 9,109,717
Cash held by trustee	—	—	299,495	—	299,495
Investments	—	—	—	14,335	14,335
Lease receivable	12,374	—	—	2,216	14,590
Taxes receivable	—	—	109,754	—	109,754
Accounts receivable – net	1,020,322	—	—	104,346	1,124,668
Accrued interest receivable	57,822	15,265	—	6,173	79,260
Prepaids	10,714	234	—	44	10,992
Inventories	33,931	—	—	19,041	52,972
Other assets	—	—	—	69	69
Total Assets	7,281,628	1,431,071	1,416,608	686,545	10,815,852
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	$ 7,281,628	$ 1,431,071	$ 1,416,608	$ 686,545	$ 10,815,852
Liabilities and Fund Balances:					
Vouchers and accounts payable	$ 408,475	$ 55,047	$ —	$ 12,719	$ 476,241
Contracts payable	6,424	120,764	—	1,403	128,591
Accrued payroll	734,506	11,886	—	29,378	775,770
Accrued interest	844	—	—	—	844
Other payables	311,623	7,800	—	8,689	328,112
Unearned revenue	99,131	—	—	12,695	111,826
Total Liabilities	1,561,003	195,497	—	64,884	1,821,384
Deferred Inflows of Resources:					
Property taxes	—	—	109,754	—	109,754
Build America Bond Subsidy	—	—	1,692	—	1,692
Leases	12,374	—	—	2,216	14,590
Total Deferred Inflows of Resources	12,374	—	111,446	2,216	126,036
Fund Balances:					
Nonspendable	47,514	734	—	19,101	67,349
Restricted	1,843,005	1,234,840	1,305,162	—	4,383,007
Restricted, reported in:					
Special revenue funds	—	—	—	284,169	284,169
Debt service funds	—	—	—	436	436
Capital projects funds	—	—	—	307,709	307,709
Committed	2,920,908	—	—	—	2,920,908
Assigned	510,899	—	—	—	510,899
Assigned, reported in:					
Special revenue funds	—	—	—	5,871	5,871
Capital projects funds	—	—	—	10,351	10,351
Unassigned:					
Reserved for economic uncertainties	238,780	—	—	—	238,780
Unassigned	147,145	—	—	(8,192)	138,953
Total Fund Balances	5,708,251	1,235,574	1,305,162	619,445	8,868,432
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 7,281,628	$ 1,431,071	$ 1,416,608	$ 686,545	$ 10,815,852

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2023
(in thousands)

Total Fund Balances – Governmental Funds	$ 8,868,432
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $27,224,595 and the accumulated depreciation is $11,466,643.	15,757,952
Prepaid subscription software expenditures are reported as subscription assets in the governmental activities.	(2,679)
Property taxes receivable will be collected this year, but are not available soon enough to pay the current period's expenditures and therefore are unearned in the funds.	109,754
Federal subsidies for debt service expenditures are recognized in the governmental funds only when the corresponding interest expenditure is recognized.	1,692
Receivables that will be collected in the following year and thereafter are not available soon enough to pay the current period's expenditures and therefore are not reported in the governmental funds.	3,708
An internal service fund is used by the District's management to charge the costs of health and welfare, workers' compensation and liability self-insurance premiums and claims to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.	366,609
Long-term liabilities, including bonds and lease payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(12,014,467)
Deferred outflow/inflow of resources – refunding charges are not reported in the governmental funds.	23,906
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(5,537,072)
Net other post-employment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(11,828,381)
Total Net Position – Governmental Activities	$ (4,250,546)

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds

Year Ended June 30, 2023

(in thousands)

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Total Governmental
Revenues:					
Local Control Funding Formula sources	$ 6,594,216	$ —	$ —	$ —	$ 6,594,216
Federal revenues	2,304,229	—	69,549	427,684	2,801,462
Other state revenues	2,681,901	—	3,173	568,375	3,253,449
Other local revenues	196,178	36,576	1,112,021	236,405	1,581,180
Total Revenues	11,776,524	36,576	1,184,743	1,232,464	14,230,307
Expenditures:					
Current:					
Certificated salaries	3,474,867	—	—	113,602	3,588,469
Classified salaries	1,346,138	23,480	—	235,014	1,604,632
Employee benefits	2,592,961	12,212	—	224,141	2,829,314
Books and supplies	670,470	1,495	—	201,181	873,146
Services and other operating expenditures	1,272,082	65,031	—	39,293	1,376,406
Capital outlay	111,072	730,802	—	185,963	1,027,837
Debt service – principal	20,402	3	565,335	24,001	609,741
Debt service – bond, COPs, and capital leases interest	2,014	—	524,048	4,438	530,500
Other outgo	6,920	—	—	50	6,970
Transfers of indirect costs – interfund	(24,020)	—	—	24,020	—
Total Expenditures	9,472,906	833,023	1,089,383	1,051,703	12,447,015
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,303,618	(796,447)	95,360	180,761	1,783,292
Other Financing Sources (Uses):					
Transfers in	41,049	270,846	—	41,674	353,569
Transfers out	(15,560)	(53,962)	—	(284,047)	(353,569)
Premium on bonds issued	—	—	35,694	—	35,694
Payment to refunded COPs escrow agent	—	—	—	(73,373)	(73,373)
Capital Leases	3,489	—	—	36	3,525
Proceeds from sale of capital assets	264	—	—	—	264
Proceeds from SBITAs	47,068	—	—	1,131	48,199
Proceeds from sale of bonds	—	500,000	—	—	500,000
Proceeds from refunding COPs	—	—	—	73,730	73,730
Total Other Financing Sources (Uses)	76,310	716,884	35,694	(240,849)	588,039
Net Changes in Fund Balances	2,379,928	(79,563)	131,054	(60,088)	2,371,331
Fund Balances, July 1, 2022	3,328,323	1,315,137	1,174,108	679,533	6,497,101
Fund Balances, June 30, 2023	$ 5,708,251	$ 1,235,574	$ 1,305,162	$ 619,445	$ 8,868,432

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2023
(in thousands)

Net Changes in Fund Balances – Governmental Funds	$ 2,371,331
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	374,992
Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.	57,661
Premiums, discounts, and refunding charges are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.	94,408
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered “available” revenues for this year.	(14,711)
In the statement of activities, compensated absences and other retirement benefits are measured the employees earned during the year. In the governmental funds, however, by the amounts expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(15)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of financial resources. In the statement of activities, however, interest expense is recognized as interest accrues, regardless of when it is due.	1,591
An internal service fund is used by the District's management to charge the costs of health and welfare, workers' compensation and liability self-insurance premiums and claims to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	74,529
Legal settlement gains are recognized in the government wide statements as soon as the underlying event has occurred but not until collected in the governmental funds.	(891)
Federal subsidies for debt interest payments are recognized in the government wide statement as soon as it is earned. In the governmental funds, it is recorded when the corresponding interest expenditure is recognized.	(26,571)
Adoption of GASB 68 recognizes actuarial pension expense in the government wide statements and reclassify actual pension contribution in the current year as deferred outflow of resources.	453,745
Adoption of GASB 75 recognizes actuarial OPEB expense in the government wide statements and reclassify actual pension contribution in the current year as deferred outflow of resources.	522,803
Change in Net Position of Governmental Activities	$ 3,908,872

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2023
(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Local Control Funding Formula sources	$ 6,085,362	$ 6,598,392	$ 6,594,216	$ (4,176)
Federal revenues	2,823,278	3,017,375	2,304,229	(713,146)
Other state revenues	1,717,894	2,623,539	2,681,901	58,362
Other local revenues	168,120	220,801	196,178	(24,623)
Total Revenues	10,794,654	12,460,107	11,776,524	(683,583)
Expenditures:				
Current:				
Certificated salaries	3,772,450	3,886,111	3,474,867	411,244
Classified salaries	1,260,838	1,463,157	1,346,138	117,019
Employee benefits	2,798,406	2,764,420	2,592,961	171,459
Books and supplies	2,793,773	2,016,144	670,470	1,345,674
Services and other operating expenditures	1,045,868	1,549,135	1,272,082	277,053
Capital outlay	17,908	111,166	111,072	94
Debt service – principal	93	20,429	20,402	27
Debt service – bond, COPs, and capital leases interest	10	18,074	2,014	16,060
Other outgo	5,326	6,926	6,920	6
Transfers of indirect costs – interfund	(30,404)	(23,928)	(24,020)	92
Total Expenditures	11,664,268	11,811,634	9,472,906	2,338,728
Excess (Deficiency) of Revenues Over (Under) Expenditures	(869,614)	648,473	2,303,618	1,655,145
Other Financing Sources (Uses):				
Transfers in	40,367	41,049	41,049	—
Transfers out	(35,719)	(18,167)	(15,560)	2,607
Leases	—	—	3,489	3,489
Proceeds from sale of capital assets	—	264	264	—
Proceeds from SBITAs	—	—	47,068	47,068
Total Other Financing Sources (Uses)	4,648	23,146	76,310	53,164
Net Changes in Fund Balances	(864,966)	671,619	2,379,928	1,708,309
Fund Balances, July 1, 2022	3,567,607	3,328,323	3,328,323	—
Fund Balances, June 30, 2023	$ 2,702,641	$ 3,999,942	$ 5,708,251	$ 1,708,309

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds
Governmental Activities – Internal Service Funds
June 30, 2023
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	$ 987,994
Accounts receivable – net	60,922
Accrued interest and dividends receivable	9,272
Prepaids	13,640
Other assets	4,774
Total Assets	1,076,602
Deferred Outflows of Resources	7,725
Liabilities:	
Current:	
Vouchers and accounts payable	9,192
Accrued payroll	1,457
Other payables	21,021
Estimated liability for self-insurance claims	232,300
Total Current Liabilities	263,970
Noncurrent:	
Estimated liability for self-insurance claims	424,303
Net other postemployment benefits liability	9,758
Net pension liability	11,440
Total Noncurrent Liabilities	445,501
Total Liabilities	709,471
Deferred Inflows of Resources	8,247
Total Net Position – Unrestricted	$ 366,609

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

Governmental Activities – Internal Service Funds

Year Ended June 30, 2023

(In thousands)

Operating Revenues:	
In-District premiums	$ 1,414,692
Others	11,704
Total Operating Revenues	1,426,396
Operating Expenses:	
Classified salaries	6,422
Employee benefits	1,872
Supplies	421
Premiums and claims expenses	1,345,264
Claims administration	16,046
Other contracted services	1,501
Total Operating Expenses	1,371,526
Operating Income	54,870
Nonoperating Revenues (Expenses):	
Investment income	19,708
Miscellaneous expense	(48)
Total Nonoperating Revenues	19,660
Changes in Net Position	74,530
Total Net Position, July 1, 2022	292,079
Total Net Position, June 30, 2023	$ 366,609

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Governmental Activities – Internal Service Funds

Year Ended June 30, 2023

(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	$ (9,659)
Cash payments for goods and services	(1,431,361)
Receipts from assessment to other funds	1,414,692
Receipts from other operating revenue	11,704
Net Cash Used by Operating Activities	(14,624)
Cash Flows from Investing Activities:	
Earnings on investments	12,947
Cash Provided by Investing Activities	12,947
Net Decrease in Cash and Cash Equivalents	(1,677)
Cash and Cash Equivalents, July 1	989,671
Cash and Cash Equivalents, June 30	$ 987,994
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating Income	$ 54,870
Adjustments to reconcile operating income to net cash used by operating activities:	
Net decrease in pension and other postemployment benefits expense from actuarial valuation	(1,627)
Change in Assets: Decrease (Increase)	
Accounts receivable	(19,631)
Prepaids	42,921
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	3,733
Accrued payroll	264
Other payables	(26,671)
Estimated liability for self-insurance claims – current	(125,720)
Estimated liability for self-insurance claims – noncurrent	57,237
Total Adjustments	(69,494)
Net Cash Used by Operating Activities	$ (14,624)

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The Los Angeles Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The following summary of the more significant accounting policies of the District is provided to assist the reader in interpreting the basic financial statements presented in this section. These policies, as presented, should be viewed as an integral part of the accompanying basic financial statements.

(a) Reporting Entity

The District is primarily responsible for all activities related to K-12 public education in most of the western section of Los Angeles County, State of California. The governing authority, as designated by the State Legislature, consists of seven elected officials who together constitute the Board of Education (Board). Those organizations, functions, and activities (component units) for which the Board has accountability comprise the District's reporting entity.

The District's Audited Annual Financial Report includes all funds of the District and its component units with the exception of the fiscally independent charter schools, which are required to submit audited financial statements individually to the State, and the Auxiliary Services Trust Fund, which is not significant in relation to District operations. This fund was established in 1935 to receive and disburse funds for insurance premiums on student body activities and property, "all city" athletic and musical events, and grants restricted for student related activities. The District has certain oversight responsibilities for these operations but there is no financial interdependency between the financial activities of the District and the fiscally independent charter schools or the Auxiliary Services Trust Fund.

Blended Component Units

The LAUSD Financing Corporation and the LAUSD Administration Building Finance Corporation (the Corporations) were formed in 2000 and 2001, respectively, to finance properties leased by the District. The Corporations have a financial and operational relationship which meets the reporting entity definition criteria of GASB for inclusion of the Corporations as blended component units of the District. These Corporations are nonprofit public benefit corporations and they were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. The District currently occupies all completed Corporation facilities under lease purchase agreements. At the end of the lease terms, or pursuant to relevant transaction documents with the District, or upon dissolution of the Corporations, title to all Corporations property passes to the District.

On July 1, 2014, the District entered into a joint venture agreement with Los Angeles Trust for Children's Health as the original participant to form Los Angeles Unified School District Risk Management Authority (LAUSDRMA). LAUSDRMA was formed to permit the participants to jointly exercise their common powers to self-insure, pool, and jointly fund and purchase insurance, and to establish insurance programs for a variety of risks. This joint venture also meets GASB's reporting definition criteria of a blended component unit. Detailed information about LAUSDRMA's Financial Statements is available in a separately issued financial report. Copies of the said report may be obtained by written request to General Manager/Secretary, LAUSDRMA, 333 S. Beaudry Avenue, 28th Floor, Los Angeles, CA 90017.

(b) Government-wide and Fund Financial Statements

The District's basic financial statements consist of fund financial statements and government-wide statements which are intended to provide an overall viewpoint of the District's finances. The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all District funds excluding the effect of interfund activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by fees and service charges. The District does not conduct any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements on pages 18 and 20. Nonmajor funds are aggregated in a single column.

(c) Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and trust funds. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. Application of the "susceptibility to accrual" criteria requires consideration of the materiality of the item in question and due regard for the practicality of accrual, as well as consistency in application.

Federal revenues and State apportionments and allowances are determined to be available and measurable when entitlement occurs or related eligible expenditures are incurred. Secured and unsecured property taxes related to debt service and community redevelopment purposes that are estimated to be collectible and receivable within 60 days of the current period are recorded as revenue. Investment income is accrued when earned. All other revenues are not considered susceptible to accrual.

Expenditures for the governmental funds are generally recognized when the related fund liability is incurred, except debt service expenditures and expenditures related to compensated absences which are recognized when payment is due.

(d) Financial Statement Presentation

The District's audited annual financial report includes the following:

- Management's Discussion and Analysis is a narrative introduction and analytical overview of the District's financial activities as required by GASB Statement No. 34. This narrative overview is in a format similar to that in the private sector's corporate annual reports.
- Government-wide financial statements are prepared using full accrual accounting for all of the District's activities. Therefore, current assets and liabilities, deferred outflow and inflow of resources, capital and other long-term assets, and long-term liabilities are included in the financial statements.
- Statement of net position displays the financial position of the District including all capital assets and related accumulated depreciation, long-term liabilities, and net pension and other postemployment benefits (OPEB) liabilities.
- Statement of activities focuses on the cost of functions and programs and the effect of these on the District's net position. This financial report is also prepared using the full accrual basis and includes depreciation expense.

(e) Fund Accounting

The District's accounting system is organized and operated on the basis of funds. Fund Accounting emphasizes accountability rather than profitability. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A description of the activities of the various funds is provided below:

Major Governmental Funds

The District has the following major governmental funds for the fiscal year 2022-23:

General Fund – The General Fund is used to account for all financial resources relating to educational activities and the general business operations of the District, including educational programs funded by other governmental agencies. The General Fund consists of unrestricted and restricted funds.

District Bonds Fund – This category represents the total of the following building accounts: Building Account – Measure K, established to account for bond proceeds received by the passage of such measure in Election of 2002; Building Account – Measure R, established to account for bond proceeds received by the passage of such measure in Election of 2004; Building Account – Measure Y, established to account for bond proceeds received by the passage of such measure in Election of 2005; and Building Account – Measure Q, established to account for bond proceeds received by the passage of such measure in Election of 2008; Measure RR, established to account for bond proceeds received by the passage of such measure in Election of 2020.

Bond Interest and Redemption Fund – This Debt Service Fund is used to account for the payment of principal and interest on the general obligation bond issues (Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR). Revenues are derived from ad valorem taxes levied upon all taxable property in the District.

Other Governmental Funds

The District has the following nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose (other than debt service or capital projects) of the individual funds. The District maintains the following Special Revenue Funds: Student Activity Special Revenue, Adult Education, Child Development, and Cafeteria.

Debt Service Funds – Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the repayment of general long-term debt principal and interest. The District maintains the following nonmajor Debt Service Funds: Tax Override and Capital Services. The Bond Interest and Redemption Fund is reported separately as a major fund in fiscal year 2022-23.

Capital Projects Funds – Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and equipment other than those financed by the General and Special Revenue Funds. The District maintains the following nonmajor Capital Projects Funds: Building, Capital Facilities Account, State School Building Lease-Purchase, County School Facilities Bonds, Special Reserve – Community Redevelopment Agency, Special Reserve, Special Reserve – FEMA – Earthquake, and Special Reserve – FEMA – Hazard Mitigation. The District Bonds Fund (Measure K, Measure R, Measure Y, Measure Q, and Measure RR) is reported separately as a major fund in fiscal year 2022-23.

In Fiscal Year 2023-24, the Board of Education approved the closure of the State School Building Lease-Purchase Fund. As of the fiscal year's conclusion on June 30, 2023, all projects associated with this fund have been finalized and there are no anticipated future expenditures.

Proprietary Funds

The District has the following Proprietary Funds:

Internal Service Funds – Internal Service Funds are used to account for all financial resources intended to provide self-insurance services to other operating funds of the District on a cost-reimbursement basis. The District maintains the following Internal Service Funds: Health and Welfare Benefits, Workers' Compensation Self-Insurance, and Liability Self-Insurance. The Health and Welfare Benefits Fund was established to pay for claims, administrative costs, insurance premiums, and related expenditures; the Workers' Compensation Self-Insurance Fund and the Liability Self-Insurance Fund were established to pay for claims, excess insurance coverage, administrative costs, and related expenditures.

Under the full accrual basis of accounting that is generally accepted for Internal Service Funds, total estimated liabilities for self-insurance are recorded based on estimated claims liabilities, including the estimated liability for incurred but not reported claims. For the Workers' Compensation Self-Insurance and Liability Self-Insurance Funds, the estimates are determined by applying an appropriate discount rate to estimated future claim payments. No discount is applied to estimated Health and Welfare Benefits Fund claims because they are generally paid within a short period of time after the claims are filed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other operating funds for self-insurance services.

Operating expenses include the cost of services including insurance premiums, claims, and administrative costs. All revenues and expenses not meeting this definition are nonoperating revenues and expenses.

(f) Budgetary Control and Encumbrances

School districts in California are required by Education Code Section 41010 to follow the *California School Accounting Manual* in preparing reports to the State. The District utilizes a single-adoption budget schedule that requires Final Budget adoption by the State-mandated July 1 deadline. The District is allowed to modify its adopted budget within 45 days of the passage of the State budget. In addition, the District revises the budget during the year to give consideration to unanticipated revenues and expenditures (see Note 4 – Budgetary Appropriation Amendments).

In accordance with the District's Board policy, management has the authority to make routine transfers of budget appropriations among major categories within a fund. Routine budget transfers are summarized and periodically reported to the Board for ratification. Nonroutine transfers may not be processed without prior Board approval.

During the year, several supplementary appropriations were necessary. The original and final revised budgets are presented in the financial statements. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds. The District employs budgetary control by minor (sub) object and by individual program accounts. Expenditures may not legally exceed budgeted appropriations by major object level as follows: Certificated Salaries, Classified Salaries, Employee Benefits, Books and Supplies, Services and Other Operating Expenditures, Capital Outlay, Other Outgo, and Other Financing Uses.

The District utilizes an encumbrance system for all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or liabilities are incurred. All encumbrances expire at June 30. Appropriation authority lapses at the end of the fiscal year.

(g) Cash and Investments

Cash includes amounts in demand deposits with the Los Angeles County Treasury and various financial institutions, imprest funds for schools and offices, and cafeteria change funds. The District maintains some cash deposits with various banking institutions for collection clearing, check clearing, or revolving fund purposes. The District also maintains deposit accounts held by various trustees for the acquisition or construction of capital assets, for the repayment of long-term debts, and for the payment of other postemployment benefits.

In accordance with State Education Code Section 41001, the District deposits virtually all of its cash with the Treasurer of the County of Los Angeles. The District's deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which the County Treasurer manages for investment purposes. Earnings from the pooled investments are allocated to participating funds based on average investment in the pool during the allocation period.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made. All District investments are stated at fair value based on quoted market prices.

(h) Short-term Interfund Receivables/Payables

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position. At June 30, 2023, there were no balances in due to/from other funds.

(i) Inventories

Inventories consist of expendable materials and supplies held for consumption, which are valued at cost, using the average-cost method. Inventories are recorded as expenditures when shipped to schools and offices. Inventories of the Student Body are managed at the school level. Balances of inventory accounts are offset by corresponding reservations of fund balance, which indicate that these amounts are not available for appropriation and expenditure.

(j) Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, the right to use leased equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of $5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation. All capital assets, except land and construction in progress, are depreciated using the Straight-line method over the following estimated useful lives. A full month's depreciation is applied on the date the asset is placed in service.

Assets	Years
Buildings	50
Portable buildings	20
Building improvements	20
Improvement of sites	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Reprographics equipment	10
Broadcasting equipment	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

(k) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2023.

(l) Compensated Absences

All vacation leaves are accrued in the government-wide statements when they are incurred. A liability is reported in the governmental funds only for vested or accumulated vacation leave of employees who have separated from the District as of June 30 and whose vacation benefits are payable within 60 days from the end of the fiscal year. The District, as a practice, does not accrue a liability for unused sick leave since accumulated sick leave is not a vested benefit. Employees who retire after January 1, 1999, who are members of the Public Employees' Retirement System (PERS) may use accumulated sick leave to increase their service years in the calculation of retirement benefits.

In 1995, pursuant to the District/UTLA Agreement (Article XIV, Section 1.2), the District agreed to compensate eligible employees for furlough days taken during the 1992-93 fiscal year to be paid in a lump-sum bonus upon retirement. The amount of bonus corresponds to the percentage that the employee's compensation was reduced in the 1992-93 school year based on the employee's salary band for that year. Liability is accrued in the government-wide statements for all unpaid balances. A liability is reported in the governmental funds only for employees who have separated from the District as of June 30.

(m) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) pension plans and additions to/deductions from CalSTRS and CalPERS pension plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred. Gains and losses on refunding related to bonds redeemed by proceeds from the issuance of new bonds are reported as either deferred inflows of resources or deferred outflows of resources and are amortized as an adjustment to interest expense using the effective-interest method over the shorter of the life of the new bonds or the remaining term of the bonds refunded.

In the fund financial statements, debt issuances including any related premiums or discounts as well as issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(o) Local Control Funding Formula (LCFF) Sources/Property Taxes/Education Protection Account (EPA)

LCFF sources are the basic financial support for District activities. The District's LCFF is received from a combination of local property taxes, EPA, and state apportionments. For the fiscal year 2022-23, the District received $1.7 billion of local property taxes, $0.4 billion of EPA, and $4.4 billion of State aid.

Implementation of the LCFF began in fiscal year 2013-14 with a projected eight-year transition period. For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in fiscal year 2012-13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. As of 2022-23, the LCFF is funded at target for the District. Funding is calculated based on data reported by each LEA including pupil attendance, local revenue, and other demographic factors, in accordance with the LCFF. Allocations are made through the Principal Apportionment system.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately on October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as LCFF sources by the District.

Another funding component to the total LCFF is the Education Protection Account (EPA). The EPA provides LEAs with general purpose state aid funding pursuant to Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. Proposition 30 temporarily increases the state's sales tax rate for all taxpayers until the end of 2016 and the personal income tax rates for upper-income taxpayers until the end of 2018. Proposition 55 was passed on November 8, 2016, extending the temporary personal income tax increases enacted in 2012 by 12 years. A portion of the revenues generated by the measure's temporary tax increases is deposited into the EPA which is used to support increased school funding.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue and EPA entitlement. The balance is paid from the State General Fund, and is known as the State Apportionment. As a result, a receivable has not been recorded for the related property taxes in the General Fund as any receivable is offset by a payable on the state apportionment.

(p) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses in the accompanying basic financial statements. Actual results may differ from those estimates.

(q) New Pronouncements

The District adopted GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs). The implementation of this standard provides guidance on the accounting and financial reporting for SBITAs for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosure which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government's resources (see Note 14). The implementation of the SBITAs does not require a restatement of the beginning balance.

GASB Statement No. 99, Omnibus 2022, addresses a variety of clarifications and practices, such as requirements related to derivatives, leases, public-private partnerships, and availability payment arrangements (PPPs), and SBITAs that were identified during the implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The District implemented the applicable requirements, specifically related to the Statement Nos. 87 and 96.

(2) Tax and Revenue Anticipation Notes

Tax and Revenue Anticipation Notes (TRANs) are short-term debt instruments used to finance temporary cash flow deficits attributable to the uneven receipt of property taxes and other revenues during the fiscal year.

The District did not have any TRANs issuance in fiscal year 2022-23.

(3) Reconciliation of Government-wide and Fund Financial Statements

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds." The details of the $12,014,467 difference are as follows (in thousands):

Bonds payable	$ (11,448,075)
Certificates of Participation (COPs)	(101,109)
Lease obligations	(55,818)
Liability for compensated absences	(87,942)
Liability for other employee benefits	(23,611)
Subscription-based Information Technology Arrangements (SBITAs)	(32,296)
Accrued interest	(264,705)
Other	(911)
Adjustment to reduce *total fund balances – governmental funds* to arrive at *net position – governmental activities*	$ (12,014,467)

(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *total net changes in fund balances – governmental funds* and *changes in net position of governmental activities* as reported in the accompanying government-wide statement of activities. One element of that reconciliation explains that, "Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." Moreover, in the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold. The details of this $374,992 difference are as follows (in thousands):

Capital related expenditures	$ 1,027,838
Cost of the capital assets sold	(354)
Depreciation expense	(652,492)
Net adjustment to decrease net changes in *total* fund balances – governmental funds to arrive at changes in net position – governmental activities	$ 374,992

Another element of that reconciliation states that, "Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position." The details of this $57,661 difference are as follows (in thousands):

Debt issued or incurred:	
General Obligation (GO) Bonds	$ (500,000)
Certificates of Participation (COPs)	(73,730)
Lease obligations	(3,525)
Subscription based information technolog arrangements (SBITAs)	(48,199)
Principal repayments:	
GO Bonds	565,335
COPs	10,460
Lease obligations	5,082
SBITAs	15,903
Payments to escrow agent for refunding:	
Refunding COPs	86,335
Net adjustment to increase net changes in *total* fund balances – governmental funds to arrive at changes in net position – governmental activities	$ 57,661

(4) Budgetary Appropriation Amendments

During the fiscal year, modifications were necessary to increase appropriations for expenditures and other financing uses for the General Fund by $129.8 million.

(5) Cash and Investments

Cash and investments as of June 30, 2023, are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:	
Cash	$ 10,097,712
Investments	14,335
Cash held by trustee	299,495
Total cash and investments	$ 10,411,542

Cash and investments as of June 30, 2023, consist of the following (in thousands):

Cash on hand (cafeteria change funds)	$ 26
Deposits with financial institutions and Los Angeles County Pool	10,397,181
Investments	14,335
Total cash and investments	$ 10,411,542

Deposits with financial institutions include: (1) cash in the Los Angeles County Pooled Surplus Investment Fund with fair market adjustment ($10,054.1 million); (2) cash held by fiscal agents or trustees ($299.5 million); (3) cash deposited with various other financial institutions for imprest funds of schools and offices ($10.7 million); and cash in the Student Activity Special Revenue Fund ($32.8 million).

School districts are required by Education Code Section 41001 to deposit their funds with the county treasury. Cash in county treasury refers to the fair value of the District's share of the Los Angeles County (County) Pooled Surplus Investment (PSI) Fund.

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the website at https://ttc.lacounty.gov/.

The table below identifies some of the investment types permitted in the investment policy:

	Authorized Investment Type	Maximum Maturity	Maximum Total Par Value	Maximum Par Value per Issuer
A.	Obligations of the U.S. government, its agencies and instrumentalities	None	None	None
B.	Approved Municipal Obligations	5 to 30 years	10% of PSI portfolio	None
C.	Asset-Backed Securities with highest ratings	5 years	20% of PSI portfolio	With credit rating limits
D.	Bankers' Acceptances Domestic and Foreign	180 days	40% of PSI portfolio	With credit rating limits
E.	Negotiable Certificates of Deposits – Domestic	3 years	30% of PSI portfolio	With credit rating limits
	Negotiable Certificates of Deposits – Euro	1 year	10% of PSI portfolio	With credit rating limits
F.	Corporate and Depository Notes	3 years	30% of PSI portfolio	With credit rating limits
G.	Floating Rate Notes	7 years	10% of PSI portfolio	With credit rating limits
H.	Commercial Paper of "prime" quality of the highest ranking or of the highest letter or number ranking as provided for by a nationally recognized statistical-rating organization (NRSRO)	270 days	40% of PSI portfolio	Lesser of 10% of PSI portfolio or credit rating limits
I.	Shares of Beneficial Interest	None	15% of PSI portfolio with no more than 10% in any one fund	None
J.	Repurchase Agreement	30 days	$1 billion	$500 million/ dealer
K.	Reverse Repurchase Agreement	1 year	$500 million	$250 million/ broker
L.	Forwards, Futures and Options	90 days	$100 million	$50 million/ counterparty
M.	Interest Rate Swaps in conjunction with approved bonds and limited to highest credit rating categories	None	None	None
N.	Securities Lending Agreement	180 days	20% of base portfolio value (combined total value of reverse repurchase agreements and securities lending)	None
O.	Supranationals in accordance with Gov. Code 53601(q)	5 years	30% of PSI portfolio	With credit rating limits

Interest rate risk is the risk involved with fluctuations of interest rates that may adversely affect the fair value of the investments. The County's investment guidelines target the weighted average maturity of its portfolio to a range between 1.0 and 4.0 years. As of June 30, 2023, 61.50% of District funds in the County PSI Fund does not exceed one year. The weighted average days to maturity of its portfolio was 753 days. In addition, variable-rate notes that comprised 0.01% of the County PSI Fund and other investments portfolio are tied to periodic coupon resets eliminating interest-rate risk by repricing back to par value at each reset date.

Credit risk means the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, as measured by assignment of a rating by a nationally recognized statistical rating organization. This County's investment guidelines establish minimum acceptable credit ratings issued by any three nationally recognized statistical rating organizations. For short term and long-term debt issuers, the rating must be no less than A-1 from Standard & Poor's (S&P), P-1 from Moody's Investors Service (Moody's), or F1 from Fitch Ratings (Fitch). The County PSI Fund is not rated.

Concentration of credit risk means the risk of loss attributed to the magnitude of an investment in a single issuer. For District funds in the County pool, the County's investment policy has concentration limits that provide sufficient diversification. As of June 30, 2023, the County did not exceed these limitations.

Custodial credit risk for deposits is the risk that in the event of failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Cash in the County Treasury is not exposed to custodial credit risk since all County deposits are either covered by federal depository insurance or collateralized with securities held by the County. Deposits other than those with the County are also covered by federal depository insurance or collateralized at the rate of 110% of the deposits, although the collateral may not be held specifically in the District's name.

For COPs debt proceeds held by trustees, these may be placed in permitted investments outlined in the provisions of the trust agreements, as follows:

A. Direct obligations of the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by specified federal agencies and backed by full or non-full faith and credit of USA;
B. Money market mutual funds registered under Federal Investment Company Act of 1940 and Federal Securities Act of 1933 and subject to credit rating limits;
C. Certificates of deposit and other forms of deposit with collateralization, fully insured by FDIC and subject to issuers' credit rating limits;
D. Investment agreements and commercial papers subject to credit rating limits;
E. Bonds or notes issued by any state or municipality and pre-refunded municipal bonds, subject to credit rating limits;
F. Federal funds, bank deposits or bankers' acceptances with full FDIC insurance or subject to credit rating limits;
G. Repurchase agreements subject to specified criteria and credit rating limits; and
H. Los Angeles County Investment Pool.

(6) Accounts Receivable, net

Receivables by Fund at June 30, 2023, consist of the following (in thousands):

	General	Other Governmental	Internal Service Funds	Total
Accrued grants and entitlements	$ 994,730	$ 102,203	$ —	$ 1,096,933
Other	25,592	2,143	60,922	88,657
Total Accounts Receivable, Net	$ 1,020,322	$ 104,346	$ 60,922	$ 1,185,590

(7) Capital Assets

A summary of changes in capital asset activities as follows (in thousands):

	Balance, June 30, 2022	Increases	Decreases	Balance, June 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Sites	$ 3,100,671	$ 847	$ —	$ 3,101,518
Construction in progress	2,185,368	932,741	(340,382)	2,777,727
Total capital assets, not being depreciated	5,286,039	933,588	(340,382)	5,879,245
Capital assets, being depreciated:				
Improvement of sites	877,373	19,476	—	896,849
Buildings and improvements	17,399,352	291,824	(86)	17,691,090
Equipment	2,574,996	67,136	(5,509)	2,636,623
Lease assets	62,006	3,526	—	65,532
Subscription assets*	—	55,256	—	55,256
Total capital assets, being depreciated	20,913,727	437,218	(5,595)	21,345,350
Less accumulated depreciation for:				
Improvement of sites	(542,410)	(31,277)	—	(573,687)
Buildings and improvements	(8,092,494)	(500,457)	16	(8,592,935)
Equipment	(2,179,389)	(95,489)	5,316	(2,269,562)
Lease assets	(5,190)	(5,372)	—	(10,562)
Subscription assets*	—	(19,897)	—	(19,897)
Total accumulated depreciation	(10,819,483)	(652,492)	5,332	(11,466,643)
Total capital assets, being depreciated, net	10,094,244	(215,274)	(263)	9,878,707
Governmental activities capital assets, net	$ 15,380,283	$ 718,314	$ (340,645)	$ 15,757,952

*New category for the District's subscription assets, and related accumulated amortization, have been added due to the implementation of GASB 96 (see note 1q).

Depreciation expense was charged to the following functions (in thousands):

Governmental activities:	
Facilities acquisition and construction	$ 584,267
Instruction	21,745
Operation and maintenance of plant services	11,906
Student transportation services	9,111
Data processing services	11,274
Support services - business	6,643
Operation of noninstructional services	1,143
Support services - instructional staff	4,777
Support services - school administration	911
Support services - students	612
Support services - general administration	103
Total depreciation expense – governmental activities	$ 652,492

(8) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2023, are comprised of the following (in thousands):

	Deferred Outflows	Deferred Inflows
Debt refunding charges	$ 51,099	$ 27,193
Lease - GASB 87	—	14,590
Pension contributions subsequent to measurement date	1,034,127	—
OPEB contributions subsequent to measurement date	235,929	—
Difference in contribution	19,887	120,681
Unamortized differences between projected and actual earnings on plan investments	2,337,938	2,169,462
Unamortized differences between expected and actual experience	15,505	1,736,001
Unamortized differences arising from changes of assumptions	1,608,798	3,486,320
Unamortized differences arising from change in proportion of net pension liability	183,583	131,986
Unamortized differences arising from change in proportion of deferred outflow	77,245	—
Unamortized differences arising from change in proportion of deferred inflow	—	43,057
Total	$ 5,564,111	$ 7,729,290

(9) Retirement, Termination and Other Postemployment Benefit Plans

The District provides a number of benefits to its employees including retirement, termination, and postemployment health care benefits.

Retirement Plans

Qualified District employees are covered under either multiple-employer defined benefit retirement plans maintained by agencies of the State of California, or a multiple-employer defined contribution retirement benefit plan administered under a Trust. The retirement plans maintained by the State are 1) the California Public Employees' Retirement System (CalPERS), 2) the California State Teachers' Retirement System (CalSTRS), and 3) the Public Agency Retirement (PARS) which is administered under a Trust. In general, certificated employees are members of CalSTRS and classified employees are members of CalPERS. Part-time, seasonal, temporary and other employees who are not members of CalPERS or CalSTRS are members of PARS.

The District's total net pension liability at June 30, 2023, is summarized in the following table (in thousands):

CalPERS – Safety Plan	$ 118,237
CalPERS – Miscellaneous Plan	2,690,237
CalSTRS	3,921,933
Total	$ 6,730,407

(a) California Public Employees' Retirement System (CalPERS)

Safety Plan

Plan Description and Benefits Provided

The District contributes to an agent multiple-employer plan for Safety, the Public Employees' Retirement Fund (PERF) – Safety Plan, a defined benefit pension plan administered by CalPERS. The plan provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Benefit provisions are established by state statutes, as legislatively amended, within the California Public Employees' Retirement Law.

The Safety Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Safety	
Hiring date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: minimum	50	57
Monthly benefit, as a % of eligible compensation	3.0%	2.70%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	50.130%	50.130%

Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for the Safety Plan:

	Safety
Inactive employees or beneficiaries currently receiving the benefits	422
Inactive employees entitled to, but not yet receiving benefits	264
Active employees	230
Total	916

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2023, the contributions to the Safety Plan amounted to $12.4 million.

Net Pension Liability

The District's net pension liability for the Safety Plan of $118.2 million at June 30, 2023, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Safety Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Safety Plan is shown below.

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table [1]	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021.

Change in Benefit Terms

The figures include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. There was no change in benefit terms.

Discount Rate

The discount rate used to measure the total pension liability of the Safety Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The expected real rates of return by asset class are as follows:

	Safety	
Asset Class	Assumed Asset Allocation	Real Return (a,b)
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.
(b) Figures are based on the 2021 Asset Liability Management study.

Changes in the Net Pension Liability

The changes in the net pension liability for the Safety Plan are as follows (in thousands):

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at June 30, 2022	$ 476,365	$ 412,919	$ 63,446
Changes recognized for the measurement period:			
Service cost	9,325	–	9,325
Interest on the total pension liability	32,354	–	32,354
Differences between expected and actual experience	(12,925)	–	(12,925)
Changes of assumptions	11,355	–	11,355
Contributions from the employer	–	14,583	(14,583)
Contributions from employees	–	2,307	(2,307)
Net investment income	–	(31,315)	31,315
Benefit payments, including refunds of employee contributions	(21,132)	(21,132)	–
Administrative expense	–	(257)	257
Net changes	18,977	(35,814)	54,791
Balance at June 30, 2023	$ 495,342	$ 377,105	$ 118,237

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2022. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability for the Safety plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate (in thousands):

	Safety		
	1.00% Decrease (5.90%)	Current Discount Rate (6.90%)	1.00% Increase (7.90%)
District's net pension liability	$ 189,772	$ 118,237	$ 60,066

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the District recognized pension expense $7.7 million for the Safety Plan. As of June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to pensions (Safety Plan) as follows (in thousands):

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 7,150	$ —
Differences between expected and actual experience	144	9,377
Net difference between projected and actual earnings on pension plan investments	18,903	—
District contributions subsequent to the measurement date	12,359	—
Total	$ 38,556	$ 9,377

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense.

The $12.4 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	Safety
Year ended June 30	Deferred Outflows (Inflows) of Resources
2024	$ 1,833
2025	1,745
2026	1,319
2027	11,923

Payable to the Pension Plan

The District's contribution for all members to the Safety Plan for the fiscal year ended June 30, 2023, was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2023.

Miscellaneous Plan

Plan Description and Benefits Provided

The District contributes to a cost-sharing multiple-employer plan, the Public Employees' Retirement Fund (PERF) Miscellaneous Plan, a defined benefit pension plan administered by CalPERS. The plan provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
Hiring date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50	52
Monthly benefit, as a % of eligible compensation	1.10%	1.00%
Required employee contribution rates	7.00%	8.00%
Required employer contribution rates	25.370%	25.370%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2023, the contributions to the Miscellaneous Plan amounted to $357.9 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a net pension liability of $2.7 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2022, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on the 2021-22 fiscal year employer contributions calculated by CalPERS. At June 30, 2022, the District's proportion rate was 7.818392%.

For the year ended June 30, 2023, the District recognized pension expense of $326.0 million for the Miscellaneous Plan. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (Miscellaneous Plan) from the following sources (in thousands):

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,337	$ 66,948
Difference between projected and actual earnings on pension plan investments	827,338	511,323
Change of assumption	199,008	—
Change in NPL proportion	—	25,081
Change in proportion of deferred outflow	3,281	—
Change in proportion of deferred inflow	—	3,244
Difference in contribution	11,080	18,234
District contributions subsequent to the measurement date	357,900	—
Total	$ 1,410,944	$ 624,830

The $357.9 million reported as deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	Miscellaneous
Year ended June 30	Deferred Outflows (Inflows) of Resources
2024	$ 76,464
2025	92,138
2026	65,309
2027	194,303

(Continued)

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Actuarial Cost Method
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table [1]	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement dates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021.

Discount Rate

The discount rate used to measure the total pension liability of the Miscellaneous Plan was reduced from 7.15% to 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of

(Continued)

return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

	Miscellaneous	
Asset Class	Assumed Target Allocation	Real Return [(a),(b)]
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2022. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Miscellaneous plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate (in thousands):

	Miscellaneous		
	Decrease (5.90%)	Current Discount Rate (6.90%)	Increase (7.90%)
District's proportionate share of the net pension liability	$ 3,886,184	$ 2,690,237	$ 1,701,831

Pension Plan Fiduciary Net Position
Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Payable to the Pension Plan

The District's contribution for all members to the Miscellaneous Plan for the fiscal year ended June 30, 2023, was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2023.

(b) California State Teachers' Retirement System (CalSTRS)

Plan Description and Benefits Provided

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan and a tax-deferred supplemental program established and administered by the State Teachers' Retirement Law (Section 22000 et seq.) of the California Education Code. The Teachers' Retirement Fund (TRF) is a defined benefit pension plan under the CalSTRS. The State of California is a non-employer contributor to the TRF.

The Plan provides defined retirement benefits based on members' final compensation, age, and years of credited service. In addition, the retirement program provides benefits to members upon disability and to survivors upon the death of eligible members. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	CalSTRS	
Hiring date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50-55 (30 years of service credit)	55 (5 years of service credit)
Monthly benefit, as a % of eligible compensation	1.1% - 2.4%	1.16% - 2.4%
Required employee contribution rates	10.25%	10.205%
Required employer contribution rates	19.10%	19.10%

Contributions

The District is required to contribute based on an actuarially determined rate using the entry age normal actuarial cost method. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board (Board). Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Both the member and employer contributions are set as a percentage of employees' earnings.

Assembly Bill (AB 1469) enacted in Chapter 47, Statutes of 2014 is projected to fully fund the CalSTRS Defined Benefit (DB) Program in 32 years through shared contribution among CalSTRS members, employers and the State of California. Contribution increases will be phased in over several years with the first increases taking effect on July 1, 2014. Member contribution increases will be phased in over the next three years and increase by an additional 2.25% of payroll for CalSTRS 2% at 60 members and an additional 1.205% for CalSTRS 2% at 62 members. Effective July 1, 2020, the Board cannot adjust the employer rate by more than 1% in a fiscal year, and the increase to the contribution rate above the 8.25% base contribution rate cannot exceed 12% for a maximum of 20.25%. The Board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The Board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%.

The total employer contribution rate will remain at 19.100% of creditable compensation for the 2022-23 fiscal year. However, the California Legislature and the Governor, through the adoption of the 2020 Budget Act, repurposed previous supplemental contributions intended to reduce the employers' unfunded actuarial obligation to provide additional short-term rate relief. The employers' contribution rate has been reduced by 2.95% for fiscal year 2020–21 and by 2.18% for fiscal year 2021–22. As a result, the effective total employer contribution rate was equal to 16.15% of creditable compensation for the 2020–21 fiscal year and 16.92% of creditable compensation for the 2021-22 fiscal year. Effective with the 2021–22 fiscal year, the board will have limited authority to adjust the contribution rate to amortize the remaining unfunded actuarial obligation by the 2046 deadline.

For the year ended June 30, 2023, the contributions to the CalSTRS' TRF amounted to $663.9 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a net pension liability of $3.9 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 2021-22 fiscal year employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and non-employer contributing entities. At June 30, 2022, the District's proportion rate was 5.497%.

For the year ended June 30, 2023, the District recognized pension expense of $203.9 million. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,024	$ 286,544
Difference between projected and actual earnings	1,447,296	1,658,139
Change of assumption	183,250	—
Change in NPL proportion	183,583	106,905
Change in proportion of deferred outflow	73,964	—
Change in proportion of deferred inflow	—	39,813
Difference in contribution	8,807	102,447
District contributions subsequent to the measurement date	663,868	—
Total	$ 2,563,792	$ 2,193,848

The $663.9 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

	CalSTRS
Year ended June 30	Deferred Outflows (Inflows) of Resources
2024	$ (63,342)
2025	(196,931)
2026	(255,004)
2027	284,170
2028	(38,635)
Thereafter	(24,182)

Actuarial Methods and Assumptions

The total pension liability for the CalSTRS' TRF was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Post-retirement benefit increases	2.00% simple for defined benefit (annually) maintain 85% purchasing power level for defined benefit not applicable for Defined Benefit Supplement

*Net of investment expenses, but gross of administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability of the CalSTRS' TRF was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions and benefit payments and administrative expenses occur mid year. Based on those assumptions, the CalSTRS' TRF fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the Board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

	CalSTRS	
Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public equity	42.00 %	4.80 %
Real estate	15.00	3.60
Private equity	13.00	6.30
Fixed income	12.00	1.30
Risk mitigating strategies	10.00	1.80
Inflation sensitive	6.00	3.30
Cash/liquidity	2.00	(0.40)
	100.00 %	

* 20-year average

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2022. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate (in thousands):

	CalSTRS		
	Decrease (6.10%)	Current Discount Rate (7.10%)	Increase (8.10%)
District's proportionate share of the net pension liability	$ 6,487,175	$ 3,921,933	$ 1,604,794

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report. Copies of the CalSTRS annual financial report may be obtained from California State Teachers' Retirement System, P.O. Box 15275, Sacramento, CA 95851-0275.

Payable to the Pension Plan

The District's contribution for all members to the CalSTRS' TRF for the fiscal year ended June 30, 2023, was in accordance with the required contribution rate calculated by the CalSTRS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2023.

(c) Public Agency Retirement System (PARS)

Plan Description

The Omnibus Budget Reconciliation Act of 1990 requires state and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security. These employees are primarily part-time, seasonal, and temporary employees (PSTs). This Act also requires that contributions for PSTs be vested immediately and permits any split of the minimum contributions between employee and employer.

On July 1, 1992, the District joined the PARS, a multiple employer retirement trust established by a coalition of public employers. The plan covers the District's part-time, seasonal, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. As of June 30, 2023, there are 55,381 District employees covered under PARS.

Benefit terms and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

The minimum total contribution is 7.50% of employees' salaries, of which the District and the employees contribute 3.75% each. For the year ended June 30, 2023, the District recognized pension expense of $6.2 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2023, 2022, and 2021 were in accordance with the required contributions.

Employees are vested 100% in both employer and employee contributions from the date of membership. When separated from employment, all employees can choose to receive their funds in lump sum or leave it on deposit until the mandatory age of 72 when they must get a distribution.

Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District contributes to an agent multiple-employer plan. The plan provides other postemployment health care benefits in accordance with collective bargaining unit agreements and Board rules. Certificated and classified employees who retire from the District receiving a CalSTRS/CalPERS retirement allowance (for either age or disability) may be eligible to continue coverage under the District sponsored hospital/medical, dental, and vision plans which cover both active and retired members and their eligible dependents. The following are the eligibility requirements:

a. Those hired prior to March 11, 1984, must have served a minimum of five consecutive qualifying years immediately prior to retirement.

b. Those hired from March 11, 1984, through June 30, 1987, must have served a minimum of 10 consecutive qualifying years immediately prior to retirement.

c. Those hired from July 1, 1987, through May 31, 1992, must have served a minimum of 15 consecutive qualifying years immediately prior to retirement, or served 10 consecutive qualifying years immediately prior to retirement plus an additional previous 10 years which are not consecutive.

d. Those hired from June 1, 1992, through February 28, 2007, must have at least 80 years combined total of qualifying service and age. For those employees that have a break in service, this must include 10 consecutive years immediately prior to retirement.

e. Those hired from March 1, 2007, through March 31, 2009, must have at least 80 years combined total of qualifying service and age. In addition, the employee must have 15 consecutive years of qualifying service immediately prior to retirement.

f. Those hired on or after April 1, 2009, except School Police, must have at least 85 years combined total of qualifying service and age. In addition, the employee must have a minimum of 25 consecutive years of qualifying service immediately prior to retirement.

g. School Police (sworn personnel) hired on or after April 1, 2009, must have at least 80 years combined total of qualifying service and age. In addition, the employee must have a minimum of 20 consecutive years of qualifying service immediately prior to retirement.

h. Associated Administrators of Los Angeles (AALA), Service Employees International Union (SEIU) excluding Unit F/G employees hired on or after July 1, 2018, and California School Employees Association (CSEA) members hired on or after September 1, 2018, must have at least 87 years combined total of qualifying service and age. In addition, the employee must have a minimum of 30 consecutive years of qualifying service immediately prior to retirement.

Qualifying years of service consist of school years in which an employee was in “paid status” for at least 100 full-time days and eligible for District-sponsored health care benefits.

To receive retiree health care benefits, an individual must meet the eligibility requirements in accordance with the collective bargaining agreements and:

a. Be eligible for active health care benefits at the date of retirement.

b. Retire in accordance with the eligibility rules of the applicable retirement system (CalSTRS or CalPERS).

c. Receive a monthly pension payment from the state retirement system (CalSTRS or CalPERS).

d. Comply with the Medicare requirements of the District plans. Lack of Medicare does not impact dental or vision coverage.

Eligible dependents are also covered for the life of the retiree. Upon the retiree’s death, eligible dependents may continue coverage under the plan but will generally have to pay 100% of premium and plan costs.

Employees Covered

As of June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	59,010
Inactive employees or beneficiaries currently receiving benefits	40,013
Inactive employees entitled to, but not yet receiving benefits	139
Total	99,162

Contributions

The District's contribution obligation for the fiscal year for the health and welfare benefits of District personnel, including the cost of term life insurance coverage and employee assistance for active employees and coverage under health plans for dependents and retirees, generally is subject to an aggregate contribution limit. Determination of this fiscal year contribution obligation limit occurs through discussions with the relevant collective bargaining units and recommendation by the Districtwide Health and Welfare Committee, and is subject to approval by the Board of Education.

Moreover, the District established in fiscal year 2013-14 an irrevocable other postemployment benefits (OPEB) trust with CalPERS – California Employers' Retiree Benefit Trust (CERBT) to address its fiscal obligation in relation to its OPEB liability. Contributions to the OPEB trust will be calculated annually and are governed by the District's Budget and Finance Policy wherein such contributions will be subject to maintaining an Unrestricted General Fund balance of 5.00% of the unrestricted revenue.

Detailed information about the CERBT is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

For fiscal year 2022-23, the District contributed a total of $235.9 million to the OPEB Plan.

Net OPEB Liability

The District's net OPEB liability of $8.5 billion at June 30, 2023, is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. All information provided is based on the census data, actuarial assumptions, and plan provisions used in the June 30, 2022, actuarial valuation report (dated June 2023). The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal Cost
Discount rate	3.70%
Payroll growth	2.75% per annum
Salary increases	2000-2019 CalPERS Experience Study
Investment rate of return	6.10%
Mortality rate	Based on the Pub-2010 headcount-weighted tables for general employees, teachers and safety employees, with generational future improvement scale MP-2021
Pre-retirement turnover[1]	Turnover rates used in the most recent CalSTRS valuation and developed in the 2000-2019 CalPERS Experience Study, as applicable.
Healthcare trend rate	Non-Medicare Advantage Plans Pre-65 [6.66% - 4.50%]; Post 65 [9.43% - 4.50%] Medicare Advantage Plans Post 65 Kaiser [7.66% - 4.50%]; Anthem PPO [10.88% - 4.50%]; Health Net/Anthem EPO [7.66% - 4.50%] Dental & Vision - 5.00%

[(1)]The Experience Study reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes of Assumptions

During the measurement period ended June 30, 2022, the following assumptions were changed from the prior valuation:

1. Assets—$469,939,493 as of June 30, 2022 measurement date.
2. Municipal Bond Rate—3.54% as of June 30, 2022 (2.16% as of June 30, 2021), based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.
3. Contributions—Ad hoc additional contribution of $211 million is scheduled to be made for each of the fiscal years ending 2023, 2024, and 2025.
4. Expected Return on Assets—6.10% as of June 30, 2022 (7.00% as of June 30, 2021), per District's revised expectation for CalPERS' CERBT Strategy 1 asset allocation.
5. Discount Rate—3.70% as of June 30, 2022 (2.20% as of July 1, 2021), after reassessment based on updated assets and municipal bond rate as of June 30, 2022.

Discount Rate

The discount rate is based on a single equivalent rate that reflects a blend of expected return on assets during the period such that assets are projected to be sufficient to pay benefits of current participants; and 20-year municipal bond yields/index for periods beyond the depletion of the assets.

Based on the District's current funding policy, projected cash flows, and the assumed asset return, the plan assets are projected to be depleted in fiscal year ending June 30, 2030. This results in a single equivalent rate of 3.7% (rounded down to 10 basis points) as of July 1, 2022, which reflects the assumed asset return until asset depletion and municipal bond rates thereafter. The municipal bond rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index and the rate was 3.54% as of July 1, 2022.

The long-term expected rate of return on OPEB plan investments was based on CalPERS' expected return for California Employers' Retirement Benefit Trust Strategy 1.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	Assumed Asset Allocation	1-5 Year Projected Compound Return[1]	1-5 Projected General Inflation Rate Assumption [1]	1-5 Projected Real Rate of Return [2]
Global equity	49.00%	6.80%	2.40%	4.40%
Fixed income	23.00	1.40	2.40	(1.00)
REITs	20.00	5.40	2.40	3.00
TIPS	5.00	0.60	2.40	(1.80)
Commodities	3.00	3.20	2.40	0.80
Total	100.00%			

Asset Class	Assumed Asset Allocation	1-20 Year Projected Compound Return[1]	1-20 Projected General Inflation Rate Assumption [1]	1-20 Projected Real Rate of Return [2]
Global equity	49.00%	6.80%	2.30%	4.50%
Fixed income	23.00	3.70	2.30	1.40
REITs	20.00	6.00	2.30	3.70
TIPS	5.00	2.80	2.30	0.50
Commodities	3.00	3.40	2.30	1.10
Total	100.00%			

[1] Adopted by the CalPERS Board of Administration in November 2021.

[2] The Projected Real Rate of Return is the Compound Return, adjusted for inflation.

Asset Class	Assumed Asset Allocation	6-20 Year Projected Compound Return[3]	6-20 Projected General Inflation Rate Assumption [3]	6-20 Projected Real Rate of Return[4]
Global equity	49.00%	6.80%	2.30%	4.50%
Fixed income	23.00	4.50	2.30	2.20
REITs	20.00	6.20	2.30	3.90
TIPS	5.00	3.60	2.30	1.30
Commodities	3.00	3.50	2.30	1.20
Total	100.00%			

[3] Implied Returns and Inflation for Years 6-20 are calculated from the Board Approved Values for Years 1-5 and Years 1-20.

[4] The Implied Real Rate of Return is the Compound Return, adjusted for inflation.

Changes in the OPEB Liability

The changes in the net OPEB liability for the plan are as follows (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning Balance, June 30, 2022			
(Based on 06/30/2021 Measurement Date)	$ 10,729,054	$ 542,829	$ 10,186,225
Changes recognized for the fiscal year			
Service cost	450,849	—	450,849
Interest on the total OPEB liability	243,430	—	243,430
Changes of assumptions	(2,240,059)	—	(2,240,059)
Benefit payments	(231,063)	(231,063)	—
Contributions – employer	—	231,063	(231,063)
Net investment income	—	(72,625)	72,625
Other expenses – administrative expense	—	(264)	264
Net changes	(1,776,843)	(72,889)	(1,703,954)
Ending Balance, June 30, 2023			
(Based on 06/30/2022 Measurement Date)	$ 8,952,211	$ 469,940	$ 8,482,271

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2023 (in thousands):

	Decrease (2.70%)	Current Discount Rate (3.70%)	Increase (4.70%)
Net OPEB liability	$ 9,888,005	$ 8,482,271	$ 7,334,262

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2023 (in thousands):

	1.00% Decrease	Trend Rate	1.00% Increase
Net OPEB liability	$ 7,049,609	$ 8,482,271	$ 10,332,532

(Continued)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized a decrease in OPEB expense of $523.8 million. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings on OPEB plan investments	$ 44,401	$ —
Changes of assumptions	1,219,390	3,486,320
Difference between expected and actual experience	—	1,373,132
District contributions subsequent to the measurement date	235,929	—
Total	$ 1,499,720	$ 4,859,452

The table below lists the amortization bases included in the deferred outflows/inflows as of June 30, 2023 (in thousands):

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
6/30/2022	Asset (gain)/loss	5.00	4.00	$ 110,605	$ 88,483	$ 22,121
6/30/2022	Assumptions	7.44	6.44	(2,240,059)	(1,938,976)	(301,083)
6/30/2021	Liability (gain)/loss	7.78	5.78	1,143,508	(849,547)	(146,981)
6/30/2021	Asset (gain)/loss	5.00	3.00	(86,000)	(51,600)	(17,200)
6/30/2021	Assumptions	7.78	5.78	(93,876)	(69,743)	(12,066)
6/30/2020	Asset (gain)/loss	5.00	2.00	16,664	6,666	3,333
6/30/2020	Assumptions	7.16	4.16	2,098,757	1,219,390	293,122
6/30/2019	Liability (gain)/loss	7.25	3.25	(1,167,998)	(523,585)	(161,103)
6/30/2019	Asset (gain)/loss	5.00	1.00	4,258	852	852
6/30/2019	Assumptions	7.25	3.25	(1,965,158)	(880,933)	(271,056)
6/30/2018	Asset (gain)/loss	5.00	0.00	(1,759)	-	(352)
6/30/2018	Assumptions	7.33	2.33	(580,167)	(184,419)	(79,150)
6/30/2017	Assumptions	7.50	1.50	(2,061,247)	(412,249)	(274,833)
	Total charges				$ (3,595,661)	$ (944,396)

The $235.9 million reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024.

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows (in thousands):

Year ended June 30	Deferred Outflows (Inflows) of Resources
2024	$ (944,044)
2025	(807,479)
2026	(620,365)
2027	(252,926)
2028	(413,230)
Thereafter	(557,617)

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illness or injury to employees; and natural disasters. The District has established several self-insurance funds (Internal Service Funds) as follows: the Workers' Compensation Self-Insurance Fund, the Liability Self-Insurance Fund, and the Health and Welfare Benefits Fund. These funds account for the uninsured risk of loss and pay for insurance premiums, management fees, and related expenses. The District is self-insured for its Workers' Compensation Insurance Program and partially self-insured for the Health and Welfare and Liability Insurance Programs. Premium payments to Health Maintenance Organizations for medical benefits and to outside carriers for vision services, dental services, and optional life insurance are paid out of the Health and Welfare Benefits Fund.

Excess insurance has been purchased for physical property loss damages, which provides $500.0 million limit above a $1.0 million self-insured retention. Excess insurance has been purchased for general liability, which currently provides $35.0 million limit above a $5.0 million self-insurance retention. No settlements exceeded insurance coverage in the last five fiscal years that ended June 30, 2023.

The District has implemented an Owner Controlled Insurance Program (OCIP) covering new construction and renovation projects funded by school bonds. Under an OCIP, the District provides general liability and workers' compensation insurance coverage for construction contractors. Because contractors remove insurance costs from their bids, potential savings accrue to the District. Under the District's OCIP program, workers' compensation coverage with statutory limits and primary general liability and excess liability coverage with limits of $102.0 million have been underwritten by six major insurance carriers.

The District has also purchased contractors' pollution liability insurance coverage for the construction program. The policy protects contractors and the District from losses resulting from pollution liability related incidents occurring during construction. The policy provides optional coverage to ensure that site cleanup cost overruns are not borne by the District. The limits of coverage on the cleanup cost-cap policy are variable by specific project. The total limit available on the other policies is $50.0 million.

Liabilities for loss and loss adjustment expenses under school operations workers' compensation and general liability are based on the estimated present value of the ultimate cost of settling the claims including the accumulation of estimates for losses reported prior to the balance sheet date, estimates of losses incurred but not reported, and estimates of expenses for investigating and adjusting reported and unreported losses. Such liabilities are estimates of the future expected settlements and are based upon analysis of historical patterns of the number of incurred claims and their values. Individual reserves are continuously monitored and reviewed and as settlements are made, or reserves adjusted, differences are reflected in current operations.

The amount of the total claims liabilities recorded for health and welfare, workers' compensation, and liability self-insurance was $656.6 million. Changes in the reported liabilities since July 1, 2021, are summarized as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2022-2023				
Health and welfare benefits	$ 23,307	$ 284,375	$ (285,939)	$ 21,743
Workers' compensation self-insurance	383,450	56,614	(80,916)	359,148
Liability self-insurance	318,330	97,454	(140,072)	275,712
Total	$ 725,087	$ 438,443	$ (506,927)	$ 656,603
2021-2022				
Health and welfare benefits	$ 21,044	$ 254,299	$ (252,036)	$ 23,307
Workers' compensation self-insurance	403,645	52,406	(72,601)	383,450
Liability self-insurance	185,152	170,413	(37,235)	318,330
Total	$ 609,841	$ 477,118	$ (361,872)	$ 725,087

(11) Certificates of Participation

The District has entered into Certificates of Participation (COPs) for the acquisition of the new administration building, warehouse, school sites, relocatable classroom buildings, furniture and equipment; modernization, rehabilitation and repair of certain facilities; replacement of the legacy financial and procurement systems; and automation of certain business processes. The COPs outstanding as of June 30, 2023, are as follows (in thousands):

COP Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2023	Interest Rates to Maturity Min	Interest Rates to Maturity Max	Final Maturity
2020A Refunding	10/27/2020	$ 28,390	$ 24,140	2.250	5.000	2034
2022 Refunding	8/30/2022	73,730	73,730	3.095	3.095	2030
			$ 97,870 *			

* The total amount shown above excludes net unamortized premium of $3.2 million.

(12) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2023 (in thousands):

	July 1, 2022	Additions	Deductions	Other Changes**	Balance, June 30, 2023	Due Within One Year	Interest Expense
General Obligation Bonds*	$ 11,612,001	$ 500,000	$ 565,335	$ (98,591)	$11,448,075	$ 709,809	$ 391,933
Certificates of Participation*	127,611	73,730	96,570	(3,662)	101,109	11,269	4,083
Lease obligations	57,374	3,526	5,082	–	55,818	4,437	1,096
Liability for compensated absences	86,722	103,619	99,409	–	90,932	3,993	–
Liability for other employee benefits	29,594	–	4,703	–	24,891	2,377	–
Self-Insurance claims (Note 10)	725,087	438,443	506,927	–	656,603	232,300	–
SBITAs Liability ***	–	48,199	15,903	–	32,296	16,935	867
Total	$ 12,638,389	$1,167,517	$1,293,929	$ (102,253)	$12,409,724	$ 981,120	$ 397,979

* The amounts shown above include unamortized premiums and discounts.
** Premium on bonds and premium and discount amortization.
*** Due to adoption of GASB No. 96.

Future annual payments on long-term debt obligations are as follows (in thousands):

Year Ending June 30	General Obligation Bonds		Certificates of Participation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 589,460	$ 517,618	$ 10,540	$ 3,231	$ 600,000	$ 520,849
2025	594,450	488,320	10,915	2,855	605,365	491,175
2026	899,575	455,744	11,295	2,464	910,870	458,208
2027	936,840	429,979	11,700	2,059	948,540	432,038
2028	611,270	376,085	12,125	1,638	623,395	377,723
2029-2033	3,215,635	1,409,163	38,215	2,728	3,253,850	1,411,891
2034-2038	2,171,780	551,976	3,080	83	2,174,860	552,059
2039-2043	1,151,355	234,229	—	—	1,151,355	234,229
2044-2048	534,360	39,401	—	—	534,360	39,401
	$ 10,704,725	$ 4,502,515	$ 97,870	$ 15,058	$ 10,802,595	$ 4,517,573

The General Obligation (GO) Bonds outstanding balance as of June 30, 2023, consists of the following (in thousands):

Bond Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2023		Interest Rates to Maturity Min	Interest Rates to Maturity Max	Final Maturity
KRY (2009-BAB) [a]	10/15/2009	$ 1,369,800	$ 1,369,800		5.750%	5.755%	2034
Election of 2005, H (2009)	10/15/2009	318,800	318,800	(b)	1.540	1.540	2025
RY (2010-BAB) [a]	3/4/2010	1,250,585	1,250,585		6.758	6.758	2034
Election of 2005, J-1 (2010) [c]	5/6/2010	190,195	190,195	(b)	5.981	5.981	2027
Election of 2005, J-2 (2010) [c]	5/6/2010	100,000	100,000	(b)	5.720	5.720	2027
2011A-1 Refunding	11/1/2011	206,735	27,435		5.000	5.000	2023
2014B Refunding	6/26/2014	323,170	72,850		5.000	5.000	2026
2014C Refunding	6/26/2014	948,795	652,145		3.000	5.000	2031
2014D Refunding	6/26/2014	153,385	80,420		5.000	5.000	2030
2015A Refunding	5/28/2015	326,045	108,075		5.000	5.000	2025
Election of 2008, A (2016)	4/5/2016	648,955	340,420		3.500	5.000	2040
2016A Refunding	4/5/2016	577,400	207,820		5.000	5.000	2030
2016B Refunding	9/15/2016	500,855	498,240		2.000	5.000	2032
2017A Refunding	5/25/2017	1,080,830	860,225		2.000	5.000	2027
Election of 2005, Series M-1 (2018)	3/8/2018	117,005	105,025		3.000	5.250	2042
Election of 2008, Series B-1 (2018)	3/8/2018	1,085,440	979,365		4.000	5.250	2042
2019A Refunding	5/29/2019	594,605	485,340		3.000	5.000	2034
Series RYQ (2020)	4/30/2020	942,940	760,535		4.000	5.000	2044
2020A Refunding	10/6/2020	302,000	285,715		3.000	5.000	2033
Measure Q, Series C (2020)	11/10/2020	1,057,060	874,660		3.000	5.000	2045
2021A Refunding	4/29/2021	196,310	190,220		4.000	5.000	2032
Series RYRR (2021)	11/10/2021	494,140	432,425		2.625	5.000	2046
2021B Refunding	11/10/2021	48,855	47,015		1.245	1.888	2028
GOB, Series QRR (2022)	11/22/2022	500,000	467,415		5.000	5.250	2047
			$ 10,704,725	*			

* The total amount shown above excludes unamortized premium and discount of $743.4 million

(a) Issued under Build America Bonds (BABs), a taxable bond program for which the federal government initially subsidized 35% of the interest cost.

(b) Includes accumulated set-aside deposits for Qualified School Construction Bonds totaling $299.5 million representing $156.6 million for Election of 2005, H (2009) (Tax Credit Bonds) and $142.9 million for Election of 2005, J-1 and J-2 (2010) (Federally Taxable Direct Subsidy Bonds).

(c) Issued as qualified school construction bonds, a taxable bond program in which the federal government initially subsidized interest as if such bonds bore interest at the applicable federal rate for such bonds of 5.72% per annum.

On August 30, 2022, the District refinanced the Refunding Certificates of Participation, 2012 Series A and 2012 Series B (Headquarters Building Project) (collectively the “2012 COPs”) through the issuance of the $73.73 million 2022 Lease Agreement via a private placement. The District solicited a formal bid request to potential purchasers. The selected bidder provided an interest rate of 3.095% along with favorable redemption terms that will allow the District to refinance the 2022 Lease Agreement in the future if it is financially advantageous to do so. Additionally, the refinancing allowed the District to shorten the final maturity to 2030, which is one-year shorter than the final maturity of the 2012 COPs. The refunding will save the District approximately $11.26 million in debt service payments throughout the life of the 2022 Lease Agreement.

Annual debt service savings are approximately $1.25 million through the final maturity of the 2022 Lease Agreement. Net present value savings are $10.06 million, 10.66% of the refunded COPs, which is above the District's Board policy of 3.00% for a current refunding.

On November 8, 2022, the District issued $500 million of new money General Obligation Bonds, Series QRR (Dedicated Unlimited Ad Valorem Property Tax Bonds) (Sustainability Bonds), to finance additional school modernization and IT projects. The bonds received ratings of "AAA", "AAA", and "Aa3" from Fitch, KBRA, and Moody's, respectively.

The arbitrage payable balance reflects amounts due to the United States Treasury in order to comply with Internal Revenue Code Section 148(f). When the District issues tax-exempt debt, Internal Revenue Service (IRS) regulations limit the yield that the District can earn on the bond proceeds. If the District earns an amount in excess of the bond yield and does not qualify for a spending exception, the District must remit the excess earnings to the United States Treasury. Payments equal to 90% of the calculated excess earnings are due on each fifth anniversary of a bond's issuance date. When a bond issue is retired, all of the remaining excess earnings must be remitted. As of June 30, 2023, there was no positive arbitrage rebate or yield restriction liability accrued.

Debt Liquidation

Payments on the General Obligation Bonds and Certificates of Participation are made through the debt service funds. The employee benefits liability for retirement bonus are all paid out of the General Fund, while the compensated absences portion are liquidated from different governmental funds and proprietary funds. In fiscal year 2023, approximately 93% of compensated absences has been paid by the General Fund, 6% by the District Bonds Fund, and 1% from Proprietary Funds.

The self-insurance claims and other postemployment benefits are generally liquidated through the internal service funds, which finance the payment of those claims and benefits by charging user funds. The General Fund assumes 100% of liability self-insurance claims. For workers' compensation and health benefit claims, including retiree health benefits, the General Fund currently bears approximately 90% of the cost, the Cafeteria Fund carries 5%; and the Child Development Fund carries 3%; no other individual fund is charged more than 3% of the total amount.

(13) Leases

Lessee: The District is a lessee for noncancellable leases of building, air monitoring space, and equipment. The District recognizes lease liability and intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payment made at or before the lease commencement date, plus certain direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in

(Continued)

the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The District is a lessor for noncancellable leases of building. The District recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, The District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

<u>The District as Lessee</u>

The District, as a lessee, has entered into lease agreements involving building spaces, parking lots, antenna spaces, and computer equipment. The opening balance of the lease liability was recorded in the amount of $57.4 million. During the year, the District entered into new agreements and renewals, for an addition of $3.5 million. Fiscal Year 2022-23 amortization was $5.1 million. As of June 30, 2023, the total value of the lease liability was $55.8 million. As of June 30, 2023, the total value of the right-to-use asset was recorded at a cost of $65.5 million with accumulated amortization of $10.6 million.

The future lease payments under lease agreements are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	$ 4,437	$ 1,096	$ 5,533
2025	4,372	1,016	5,388
2026	1,451	958	2,409
2027	432	949	1,381
2028	422	941	1,363
2029 - 2033	2,247	4,565	6,812
2034 - 2038	2,499	4,314	6,813
2039 - 2043	2,777	4,036	6,813
2044 - 2048	3,086	3,727	6,813
2049 - 2053	3,428	3,384	6,812
2054 - 2058	3,808	3,005	6,813
2059 - 2063	4,229	2,584	6,813
2064 - 2068	4,696	2,117	6,813
2069 - 2073	5,213	1,599	6,812
2074 - 2078	5,788	1,025	6,813
2079 - 2083	6,424	388	6,812
2084	509	2	511
	$ 55,818	$ 35,706	$ 91,524

The District as Lessor

The District, as a lessor, has entered into lease agreements involving building spaces, office spaces, and parking lots. The opening balance of the lease receivable was recorded in the amount of $13.7 million. During the year, the District entered into new agreements or an addition of $2.7 million. The District recognized the total of $1.8 million in lease revenue and $0.3 million in interest revenue during the fiscal year 2022-23. Also, the District has a deferred inflow of resources associated with leases that will be recognized over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was $14.6 million.

(14) Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The District contracts SBITAs of remote learning platforms, student information systems, records management systems, email services, eBooks, cloud storage, data backup, and enterprise resource planning software. The District recognizes subscription liability and intangible right-to-use subscription asset in the government-wide financial statements.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payment made at or before the subscription commencement date, plus certain direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the District determines: (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The subscription term includes the noncancellable period of the lease. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

During the year, the District has entered into subscription agreements involving remote learning platforms, student information systems, records management systems, email services, eBooks, cloud storage, data backup, and enterprise resource planning software. A total initial subscription liability was recorded in the amount of $48.2 million. As of June 30, 2023, the total value of the lease liability was $32.3 million. As of June 30, 2023, the total value of the right-to-use asset was recorded at a cost of $55.3 million with accumulated amortization of $19.9 million.

The future subscription payments under subscription agreements are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2024	$ 16,935	$ 867	$ 17,802
2025	10,963	536	11,499
2026	4,380	167	4,547
2027	17	1	18
2028	1	—	1
	$ 32,296	$ 1,571	$ 33,867

(15) Interfund Transfers

Interfund transfers are eliminated on the government-wide statement of activities but are reported on the fund financial statements. These consist of transfers for exchange of services or reimbursement of expenditures. In addition, interfund transactions are also made to move revenue collected in one fund to another fund where the resources are spent or accounted for, in accordance with budgetary authorization through which resources are to be expended. Transfers between funds for the year ended June 30, 2023, were as follows (in thousands):

From	To	Purpose	Amount
General Fund	Building Fund – Measure R	Reimbursement of capital expenditures	$ 85
General Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	25
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	290
General Fund	Building Fund – Measure RR	Reimbursement of capital expenditures	4
General Fund	Capital Services Fund	Debt service	14,821
General Fund	Special Reserve Fund	Reimbursement of capital expenditures	335
Building Fund – Measure R	Building Fund – Measure K	Reimbursement of capital expenditures	18
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	21,982
Building Fund – Measure R	County School Facilities - Prop 47	Reimbursement of capital expenditures	90
Building Fund – Bond Proceeds	Building Fund – Measure Q	Reimbursement of capital expenditures	213
Building Fund – Measure K	County School Facilities - Prop 47	Reimbursement of capital expenditures	14,231
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	5,509
Building Fund – Measure Y	County School Facilities - Prop 47	Reimbursement of capital expenditures	8
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	348
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	14
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	13
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	20
Building Fund – Measure RR	General Fund	Reimbursement of capital expenditures	10,324
Building Fund – Measure RR	Building Fund – Measure R	Reimbursement of capital expenditures	153
Building Fund – Measure RR	Building Fund – Measure Q	Reimbursement of capital expenditures	1,252
Capital Facilities Fund	Building Fund – Measure R	Reimbursement of capital expenditures	137
State School Bld Lease Purchase	Special Reserve Fund	Transfer of Balance	12,169
County School Facilities – Prop 47	Building Fund – Measure R	Reimbursement of capital expenditures	171
County School Facilities – Prop 47	Building Fund – Measure K	Reimbursement of capital expenditures	1,072
County School Facilities – Prop 47	Building Fund – Measure Q	Reimbursement of capital expenditures	238,647
Capital Services Fund	General Fund	Debt Service	357
Special Reserve Fund – CRA	General Fund	Reimbursement of expenditures	30,000
Special Reserve Fund	General Fund	Transfer of Revenue	20
Special Reserve Fund	Building Fund – Measure R	Reimbursement of capital expenditures	919
Special Reserve Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	10
Special Reserve Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	332
Total			$ 353,569

(16) Fund Equity

The following is a summary of non-spendable, restricted, committed, assigned, and unassigned fund balances at June 30, 2023 (in thousands):

	General	District Bonds	Bond Interest and Redemption	Other Governmental
Nonspendable:				
Revolving cash and imprest funds	$ 2,869	$ 500	$ —	$ 16
Inventories	33,931	—	—	19,041
Prepaids	10,714	234	—	44
Total Nonspendable Balances	47,514	734	—	19,101
Restricted for:				
Child Nutrition: School Programs	—	—	—	171,223
Child Development	—	—	—	16,578
Child Development - Other Local	—	—	—	907
FEMA Public Assistance Funds	3	—	—	601
CA Learning Communities for School Success Program	5,682	—	—	—
A-G Completion Improvement Grant	44,626	—	—	—
Educator Effectiveness	126,641	—	—	—
Art, Music & Instructional Block Grant	243,222	—	—	—
Learning Recovery Block Grant	637,266	—	—	—
Special Education	4,642	—	—	—
Special Education: Early Education Individuals with Exceptional Needs (Infant Program)	33,433	—	—	—
Classified Employee Professional Development Block Grant	2,472	—	—	—
State School Facilities Projects	—	—	—	88,007
County School Facilities	—	—	—	12,071
Capital Facilities	—	—	—	39,704
Literacy Coaches & Reading Specialist Grant	82,890	—	—	—
Child Nutrition: Kitchen Infrastructure	69,322	—	—	—
Adult Education	—	—	—	39,785
Adult Education - Other State	—	—	—	7,364
Calworks	—	—	—	2,039
Debt Service Reserve	—	—	1,305,162	—
District Bonds	—	1,234,840	—	—
Expanded Learning Opportunities Program	505,578	—	—	—
Expanded Learning Opportunities Grant	316	—	—	—
Expanded Learning Opportunity Paraprofessional	19,485	—	—	—
Other Federal	11,171	—	—	—
Other Local	53,346	—	—	—
Other State	2,910	—	—	—
Special Reserve - Other Local	—	—	—	33,855
Special Reserve - FEMA Other State	—	—	—	1,745
Student Activity Funds	—	—	—	46,273
Tax Override	—	—	—	416
Special Reserve - Community Redevelopment Agency	—	—	—	131,726
Capital Services	—	—	—	20
Total Restricted Balances	1,843,005	1,234,840	1,305,162	592,314
Committed to:				
Ongoing program needs	2,920,908	—	—	—
Assigned to:				
Subsequent year expenditures	510,899	—	—	16,222
Unassigned:				
Reserved for economic uncertainties	238,780	—	—	—
Unassigned	147,145	—	—	(8,192)
Total Fund Balances	$ 5,708,251	$ 1,235,574	$ 1,305,162	$ 619,445

Nonspendable fund balances represent amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances represent amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balances represent amounts that can be used only for specific purposes determined by a formal action of the governing board through the adoption of a resolution. The governing board is the highest level of decision-making authority for the District. These committed amounts cannot be used for any other purpose unless the governing board removes or changes the specific use through formal action. Governing board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30. The amount which will be committed can be determined subsequently but prior to the release of the District's financial statements.

Assigned fund balances represent amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District's adopted policy delegates the authority to assign amounts for specific purposes to the Superintendent, or designated executive committee.

Unassigned fund balances represent all other spendable amounts.

General Fund is the only fund that reports a positive unassigned fund balance, as it is not appropriate to report a positive unassigned fund balance in other governmental funds except where expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes. In such case, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first, before the unassigned amounts.

Minimum Fund Balance Policy

As part of the Budget and Finance Policy, the governing board has adopted a minimum fund balance policy for the General Fund in order to avoid the need for service level reductions in the event that an economic downturn causes revenues to be substantially lower than what was budgeted. The policy requires the District to maintain a reserve for economic uncertainty consisting of unassigned amounts equal to at least 2% of total General Fund expenditures and other financing uses. In the event that the District must expend all or part of this reserve, the District will identify and implement a budgetary plan to replenish this reserve the following year. This reserve may be adjusted based on changes to legal requirement.

It is also a policy that the total General Fund balance be maintained at a minimum level of 5% of total General Fund expenditures and Other Financing Uses. In the event that the General Fund balance falls below this level, all one-time monies will be set-aside until the 5% minimum reserve threshold is met. In addition, other recommendations may be developed to restore reserve balances.

(17) Contingencies and Commitments

(a) General

The District, as well as current and former Board Members and employees to whom the District has defense and indemnification responsibilities under the Government Code, has been named as defendants in numerous lawsuits, administrative proceedings and arbitrations regarding the District's approach to address the COVID pandemic. These seek, among other things, to require the District to reinstate terminated, demoted, suspended, and laid-off employees, to remedy alleged noncompliance regarding special education services/schools, and to change existing instructional programs, pupil integration methods, and employment and administration procedures. In many proceedings, monetary damages are sought including, for example, claims for retroactive pay and benefits and future pay and benefits. Based on the opinion of counsel, management believes that the ultimate outcome of such lawsuits will not have a material effect on the District's financial condition.

(b) Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement will not be material to the financial statements.

(c) Construction Contracts

The District has entered into various contracts for the construction of facilities throughout the campuses. During fiscal year 2022-2023 the District entered into approximately 68 contracts with a combined value of $464.3 million. The durations of the contracts range from 90 days to five years.

(18) Subsequent Events

In August 2023, the District sold $384.26 million of new money COPs on August 17th. The COPs were issued to finance projects related to cybersecurity, student enrollment, information and support, data analytics and reporting, campus security systems, the acquisition of electric buses, and the electrification of bus yards. The COPs were sold at a true interest cost of 3.59 percent over 15 years. The transaction closed on August 31st.

In October 2023, the District sold $850 million of the new money Bonds on October 24th. The Bonds were issued to finance school facilities projects, including $525 million of Measure Q Bonds and $325 million of Measure RR Bonds. The Bonds sold at a true interest cost of 4.55 percent over 25 years. The transaction closed on November 7th.

LAUSD
UNIFIED

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES UNIFIED SCHOOL DISTRICT

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios*
For the Year Ended June 30, 2023
(Dollar amounts in thousands)
(unaudited)

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Total OPEB Liability						
Service cost	$ 634,089	$ 523,203	$ 380,844	$ 291,399	$ 437,026	$ 450,849
Interest on the total OPEB liability	490,582	561,040	460,486	330,177	271,654	243,430
Differences between expected and actual experience	—	—	(1,167,998)	—	(1,143,508)	—
Changes of benefit terms	—	(3,842,546)	(1)	—	—	—
Changes in assumptions	(2,061,247)	(580,166)	(1,965,158)	2,098,757	(93,876)	(2,240,059)
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)	(231,192)	(231,063)
Net change in total OPEB liability	(1,201,339)	(3,643,990)	(2,578,867)	2,499,167	(759,896)	(1,776,843)
Total OPEB liability – beginning	16,413,979	15,212,640	11,568,650	8,989,783	11,488,950	10,729,054
Total OPEB liability – ending (a)	$ 15,212,640	$ 11,568,650	$ 8,989,783	$ 11,488,950	$ 10,729,054	$ 8,952,211
Plan fiduciary net position						
Contributions – employer	$ 342,763	$ 425,521	$ 287,040	$ 221,166	$ 231,192	$ 231,063
Net investment income	20,995	23,893	23,970	14,563	117,080	(72,625)
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)	(231,192)	(231,063)
Administrative expense	(103)	(172)	(190)	(205)	(240)	(264)
Net change in plan fiduciary net position	98,892	143,721	23,780	14,358	116,840	(72,889)
Plan fiduciary net position – beginning	145,238	244,130	387,851	411,631	425,989	542,829
Plan fiduciary net position – ending (b)	244,130	387,851	411,631	425,989	542,829	469,940
Net OPEB liability – ending (a) - (b)	$ 14,968,510	$ 11,180,799	$ 8,578,152	$ 11,062,961	$ 10,186,225	$ 8,482,271
Plan fiduciary net position as a percentage of the total OPEB liability	1.60%	3.35%	4.58%	3.71%	5.06%	5.25%
Covered – employee payroll	$ 3,905,000	$ 3,728,000	$ 4,062,000	$ 4,174,000	$ 4,192,000	$ 4,307,000
Net OPEB liability as percentage of covered – employee payroll	383.32%	299.91%	211.18%	265.04%	242.99%	196.94%

* Fiscal year 2017-18 was the first year of implementation, therefore only six years are shown.

Schedule of Contributions

For the Year Ended June 30, 2023

Not applicable – Funding is not based on actuarially determined contributions and contributions are neither statutorily or contractually established.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios *

Agent Multiple-Employer Defined Benefit Pension Plan

California Public Employees' Retirement System (CalPERS) – Safety Plan

For the Year Ended June 30, 2023

(Dollar amounts in thousands)

(unaudited)

	2014-2015	2015-2016	2016-2017
Total Pension Liability			
Service cost	$ 8,284	$ 8,240	$ 8,861
Interest on total pension liability	22,121	23,128	25,394
Differences between expected and actual experience	—	(4,558)	11,191
Changes in assumptions	—	(5,860)	—
Changes in benefits terms	—	—	—
Benefit payments, including refunds of employee contributions	(12,325)	(12,853)	(13,653)
Net change in total pension liability	18,080	8,097	31,793
Total pension liability – beginning	296,973	315,053	323,150
Total pension liability – ending (a)	$ 315,053	$ 323,150	$ 354,943
Plan fiduciary net position			
Contributions – employer	$ 8,341	$ 9,347	$ 8,701
Contributions – employee	2,717	2,825	3,064
Net investment income (net of administrative expenses)	37,066	5,185	1,196
Benefit payments	(12,325)	(12,853)	(13,653)
Plan to plan resource movement	—	1	(3)
Net change in plan fiduciary net position	35,799	4,505	(695)
Plan fiduciary net position – beginning	213,160	248,959	253,464
Plan fiduciary net position – ending (b)	248,959	253,464	252,769
Net pension liability – ending (a) - (b)	$ 66,094	$ 69,686	$ 102,174
Plan fiduciary net position as a percentage of the total pension liability	79.02%	78.44%	71.21%
Covered – employee payroll	$ 26,213	$ 27,384	$ 31,786
Net pension liability as percentage of covered – employee payroll	252.14%	254.48%	321.45%

* Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

See accompanying independent auditor’s report.

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
$ 10,331	$ 10,073	$ 10,054	$ 11,066	$ 10,479	$ 9,325
26,815	27,428	28,862	30,547	32,058	32,354
(1,831)	(2,039)	(1,660)	536	(2,306)	(12,925)
23,771	(11,622)	—	—	—	11,355
—	—	—	211	—	—
(14,041)	(15,498)	(16,060)	(17,165)	(18,587)	(21,132)
45,045	8,342	21,196	25,195	21,644	18,977
354,943	399,988	408,330	429,526	454,721	476,365
$ 399,988	$ 408,330	$ 429,526	$ 454,721	$ 476,365	$ 495,342
$ 9,711	$ 10,746	$ 12,751	$ 14,619	$ 14,984	$ 14,583
3,352	3,291	3,505	3,348	2,936	2,307
28,500	22,418	19,647	15,665	76,690	(31,572)
(14,041)	(15,498)	(16,060)	(17,165)	(18,587)	(21,132)
(15)	(176)	(307)	(164)	—	—
27,507	20,781	19,536	16,303	76,023	(35,814)
252,769	280,276	301,057	320,593	336,896	412,919
280,276	301,057	320,593	336,896	412,919	377,105
$ 119,712	$ 107,273	$ 108,933	$ 117,825	$ 63,446	$ 118,237
70.07%	73.73%	74.64%	74.09%	86.68%	76.13%
$ 33,239	$ 33,381	$ 33,097	$ 34,582	$ 29,289	$ 31,588
360.16%	321.36%	329.14%	340.72%	216.62%	374.31%

LOS ANGELES UNIFIED SCHOOL DISTRICT

Required Supplementary Information
Schedule of Contributions *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2023
(Dollar amounts in thousands)
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018
Actuarially determined contribution	$ 9,342	$ 10,397	$ 11,392	$ 11,057
Contributions in relation to the actuarially determined contributions	(9,342)	(10,397)	(11,392)	(11,057)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
Covered – employee payroll	$ 39,837	$ 42,476	$ 43,788	$ 43,799
Contributions as a percentage of covered – employee payroll	23.45%	24.48%	26.02%	25.24%

Notes to Schedule:
The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset valuation method	15 Year Smoothed Market	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually
Salary increases	Varies by entry age and service	3.3% to 14.2% depending on age, service and type of	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.0%	3.0%	3.0%	3.0%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation.	7.5%	7.5%	7.5%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using scale AA published by the Society of Actuaries. There is no margin for future mortality improvement beyond the valuation date.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

See accompanying independent auditor’s report.

2018-2019	2019-2020	2020-2021	2021-2022	2022-23
$ 12,992	$ 14,611	$ 13,900	$ 12,215	$ 12,359
(12,992)	(14,611)	(13,900)	(12,215)	(12,359)
$ —	$ —	$ —	$ —	$ —
$ 46,849	$ 45,139	$ 34,583	$ 29,289	$ 31,588
27.73%	32.37%	40.19%	41.71%	39.13%
6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar	Level Dollar
Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets
2.75% compounded annually	2.63% compounded annually	2.50% compounded annually	2.50% compounded annually	2.50% compounded annually
Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
3.0%	2.9%	2.75%	2.75%	2.75%
7.5%	7.25%	7.00%	7.00%	7.00%
The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.
Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2023
(Dollar amounts in thousands)
(unaudited)

1. Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios

	2014-2015	2015-2016	2016-2017	2017-2018
District's proportion of the net pension liability (asset)	9.3936%	8.7047%	8.3405%	8.1507%
District's proportionate share of the net pension liability (asset)	$ 1,066,402	$ 1,283,081	$ 1,647,254	$ 1,945,775
District's covered-employee payroll	$ 839,116	$ 1,016,759	$ 1,078,634	$ 1,108,784
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	127.09%	126.19%	152.72%	175.49%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%

2. Schedule of District Contributions

	2014-2015	2015-2016	2016-2017	2017-2018
Contractually required contribution District contributions	$ 113,398	$ 119,193	$ 144,467	$ 166,342
Contributions in relation to the contractually required contribution	113,398	119,193	144,467	166,342
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
District's covered-employee payroll	1,016,759	1,078,634	1,108,784	1,116,870
Contributions as a percentage of covered-employee payroll	11.15%	11.05%	13.03%	14.89%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	20-year period	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.
Asset valuation method	Actuarial value of Assets	Market value of Assets	Market value of Assets	Market value of Assets
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Retirement age	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
Mortality	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

See accompanying independent auditor’s report.

2018-2019	2019-2020	2020-2021	2021-2022	2022-23
7.9678%	8.0858%	7.8905%	7.8531%	7.8184%
$ 2,124,474	$ 2,356,549	$ 2,421,053	$ 1,596,877	$ 2,690,237
$ 1,116,870	$ 1,228,585	$ 1,221,081	$ 1,256,381	$ 1,449,675
190.22%	191.81%	198.27%	127.10%	185.58%
70.85%	70.05%	70.00%	80.97%	69.76%

2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
$ 205,346	$ 224,546	$ 243,447	$ 286,190	$ 357,900
205,346	224,546	243,447	286,190	357,900
$ —	$ —	$ —	$ —	$ —
1,228,585	1,221,081	1,256,381	1,449,675	1,595,725
16.71%	18.39%	19.38%	19.74%	22.43%

6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar	Level Dollar
Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.
Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets
2.75%	2.63%	2.50%	2.50%	2.30%
Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
7.15%	7.15%	7.15%	7.15%	6.90%
CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include fully generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include fully generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Required Supplementary Information

Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *

Cost Sharing Multiple Employer Defined Benefit Pension Plan

California State Teachers' Retirement System (CalSTRS)

For the Year Ended June 30, 2023

(Dollar amounts in thousands)

(unaudited)

1. Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios

	2014-2015	2015-2016	2016-2017	2017-2018
District's proportion of the net pension liability (asset)	5.7380%	5.9320%	5.5890%	5.3050%
District's proportionate share of the net pension liability (asset)	$ 3,353,000	$ 3,993,660	$ 4,520,439	$ 4,906,064
District's covered-employee payroll	$ 2,585,154	$ 2,771,643	$ 2,834,892	$ 2,865,305
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129.70%	144.09%	159.46%	171.22%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

2. Schedule of District Contributions

	2014-2015	2015-2016	2016-2017	2017-2018
Contractually required contribution District contributions	$ 245,474	$ 302,716	$ 358,073	$ 407,198
Contributions in relation to the contractually required contribution	245,474	302,716	358,073	407,198
Contribution deficiency (excess)	$ —	$ —	$ —	$ —
District's covered-employee payroll	2,771,643	2,834,892	2,865,305	2,833,461
Contributions as a percentage of covered-employee payroll	8.86%	10.68%	12.50%	14.37%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	30 years	32 years	31 years	30 years
Asset valuation method	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
Inflation	3.00%	3.00%	3.00%	2.75%
Salary increases	3.75%	3.75%	3.75%	3.50%
Investment rate of return	7.50%	7.50%	7.50%	7.25%
Retirement age	Experience Tables	Experience Tables	Experience Tables	Experience Tables
Mortality	RP-2000 Series Table	RP-2000 Series Table	RP-2000 Series Table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table

* Fiscal year 2014-15 was the first year of implementation, therefore only nine years are shown.

See accompanying independent auditor’s report.

(Continued)

2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
5.1840%	5.3820%	5.4030%	5.5680%	5.4970%
$ 4,764,511	$ 4,980,791	$ 5,396,309	$ 2,651,352	$ 3,921,933
$ 2,833,461	$ 3,052,549	$ 2,825,924	$ 3,093,726	$ 3,385,125
168.15%	163.17%	190.96%	85.70%	115.86%
70.99%	72.56%	71.82%	87.21%	81.20%

2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
$ 483,163	$ 508,985	$ 497,701	$ 563,921	$ 663,868
483,163	508,985	497,701	563,921	663,868
$ —	$ —	$ —	$ —	$ —
3,052,549	2,825,924	3,093,726	3,385,125	3,342,646
15.83%	18.01%	16.09%	16.66%	19.86%

6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
29 years	28 years	27 years	26 years	25 years
Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
2.75%	2.75%	2.75%	2.75%	2.75%
3.50%	3.50%	3.50%	3.50%	3.50%
7.10%	7.10%	7.10%	7.10%	7.00%
Experience Tables	Experience Tables	Experience Tables	Experience Tables	Experience Tables
110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table

LOS ANGELES UNIFIED SCHOOL DISTRICT

District Bonds Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other local revenues	4,758	4,758	36,576	31,818
Total Revenues	4,758	4,758	36,576	31,818
Expenditures:				
Current:				
Classified salaries	122,909	47,592	23,480	24,112
Employee benefits	62,773	19,581	12,212	7,369
Books and supplies	1,337	32,131	1,495	30,636
Services and other operating expenditures	1,774	155,241	65,031	90,210
Capital outlay	1,237,466	733,130	730,802	2,328
Debt service – principal	—	3	3	—
Total Expenditures	1,426,259	987,678	833,023	154,655
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,421,501)	(982,920)	(796,447)	186,473
Other Financing Sources (Uses):				
Transfers in	—	270,846	270,846	—
Transfers out	(10,337)	(53,962)	(53,962)	—
Proceeds from sale of bonds	500,000	500,000	500,000	—
Total Other Financing Sources (Uses)	489,663	716,884	716,884	—
Net Changes in Fund Balances	(931,838)	(266,036)	(79,563)	186,473
Fund Balances, July 1, 2022	1,498,826	1,315,137	1,315,137	—
Fund Balances, June 30, 2023	$ 566,988	$ 1,049,101	$ 1,235,574	$ 186,473

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Bond Interest and Redemption Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ 69,548	$ 69,549	$ 69,549	$ —
Other state revenues	—	—	3,173	3,173
Other local revenues	912,096	912,096	1,112,021	199,925
Total Revenues	981,644	981,645	1,184,743	203,098
Expenditures:				
Debt service – principal	379,558	565,558	565,335	223
Debt service – bond, COPs, and capital leases interest	602,086	524,056	524,048	8
Total Expenditures	981,644	1,089,614	1,089,383	231
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(107,969)	95,360	203,329
Other Financing Sources (Uses):				
Premium on bonds issued	—	—	35,694	35,694
Total Other Financing Sources (Uses)	—	—	35,694	35,694
Net Changes in Fund Balances	—	(107,969)	131,054	239,023
Fund Balances, July 1, 2022	1,009,656	1,174,108	1,174,108	—
Fund Balances, June 30, 2023	$ 1,009,656	$ 1,066,139	$ 1,305,162	$ 239,023

See accompanying independent auditor's report.

LAUSD UNIFIED

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

The Student Activity Special Revenue Fund is used to account for the transactions of student organizations that are established to raise and spend money on behalf of the students.

The Adult Education Fund is used to account for resources committed to the operation of Community Adult Schools including educational programs funded by other government agencies. This Fund was established as authorized by State Education Code Section 42238. Revenues are primarily derived from State apportionments, federal subventions, investment income, and adult education fees.

The Child Development Fund is used to account for resources committed to the operation of the District's child development programs. Revenues are primarily derived from federal and state grants and apportionments, early education center fees, and investment income.

The Cafeteria Fund is used to account for resources designated for the operation of the District's food services programs. Revenues are primarily derived from federal and state subsidies, food sales, and investment income. Since the primary source of revenues is from federal and state subsidies rather than food sales, this fund is classified as a Special Revenue Fund rather than as an Enterprise Fund.

Debt Service Funds

The Tax Override Fund is used to account for the accumulation of resources from ad valorem tax levies for the repayment of State School Building Aid Fund apportionments. The loan was paid in full in May 2010.

The Capital Services Fund is used to account for the accumulation of resources for the repayment of principal and interest on Certificates of Participation and long-term capital lease agreements. Revenues are derived primarily from operating transfers from user funds and investment income.

Capital Projects Funds

The Building Fund is used to account for revenue from rentals and leases of real property and other resources designated for facility expansion.

The Capital Facilities Account Fund was established on January 1, 1987, in accordance with Section 53080 of the California Government Code and is used to account for resources received from fees levied upon new residential, commercial, or industrial development projects within the District's boundaries in order to obtain funds for the construction or acquisition of school facilities to relieve overcrowding.

The State School Building Lease – Purchase Fund is used to account for State apportionments received in accordance with State Education Code Sections 17700-17780. Projects are funded by the State subject to appropriation of funds in the State Budget and by grant apportionments received from the State School Building Lease-Purchase Bond Law of 1982. The District may be required to transfer to this fund any available monies from other funds as the District's contribution to a particular project.

The County School Facilities Bonds Fund is used to account for State grant apportionments received from the School Facility Program (SFP) which was established by the Leroy F. Greene School Facilities Act of 1998 (Senate Bill 50). The SFP was funded by the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998 (Proposition 1A), and subsequently funded by the Kindergarten-University Public Education Facilities Bond Act of 2002 (Proposition 47), the Kindergarten-University Public Education Facilities Bond Act of 2004 (Proposition 55), the Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D), and the School Bonds Funding for K-12 School and Community College Facilities Initiative Statute (2016 Proposition 51).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

The Special Reserve Fund – Community Redevelopment Agency is used to account for reimbursements of tax increment revenues from certain community redevelopment agencies based on agreements between the District and the agencies. These reimbursements are to be used for capital projects within the respective redevelopment areas covered in the agreements.

The Special Reserve Fund is used to account for District resources designated for capital outlay purposes such as land purchases, ground improvements, facilities construction and improvements, new acquisitions, and related expenditures.

The Special Reserve Fund – FEMA – Earthquake is used to account for funds received from the Federal Emergency Management Agency (FEMA) for capital outlay projects resulting from the January 17, 1994, Northridge Earthquake.

The Special Reserve Fund – FEMA – Hazard Mitigation was established on April 15, 1996, to account for funds received from FEMA and for the 25% District-matching funds for the retrofit/replacement of pendant lighting and suspended ceilings in selected buildings at schools, offices, and children's centers.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023
(in thousands)

	Special Revenue			
Assets:	Student Activity	Adult Education	Child Development	Cafeteria
Cash in county treasury, in banks, and on hand	$ 32,836	$ 46,971	$ 33,524	$ 115,552
Cash held by trustee	—	—	—	—
Investments	14,335	—	—	—
Lease receivable	—	—	—	—
Accounts receivable – net	349	13,795	8,395	72,253
Accrued interest receivable	—	342	540	1,255
Prepaids	—	—	—	44
Inventories	4,168	—	—	14,873
Other Assets	69	—	—	—
Total Assets	51,757	61,108	42,459	203,977
Total Assets and Deferred Outflows of Resources	$ 51,757	$ 61,108	$ 42,459	$ 203,977
Liabilities and Fund Balances:				
Vouchers and accounts payable	$ —	$ 2,687	$ 992	$ 7,143
Contracts payable	—	21	—	—
Accrued payroll	—	9,215	11,627	8,321
Other payables	1,316	665	2,240	1,430
Unearned revenue	—	2	11,750	943
Total Liabilities	1,316	12,590	26,609	17,837
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	4,168	16	—	14,917
Restricted	46,273	49,188	17,485	171,223
Assigned	—	5,871	—	—
Unassigned	—	(6,557)	(1,635)	—
Total Fund Balances	50,441	48,518	15,850	186,140
Total Liabilities, Deferred Inflows of Resources and Fund	$ 51,757	$ 61,108	$ 42,459	$ 203,977

See accompanying independent auditors' report.

(Continued)

	Debt Service		
Total	Tax Override	Capital Services	Total
$ 228,883	$ 412	$ 20	$ 432
—	—	—	—
14,335	—	—	—
—	—	—	—
94,792	—	—	—
2,137	4	—	4
44	—	—	—
19,041	—	—	—
69	—	—	—
359,301	416	20	436
$ 359,301	$ 416	$ 20	$ 436
$ 10,822	$ —	$ —	$ —
21	—	—	—
29,163	—	—	—
5,651	—	—	—
12,695	—	—	—
58,352	—	—	—
—	—	—	—
19,101	—	—	—
284,169	416	20	436
5,871	—	—	—
(8,192)	—	—	—
300,949	416	20	436
$ 359,301	$ 416	$ 20	$ 436

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2023
(in thousands)

	Capital			
Assets:	Building	Capital Facilities Account	State School Building Lease – Purchase	County School Facilities Bonds
Cash in county treasury, in banks, and on hand	$ 9,946	$ 34,454	$ —	$ 87,257
Cash held by trustee	—	—	—	—
Investments	—	—	—	—
Lease receivable	114	—	—	—
Accounts receivable – net	—	8,619	—	—
Accrued interest receivable	109	416	—	1,472
Prepaids	—	—	—	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Total Assets	10,169	43,489	—	88,729
Total Assest and Deferred Outflows of Resources	$ 10,169	$ 43,489	$ —	$ 88,729
Liabilities and Fund Balances:				
Vouchers and accounts payable	$ 1	$ 1,489	$ —	$ 44
Contracts payable	38	464	—	186
Accrued payroll	83	70	—	2
Other payables	528	1,762	—	490
Unearned revenue	—	—	—	—
Total Liabilities	650	3,785	—	722
Deferred Inflows of Resources	114	—	—	—
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	39,704	—	88,007
Assigned	9,405	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	9,405	39,704	—	88,007
Total Liabilities, Deferred Inflows of Resources and Fund	$ 10,169	$ 43,489	$ —	$ 88,729

See accompanying independent auditors' report.

Projects

Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
$ 130,526	$ 45,619	$ 2,489	$ 715	$ 311,006	$ 540,321
—	—	—	—	—	—
—	—	—	—	—	14,335
—	2,102	—	—	2,216	2,216
—	935	—	—	9,554	104,346
1,378	615	26	16	4,032	6,173
—	—	—	—	—	44
—	—	—	—	—	19,041
—	—	—	—	—	69
131,904	49,271	2,515	731	326,808	686,545
$ 131,904	$ 49,271	$ 2,515	$ 731	$ 326,808	$ 686,545
$ 49	$ 314	$ —	$ —	$ 1,897	$ 12,719
82	612	—	—	1,382	1,403
42	18	—	—	215	29,378
5	253	—	—	3,038	8,689
—	—	—	—	—	12,695
178	1,197	—	—	6,532	64,884
—	2,102	—	—	2,216	2,216
—	—	—	—	—	19,101
131,726	45,927	2,345	—	307,709	592,314
—	45	170	731	10,351	16,222
—	—	—	—	—	(8,192)
131,726	45,972	2,515	731	318,060	619,445
$ 131,904	$ 49,271	$ 2,515	$ 731	$ 326,808	$ 686,545

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

(in thousands)

	Special Revenue			
	Student Activity	**Adult Education**	**Child Development**	**Cafeteria**
Revenues:				
Federal revenues	$ —	$ 27,918	$ 26,584	$ 371,374
Other state revenues	—	130,803	187,597	89,249
Other local revenues	39,431	1,458	658	961
Total Revenues	39,431	160,179	214,839	461,584
Expenditures:				
Current:				
Certificated salaries	—	58,767	54,835	—
Classified salaries	—	18,888	61,959	128,480
Employee benefits	—	35,489	67,232	108,201
Books and supplies	29,475	8,048	6,557	156,983
Services and other operating expenditures	7,308	16,367	4,944	4,298
Capital outlay	316	1,388	233	63
Debt service – principal	—	478	101	—
Debt service – bond, COPs, and capital leases interest	—	—	5	—
Other outgo	—	50	—	—
Transfers of indirect costs – interfund	—	4,736	8,515	10,769
Total Expenditures	37,099	144,211	204,381	408,794
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,332	15,968	10,458	52,790
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Capital Leases	—	—	36	—
Proceeds from Refunding COPS	—	—	—	—
Proceeds from SBITAs	—	943	188	—
Total Other Financing Sources (Uses)	—	943	224	—
Net Changes in Fund Balances	2,332	16,911	10,682	52,790
Fund Balances, July 1, 2022	48,109	31,607	5,168	133,350
Fund Balances, June 30, 2023	$ 50,441	$ 48,518	$ 15,850	$ 186,140

See accompanying independent auditor's report.

	Debt Service		
Total	Tax Override	Capital Services	Total
$ 425,876	$ —	$ —	$ —
407,649	—	—	—
42,508	12	76	88
876,033	12	76	88
113,602	—	—	—
209,327	—	—	—
210,922	—	—	—
201,063	—	—	—
32,917	—	—	—
2,000	—	—	—
579	—	23,422	23,422
5	—	4,433	4,433
50	—	—	—
24,020	—	—	—
794,485	—	27,855	27,855
81,548	12	(27,779)	(27,767)
—	—	14,821	14,821
—	—	(357)	(357)
—	—	(73,373)	(73,373)
36	—	—	—
—	—	73,730	73,730
1,131	—	—	—
1,167	—	14,821	14,821
82,715	12	(12,958)	(12,946)
218,234	404	12,978	13,382
$ 300,949	$ 416	$ 20	$ 436

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023
(in thousands)

	Capital			
	Building	**Capital Facilities Account**	**State School Building Lease – Purchase**	**County School Facilities Bonds**
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	160,047
Other local revenues	1,373	106,206	6,435	7,539
Total Revenues	1,373	106,206	6,435	167,586
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	811	572	—	1
Employee benefits	398	318	—	1
Books and supplies	2	1	—	—
Services and other operating expenditures	601	2,199	—	520
Capital outlay	—	130,689	—	37,044
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	1,812	133,779	—	37,566
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439)	(27,573)	6,435	130,020
Other Financing Sources (Uses):				
Transfers in	—	—	—	14,329
Transfers out	(213)	(137)	(12,169)	(239,890)
Payment to COPs escrow agent	—	—	—	—
Facilities revolving funds	—	—	—	—
Proceeds from Refunding COPS	—	—	—	—
Proceeds from SBITAs	—	—	—	—
Total Other Financing Sources (Uses)	(213)	(137)	(12,169)	(225,561)
Net Changes in Fund Balances	(652)	(27,710)	(5,734)	(95,541)
Fund Balances, July 1, 2022	10,057	67,414	5,734	183,548
Fund Balances, June 30, 2023	$ 9,405	$ 39,704	$ —	$ 88,007

See accompanying independent auditor's report.

(Continued)

Projects					
Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
$ —	$ 1,808	$ —	$ —	$ 1,808	$ 427,684
—	679	—	—	160,726	568,375
56,685	15,401	55	115	193,809	236,405
56,685	17,888	55	115	356,343	1,232,464
—	—	—	—	—	113,602
242	24,061	—	—	25,687	235,014
121	12,381	—	—	13,219	224,141
—	115	—	—	118	201,181
819	2,237	—	—	6,376	39,293
441	14,261	—	1,528	183,963	185,963
—	—	—	—	—	24,001
—	—	—	—	—	4,438
—	—	—	—	—	50
—	—	—	—	—	24,020
1,623	53,055	—	1,528	229,363	1,051,703
55,062	(35,167)	55	(1,413)	126,980	180,761
—	12,524	—	—	26,853	41,674
(30,000)	(1,281)	—	—	(283,690)	(284,047)
—	—	—	—	—	(73,373)
—	—	—	—	—	36
—	—	—	—	—	73,730
—	—	—	—	—	1,131
(30,000)	11,243	—	—	(256,837)	(240,849)
25,062	(23,924)	55	(1,413)	(129,857)	(60,088)
106,664	69,896	2,460	2,144	447,917	679,533
$ 131,726	$ 45,972	$ 2,515	$ 731	$ 318,060	$ 619,445

LOS ANGELES UNIFIED SCHOOL DISTRICT

Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	Student Activity Special Revenue			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	29,882	29,882	39,431	9,549
Total Revenues	29,882	29,882	39,431	9,549
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	23,042	44,380	29,475	14,905
Services and other operating expenditures	3,776	7,376	7,308	68
Capital outlay	338	338	316	22
Debt Service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	27,156	52,094	37,099	14,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,726	(22,212)	2,332	24,544
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Capital Leases	—	—	—	—
Proceeds from SBITAs	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	2,726	(22,212)	2,332	24,544
Fund Balances, July 1, 2022	49,613	48,109	48,109	—
Fund Balances, June 30, 2023	$ 52,339	$ 25,897	$ 50,441	$ 24,544

See accompanying independent auditor's report.

Adult Education				Child Development			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ 18,504	$ 20,038	$ 27,918	$ 7,880	$ 5,584	$ 6,323	$ 26,584	$ 20,261
129,590	130,668	130,803	135	173,663	225,803	187,597	(38,206)
1,210	1,618	1,458	(160)	—	365	658	293
149,304	152,324	160,179	7,855	179,247	232,491	214,839	(17,652)
61,623	59,700	58,767	933	51,845	54,905	54,835	70
17,834	19,630	18,888	742	60,396	67,438	61,959	5,479
37,222	37,586	35,489	2,097	63,258	67,423	67,232	191
22,613	11,082	8,048	3,034	10,761	32,939	6,557	26,382
13,769	18,066	16,367	1,699	4,263	5,152	4,944	208
407	1,414	1,388	26	—	246	233	13
—	478	478	—	—	110	101	9
—	—	—	—	—	5	5	—
—	50	50	—	—	—	—	—
4,961	6,463	4,736	1,727	8,257	9,239	8,515	724
158,429	154,469	144,211	10,258	198,780	237,457	204,381	33,076
(9,125)	(2,145)	15,968	18,113	(19,533)	(4,966)	10,458	15,424
—	—	—	—	19,433	1,142	—	(1,142)
(30)	—	—	—	—	—	—	—
—	—	—	—	—	—	36	36
—	—	943	943	—	—	188	188
(30)	—	943	943	19,433	1,142	224	(918)
(9,155)	(2,145)	16,911	19,056	(100)	(3,824)	10,682	14,506
47,052	31,607	31,607	—	285	5,168	5,168	—
$ 37,897	$ 29,462	$ 48,518	$ 19,056	$ 185	$ 1,344	$ 15,850	$ 14,506

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Special Revenue Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	Cafeteria			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ 342,082	$ 372,334	$ 371,374	$ (960)
Other state revenues	35,007	88,075	89,249	1,174
Other local revenues	1,699	2,040	961	(1,079)
Total Revenues	378,788	462,449	461,584	(865)
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	125,383	130,299	128,480	1,819
Employee benefits	108,198	111,337	108,201	3,136
Books and supplies	176,874	170,959	156,983	13,976
Services and other operating expenditures	3,209	5,707	4,298	1,409
Capital outlay	185	1,485	63	1,422
Debt Service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	17,186	10,769	10,769	—
Total Expenditures	431,035	430,556	408,794	21,762
Excess (Deficiency) of Revenues	(52,247)	31,893	52,790	20,897
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Capital Leases	—	—	—	—
Proceeds from SBITAs	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	(52,247)	31,893	52,790	20,897
Fund Balances, July 1, 2022	110,260	133,350	133,350	—
Fund Balances, June 30, 2023	$ 58,013	$ 165,243	$ 186,140	$ 20,897

See accompanying independent auditor's report.

(Continued)

Total			
Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)
$ 366,170	$ 398,695	$ 425,876	$ 27,181
338,260	444,546	407,649	(36,897)
32,791	33,905	42,508	8,603
737,221	877,146	876,033	(1,113)
113,468	114,605	113,602	1,003
203,613	217,367	209,327	8,040
208,678	216,346	210,922	5,424
233,290	259,360	201,063	58,297
25,017	36,301	32,917	3,384
930	3,483	2,000	1,483
—	588	579	9
—	5	5	—
—	50	50	—
30,404	26,471	24,020	2,451
815,400	874,576	794,485	80,091
(78,179)	2,570	81,548	78,978
19,433	1,142	—	(1,142)
(30)	—	—	—
—	—	36	36
—	—	1,131	1,131
19,403	1,142	1,167	25
(58,776)	3,712	82,715	79,003
157,597	218,234	218,234	—
$ 98,821	$ 221,946	$ 300,949	$ 79,003

LOS ANGELES UNIFIED SCHOOL DISTRICT
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2023
(in thousands)

	Tax Override			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	12	12
Total Revenues	—	—	12	12
Expenditures:				
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Total Expenditures	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	12	12
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Proceeds from refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	—	—	12	12
Fund Balances, July 1, 2022	420	404	404	—
Fund Balances, June 30, 2023	$ 420	$ 404	$ 416	$ 12

See accompanying independent auditor's report.

(Continued)

Capital Services				Total			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
60	60	76	16	60	60	88	28
60	60	76	16	60	60	88	28
10,700	23,422	23,422	—	10,700	23,422	23,422	—
5,646	4,433	4,433	—	5,646	4,433	4,433	—
16,346	27,855	27,855	—	16,346	27,855	27,855	—
(16,286)	(27,795)	(27,779)	16	(16,286)	(27,795)	(27,767)	28
16,286	16,286	14,821	(1,465)	16,286	16,286	14,821	(1,465)
—	(357)	(357)	—	—	(357)	(357)	—
—	73,730	73,730	—	—	73,730	73,730	—
—	(73,373)	(73,373)	—	—	(73,373)	(73,373)	—
16,286	16,286	14,821	(1,465)	16,286	16,286	14,821	(1,465)
—	(11,509)	(12,958)	(1,449)	—	(11,509)	(12,946)	(1,437)
12,980	12,978	12,978	—	13,400	13,382	13,382	—
$ 12,980	$ 1,469	$ 20	$ (1,449)	$ 13,400	$ 1,873	$ 436	$ (1,437)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	Building			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	863	863	1,373	510
Total Revenues	863	863	1,373	510
Expenditures:				
Current:				
Classified salaries	846	972	811	161
Employee benefits	449	521	398	123
Books and supplies	—	2	2	—
Services and other operating expenditures	—	602	601	1
Capital outlay	26	1,211	—	1,211
Total Expenditures	1,321	3,308	1,812	1,496
Excess (Deficiency) of Revenues Over (Under) Expenditures	(458)	(2,445)	(439)	2,006
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	(213)	(213)	—
Total Other Financing Sources (Uses)	—	(213)	(213)	—
Net Changes in Fund Balances	(458)	(2,658)	(652)	2,006
Fund Balances, July 1, 2022	10,449	10,057	10,057	—
Fund Balances, June 30, 2023	$ 9,991	$ 7,399	$ 9,405	$ 2,006

See accompanying independent auditor's report.

(Continued)

Capital Facilities Account				State School Building Lease – Purchase			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
83,206	83,206	106,206	23,000	—	6,435	6,435	—
83,206	83,206	106,206	23,000	—	6,435	6,435	—
588	650	572	78	—	—	—	—
277	349	318	31	—	—	—	—
78	63	1	62	—	—	—	—
31,478	2,420	2,199	221	—	—	—	—
101,145	131,000	130,689	311	18	—	—	—
133,566	134,482	133,779	703	18	—	—	—
(50,360)	(51,276)	(27,573)	23,703	(18)	6,435	6,435	—
—	—	—	—	—	—	—	—
—	(137)	(137)	—	—	(12,169)	(12,169)	—
—	(137)	(137)	—	—	(12,169)	(12,169)	—
(50,360)	(51,413)	(27,710)	23,703	(18)	(5,734)	(5,734)	—
50,360	67,414	67,414	—	6,214	5,734	5,734	—
$ —	$ 16,001	$ 39,704	$ 23,703	$ 6,196	$ —	$ —	$ —

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	County School Facilities Bonds			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	119,345	119,345	160,047	40,702
Other local revenues	1,514	1,514	7,539	6,025
Total Revenues	120,859	120,859	167,586	46,727
Expenditures:				
Current:				
Classified salaries	—	83	1	82
Employee benefits	—	41	1	40
Books and supplies	—	701	—	701
Services and other operating expenditures	—	18,073	520	17,553
Capital outlay	106,239	37,482	37,044	438
Total Expenditures	106,239	56,380	37,566	18,814
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,620	64,479	130,020	65,541
Other Financing Sources (Uses):				
Transfers in	—	14,329	14,329	—
Transfers out	—	(239,890)	(239,890)	—
Total Other Financing Sources (Uses)	—	(225,561)	(225,561)	—
Net Changes in Fund Balances	14,620	(161,082)	(95,541)	65,541
Fund Balances, July 1, 2022	228,846	183,548	183,548	—
Fund Balances, June 30, 2023	$ 243,466	$ 22,466	$ 88,007	$ 65,541

See accompanying independent auditors' report.

Special Reserve – Community Redevelopment Agency				Special Reserve			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ 2,342	$ 3,540	$ 1,808	$ (1,732)
—	—	—	—	741	1,241	679	(562)
48,355	48,355	56,685	8,330	10,825	11,828	15,401	3,573
48,355	48,355	56,685	8,330	13,908	16,609	17,888	1,279
230	359	242	117	—	24,088	24,061	27
101	188	121	67	—	12,420	12,381	39
196	3,959	—	3,959	—	777	115	662
15,897	5,814	819	4,995	—	3,720	2,237	1,483
2	557	441	116	17,338	28,964	14,261	14,703
16,426	10,877	1,623	9,254	17,338	69,969	53,055	16,914
31,929	37,478	55,062	17,584	(3,430)	(53,360)	(35,167)	18,193
—	—	—	—	—	12,524	12,524	—
(30,000)	(30,000)	(30,000)	—	—	(1,281)	(1,281)	—
(30,000)	(30,000)	(30,000)	—	—	11,243	11,243	—
1,929	7,478	25,062	17,584	(3,430)	(42,117)	(23,924)	18,193
112,224	106,664	106,664	—	79,209	69,896	69,896	—
$ 114,153	$ 114,142	$ 131,726	$ 17,584	$ 75,779	$ 27,779	$ 45,972	$ 18,193

(Continued)

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Projects Funds

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2023

(in thousands)

	Special Reserve – FEMA – Earthquake			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	55	55
Total Revenues	—	—	55	55
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	2,343	2,252	—	2,252
Total Expenditures	2,343	2,252	—	2,252
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,343)	(2,252)	55	2,307
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	(2,343)	(2,252)	55	2,307
Fund Balances, July 1, 2022	2,551	2,460	2,460	—
Fund Balances, June 30, 2023	$ 208	$ 208	$ 2,515	$ 2,307

See accompanying independent auditors' report.

(Continued)

Special Reserve – FEMA – Hazard Mitigation				Total			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ 2,342	$ 3,540	$ 1,808	$ (1,732)
—	—	—	—	120,086	120,586	160,726	40,140
—	—	115	115	144,763	152,201	193,809	41,608
—	—	115	115	267,191	276,327	356,343	80,016
—	42	—	42	1,664	26,194	25,687	507
—	24	—	24	827	13,543	13,219	324
—	2	—	2	274	5,504	118	5,386
—	499	—	499	47,375	31,128	6,376	24,752
—	1,577	1,528	49	227,111	203,043	183,963	19,080
—	2,144	1,528	616	277,251	279,412	229,363	50,049
—	(2,144)	(1,413)	731	(10,060)	(3,085)	126,980	130,065
—	—	—	—	—	26,853	26,853	—
—	—	—	—	(30,000)	(283,690)	(283,690)	—
—	—	—	—	(30,000)	(256,837)	(256,837)	—
—	(2,144)	(1,413)	731	(40,060)	(259,922)	(129,857)	130,065
2,233	2,144	2,144	—	492,086	447,917	447,917	—
$ 2,233	$ —	$ 731	$ 731	$ 452,026	$ 187,995	$ 318,060	$ 130,065

LAUSD
UNIFIED

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds

The Health and Welfare Benefits Fund was established pursuant to Education Code 39602 to pay for claims, administrative costs, insurance premiums, and related expenditures for the District's Health and Welfare Benefits program. Medical and dental claims for the self-insured portion of the Fund are administered by outside claims administrators. Premium payments to health maintenance organizations for medical benefits and to outside carriers for vision services, dental services, and optional life insurance are also paid out of this Fund.

The Workers' Compensation Self-Insurance Fund was established pursuant to Education Code 39602 to pay for claims, excess insurance coverage, administrative costs, and related expenditures. Workers' compensation claims are administered for the District by an outside claims administrator.

The Liability Self-Insurance Fund was established pursuant to Education Code 39602 to pay claims, excess insurance coverage, administrative costs and related expenditures, and to provide funds for insurance deductible amounts. Liability claims are administered for the District by outside claims administrators.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds
Combining Statement of Net Position
June 30, 2023
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Assets:				
Cash in county treasury, in banks, and on hand	$ 83,883	$ 635,537	$ 268,574	$ 987,994
Accounts receivable – net	60,922	—	—	60,922
Accrued interest and dividends receivable	815	6,564	1,893	9,272
Prepaids	13,634	6	—	13,640
Other assets	4,774	—	—	4,774
Total Assets	164,028	642,107	270,467	1,076,602
Deferred Outflows of Resources	3,148	1,726	2,851	7,725
Liabilities:				
Current:				
Vouchers and accounts payable	8,123	928	141	9,192
Accrued payroll	569	310	578	1,457
Other payables	16,499	342	4,180	21,021
Estimated liability for self-insurance claims	21,743	90,401	120,156	232,300
Total Current Liabilities	46,934	91,981	125,055	263,970
Noncurrent:				
Estimated liability for self-insurance claims	—	268,748	155,555	424,303
Net other postemployment benefits liability	4,309	2,302	3,147	9,758
Net pension liability	4,551	2,514	4,375	11,440
Total Noncurrent Liabilities	8,860	273,564	163,077	445,501
Total Liabilities	55,794	365,545	288,132	709,471
Deferred Inflows of Resources	3,525	1,903	2,819	8,247
Total Net Position – Unrestricted	$ 107,857	$ 276,385	$ (17,633)	$ 366,609

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position

Year Ended June 30, 2023

(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Operating Revenues:				
In-District premiums	$ 1,172,257	$ 138,699	$ 103,736	$ 1,414,692
Others	11,704	—	—	11,704
Total Operating Revenues	1,183,961	138,699	103,736	1,426,396
Operating Expenses:				
Classified salaries	2,487	1,296	2,639	6,422
Employee benefits	4,553	(6,880)	4,199	1,872
Supplies	321	21	79	421
Premiums and claims expenses	1,179,122	56,615	109,527	1,345,264
Claims administration	3,348	12,025	673	16,046
Other contracted services	986	470	45	1,501
Total Operating Expenses	1,190,817	63,547	117,162	1,371,526
Operating Income (Loss)	(6,856)	75,152	(13,426)	54,870
Nonoperating Revenues (Expenses):				
Investment income	3,381	11,759	4,568	19,708
Miscellaneous expense	—	(48)	—	(48)
Total Nonoperating Revenues	3,381	11,711	4,568	19,660
Changes in Net Position	(3,475)	86,863	(8,858)	74,530
Total Net Position, July 1, 2022	111,332	189,522	(8,775)	292,079
Total Net Position, June 30, 2023	$ 107,857	$ 276,385	$ (17,633)	$ 366,609

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2023
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	$ (3,840)	$ (2,118)	$ (3,701)	$ (9,659)
Cash payments for goods and services	(1,185,175)	(96,355)	(149,831)	(1,431,361)
Receipts from assessment to other funds	1,172,257	138,699	103,736	1,414,692
Other operating revenue	11,704	—	—	11,704
Cash Provided (Used) by Operating Activities	(5,054)	40,226	(49,796)	(14,624)
Cash Flows from Investing Activities:				
Earnings on investments	3,054	6,789	3,104	12,947
Net Cash Provided by Investing Activities	3,054	6,789	3,104	12,947
Net Increase (Decrease) in Cash and Cash Equivalents	(2,000)	47,015	(46,692)	(1,677)
Cash and Cash Equivalents, July 1	85,883	588,522	315,266	989,671
Cash and Cash Equivalents, June 30	$ 83,883	$ 635,537	$ 268,574	$ 987,994
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (6,856)	$ 75,152	$ (13,426)	$ 54,870
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Net increase in pension and other postemployment benefits expense from actuarial valuation	3,124	(7,712)	2,961	(1,627)
Change in Assets: Decrease (Increase)				
Accounts receivable	(19,631)	—	—	(19,631)
Prepaids	42,927	(6)	—	42,921
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	7,987	(3,237)	(1,017)	3,733
Accrued payroll	77	11	176	264
Other payables	(31,118)	319	4,128	(26,671)
Estimated liability for self-insurance claims – current	(1,564)	(9,319)	(114,837)	(125,720)
Estimated liability for self-insurance claims – noncurrent	—	(14,982)	72,219	57,237
Total Adjustments	1,802	(34,926)	(36,370)	(69,494)
Net Cash Provided (Used) by Operating Activities	$ (5,054)	$ 40,226	$ (49,796)	$ (14,624)

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

LOS ANGELES UNIFIED SCHOOL DISTRICT

Assessed Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Secured*	Unsecured*	Total Assessed Value	Total District Tax Rates	Increase (Decrease) Over Preceding Year Amount	Increase (Decrease) Over Preceding Year Rate	Total A.D.A.**	Assessed Value per Unit of A.D.A.
2013-2014	$ 482,043,584	$ 21,634,336	$ 503,677,920	1.146439	$ 23,602,428	4.92	527,995	$ 954
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	516,229	1,032
2015-2016	546,807,059	23,362,405	570,169,464	1.129709	37,235,257	6.99	503,367	1,133
2016-2017	581,473,213	24,495,794	605,969,007	1.131096	35,799,543	6.28	491,856	1,232
2017-2018	619,162,082	25,342,665	644,504,747	1.122192	38,535,740	6.36	478,591	1,347
2018-2019	665,355,078	27,377,547	692,732,625	1.123226	48,227,878	7.48	454,010	1,526
2019-2020	710,954,606	28,442,486	739,397,092	1.125520	46,664,467	6.74	454,905 [acd]	1,625 [a]
2020-2021	759,004,740	28,679,271	787,684,011	1.139929	48,286,919	6.53	454,905 [bd]	1,732 [b]
2021-2022	790,822,215	27,581,052	818,403,267	1.113228	30,719,256	3.90	380,709	2,150
2022-2023	848,435,713	29,196,328	877,632,041	1.121072	59,228,774	7.24	384,010	2,285

* Source: Los Angeles County Auditor-Controller "Taxpayers' Guide." Taxes which constitute a lien on real property are referred to as "secured".

Almost all real property taxes are secured. Most personal property taxes are "unsecured." Some taxes on personal property may also be secured to the real property of the assessee, upon request and subject to certain conditions.

** Source: A.D.A. – Average Daily Attendance, Annual Report

[a] Condensed reporting period. Due to the COVID-19 pandemic, the California Department of Education reduced the school year for ADA purposes and included only the full school months that ended on or before February 29, 2020.

[b] To ensure funding stability in light of the COVID-19 pandemic, the 2020-21 State Budget included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21. The provision provided that apportionment be based on fiscal year 2019-20 ADA. As a result, ADA reported is the same as prior year.

[c] Adjusted for fiscal year 2019-20 audit finding.

[d] The data presented is based on the latest ADA information submitted to CDE for school year 2019-20. During fiscal year 2020-21, CDE credited additional ADA to the District for the closure of two independent charter school, Excelencia Charter Academy and Animo College Preparatory Academy. The ADA credits for these two schools which closed on 6/30/2020, totaling 86.54 and 343.72 for K-3 and 9-12, respectively, are not included in the above table.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Largest 2022-23 Local Secured Taxpayers (1)
Current Year and Nine Years Ago
(in thousands)
(Unaudited)

2023					2014			
Rank	**Property Owner**	**Assessed Valuation**	**% of Total (2)**		**Rank**	**Property Owner**	**Assessed Valuation**	**% of Total (3)**
1	Universal Studios LLC	$ 2,701,431	0.32%		1	Douglas Emmett LLC	$ 2,393,458	0.50%
2	Douglas Emmett LLC	2,694,073	0.32%		2	Universal Studios LLC	1,404,214	0.29%
3	Essex Portfolio LP	2,358,854	0.28%		3	Anheuser Busch Inc.	836,513	0.17%
4	Rexford Industrial Realty LP	1,535,567	0.18%		4	Donald T. Sterling	677,457	0.14%
5	Century City Mall LLC	1,112,962	0.13%		5	BRE Properties Inc.	647,722	0.13%
6	FSP South Flower Street	984,033	0.12%		6	One Hundred Towers LLC	605,747	0.13%
7	CJDB LLC	948,049	0.11%		7	Olympic and Georgia Partners LLC	574,138	0.12%
8	Greenland LA Metropolis	944,718	0.11%		8	Tishman Speyer Archstone Smith	544,789	0.11%
9	Anheuser Busch Commercial	884,417	0.10%		9	Paramount Pictures Corp.	539,277	0.11%
10	Rochelle H. Sterling	880,315	0.10%		10	Duesenberg Investment Company	506,553	0.11%
11	Hanjin International Corp.	878,078	0.10%		11	LA Live Properties LLC	488,095	0.10%
12	Onni Wilshire Courtyard LLC	810,564	0.10%		12	Century City Mall LLC	478,153	0.10%
13	One Hundred Towers LLC	701,265	0.08%		13	Taubman Beverly Center	477,297	0.10%
14	Trizec 333 LA LLC	687,273	0.08%		14	Casden Park La Brea LLC	467,448	0.10%
15	Maguire Partners 355 S. Grand LLC	642,742	0.08%		15	Trizec 333 LA LLC	466,751	0.10%
16	BRE HH Property Owner LLC	637,805	0.08%		16	Westfield Topanga Owner LP	461,203	0.10%
17	Olympic and Georgia Partners LLC	612,072	0.07%		17	Wilshire Courtyard LP	420,500	0.09%
18	Tishman Speyer Archstone Smith	611,707	0.07%		18	Twentieth Century Fox Film Corp.	394,172	0.08%
19	LA Live Properties LLC	571,177	0.07%		19	2121 Ave. of the Stars LLC	376,000	0.08%
20	Maguire Properties 555 W. Fifth	563,508	0.07%		20	1999 Stars LLC	364,458	0.08%
		$ 21,760,610	**2.57%**				**$ 13,123,945**	**2.74%**

(1) Excludes taxpayers with values derived from mineral rights or a possessory interest. Historically, among the top 10 taxpayers within the District are landowners with primary land use of oil and gas production, including Marathon Petroleum Corporation, Phillips 66 Company and Valero Energy Corporation, which are not reflected in the table above.

(2) 2022-23 Local Secured Assessed Valuation: $ 848,435,713

(3) 2013-14 Local Secured Assessed Valuaton: $ 482,043,584

LOS ANGELES UNIFIED SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Total Tax Levy	ERAF Funds [1]	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections [2]	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2013-2014	$ 1,652,164	$ 26,846	$ 1,684,486	100.33%	$ 29,409	$ 1,713,895	102.08%
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19
2015-2016	1,799,477	171,532	1,959,111	99.40	31,529	1,990,640	101.00
2016-2017	1,904,567	232,966	2,107,292	98.59	25,977	2,133,269	99.80
2017-2018	1,985,501	255,167	2,184,304	97.48	49,404	2,233,708	99.69
2018-2019	2,134,918	234,519	2,347,069	99.06	61,128	2,408,197	101.64
2019-2020	2,305,773	216,281	2,467,267	97.83	40,975	2,508,242	99.45
2020-2021	2,564,883	256,204	2,756,243	97.70	66,318	2,822,562	100.05
2021-2022	2,440,344	246,520	2,588,512	96.34	78,480	2,666,992	99.26
2022-2023	2,670,569	298,516	2,916,949	98.24	124,633	3,041,582	102.44

(1) Educational Revenue Augmentation Funds (ERAF) are added to tax levies received by the District.

(2) Includes prior years' delinquencies. The Auditor-Controller has determined that they cannot provide delinquent tax information by levy year.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Structure

Year Ended June 30, 2023

(Unaudited)

Geographical Location: The Los Angeles Unified School District is a political subdivision of the State of California. It is located in the western section of Los Angeles County and includes most of the City of Los Angeles, all the Cities of Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon, and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Carson, Commerce, Cudahy, Culver City, Hawthorne, Inglewood, Long Beach, Los Angeles, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Santa Clarita, South Gate, and Torrance, in addition to considerable unincorporated territories devoted to homes and industry. The District did not have any changes in its school boundaries in FY2023.

Geographical Area: 710 square miles

Administrative Offices: 333 South Beaudry Avenue, Los Angeles, CA 90017

Form of Government: The District is governed by a seven-member Board of Education elected by voters within the district to serve alternating five-year terms. The term was extended in 2015 by Charter Amendment 2.

Name	Board District	Expiration of Term
Jackie Goldberg, President	5	December 16, 2024
Dr. George McKenna	1	December 16, 2024
Dr. Rocio Rivas	2	December 11, 2027
Scott Schmerelson	3	December 16, 2024
Nick Melvoin	4	December 11, 2027
Kelly Gonez	6	December 11, 2027
Tanya Ortiz Franklin	7	December 16, 2024

Name	Title
Albert M. Carvalho	Superintendent of Schools
Pedro Salcido	Deputy Superintendent, Business Services & Operations
Karla Estrada	Deputy Superintendent, Instruction
Kristen Murphy	Chief of Staff
Roberto Martinez	Associate Superintendent, Chief of School Culture, Climate and Safety
Frances Baez	Chief Academic Officer
Veronica Arreguin	Chief Strategy Officer
Anthony Aguilar	Chief of Special Education, Equity and Access
Krisztina Tokes	Chief Facilities Executive
David Hart	Chief Business Officer
V. Luis Buendia	Deputy Chief Business Officer
Soheil Katal	Chief Information Officer
Devora Navera Reed	General Counsel
Karla Gould	Personnel Director

Date of Establishment: 1854 as the Common Schools for the City of Los Angeles and became a unified school district in 1960.

Fiscal Year: July 1 – June 30

Number of Schools:

(As of October)	2019-2020	2020-2021	2021-2022	2022-2023
Elementary Schools	440	438	436	434
Middle/Junior High Schools	79	78	78	78
Senior High Schools	92	89	87	87
Options Schools	54	54	53	59
Special Education Schools	14	13	13	12
Magnet Schools	61	65	66	67
Magnet Centers	231	245	255	262
Community Adult Schools	1	1	1	2
Regional Occupational Centers	6	7	7	7
Skills Centers	4	2	2	2
Early Education Centers	86	87	87	87
Infant Centers	4	4	4	4
California State Preschools	88	89	89	89
Primary School Centers	19	18	18	18
Multi-level Schools	25	28	28	30
Total Schools and Centers	1,204	1,218	1,224	1,238
Independent Charter Schools	226	229	227	224

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance

Year Ended June 30, 2023

	Second Period Report	Annual Report	Audited Second Period Report*	Audited Annual Report*
District				
Kindergarten-Grade 3	112,508.29	113,577.90	112,501.78	113,572.23
Grades 4-6	83,018.08	83,205.18	83,018.08	83,205.18
Grades 7-8	48,922.59	48,942.43	48,918.83	48,938.64
Grades 9-12	103,204.05	102,468.73	103,204.05	102,468.73
Total District	347,653.01	348,194.24	347,642.74	348,184.78
County				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	0.24	0.19	0.24	0.19
Grades 7-8	0.79	1.27	0.79	1.27
Grades 9-12	366.06	348.76	366.06	348.76
Total County	367.09	350.22	367.09	350.22
Affiliated Charter Schools				
Kindergarten-Grade 3	11,692.55	11,723.88	11,692.55	11,723.88
Grades 4-6	8,294.04	8,298.40	8,294.04	8,298.40
Grades 7-8	5,760.34	5,749.23	5,760.34	5,749.23
Grades 9-12	9,762.88	9,694.09	9,762.88	9,694.09
Total Affiliated Charter Schools	35,509.81	35,465.60	35,509.81	35,465.60
Total Average Daily Attendance	383,529.91	384,010.06	383,519.64	384,000.60

See accompanying independent auditor’s report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Average Daily Attendance
Annual Report
Last Ten Fiscal Years
(Unaudited)

	2013-2014	2014-2015	2015-2016	2016-2017
District:				
Kindergarten-Grade 3	168,252.87	163,499.69	158,998.06	155,262.38
Grades 4-6	114,524.59	112,259.91	111,544.08	109,051.67
Grades 7-8	71,438.68	68,537.63	65,595.68	64,118.24
Grades 9-12	133,466.36	131,352.82	127,103.24	121,861.09
Total District	487,682.50	475,650.05	463,241.06	450,293.38
County:				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	1.23	1.38	1.23	0.00
Grades 7-8	7.85	5.12	3.18	2.71
Grades 9-12	670.05	628.23	489.84	417.13
Total County	679.13	634.73	494.25	419.84
Affiliated Charter Schools:				
Kindergarten-Grade 3	16,012.86	15,913.38	15,866.33	15,792.20
Grades 4-6	10,393.49	10,505.83	10,545.58	10,552.33
Grades 7-8	5,758.33	6,070.36	6,000.47	6,037.96
Grades 9-12	7,468.47	7,454.27	7,219.75	8,760.14
Total Affiliated Charter Schools	39,633.15	39,943.84	39,632.13	41,142.63
Total Average Daily Attendance	527,994.78	516,228.62	503,367.44	491,855.85

[a] 2021-2022 ADA was updated in the 2022-23 school year to reflect additional attendance data reported in Regular ADA and Nonpublic School ADA. It was also reduced for the following audit findings: S-2022-001, S-2022-003, S-2022-004, and S-2022-010.

[b] The 2021-2022 ADA was reduced due to the audit finding on Marquez Charter School (S-2022-010), as well as corrections to Kenter Canyon Elementary Charter's and Westwood Charter Elmentary's ADA.

See accompanying independent auditor's report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Average Daily Attendance
Annual Report
Last Ten Fiscal Years
(Unaudited)

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
149,197.07	141,934.03	139,028.46	139,028.46	111,075.81	113,577.90
107,018.53	100,538.16	99,037.56	99,037.56	82,974.91	83,205.18
62,336.66	60,529.29	60,142.80	60,142.80	49,804.14	48,942.43
119,450.52	111,755.74	115,393.98	115,393.98	101,703.61	102,468.73
438,002.78	414,757.22	413,602.80	413,602.80	345,558.47 [a]	348,194.24
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.19
2.42	3.70	2.14	2.14	1.79	1.27
354.29	339.53	359.98	359.98	335.28	348.76
356.71	343.23	362.12	362.12	337.07	350.22
15,305.84	13,313.03	13,473.52	13,473.52	11,198.11	11,723.88
10,481.51	9,222.72	9,714.50	9,714.50	8,254.14	8,298.40
5,923.43	5,770.32	6,925.51	6,925.51	5,887.65	5,749.23
8,521.18	10,603.83	10,826.92	10,826.92	9,702.86	9,694.09
40,231.96	38,909.90	40,940.45	40,940.45	35,042.76 [b]	35,465.60
478,591.45	454,010.35	454,905.37	454,905.37	380,938.30	384,010.06

[a] 2021-2022 ADA was updated in the 2022-23 school year to reflect additional attendance data reported in Regular ADA and Nonpublic School ADA. It was also reduced for the following audit findings: S-2022-001, S-2022-003, S-2022-004, and S-2022-010.

[b] The 2021-2022 ADA was reduced due to the audit finding on Marquez Charter School (S-2022-010), as well as corrections to Kenter Canyon Elementary Charter's and Westwood Charter Elmentary's ADA.

See accompanying independent auditor's report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance – Affiliated Charter Schools

Year Ended June 30, 2023

	Name of Affiliated Charter School	CDS Code	TK/K to Grade 3 ADA			
			Total		Classroom-based	
			Second Period Report	Annual Report	Second Period Report	Annual Report
1	Alfred B. Nobel Charter Middle School	19 64733 6061543	0.00	0.00	0.00	0.00
2	Beckford Charter for Enriched Studies	19 64733 6015986	389.84	389.67	389.84	389.67
3	Calabash Charter Academy	19 64733 6016240	270.57	271.43	270.57	271.43
4	Calvert Charter for Enriched Studies	19 64733 6016265	174.35	175.64	174.35	175.64
5	Canyon Charter Elementary School	19 64733 6016323	247.40	248.04	247.40	248.04
6	Carpenter Community Charter School	19 64733 6016356	547.39	549.68	547.39	549.68
7	Castlebay Lane Charter School	19 64733 6071435	376.76	377.10	376.76	377.10
8	Chatsworth Charter High School	19 64733 1931708	0.00	0.00	0.00	0.00
9	Colfax Charter Elementary School	19 64733 6016562	479.40	481.85	479.40	481.85
10	Community Magnet Charter Elementary School	19 64733 6094726	262.09	262.03	262.09	262.03
11	Dearborn Elementary Charter Academy	19 64733 6016729	328.29	328.77	328.29	328.77
12	Dixie Canyon Community Charter School	19 64733 6016778	400.28	400.66	400.28	400.66
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	385.51	385.98	385.51	385.98
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	278.00	280.05	278.00	280.05
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	112.62	112.66	112.62	112.66
17	Encino Charter Elementary School	19 64733 6016935	342.90	343.29	342.90	343.29
18	Gaspar de Portola Charter Middle	19 64733 6061584	0.00	0.00	0.00	0.00
19	George Ellery Hale Charter Academy	19 64733 6061477	0.00	0.00	0.00	0.00
20	Grover Cleveland Charter High School	19 64733 1931864	0.00	0.00	0.00	0.00
21	Hamlin Charter Academy	19 64733 6017438	197.38	199.76	197.38	199.76
22	Haynes Charter For Enriched Studies	19 64733 6017529	257.56	257.04	257.56	257.04
23	Hesby Oaks Leadership Charter	19 64733 0112060	181.95	181.86	181.95	181.86
24	Justice Street Academy Charter School	19 64733 6017693	246.99	248.18	246.99	248.18
25	Kenter Canyon Elementary Charter	19 64733 6017701	287.35	288.99	287.31	288.94
26	Knollwood Preparatory Academy	19 64733 6017743	223.68	223.54	223.68	223.54
27	Lockhurst Drive Charter Elementary	19 64733 6017891	296.81	297.38	296.81	297.38
28	Louis Armstrong Middle	19 64733 6058150	0.00	0.00	0.00	0.00
29	Marquez Charter School	19 64733 6018063	181.43	182.76	181.43	182.76
30	Nestle Avenue Charter School	19 64733 6018287	239.41	242.88	239.41	242.88
31	Open Charter Magnet School	19 64733 6097927	246.88	247.66	246.88	247.66
32	Palisades Charter Elementary	19 64733 6018634	257.12	257.14	257.12	257.14
33	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
34	Plainview Academic Charter Academy	19 64733 6018725	174.18	175.29	174.18	175.29
35	Pomelo Community Charter School	19 64733 6018774	355.74	357.93	355.74	357.93
36	Reseda Charter High School	19 64733 1937226	0.00	0.00	0.00	0.00
37	Riverside Drive Charter School	19 64733 6018923	245.23	245.14	245.23	245.14
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	330.90	331.68	330.90	331.68
39	Sherman Oaks Elementary Charter School	19 64733 6019186	317.37	319.40	317.37	319.40
40	Superior Street Elementary	19 64733 6019392	269.86	272.01	269.86	272.01
41	Sylmar Charter High School	19 64733 1938554	0.00	0.00	0.00	0.00
42	Taft Charter High School	19 64733 1938612	0.00	0.00	0.00	0.00
43	Topanga Elementary Charter School	19 64733 6019525	146.04	147.51	145.97	147.45
44	Topeka Charter School For Advanced Studies	19 64733 6019533	341.57	343.15	341.57	343.15
45	University High School Charter	19 64733 1938885	0.00	0.00	0.00	0.00
46	Van Gogh Charter School	19 64733 6019673	264.86	265.31	264.86	265.31
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	443.43	443.19	443.43	443.19
48	Westwood Charter Elementary School	19 64733 6019939	405.99	406.30	405.99	406.30
49	Wilbur Charter For Enriched Academics	19 64733 6019954	359.25	358.46	359.25	358.46
50	Woodlake Elementary Community Charter	19 64733 6020036	378.87	378.17	378.87	378.17
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	447.30	446.30	447.30	446.30
	Total Affiliated Charter Schools Average Daily Attendance		11,692.55	11,723.88	11,692.44	11,723.77

See accompanying independent auditor's report and notes to supplementary information.

(Continued)

Grades 4-6 ADA				Grades 7-8 ADA			
Total		Classroom-based		Total		Classroom-based	
Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report
559.46	559.73	559.46	559.73	1,263.58	1,261.40	1,263.58	1,261.40
176.73	176.93	176.73	176.93	0.00	0.00	0.00	0.00
115.14	115.33	115.14	115.33	0.00	0.00	0.00	0.00
103.64	104.18	103.64	104.18	0.00	0.00	0.00	0.00
116.26	116.07	116.26	116.07	0.00	0.00	0.00	0.00
260.78	261.51	260.78	261.51	0.00	0.00	0.00	0.00
186.82	186.87	186.82	186.87	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
199.30	200.29	199.30	200.29	0.00	0.00	0.00	0.00
147.33	147.30	147.33	147.30	0.00	0.00	0.00	0.00
149.12	150.15	149.12	150.15	0.00	0.00	0.00	0.00
167.15	166.47	167.15	166.47	0.00	0.00	0.00	0.00
164.55	164.94	164.55	164.94	0.00	0.00	0.00	0.00
133.04	133.56	133.04	133.56	0.00	0.00	0.00	0.00
156.78	155.88	156.78	155.88	300.24	298.74	300.24	298.74
72.29	71.96	72.29	71.96	0.00	0.00	0.00	0.00
144.24	144.74	144.24	144.74	0.00	0.00	0.00	0.00
425.82	425.91	425.82	425.91	930.65	929.22	930.65	929.22
598.30	594.61	598.30	594.61	1,149.48	1,142.24	1,149.48	1,142.24
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
83.50	83.01	83.50	83.01	0.00	0.00	0.00	0.00
106.34	106.07	106.34	106.07	0.00	0.00	0.00	0.00
172.91	174.17	172.91	174.17	118.13	118.03	118.13	118.03
108.38	108.76	108.38	108.76	0.00	0.00	0.00	0.00
139.49	139.95	139.45	139.92	0.00	0.00	0.00	0.00
115.25	115.26	115.25	115.26	0.00	0.00	0.00	0.00
124.27	124.28	124.27	124.28	0.00	0.00	0.00	0.00
403.95	402.22	403.95	402.22	817.75	816.68	817.75	816.68
110.14	110.47	110.14	110.47	0.00	0.00	0.00	0.00
126.65	128.64	126.65	128.64	0.00	0.00	0.00	0.00
124.84	125.40	124.84	125.40	0.00	0.00	0.00	0.00
136.60	136.58	136.60	136.58	0.00	0.00	0.00	0.00
515.87	515.00	515.87	515.00	1,075.92	1,079.07	1,075.92	1,079.07
79.25	79.35	79.25	79.35	0.00	0.00	0.00	0.00
172.48	173.41	172.48	173.41	0.00	0.00	0.00	0.00
50.04	50.04	50.04	50.04	104.59	103.85	104.59	103.85
110.96	111.38	110.96	111.38	0.00	0.00	0.00	0.00
173.61	173.89	173.61	173.89	0.00	0.00	0.00	0.00
136.86	137.63	136.86	137.63	0.00	0.00	0.00	0.00
146.99	147.90	146.99	147.90	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
51.45	51.69	51.41	51.66	0.00	0.00	0.00	0.00
164.91	164.37	164.91	164.37	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
117.84	118.14	117.84	118.14	0.00	0.00	0.00	0.00
268.22	268.18	268.22	268.18	0.00	0.00	0.00	0.00
192.02	192.31	192.02	192.31	0.00	0.00	0.00	0.00
139.45	139.84	139.45	139.84	0.00	0.00	0.00	0.00
161.08	160.53	161.08	160.53	0.00	0.00	0.00	0.00
183.94	183.50	183.94	183.50	0.00	0.00	0.00	0.00
8,294.04	8,298.40	8,293.96	8,298.34	5,760.34	5,749.23	5,760.34	5,749.23

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance – Affiliated Charter Schools

Year Ended June 30, 2023

	Name of Affiliated Charter School	CDS Code	Grades 9-12 ADA Total Second Period Report	Grades 9-12 ADA Total Annual Report	Grades 9-12 ADA Classroom-based Second Period Report	Grades 9-12 ADA Classroom-based Annual Report
1	Alfred B. Nobel Charter Middle School	19 64733 6061543	0.00	0.00	0.00	0.00
2	Beckford Charter for Enriched Studies	19 64733 6015986	0.00	0.00	0.00	0.00
3	Calabash Charter Academy	19 64733 6016240	0.00	0.00	0.00	0.00
4	Calvert Charter for Enriched Studies	19 64733 6016265	0.00	0.00	0.00	0.00
5	Canyon Charter Elementary School	19 64733 6016323	0.00	0.00	0.00	0.00
6	Carpenter Community Charter School	19 64733 6016356	0.00	0.00	0.00	0.00
7	Castlebay Lane Charter School	19 64733 6071435	0.00	0.00	0.00	0.00
8	Chatsworth Charter High School	19 64733 1931708	1,528.54	1,512.83	1,528.54	1,512.83
9	Colfax Charter Elementary School	19 64733 6016562	0.00	0.00	0.00	0.00
10	Community Magnet Charter Elementary School	19 64733 6094726	0.00	0.00	0.00	0.00
11	Dearborn Elementary Charter Academy	19 64733 6016729	0.00	0.00	0.00	0.00
12	Dixie Canyon Community Charter School	19 64733 6016778	0.00	0.00	0.00	0.00
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	0.00	0.00	0.00	0.00
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	0.00	0.00	0.00	0.00
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	0.00	0.00	0.00	0.00
17	Encino Charter Elementary School	19 64733 6016935	0.00	0.00	0.00	0.00
18	Gaspar de Portola Charter Middle	19 64733 6061584	0.00	0.00	0.00	0.00
19	George Ellery Hale Charter Academy	19 64733 6061477	0.00	0.00	0.00	0.00
20	Grover Cleveland Charter High School	19 64733 1931864	2,533.16	2,510.06	2,533.16	2,510.06
21	Hamlin Charter Academy	19 64733 6017438	0.00	0.00	0.00	0.00
22	Haynes Charter For Enriched Studies	19 64733 6017529	0.00	0.00	0.00	0.00
23	Hesby Oaks Leadership Charter	19 64733 0112060	0.00	0.00	0.00	0.00
24	Justice Street Academy Charter School	19 64733 6017693	0.00	0.00	0.00	0.00
25	Kenter Canyon Elementary Charter	19 64733 6017701	0.00	0.00	0.00	0.00
26	Knollwood Preparatory Academy	19 64733 6017743	0.00	0.00	0.00	0.00
27	Lockhurst Drive Charter Elementary	19 64733 6017891	0.00	0.00	0.00	0.00
28	Louis Armstrong Middle	19 64733 6058150	0.00	0.00	0.00	0.00
29	Marquez Charter School	19 64733 6018063	0.00	0.00	0.00	0.00
30	Nestle Avenue Charter School	19 64733 6018287	0.00	0.00	0.00	0.00
31	Open Charter Magnet School	19 64733 6097927	0.00	0.00	0.00	0.00
32	Palisades Charter Elementary	19 64733 6018634	0.00	0.00	0.00	0.00
33	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
34	Plainview Academic Charter Academy	19 64733 6018725	0.00	0.00	0.00	0.00
35	Pomelo Community Charter School	19 64733 6018774	0.00	0.00	0.00	0.00
36	Reseda Charter High School	19 64733 1937226	1,122.03	1,116.11	1,122.03	1,116.11
37	Riverside Drive Charter School	19 64733 6018923	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	0.00	0.00	0.00	0.00
39	Sherman Oaks Elementary Charter School	19 64733 6019186	0.00	0.00	0.00	0.00
40	Superior Street Elementary	19 64733 6019392	0.00	0.00	0.00	0.00
41	Sylmar Charter High School	19 64733 1938554	1,363.76	1,361.73	1,363.76	1,361.73
42	Taft Charter High School	19 64733 1938612	1,984.00	1,969.43	1,984.00	1,969.43
43	Topanga Elementary Charter School	19 64733 6019525	0.00	0.00	0.00	0.00
44	Topeka Charter School For Advanced Studies	19 64733 6019533	0.00	0.00	0.00	0.00
45	University High School Charter	19 64733 1938885	1,231.39	1,223.93	1,231.39	1,223.93
46	Van Gogh Charter School	19 64733 6019673	0.00	0.00	0.00	0.00
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	0.00	0.00	0.00	0.00
48	Westwood Charter Elementary School	19 64733 6019939	0.00	0.00	0.00	0.00
49	Wilbur Charter For Enriched Academics	19 64733 6019954	0.00	0.00	0.00	0.00
50	Woodlake Elementary Community Charter	19 64733 6020036	0.00	0.00	0.00	0.00
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	0.00	0.00	0.00	0.00
	Total Affiliated Charter Schools Average Daily Attendance		9,762.88	9,694.09	9,762.88	9,694.09

See accompanying independent auditor’s report and notes to supplementary information.

Totals			
Total ADA		Classroom-based ADA	
Second Period Report	Annual Report	Second Period Report	Annual Report
1,823.04	1,821.13	1,823.04	1,821.13
566.57	566.60	566.57	566.60
385.71	386.76	385.71	386.76
277.99	279.82	277.99	279.82
363.66	364.11	363.66	364.11
808.17	811.19	808.17	811.19
563.58	563.97	563.58	563.97
1,528.54	1,512.83	1,528.54	1,512.83
678.70	682.14	678.70	682.14
409.42	409.33	409.42	409.33
477.41	478.92	477.41	478.92
567.43	567.13	567.43	567.13
550.06	550.92	550.06	550.92
411.04	413.61	411.04	413.61
457.02	454.62	457.02	454.62
184.91	184.62	184.91	184.62
487.14	488.03	487.14	488.03
1,356.47	1,355.13	1,356.47	1,355.13
1,747.78	1,736.85	1,747.78	1,736.85
2,533.16	2,510.06	2,533.16	2,510.06
280.88	282.77	280.88	282.77
363.90	363.11	363.90	363.11
472.99	474.06	472.99	474.06
355.37	356.94	355.37	356.94
426.84	428.94	426.76	428.86
338.93	338.80	338.93	338.80
421.08	421.66	421.08	421.66
1,221.70	1,218.90	1,221.70	1,218.90
291.57	293.23	291.57	293.23
366.06	371.52	366.06	371.52
371.72	373.06	371.72	373.06
393.72	393.72	393.72	393.72
1,591.79	1,594.07	1,591.79	1,594.07
253.43	254.64	253.43	254.64
528.22	531.34	528.22	531.34
1,276.66	1,270.00	1,276.66	1,270.00
356.19	356.52	356.19	356.52
504.51	505.57	504.51	505.57
454.23	457.03	454.23	457.03
416.85	419.91	416.85	419.91
1,363.76	1,361.73	1,363.76	1,361.73
1,984.00	1,969.43	1,984.00	1,969.43
197.49	199.20	197.38	199.11
506.48	507.52	506.48	507.52
1,231.39	1,223.93	1,231.39	1,223.93
382.70	383.45	382.70	383.45
711.65	711.37	711.65	711.37
598.01	598.61	598.01	598.61
498.70	498.30	498.70	498.30
539.95	538.70	539.95	538.70
631.24	629.80	631.24	629.80
35,509.81	35,465.60	35,509.62	35,465.43

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time Offered
Year Ended June 30, 2023

Non-Charter Schools Grade Level	Minutes Requirements	2022-23 Actual Minutes Offered (3)	Number of Instructional Days Offered	Complied with Instructional Minutes Provisions	Complied with Instructional Days Provisions
Kindergarten	36,000	54,143	177	Yes	No
Grades 1 to 3	50,400	54,143	177	Yes	No
Grades 4 to 6 (1)	54,000	54,143	177	Yes	No
Grades 7 to 8 (2)	54,000	61,029 or 64,169	177	Yes	No
Grades 9 to 12	64,800	64,169	177	No	No

Affiliated Charter Schools Grade Level	Minutes Requirements	2022-23 Actual Minutes Offered (3)	Number of Instructional Days Offered	Complied with Instructional Minutes Provisions	Complied with Instructional Days Provisions
Kindergarten	36,000	54,143	177	Yes	Yes
Grades 1 to 3	50,400	54,143	177	Yes	Yes
Grades 4 to 6 (1)	54,000	54,143	177	Yes	Yes
Grades 7 to 8 (2)	54,000	61,029 or 64,169	177	Yes	Yes
Grades 9 to 12	64,800	64,169	177	No	Yes

(1) Elementary schools only.

(2) Middle schools with 6-8 grade configuration approved for common planning time have at least 61,029 annual instructional minutes. Middle schools with 6-8 grade configuration not approved for common planning time have at least 64,169 annual instructional minutes.

(3) Minimum minutes offered, as adjusted for the three closure days.

Notes:
1. In 2022-23, work stoppage in March resulted in the closure of all schools, including affiliated charter schools, for 3 days. With the closure, a number of comprehensive high schools, including 4 affiliated charter schools, did not meet the minimum annual minutes.

2. LAUSD will be submitting the Instructional Time Penalty Waiver. Instructional days for the 2023-24 and 2024-25 school years have been increased by 3 days each to comply with the penalty waiver requirements.

3. LAUSD received incentive funding for increasing instructional time pursuant to the Longer Year/Longer Instructional Day.

See accompanying independent auditor's report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis
Year Ended June 30, 2023
(in thousands)

	2023-2024 Budgeted	2022-2023 Actual	2021-2022 Actual	2020-2021 Actual	2019-2020 Actual
General Fund:					
Revenues	$ 10,531,004	$ 11,776,524	$ 9,672,924	$ 8,744,994	$ 7,591,570
Other Financing Sources	30,000	91,870	108,571	265,007	22,145
Total Revenues and Other Financing Sources (Uses)	10,561,004	11,868,394	9,781,495	9,010,001	7,613,715
Expenditures	11,640,216	9,472,906	9,294,057	8,166,021	7,730,286
Other Financing Uses	27,192	15,560	14,404	38,165	50,805
Total Expenditures and Other Financing Uses	11,667,408	9,488,466	9,308,461	8,204,186	7,781,091
Change in Fund Balance	(1,106,404)	2,379,928	473,034	805,815	(167,376)
Beginning Fund Balance	5,179,256	3,328,323	2,855,289	2,049,474	2,216,850
Ending Fund Balance	$ 4,072,852	$ 5,708,251	$ 3,328,323	$ 2,855,289	$ 2,049,474
Available Reserves*	$ 347,153	$ 385,925	$ 1,140,017	$ 1,533,263	$ 571,426
Unassigned Reserve for Economic Uncertainties	$ 233,450	$ 238,780	$ 199,860	$ 91,990	$ 79,000
Unassigned Fund Balance	$ 113,703	$ 147,145	$ 940,157	$ 1,441,273	$ 492,426
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	2.98%	4.07%	12.25%	18.69%	7.34%
Total Long-Term Obligations	$ 26,864,176	$ 27,622,402	$ 27,136,289	$ 31,658,402	$ 28,402,060
Average Daily Attendance (ADA) funded at P-2	409,924	433,929	449,937	455,356 [a]	454,848

The General Fund has maintained a positive ending fund balance for the past four fiscal years presented in this schedule.
For a district this size, the State has recommended available reserves to be at least 2% of total General Fund expenditures and other financing uses.
The District has been able to meet these requirements for the past four fiscal years.
*Available reserves consist of all unassigned fund balances and unassigned reserve for economic uncertainties.
[a] To ensure funding stability in light of the COVID-19 pandemic, the 2020-21 State Budget and California Education Code section EC Section 2575(g) (2) included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21. The provision provided that apportionment be based on fiscal year 2019-20 ADA. As such, the District's ADA data presented for fiscal year 2020-21 is 2019-20 annual ADA plus credits and growth adjustments received in 2020-21.

See accompanying independent auditor’s report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule to Reconcile the Annual Financial Budget Report (SACS)
Year Ended June 30, 2023
(in thousands)

	General Fund	District Bonds	Governmental *	Proprietary Funds
June 30, 2023 Unaudited Actual Financial Reports				
Fund Balances	$ 5,707,436	$ 1,297,461	$ 620,474	$ 366,188
Adjustments:				
To accrue expenditures	(4,772)	(59,705)	(768)	—
To accrue legal claims	(48,000)	—	—	—
To adjust revised Local Control Funding Formula revenue	(2,008)	—	—	—
To adjust Learning Recovery Block Grant revenue	42,702	—	—	—
To adjust Art, Music, & Instructional Materials Block revenue	5,271	—	—	—
To adjust unrealized loss per GASB 31	251	—	(245)	421
To accrue interest expense per GASB 96	(789)	—	—	—
To accrue grant revenues	4,824	—	—	—
To adjust interfund transaction related to the bonds	2,182	(2,182)	—	—
To adjust donated item	(818)	—	—	—
To true up Supply Chain Assistance revenue	—	—	(16)	—
To reverse prior year accrual	1,972	—	—	—
June 30, 2023 Audited Financial Statement				
Fund Balances	$ 5,708,251	$ 1,235,574	$ 619,445	$ 366,609

* The net adjustment in the Other Governmental includes the following funds:

Adult Education Fund (Fund 110)	$ (153)
Child Development Fund (Fund 120)	(106)
Cafeteria Fund (Fund 130)	(17)
Building Fund (Fund 212)	(38)
Capital Facilities Fund (Fund 250)	(285)
County School Facilities Fund (Fund 351)	(56)
Special Reserve CRA (Fund 400)	(5)
Special Reserve - (Fund 401)	(330)
Special Reserve - FEMA (Fund 402)	(39)
	$ (1,029)

There were no adjustments to fund balances for funds not presented above.

See accompanying independent auditor's report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2023
(Unaudited)

	SCHOOL	LOC CODE	STATE CHARTER NO.	CDS CODE	Affiliated	Included in the District Audit
1	Alfred B Nobel Charter Middle School	8272	1480	19 64733 6061543	x	Yes
2	Beckford Charter for Enriched Studies	2335	1344	19 64733 6015986	x	Yes
3	Calabash Charter Academy	2704	1345	19 64733 6016240	x	Yes
4	Calvert Charter for Enriched Studies	2712	1585	19 64733 6016265	x	Yes
5	Canyon Charter Elementary	2795	0226	19 64733 6016323	x	Yes
6	Carpenter Community Charter	2822	1235	19 64733 6016356	x	Yes
7	Castlebay Lane Charter	2881	1477	19 64733 6071435	x	Yes
8	Chatsworth Charter High	8583	1581	19 64733 1931708	x	Yes
9	Colfax Charter Elementary	3164	1041	19 64733 6016562	x	Yes
10	Community Magnet Charter Elementary	2741	0957	19 64733 6094726	x	Yes
11	Dearborn Elementary Charter Academy	3377	1481	19 64733 6016729	x	Yes
12	Dixie Canyon Community Charter	3438	1469	19 64733 6016778	x	Yes
13	Dr. Theodore T. Alexander Jr Science Center	5111	0604	19 64733 0102491	x	Yes
14	El Oro Way Charter For Enriched Studies	3545	1466	19 64733 6016869	x	Yes
15	Emerson Community Charter	8123	1688	19 64733 6057988	x	Yes
16	Enadia Way Technology Charter	3610	1474	19 64733 0117036	x	Yes
17	Encino Charter Elementary	3616	1471	19 64733 6016935	x	Yes
18	Gaspar de Portola Charter Middle	8107	2074	19 64733 6061584	x	Yes
19	George Ellery Hale Charter Academy	8169	1346	19 64733 6061477	x	Yes
20	Grover Cleveland Charter High	8590	1571	19 64733 1931864	x	Yes
21	Hamlin Charter Academy	4349	1472	19 64733 6017438	x	Yes
22	Haynes Charter For Enriched Studies	4473	1470	19 64733 6017529	x	Yes
23	Hesby Oaks Leadership Charter	4521	1468	19 64733 0112060	x	Yes
24	Justice Street Academy Charter	4692	1487	19 64733 6017693	x	Yes
25	Kenter Canyon Elementary Charter	4699	0227	19 64733 6017701	x	Yes
26	Knollwood Preparatory Academy	4762	1486	19 64733 6017743	x	Yes
27	Lockhurst Drive Charter Elementary	4887	1478	19 64733 6017891	x	Yes
28	Louis Armstrong Middle	8238	1473	19 64733 6058150	x	Yes
29	Marquez Charter	5164	0228	19 64733 6018063	x	Yes
30	Nestle Avenue Charter	5452	1465	19 64733 6018287	x	Yes
31	Open Charter Magnet	5889	0012	19 64733 6097927	x	Yes
32	Palisades Charter Elementary	5959	0229	19 64733 6018634	x	Yes
33	Paul Revere Charter Middle	8356	0225	19 64733 6058267	x	Yes
34	Plainview Academic Charter Academy	6096	1435	19 64733 6018725	x	Yes
35	Pomelo Community Charter	6140	1347	19 64733 6018774	x	Yes
36	Reseda Charter High	8814	2005	19 64733 1937226	x	Yes
37	Riverside Drive Charter	6315	1362	19 64733 6018923	x	Yes
38	Serrania Avenue Charter School for Enriched Studies	6606	1484	19 64733 6019111	x	Yes
39	Sherman Oaks Elementary Charter	6699	1348	19 64733 6019186	x	Yes
40	Superior Street Elementary	7007	1476	19 64733 6019392	x	Yes

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

	SCHOOL	LOC CODE	STATE CHARTER NO.	CDS CODE	Affiliated	Included in the District Audit
41	Sylmar Charter High School	8878	1834	19 64733 1938554	x	Yes
42	Taft Charter High	8880	1580	19 64733 1938612	x	Yes
43	Topanga Elementary Charter	7198	0230	19 64733 6019525	x	Yes
44	Topeka Drive Charter for Advanced Studies	7201	1475	19 64733 6019533	x	Yes
45	University High School Charter	8886	2006	19 64733 1938885	x	Yes
46	Van Gogh Charter	7422	1479	19 64733 6019673	x	Yes
47	Welby Way Charter Elementary Gifted Magnet	7637	1349	19 64733 6019855	x	Yes
48	Westwood Charter Elementary	7740	0031	19 64733 6019939	x	Yes
49	Wilbur Charter for Enriched Academics	7774	1482	19 64733 6019954	x	Yes
50	Woodlake Elementary Community Charter	7877	1483	19 64733 6020036	x	Yes
51	Woodland Hills Charter Elementary for Enriched Studies	7890	1485	19 64733 6020044	x	Yes

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2023
(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Fiscally Independent	Included in the District Audit
1	Academia Moderna	1101	19 64733 0120097	x	No
2	Academy of Media Arts	2038	19 64733 0139055	x	No
3	Accelerated	0045	19 64733 6112536	x	No
4	Accelerated Charter Elementary (ACES)	0539	19 64733 0100743	x	No
5	Alain Leroy Locke College Preparatory Academy	1050	19 64733 0118588	x	No
6	Alliance Cindy and Bill Simon Technology Academy High	1161	19 64733 0121285	x	No
7	Alliance College-Ready Middle Academy 12	1533	19 64733 0128058	x	No
8	Alliance College-Ready Middle Academy 4	1096	19 64733 0120030	x	No
9	Alliance College-Ready Middle Academy 8	1531	19 64733 0128033	x	No
10	Alliance Collins Family College-Ready High	0718	19 64733 0108936	x	No
11	Alliance Dr. Olga Mohan High School	0790	19 64733 0111500	x	No
12	Alliance Gertz-Ressler Richard Merkin 6-12 Complex	0645	19 64733 0106864	x	No
13	Alliance Jack H. Skirball Middle	0779	19 64733 0111518	x	No
14	Alliance Judy Ivie Burton Technology Academy High	0714	19 64733 0108894	x	No
15	Alliance Kory Hunter Middle	1532	19 64733 0128041	x	No
16	Alliance Leichtman-Levine Family Foundation Environmental Science High	0929	19 64733 0117606	x	No
17	Alliance Marc & Eva Stern Math and Science(CA State Univ. L.A. Campus)	0788	19 64733 0111658	x	No
18	Alliance Margaret M. Bloomfield Technology Academy High	1356	19 64733 0124941	x	No
19	Alliance Marine - Innovation and Technology 6-12 Complex	1738	19 64733 0132084	x	No
20	Alliance Morgan McKinzie High	0928	19 64733 0116509	x	No
21	Alliance Ouchi-O'Donovan 6-12 Complex	0784	19 64733 0111641	x	No
22	Alliance Patti And Peter Neuwirth Leadership Academy	0789	19 64733 0111492	x	No
23	Alliance Piera Barbaglia Shaheen Health Services Academy	0927	19 64733 0117598	x	No
24	Alliance Renee and Meyer Luskin Academy High	1343	19 64733 0124891	x	No
25	Alliance Susan and Eric Smidt Technology High	1163	19 64733 0123133	x	No
26	Alliance Ted K. Tajima High	1164	19 64733 0123141	x	No
27	Alliance Tennenbaum Family Technology High(PSC)	1162	19 64733 0121293	x	No
28	Alliance Virgil Roberts Leadership Academy	1530	19 64733 0128009	x	No
29	Anahuacalmecac International University Preparatory of North America	1685	19 64733 0132928	x	No
30	Animo Ellen Ochoa Charter Middle	1286	19 64733 0123992	x	No
31	Animo Florence-Firestone Charter Middle	1794	19 64733 0134023	x	No
32	Animo Jackie Robinson High	0793	19 64733 0111583	x	No
33	Animo James B. Taylor Charter Middle	1287	19 64733 0124008	x	No
34	Animo Jefferson Charter Middle	1216	19 64733 0122481	x	No
35	Animo Legacy Charter Middle School(Clay Campus) (PSC)	1288	19 64733 0124016	x	No
36	Animo Mae Jemison Charter Middle	1624	19 64733 0129270	x	No
37	Animo Pat Brown	0649	19 64733 0106849	x	No
38	Animo Ralph Bunche Charter High	0781	19 64733 0111575	x	No
39	Animo South Los Angeles Charter	0602	19 64733 0102434	x	No
40	Animo Venice Charter High	0648	19 64733 0106831	x	No

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2023
(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Fiscally Independent	Included in the District Audit
41	Animo Watts College Preparatory Academy	0783	19 64733 0111625	x	No
42	APEX Academy	1459	19 64733 0117077	x	No
43	Ararat Charter	1156	19 64733 0121079	x	No
44	Arts In Action Community Charter	1218	19 64733 0123158	x	No
45	Arts in Action Community Middle School	1806	19 64733 0134205	x	No
46	Aspire Centennial College Preparatory Academy	1436	19 64733 0126797	x	No
47	Aspire Firestone Academy(PSC)	1214	19 64733 0122622	x	No
48	Aspire Gateway Academy Charter(PSC)	1213	19 64733 0122614	x	No
49	Aspire Inskeep Academy Charter(PSC)	1332	19 64733 0124800	x	No
50	Aspire Juanita Tate Academy Charter(PSC)	1331	19 64733 0124792	x	No
51	Aspire Junior Collegiate Academy	1551	19 64733 0114884	x	No
52	Aspire Pacific Academy	1230	19 64733 0122721	x	No
53	Aspire Slauson Academy Charter(PSC)	1330	19 64733 0124784	x	No
54	Aspire Titan Academy	1550	19 64733 0120477	x	No
55	Bert Corona Charter	0654	19 64733 0106872	x	No
56	Bert Corona Charter High	1724	19 64733 0132126	x	No
57	Birmingham Community Charter High	1119	19 64733 1931047	x	No
58	Bright Star Secondary Charter Academy	0826	19 64733 0112508	x	No
59	California Creative Learning Academy	0827	19 64733 0112235	x	No
60	California Creative Learning Academy Middle School	1960	19 64733 0137463	x	No
61	Camino Nuevo Charter Academy 2 (Kayne Siart)	1231	19 64733 0122861	x	No
62	Camino Nuevo Charter Academy 4 (Cisneros) (PSC)	1334	19 64733 0124826	x	No
63	Camino Nuevo Charter Academy (Burlington)	0293	19 64733 6117667	x	No
64	Camino Nuevo Elementary School 3 (Eisner) (PSC)	1212	19 64733 0122564	x	No
65	Camino Nuevo High 2 (Dalzell Lance)	1540	19 64733 0127910	x	No
66	CATCH Prep Charter High, Inc.	0570	19 64733 0101659	x	No
67	Center for Advanced Learning	0937	19 64733 0115139	x	No
68	Central City Value	0534	19 64733 0100800	x	No
69	CHAMPS - Charter HS of Arts-Multimedia & Performing	0712	19 64733 0108878	x	No
70	CHIME Institute's Schwarzenegger Community	0417	19 64733 6119531	x	No
71	Citizens of the World Charter School East Valley	2081	19 64733 0140749	x	No
72	Citizens of the World Charter School West Valley	2082	19 64733 0139832	x	No
73	Citizens of the World Charter School Hollywood	1200	19 64733 0122556	x	No
74	Citizens of the World Charter School Mar Vista (Gateway)	1414	19 64733 0126193	x	No
75	Citizens of the World Charter School Silver Lake	1413	19 64733 0126177	x	No
76	City Language Immersion Charter	1538	19 64733 0127886	x	No
77	Collegiate Charter High School of Los Angeles	1722	19 64733 0131821	x	No
78	Crete Academy	1854	19 64733 0135616	x	No
79	Crown Preparatory Academy	1187	19 64733 0121848	x	No
80	Discovery Charter Preparatory School 2	0949	19 64733 0115253	x	No

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2023
(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Fiscally Independent	Included in the District Audit
81	Downtown Value	0448	19 64733 6119903	x	No
82	Ednovate - Brio College Prep	1843	19 64733 0135723	x	No
83	Ednovate - East College Prep	1702	19 64733 0132282	x	No
84	Ednovate - Esperanza College Prep	1842	19 64733 0135715	x	No
85	Ednovate - South LA College Prep	2087	19 64733 0140129	x	No
86	Ednovate - USC Hybrid High College Prep	1401	19 64733 0125864	x	No
87	El Camino Real Charter High	1314	19 64733 1932623	x	No
88	El Rio Community School	2080	19 64733 0140004	x	No
89	Equitas Academy 2	1402	19 64733 0126169	x	No
90	Equitas Academy 3 Charter	1669	19 64733 0129650	x	No
91	Equitas Academy 4	1785	19 64733 0133686	x	No
92	Equitas Academy 5	2040	19 64733 0139121	x	No
93	Equitas Academy 6	2030	19 64733 0138883	x	No
94	Equitas Academy Charter	1093	19 64733 0119982	x	No
95	Everest Value	1638	19 64733 0129858	x	No
96	Extera Public	1300	19 64733 0124198	x	No
97	Extera Public School No. 2	1562	19 64733 0128132	x	No
98	Fenton Avenue Charter	0030	19 64733 6017016	x	No
99	Fenton Charter Leadership Academy	1613	19 64733 0131722	x	No
100	Fenton Primary Center	0911	19 64733 0115048	x	No
101	Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics	1605	19 64733 0131466	x	No
102	Gabriella Charter	0713	19 64733 0108886	x	No
103	Gabriella Charter 2	1853	19 64733 0135509	x	No
104	Girls Athletic Leadership School Los Angeles	1791	19 64733 0133710	x	No
105	Global Education Academy	0934	19 64733 0114967	x	No
106	Global Education Academy 2	1641	19 64733 0129833	x	No
107	Goethe International Charter	1036	19 64733 0117978	x	No
108	Granada Hills Charter	0572	19 64733 1933746	x	No
109	High Tech LA	0537	19 64733 0100677	x	No
110	High Tech LA Middle	1929	19 64733 0137471	x	No
111	ICEF Innovation Los Angeles Charter	1037	19 64733 0117952	x	No
112	ICEF View Park Preparatory Elementary School	0190	19 64733 6117048	x	No
113	ICEF View Park Preparatory High School	0543	19 64733 0101196	x	No
114	ICEF View Park Preparatory Middle School	0506	19 64733 6121081	x	No
115	ICEF Vista Elementary Academy	1039	19 64733 0117937	x	No
116	ICEF Vista Middle Academy	0953	19 64733 0115287	x	No
117	Ingenium Charter	1157	19 64733 0121137	x	No
118	Ingenium Charter Middle	1536	19 64733 0127985	x	No
119	Invictus Leadership Academy	2088	19 64733 0140111	x	No
120	ISANA Cardinal Academy	1285	19 64733 0123984	x	No

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2023
(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Fiscally Independent	Included in the District Audit
121	ISANA Himalia Academy	1858	19 77081 0135954	x	No
122	ISANA Nascent Academy	0716	19 64733 0108910	x	No
123	ISANA Octavia Academy	1232	19 64733 0122655	x	No
124	ISANA Palmati Academy	1246	19 64733 0123166	x	No
125	Ivy Academia	0619	19 64733 0106351	x	No
126	Ivy Bound Academy of Math, Science, and Technology Charter Middle	0936	19 64733 0115113	x	No
127	James Jordan Middle	0734	19 64733 0109884	x	No
128	KIPP Academy of Innovation	1586	19 64733 0128512	x	No
129	KIPP Academy of Opportunity	0530	19 64733 0101444	x	No
130	KIPP Comienza Community Prep	1196	19 64733 0121707	x	No
131	KIPP Corazon Academy	1855	19 64733 0135517	x	No
132	KIPP Empower Academy	1195	19 64733 0121699	x	No
133	KIPP Endeavor College Preparatory Charter	1094	19 64733 0120014	x	No
134	*KIPP Generations Academy*	*2079*	*19 64733 0141481*	*x*	No
135	KIPP Ignite Academy	1720	19 64733 0131771	x	No
136	KIPP Iluminar Academy	1508	19 64733 0127670	x	No
137	KIPP Los Angeles College Preparatory	0531	19 64733 0100867	x	No
138	KIPP Philosophers Academy	1378	19 64733 0125609	x	No
139	KIPP Promesa Prep	1721	19 64733 0131797	x	No
140	KIPP Pueblo Unido	2041	19 64733 0139071	x	No
141	KIPP Raices Academy	1010	19 64733 0117903	x	No
142	KIPP Scholar Academy	1377	19 64733 0125625	x	No
143	KIPP Sol Academy	1379	19 64733 0125641	x	No
144	KIPP Vida Preparatory Academy	1587	19 64733 0129460	x	No
145	Larchmont Charter	0717	19 64733 0108928	x	No
146	Learning by Design Charter	1959	19 64733 0137513	x	No
147	Libertas College Preparatory Charter	1711	19 64733 0131904	x	No
148	Los Angeles Academy of Arts and Enterprise Charter (LAAAE)	0675	19 64733 0110304	x	No
149	Los Angeles Leadership Academy	0461	19 64733 1996610	x	No
150	Los Angeles Leadership Primary Academy	1333	19 64733 0124818	x	No
151	Magnolia Science Academy 4	0986	19 64733 0117622	x	No
152	Magnolia Science Academy 6	988	19 64733 0117648	x	No
153	Magnolia Science Academy 7	989	19 64733 0117655	x	No
154	Magnolia Science Academy Bell(PSC)	1236	19 64733 0122747	x	No
155	Math and Science College Preparatory	1412	19 64733 0126136	x	No
156	Matrix for Success Academy	1961	19 64733 0137562	x	No
157	Monsenor Oscar Romero Charter Middle	0931	19 64733 0114959	x	No
158	Montague Charter Academy for the Arts and Sciences	0115	19 64733 6018204	x	No
159	Multicultural Learning Center	0388	19 64733 6119044	x	No
160	N.E.W. Academy Canoga Park	0592	19 64733 0102483	x	No

(Continued)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Fiscally Independent	Included in the District Audit
161	N.E.W. Academy of Science and Arts	0521	19 64733 0100289	x	No
162	New Designs Charter	0601	19 64733 0102541	x	No
163	New Designs Charter School-Watts	1120	19 64733 0120071	x	No
164	New Heights Charter	0761	19 64733 0111211	x	No
165	New Horizons Charter Academy	1567	19 64733 0128371	x	No
166	New Los Angeles Charter	0998	19 64733 0117614	x	No
167	New Los Angeles Elementary School	1788	19 64733 0133702	x	No
168	New Millennium Secondary	1020	19 64733 0117911	x	No
169	New Village Girls Academy	0791	19 64733 0111484	x	No
170	Ocean Charter	0569	19 64733 0102335	x	No
171	Oscar De La Hoya Animo Charter High	0581	19 64733 0101675	x	No
172	Our Community Charter	0739	19 64733 0109934	x	No
173	Pacoima Charter Elementary	0583	19 64733 6018642	x	No
174	Palisades Charter High	0037	19 64733 1995836	x	No
175	Para Los Niños - Evelyn Thurman Gratts Primary (PSC)	1215	19 64733 0122630	x	No
176	Para Los Niños Charter	0475	19 64733 6120489	x	No
177	Para Los Niños Middle	1007	19 64733 0117846	x	No
178	Port of Los Angeles High	0542	19 64733 0107755	x	No
179	PREPA TEC - Los Angeles	1542	19 64733 0127936	x	No
180	PUC CALS Charter Middle and Early College High School	0331	19 64733 0133298	x	No
181	PUC Community Charter Elementary	1657	19 64733 0129619	x	No
182	PUC Community Charter Middle and PUC Community Charter Early College High	0213	19 64733 6116750	x	No
183	PUC Early College Academy for Leaders and Scholars (ECALS)(PSC)	1354	19 64733 0124933	x	No
184	PUC Excel Charter Academy	0798	19 64733 0112201	x	No
185	PUC Inspire Charter Academy	1626	19 64733 0129593	x	No
186	PUC Lakeview Charter Academy	0603	19 64733 0102442	x	No
187	PUC Lakeview Charter High	1241	19 64733 0122606	x	No
188	PUC Milagro Charter	0600	19 64733 0102426	x	No
189	PUC Nueva Esperanza Charter Academy	1092	19 64733 0133280	x	No
190	PUC Triumph Charter Academy and PUC Triumph Charter High School	0797	19 64733 0133272	x	No
191	PUENTE Charter (ELA Site)	0473	19 64733 6120471	x	No
192	Renaissance Arts Academy	0579	19 64733 0101683	x	No
193	Rise Kohyang Elementary	1927	19 64733 0136994	x	No
194	Rise Kohyang High School	1786	19 64733 0133868	x	No
195	Rise Kohyang Middle	1315	19 64733 0124222	x	No
196	Santa Monica Boulevard Community Charter	0446	19 64733 6019079	x	No
197	Scholarship Prep South Bay	2042	19 64733 0139097	x	No
198	Stella Elementary Charter Academy	1866	19 64733 0137604	x	No
199	Stella Middle Charter Academy	0535	19 64733 0100669	x	No
200	STEM Preparatory Elementary	1925	19 64733 0136986	x	No

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2023
(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Fiscally Independent	Included in the District Audit
201	Synergy Charter Academy	0636	19 64733 0106427	x	No
202	Synergy Kinetic Academy (PSC)	1014	19 64733 0117895	x	No
203	Synergy Quantum Academy (PSC)	1299	19 64733 0124560	x	No
204	TEACH Academy of Technologies	1206	19 64733 0122242	x	No
205	TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School	2004	19 64733 0138305	x	No
206	TEACH Tech Charter High	1658	19 64733 0129627	x	No
207	The City	1710	19 64733 0134148	x	No
208	University Preparatory Value High	1723	19 64733 0132027	x	No
209	Valley Charter Elementary	1237	19 64733 0122754	x	No
210	Valley Charter Middle	1238	19 64733 0122838	x	No
211	Valley International Preparatory High	1926	19 64733 0137612	x	No
212	Valor Academy Elementary	1787	19 64733 0133694	x	No
213	Valor Academy High	1539	19 64733 0127894	x	No
214	Valor Academy Middle	1095	19 64733 0120022	x	No
215	Vaughn Next Century Learning Center (Mainland/MIT)	0016	19 64733 6019715	x	No
216	Village Charter Academy	1639	19 64733 0129866	x	No
217	Vista Charter Middle	1234	19 64733 0122739	x	No
218	Vista Horizon Global Academy	2043	19 64733 0139089	x	No
219	Vox Collegiate of Los Angeles	1917	19 64733 0137521	x	No
220	Wallis Annenberg High	0538	19 64733 0100750	x	No
221	Watts Learning Center	0131	19 64733 6114912	x	No
222	Watts Learning Center Charter Middle	1141	19 64733 0120527	x	No
223	WISH Academy High	1863	19 64733 0135632	x	No
224	WISH Community	1627	19 64733 0135921	x	No

See accompanying independent auditor’s report and notes to supplementary information.

Note: Italicized is new school in FY 2022-23

(1) Statistical Data

The statistical data presented on pages 115-117 offers multi-year trend information and are provided to help the reader understand the District's significant local revenue sources as it relates to the District's overall financial health.

(2) Purpose of Schedules

(a) Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

(b) Schedule of Instructional Time Offered

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

(c) Schedule of Financial Trends and Analysis

This schedule focuses on financial trends by displaying past years' data along with current budget information and evaluates the District's ability to continue as a going concern for a reasonable period of time.

(d) Reconciliation of Unaudited Actual Financial Reports with Audited Financial Statements

This schedule provides the information necessary to reconcile the differences between fund balances reported on the unaudited actual financial reports and the audited financial statements.

(e) Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, includes the charter school number, and indicates whether or not the charter school is included in the District's audit.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:					
Passed through California Department of Education:					
Specialty Crop Block Grant	10.170	21-0433-007-SF			$ 5,570
Child Nutrition School Programs Breakfast	10.553	PCA13525/PCA13526		$ 94,519,554	
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524		57,535,549	
Donated Food Commodities	10.555	Not Applicable		16,393,266	
Supply Chain Assistance for School Meals	10.555	PCA15655		23,557,797	
Child Nutrition Summer Food Services					
Program Operations	10.559	PCA13004		11,188,925	
Sponsor Administration	10.559	PCA13006		202,521	
Child Nutrition Seamless Summer Food Option	10.559	PCA13004		11,384,376	
Subtotal Expenditures – Child Nutrition Cluster					214,781,988
Child Nutrition Child Care Food Program (CCFP) Claims	10.558	PCA13529			35,595,487
Child Nutrition CCFP – Cash in Lieu of Commodities	10.558	PCA13534			2,743,329
Subtotal Assistance Listing Number 10.558					38,338,816
Child Nutrition Team Nutrition Grants	10.574	PCA15332			2,201
Passed through California Department of Health Services:					
Forest Reserve	10.665	PCA10044		25,382	
Subtotal Expenditures – Forest Service Schools and Road Cluster					25,382
Subtotal Pass-Through Programs					253,153,957
Total U.S. Department of Agriculture					253,153,957
U.S. Department of Defense:					
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available			1,725,887
Startalk: Exploring Arabic Through Technology,					
Startalk - LAUSD	12.900	H98230-22-1-0126			36,199
Subtotal Direct Programs					1,762,086
Total U.S. Department of Defense					1,762,086
U.S. Department of Justice:					
Stop School Violence	16.839	BJA-2020-17312			3,646
Subtotal Direct Program					3,646
Total U.S. Department of Justice					3,646
U.S. Department of Labor:					
Passed through Employment Development Department:					
Employment Development Department Trade Act:					
Trade Adjustment Assistance (TAA)	17.245	Various			142,969
Passed through City of Los Angeles:					
Workforce Innovation and Opportunity Act (WIOA) –					
Worksource Educational Partnership – Adult	17.258	C-142059		158,680	
WIOA – T-1 Youth Source System	17.259	C-139186		1,114,567	
Passed through Para Los Ninos:					
WIOA – Youth	17.259	C-14216-L-23		100,000	
Subtotal Expenditures – WIOA Cluster					1,373,247
Subtotal Pass-Through Programs					1,516,216
Total U.S. Department of Labor					1,516,216
U.S. Department of Transportation:					
Highway Planning and Construction: Active Transportation Program	20.205	ATPLNI-6508(001)		23,761	
Subtotal Expenditures – Highway Planning and Construction Cluster					23,761
Subtotal Direct Program					23,761
Total U.S. Department of Transportation					23,761
Federal Communications Commission:					
COVID-19 – Emergency Connectivity Fund Program	32.009	Not Available			59,731,306
Subtotal Direct Program					59,731,306
Total Federal Communications Commission					59,731,306

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Education:					
GEAR-UP 4 LA	84.334A	P334A190002	$ 363,606		$ 3,023,389
GEAR-UP 4 LA	84.334A	P334A140118	131,148		181,623
GEAR-UP 4 LA	84.334A	P334A180080/ P334A180081	1,938,163		9,950,346
Subtotal Assistance Listing Number 84.334A			2,432,917		13,155,358
Subtotal Direct Programs					13,155,358
Passed through California Department of Education:					
WIOA – Adult Basic Ed/ELA	84.002A	PCA14508			9,843,488
WIOA – Ad Ed & Fam Lit/EL – Civics	84.002A	PCA14109			4,926,979
WIOA – Adult Secondary Ed	84.002A	PCA13978			3,922,657
Subtotal Assistance Listing Number 84.002A					18,693,124
Every Student Succeeds Act (ESSA), Title I Part A. Basic	84.010	PCA14329			336,254,897
ESSA, Title I Part A. Neglected	84.010	PCA14329			1,795,157
ESSA, Comprehensive Support & Improvement (CSI)	84.010	PCA15438			5,527,880
Subtotal Assistance Listing Number 84.010					343,577,934
Special Ed: Individual with Disabilities Education (IDEA) Basic Local Assistance Entitlement	84.027A	22-13379-64733-01		$ 102,691,352	
Special Ed: IDEA Local Assistance, Private School Individual Service Plans	84.027	PCA10115		1,527,176	
Special Ed: IDEA Local Assistance, Part B, Sec. 611, Early Intervening Services	84.027	PCA10119		20,897,125	
COVID-19 − Special Ed: American Rescue Plan (ARP) IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	PCA15638		18,110,151	
COVID-19 − Special Ed: ARP IDEA Local Assistance, Private School Individual Service Plans	84.027	PCA10169		157,108	
COVID-19 − Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Coordinated Early Intervening Services	84.027	PCA10170		3,989,142	
Special Ed: IDEA Mental Health Allocation Plan	84.027A	22-15197-64733-01		6,530,287	
Special Ed: IDEA – Supporting Inclusive Practices, Part B – Sec 611	84.027A	PCA 13693		125,735	
Special Ed: IDEA – Alternate Dispute Resolution, Part B – Sec 611	84.027A	PCA13007		14	
PreSchool Expansion – Staff Development	84.173A	PCA13431		9,230	
Special Ed: IDEA – Preschool Capacity Building, Part B – Sec 619 Embedded Instruction	84.173A	PCA13839		66,226	
IDEA Preschool Expansion Grant Part B, Sec 619	84.173	PCA13430		4,735,464	
Special Ed: IDEA – Part B, Sec 619; Preschool Grants Early Intervening Services	84.173	PCA10131		841,345	
COVID-19 − Special Ed: ARP IDEA – Part B, Sec 619; Preschool Grants	84.173X	PCA15639		585,146	
COVID-19 − Special Ed: ARP IDEA – Part B, Sec 619; Preschool Grants Early Intervening Services	84.173X	PCA10171		72,014	
Subtotal Expenditures – Special Education Cluster (IDEA)					160,337,515
Carl D. Perkins – Secondary Program, Sec 131	84.048	PCA14894			6,293,641
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA14893			838,036
Arts Media Entertainment	84.048	PCA14891			13,462
Subtotal Assistance Listing Number 84.048					7,145,139
Special Ed-Grants for Infants and Families: Early Intervention Funds – Part C	84.181	PCA 23761			1,178,111
Education for Homeless Children & Youth	84.196A	PCA14332- S196A200005/ S196A210005			253,128
Twenty-first Century Learning Centers	84.287C	PCA14349	865,595		2,362,830
Twenty-first Century Learning Centers	84.287C	PCA14535	9,634,722		12,730,957
Twenty-first Century Learning Centers	84.287C	PCA14603			720,419
Twenty-first Century Learning Centers	84.287C	PCA14765			363,498
Twenty-first Century Learning Centers	84.287C	PCA25632	288,017		1,191,613
Twenty-first Century Learning Centers Core	84.287C	PCA15651			173,808
Subtotal Assistance Listing Number 84.287C			10,788,334		17,543,125
ESSA Title III, English Learner Student Program	84.365	PCA14346			9,861,280
Loyola Marymount University (LMU) Purposeful Engagement in Academic Rigor and Language Learning (PEARLL) Project	84.365Z	T365Z210143/ C#21079A			187,783
ESSA Title II, Part A, Supporting Effective Instruction	84.367	PCA14341			23,464,004
ESSA Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424A	PCA15396			28,686,022
COVID-19 ARP Act - Homeless Children and Youth (ARP-HCY) Program	84.425	PCA15564			371,155
COVID-19 ARP-HCY II Program	84.425	PCA15566			220,784
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) II Fund	84.425D	PCA15547			201,661,697
COVID-19 Expanded Learning Opportunities (ELO) ESSER II Fund State Reserve	84.425D	PCA15618			3,937,075
COVID-19 ELO Grant GEER II	84.425C	PCA15619			10,167,093
COVID-19 ELO ESSER III Fund State Reserve Emergency Needs	84.425	PCA15620			34,593,861
COVID-19 ELO ESSER III Fund State Reserve Learning Loss	84.425	PCA15621			24,321,156
COVID-19 ESSER Fund	84.425D	PCA15536			290,810
COVID 19 Coronavirus Aid, Relief, and Economic Security (CARES) Act ESSER Child Nutrition	84.425D	PCA15535			2,652
COVID-19 ESSER Fund California Community Schools Partnership Program	84.425D	PCA15537			1,413,406
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	PCA15517			6,613
COVID-19 ARP Act ESSER III Fund	84.425U	PCA15559			1,033,811,054
COVID-19 ARP Act ESSER III Fund: Learning Loss	84.425U	PCA10155			302,519,545
Subtotal Assistance Listing Number 84.425C/D/U					1,613,316,901

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
Passed through Los Angeles County Office of Education:					
Title I – Migrant Ed – Regular	84.011	PCA14326			$ 940,184
Title I – Migrant Ed – Summer	84.011	PCA10005			166,938
Title I – Migrant Ed – School Readiness	84.011	PCA10144			36,070
Subtotal Assistance Listing Number 84.011					1,143,192
Passed through California Department of Rehabilitation:					
We Can Work	84.126	Agreement 32032			584,949
Rehab − Transition Partnership Program/Trans Part-Greater LA	84.126	Agreement 32038			1,897,596
Subtotal Assistance Listing Number 84.126					2,482,545
Subtotal Pass-Through Programs					2,227,869,803
Total U.S. Department of Education					2,241,025,161
U.S. Department of Health and Human Services:					
CDCP-School Based HIV/STD Prevention	93.079	5NU87PS004357-04-00; 6NU87PS004357-04-01; 5NU87PS004357-03-00; 5NU87PS004357-05-00			681,385
Subtotal Direct Programs					681,385
Passed through County of Los Angeles:					
Student 360 Health Heluna	93.354	1 NU90TP922183-01			720,361
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PH-003967			900,274
Child Health Outreach Initiative − Whole Person Care	93.778	PH-002507-16			14,140
Children's Health Outreach Enrollment, Utilization, and Retention Services	93.778	PH-004987			74,503
Subtotal Assistance Listing Number 93.778					88,643
Passed through City of Los Angeles:					
County Youth Jobs Program – CalWorks	93.558	C-141312			28,214
Passed through California Department of Social Services:					
California Department of Social Services Refugee Program Bureau	93.566	RSI22-LAUSD			48,092
Child Care and Development Programs Administered by California Department of Social Services	93.575	PCA15557		$ 185,400	
Passed through California Department of Education:					
General Child Care Center − Block Grant	93.575	PCA15136		1,222,286	
COVID-19 ARP California State Preschool Program One-Time Stipend	93.575	PCA15640		1,213,767	
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	PCA15555		484,584	
CCTR Programs administered by California Department of Social Services	93.575	PCA10163		1,831,198	
General Child Care Center − Chid Care Mandatory & Matching Fund of the Child Care and Development Fund	93.596	PCA13609		9,810,266	
Subtotal Expenditures – Child Care Development Fund (CCDF) Cluster					14,747,501
Passed through Baldwin Park Unified School District:					
Early Head Start	93.600	PCA15291		250,020	
Subtotal Expenditures – Head Start Cluster					250,020
Subtotal Pass-Through Programs					16,783,105
Total U.S. Department of Health & Human Services					17,464,490
Corporation for National and Community Service:					
Youth Service America Corporation	94.014	FAIN 19MK218080			145
Subtotal Direct Program					145
Total Corporation for National and Community Service					145
U.S. Department of Homeland Security:					
Passed through California Governors Office of Emergency Services:					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4305-DR & 4407-DR			79,928
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PCA10014			512
Disaster Grants-Public Assistance (Presidentially Declared Disasters) Testing and Vaccination	97.036	FEMA-4482-DR-CA			18,093,815
Subtotal Assistance Listing Number 97.036					18,174,255
Hazard Mitigation Grant Program	97.039	PCA10041			1,871
Hazard Mitigation Grant Program	97.039	DR4344-PJ0455/PJ0151			1,808,383
Subtotal Assistance Listing Number 97.039					1,810,254
Subtotal Pass-Through Programs					19,984,509
Total U.S. Department of Homeland Security					19,984,509
Total Expenditures of Federal Awards			$ 13,221,251	$ 391,539,414	$ 2,594,665,277

(1) General

The accompanying schedule of expenditures of federal awards (Schedule) presents the expenditures of all federal financial assistance programs for the Los Angeles Unified School District (District). The District's reporting entity is defined in the notes to the District's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, as described in Note 1 of the notes to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the District's basic financial statements but agrees in all material respects.

(3) Indirect Cost Rate

The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) Noncash Assistance

Included in the schedule of expenditures of federal awards is (Assistance Listing No. 10.555) $16,393,266 of donated food commodities received from the U.S. Department of Agriculture, passed-through California Department of Education, during the year ended June 30, 2023.

(5) U.S. Department of Homeland Security Disaster Grants - Public Assistance Grants – (Presidential Declared Disasters)

The District incurred eligible expenditures in fiscal years 2019-20 through 2021-22 for the District's Disaster Grants – Public Assistance (Presidentially Declared Disasters) Testing and Vaccination Program. The California Governor's Office of Emergency Services approved the District's project worksheets in fiscal year 2022-23. The District recorded these expenditures totaling $18,093,815 on this year's Schedule.

LAUSD UNIFIED

OTHER INDEPENDENT AUDITOR REPORTS

SIMPSON & SIMPSON
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To The Honorable Board of Education
Los Angeles Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
December 13, 2023

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items F-2023-001, F-2023-002, and F-2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District is also responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2023-001 and F-2023-002 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District is also responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses and the corrective action plan.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
December 13, 2023

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Independent Auditor's Report on State Compliance and on Internal Control over Compliance for State Programs

To The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance

Opinion

We have audited the **Los Angeles Unified School District's** (the District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the Los Angeles Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Los Angeles Unified School District's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2022-23 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A (1)
K. Gann Limit Calculation	Yes
L. School Accountability Report Card	Yes

2022-23 K-12 Audit Guide Procedures	Procedures Performed
M. Juvenile Court Schools	N/A (2)
N. Middle or Early College High Schools	Yes
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A (3)
TT. Home to School Transportation Reimbursement	Yes
UU. Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	N/A (4)
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunity Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
EZ. In Person Instruction Grant	Yes
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	No (5)
DD. Determination of Funding for Nonclassroom-Based Instruction	No (5)
EE. Annual Instructional Minutes – Classroom Based	Yes
FF. Charter School Facility Grant Program	N/A (6)

(1) We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer early retirement incentives during the fiscal year.

(2) We did not perform any procedures related to Juvenile Court Schools because the District does not offer this program.

(3) The District's Board of Education did not elect to operate as a school District of Choice.

(4) The District does not have any Independent Study-Course Based Programs; therefore, we did not perform any testing related to this requirement.

(5) The District's Average Daily Attendance generated from Nonclassroom-Based Instruction/Independent Study for Charter Schools fell under the materiality level stipulated in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; therefore, we did not perform any testing related to this requirement.

(6) The District's charter schools did not receive Charter School Facility Grant Program funding; therefore, we did not perform any testing related to this requirement.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items S-2023-001 through S-2023-013.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
December 13, 2023

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2023

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements?	No

Federal Awards

Internal control deficiencies over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	No

Identification of major programs and type of auditor's report issued on compliance for each major program:

Assistance Listing Number	Name of Federal Program	Opinion
84.002A	U.S. Department of Education – Adult Education – Basic Grants to States	Unmodified
84.010	U.S. Department of Education – Title I Grants to Local Educational Agencies	Unmodified
84.027A, 84.173A/X	U.S. Department of Education – COVID-19 Special Education Cluster (IDEA)	Unmodified
84.334A	U.S. Department of Education – Gaining Early Awareness and Readiness for Undergraduate Programs	Unmodified
84.365Z	U.S. Department of Education – English Language Acquisition State Grants	Unmodified
84.367	U.S. Department of Education – Improving Teacher Quality State Grants	Unmodified
84.425C/D/U	U.S. Department of Education – COVID-19 Education Stabilization Fund	Unmodified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2023

Assistance Listing Number	Name of Federal Program	Opinion
97.036	U.S. Department of Homeland Security – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Unmodified

• Any audit findings disclosed which are required to be reported in accordance with 2 CFR 200.516(a):	Yes
• Dollar threshold used to distinguish between type A and type B programs:	$7,783,996
• Auditee qualified as low risk auditee	No

State Awards

Type of auditor's report issued on compliance for state programs:	Unmodified

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Section II – Finding(s) Relating to the Basic Financial Statements which is Required to be Reported in Accordance with Government Auditing Standards

Finding – FS-2023-001 Reimbursement Grant Revenue Recognition (Material Weakness)

Criteria

Government Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, paragraph 15, establishes the accounting and financial reporting criteria for reimbursement grants:

> "Governments (including the federal government) frequently engage in award programs commonly referred to as "reimbursement-type" or "expenditure-driven" grant programs. These programs may be either government-mandated or voluntary nonexchange transactions, depending on their characteristics. In either case, the provider stipulates that a recipient cannot qualify for resources without first incurring allowable costs under the provider's program…
>
> …that is, there is no award—the provider has no liability, and the recipient has no asset (receivable)— until the recipient has met the provider's requirements by incurring costs in accordance with the provider's program."

A receivable and revenue should be recognized once the recipient has met the provider's requirements by incurring costs in accordance with the provider's program.

Condition

During our audit of the District's Other Governmental Funds State revenues, we identified a total of (3) three grant programs from (2) two grantors listed below, whereby the District's Facilities Department recognized revenue in the governmental funds upon receipt of cash as opposed to when the District met the grantor's requirements by incurring costs in accordance with the grantor's program:

1. State Water Resources Control Board (SWRCB) – Drinking Water for Schools Grant Program and Drought Response Outreach Program
2. State Allocation Board (SAB) – School Facility Program (SFP)

Cause and Effect

As a result of the prior year's Reimbursement Grant Revenue Recognition Material Weakness finding (FS-2022-001), the District has established Revenue Recognition Policies and Procedures to include criteria by which grant-related activities are recognized as revenue effective June 30, 2023. However, at the time of posting the above revenues, the Revenue Recognition Policies and Procedures had not been prepared and implemented, resulting in the above finding.

As such, the District's Facilities Department (Facilities) did not communicate the above grant-related programs they manage to the District's Accounting Department – Capital Projects (ADCP), resulting in the ADCP being unable to provide the Facilities with the accounting and financial reporting criteria for reimbursement grants.

Due to Facilities' misconception of reimbursement grant accounting, they incorrectly recognized State revenues when cash was received instead of when costs were incurred. Based on our audit of the revenue items, it was determined that these grant revenues were earned in Fiscal Year's 2022, 2021, and 2020 and should have been recognized and recorded as revenues at that time in accordance with accounting and financial reporting criteria for reimbursement grants. The overall financial impact was an overstatement of the District's revenues by $3.7 million for the year ended June 30, 2023.

Recommendation

We recommend that the District strengthen its controls over reimbursement or expenditure-driven grant revenue recognition as follows:

- Ensure that the Revenue Recognition Policies and Procedures are updated annually to include all grants in which the District continues to participate in and any new cost reimbursement grants received in the current fiscal year.
- Ensure that the Facilities' staff continue to be adequately trained and knowledgeable of reimbursement grant accounting and financial reporting requirements.
- The ADCP is to continue verifying revenues recorded during the current fiscal year to ensure recording in the proper accounting period.
- The ADCP is to continue reviewing subsequent cash receipts pertaining to reimbursement grants to ensure recording in the proper accounting period.

View of Responsible Officials and Corrective Action Plan

Facilities Services Division (FSD) agrees with this finding and notes that the revenues associated with the current finding materialized before the recommendations from the FY22 audit were implemented. Retroactive posting of these findings to FY22 was not possible because the fiscal year was closed. Posting of the revenues to FY23 was the only recourse available to the department at the time.

Since the results of the FY22 audit came out, FSD has diligently implemented the auditor's recommendations, including updating the department's policies and procedures and sharing these updates with the ADCP team for feedback. Scrutiny of the grant revenue recognition activities carried out by FSD since then would reveal complete compliance and the implementation of a corrective action plan.

Name: Chris Alejo
Title: Deputy Director of Program Support Services
Telephone: (213) 241-1000

Finding – FS-2023-002 Vulnerability Management (Significant Deficiency)

Criteria

Scanning for and managing inventory, patch, and configuration issues are security practices designed to proactively identify and remediate technical vulnerabilities and weaknesses in information systems. Proactively managing and remediating vulnerabilities reduces, or eliminates, the potential of exploitation and involves considerably less time and effort than responding after exploitation has occurred.

- NIST SP 800-53 Revision 5, "Security and Privacy Controls for Federal Information Systems and Organizations, RA-5 (Vulnerability Monitoring and Scanning)":

  Remediate legitimate vulnerabilities in accordance with an organizational assessment of risk.

- ISO27001 Standard; A.12.6 "Technical Vulnerability Management":

  Information on technological vulnerabilities of information systems used should be obtained in a timely manner, the exposure of the organization to such vulnerabilities should be assessed and appropriate measures taken to address the risk involved.

- LAUSD Vulnerability Management Policy - BUL-129101: Section IV. Critical Vulnerabilities:

  Critical security patches may be performed outside the default or customized maintenance schedule and must be installed as soon as reasonably possible, but no later than 30 days after discovery unless approved by the Director of IT Security.

<u>SAP Vulnerability</u>

Condition

Our review of SAP network server vulnerability scan reports for the period of October 2022 through December 2022 revealed that 20 (twenty) "Critical" severity vulnerabilities and 423 (four hundred and twenty-three) "High" severity level vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District has faced various challenges that impact their ability to prioritize addressing all vulnerabilities.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, "Critical" and "High" severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

As a result of the cyber incident, the District faced various challenges and had to prioritize certain factors, which led to the inability to address all vulnerabilities at once. However, we want to assure you that our firewall and Host control, as well as SAP application filters and rules, have been effective in thwarting unwanted and malicious access attempts. Access to SAP applications is exclusively permitted through Citrix, and log-in to SAP hosts is restricted to specific floors where administrators are located, namely the 9th and 11th floors.

To address vulnerabilities effectively, we have now implemented a structured process. We conduct regular monthly remediation activities to proactively address and resolve any identified vulnerabilities. This approach ensures a consistent and efficient response to potential security threats, further enhancing our overall cybersecurity measures.

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/Information Technology Services (ITS)
Telephone: 213.241.1586

<u>MiSiS Vulnerability</u>

Condition

Our review of MISIS network server vulnerability scan reports for the period of October 2022 through December 2022 revealed one hundred and fifty-one (151) “Critical” severity vulnerabilities and 381 (three hundred and eighty-one) “High” severity level vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District has faced various challenges that impact their ability to prioritize addressing all vulnerabilities.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

This risk is increased for systems that contain individual student data.

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

Items listed by auditors in MiSiS Vulnerabilities Observation Support.pdf have been resolved except 8 critical and 132 high severity vulnerabilities included in the Oct-Dec 2022 Audit Review 07212023.xlsx file will be fixed by 09/30/2023.

Name: Douglas Le
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Telephone: 213.241.1586

Name: Robert Pelayo
Title/Division: MiSiS Director/ITS
Telephone: 213-241-1144

CMS Vulnerability

Condition

Our review of CMS network server vulnerability scan reports for the period of October 2022 through December 2022 revealed twelve (12) "Critical" severity level vulnerabilities and 56 (fifty-six) "High" severity level vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District has faced various challenges that impact their ability to prioritize addressing all vulnerabilities.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, "Critical" and "High" severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

As a result of the cyber incident, the District faced various challenges and had to prioritize certain factors, which led to the inability to address all vulnerabilities at once. However, all the identified vulnerabilities were addressed at a later stage.

To address vulnerabilities effectively, we have now implemented a structured process. We conduct regular monthly remediation activities to proactively address and resolve any identified vulnerabilities. This approach ensures a consistent and efficient response to potential security threats, further enhancing our overall cybersecurity measures.

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITS
Telephone: 213.241.1586

Welligent Vulnerability

Condition

Our review of Welligent network vulnerability scan reports for the period of October 2022 through December 2022 revealed sixteen (16) “Critical” severity level vulnerabilities and 56 (fifty-six) “High” severity level vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

We were informed by District management that the Welligent production servers scanned were decommissioned as of June 28, 2023. However, the scan reports reviewed were of Welligent servers in production use during the period reviewed, i.e., October 2022 – December 2022.

Cause and Effect

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District faced various challenges and had to prioritize certain factors, which led to the inability to address all vulnerabilities at once. However, all the identified vulnerabilities were addressed at a later stage.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

This risk is increased for systems that contain sensitive student data such as Individualized Education Programs (IEP), in some instances containing student PHI (Personal Health Information).

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

The sixteen (16) critical and 199 high severity level Welligent server vulnerabilities are found under WELLREP2PE.LAUSD.NET and WELLREP2PF.LAUSD.NET. Both of these servers are for our Welligent Production Reporting Application Server. Both of these servers are unused and were decommissioned/shutdown on June 28, 2023 with the processing of MOC ticket# CRQ000000066607 and work order WO0000012694509. Both tickets have been completed/closed.

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITS
Telephone: 213.241.1586

Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number:	**F-2023-001**
Federal Program Title, Awarding Agency, Pass-Through Entity, Assistance Listing Number, and Award Number:	Title I Grants to Local Educational Agencies, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.010, PCA Nos. 14329 and 15438 (Material Weakness) Special Education-Grants to States (IDEA, Part B), U.S. Department of Education, Passed through the California Department of Education, AL No. 84.027A, 22-13379-64733-01 (Material Weakness) English Language Acquisition State Grants, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.365Z, PCA No. 14365, T365Z210143/C#21079A (Material Weakness) Improving Teacher Quality State Grants, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.367, PCA 14341 (Material Weakness) COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER), U.S. Department of Education, Passed through the California Department of Education, AL No. 84.425U, PCA No. 15559 (Material Weakness)
Compliance Requirement:	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
State Audit Guide Finding Code:	30000 and 50000

Criteria

2 CFR section 200.430(i), Standards for Documentation of Personnel Expenses, requires:

(1) "Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity;

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity."

In accordance with LAUSD Policy Bulletin 2643.13 and 2643.14 entitled, "Documentation for Employees Paid from Federal and State Categorical Programs," the Periodic Certification (formerly referred to as Semi-Annual Certifications) must be completed each fiscal year for employees whose compensation is singularly sourced from federal funds. The first Periodic Certification covers the period between July 1st through December 31st, and the second Periodic Certification covers the period between January 1st through June 30th. These certifications should be completed no later than January 31st and July 31st, respectively. Employees whose compensation is sourced by a combination of Federal or State funds that are not a Single Cost Objective are required to complete and sign the Multi-Funded Time Report at the end of each month.

Condition

As part of our compliance review over payroll expenditures, we selected samples of payroll expenditures charged to the program and reviewed the supporting documents to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported in accordance with 2 CFR section 200.430(i) and LAUSD Policy Bulletin 2643.13 and 2643.14.

Title I Grants to Local Educational Agencies: In our sample of sixty (60) payroll expenditures, we identified discrepancies in the timesheet hours submitted by two (2) employees when compared to the records in SAP. One (1) employee's hours reported on the timesheet was less than the hours recorded in SAP, leading to an overstatement of program expenditures. Conversely, another employee's hours reported on the timesheets were greater than the hours recorded in SAP, leading to an understatement of program expenditures.

Total exceptions for overstatement and understatement amounted to $132 and $726, respectively, of the $186,080 sampled from $278,384,872 of the total payroll expenditures.

Special Education-Grants to States (IDEA, Part B): In our sample of sixty (60) payroll expenditures, we identified a compliance issue regarding signatures on Periodic Certifications. Specifically, four (4) employees signed their Periodic Certifications only in response to our audit request, indicating that these signatures were not obtained within the required timeframe.

Total exceptions for untimely certifications amounted to $23,194.

English Language Acquisition State Grants: In our sample of sixty (60) payroll expenditures, we identified discrepancies in the Multi-Funded Time Reports submitted by three (3) employees compared to the hours recorded in SAP. Specifically, one (1) employee reported hours on the Multi-Funded Time Reports that were less than the hours recorded in SAP, leading to an overstatement of program expenditures. In contrast, two (2) employees reported more hours on the Muti-Funded Time Reports than the hours recorded in SAP, leading to an understatement of program expenditures.

Total exceptions for overstatement and understatement amounted to $49 and $1,280, respectively, of the $156,424 sampled from $8,984,427 of the total payroll expenditures.

Improving Teacher Quality State Grants: In our sample of sixty-one (61) payroll expenditures, we identified discrepancies in the Multi-Funded Time Reports submitted by seven (7) employees compared to the hours recorded in SAP. Specifically, five (5) employees reported hours on the Multi-Funded Time Reports that were less than the hours recorded in SAP, leading to an overstatement of program expenditures. In contrast two (2) employees reported hours on the Muti-Funded Time Report that were greater than the hours recorded in SAP, leading to an understatement of program expenditures. In addition, we found that one (1) employee's hours recorded in SAP did not have a corresponding Muti-Funded Time Report at all, leading to an overstatement of program expenditures.

Total exceptions for overstatement and understatement amounted to $7,697 and $1,957, respectively, of the $284,882 sampled from $17,263,439 of the total payroll expenditures.

COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER): In our sample of sixty-one (61) payroll expenditures, we identified a compliance issue regarding signatures on Periodic Certifications. Specifically, two (2) employees signed their Periodic Certifications only in response to our audit request, indicating that these signatures were not obtained within the required timeframe.

Total exceptions for untimely certifications amounted to $9,260.

Our samples were statistically valid samples.

Cause and Effect

The untimely certifications appear to be incidents in which employees did not follow the District's policies and procedures. The discrepancies between time reports/timesheets and SAP data appear to be due to clerical errors and lack of sufficient review processes.

Such oversights lead to instances of non-compliance and inaccuracies in financial reporting/SEFA, impacting the reliability of payroll expenditure documentation.

Questioned Costs

The total costs related to the conditions mentioned above amounted to the following:

Title I Grants to Local Educational Agencies (AL No. 84.010): $132 overstatement and $726 understatement due to unsupported hours charged.

English Language Acquisition State Grants, U.S. Department of Education (AL No. 84.365Z): $49 overstatement and $1,280 understatement due to unsupported hours charged.

Improving Teacher Quality State Grants (AL No. 84.367): $7,697 overstatement and $1,957 understatement due to unsupported hours charged.

There were no questioned costs arising from untimely completed/signed Periodic Certifications or Multi-Funded Time Reports, as the payroll costs incurred were still allowable costs, despite the timing issues, for the respective programs (i.e., IDEA and ESSER).

Repeat Finding

This finding is a repeat finding as indicated in the Status of Prior Audit Findings and Recommendation as finding number F-2022-001.

Recommendation

We recommend that the District enhance its internal controls over payroll expenditures and related compliance requirements by providing adequate and continuous training to school administrators, timekeepers, and supervisors on the necessary procedures to ensure ongoing compliance is effectively monitored. We also recommend that management responsible for each grant develop and reinforce controls for reviewing and approving Multi-Funded Time Reports or timesheets prior to submission to the funding agency, ensuring that the review and approval process is well-documented. In addition, the District should also conduct internal audits to assess the accuracy of timesheets or Multi-Funded Time Reports and the timeliness of signed Periodic Certification submissions to ensure compliance with the established requirements.

View of Responsible Officials and Corrective Action Plan

1. Accounting Controls team will continue to coordinate with Central Office/program coordinators to:
    a) Communicate the impact of questioned cost resulting from current year's audit findings.
    b) Follow through on the sample testing performed on payroll documentations as a secondary control twice a year; and
    c) Provide feedback and training to the schools based on the result of sample testing.

2. The Accounting controls team will continue to collaborate with the MyPLN team to ensure effective monitoring and timely completion of the annual Mandatory Time and Effort Training. This essential training is mandatory for administrators, timekeepers, and supervisors. Successful completion involves answering review questions at the conclusion of the course, with a 100% correct response rate necessary to obtain certification.

3. Each July, the LAUSD organizes the Principals' Leadership Institute, during which the Accounting Controls team and Central Office/program coordinators will present to principals and assistant principals the significance of completing Time and Effort documentation in a timely and accurate manner.

4. The Accounting Controls team will work with Organizational Excellence and Central Office/program coordinators to present to School Administrative Assistants at their scheduled meetings/trainings, at least once a year.

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Program Identification

Finding Reference Number:	**F-2023-002**
Assistance Listing Number:	84.367
Federal Program Titles:	Title I Grants to Local Educational Agencies (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA No. 14329
Compliance Requirement:	Special Tests and Provisions – Annual Report Card, High School Graduation Rate
State Audit Guide Finding Code:	30000 and 50000

Criteria

Annual Report Card, High School Graduation Rate

An SEA and its LEAs must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv). Additionally, SEAs and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate or rates) in adequate yearly progress (AYP) determinations. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of ESEA (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Section 8.3 of the LAUSD Attendance Manual states School staff shall document students who withdraw from the school. School staff shall follow Appendix J-2: Elementary School Withdrawal Symbols and Appendix J-3: Secondary School Withdrawal Symbols when recording withdrawal data.

Section XI.B of LAUSD REF-6554.4 states the Parent Assurance Letter (PAL) is the official form used to document withdrawal, transfer, and other student movement and that the form must be signed and submitted by the parent/guardian for student withdrawals.

Condition

We sampled a total of sixty (60) out of 78,036 students with leave codes in the school year 2021-22 My Integrated Student Information System (MiSiS) data file to verify that the leave code and reason code reported in MiSiS was properly supported. In our review of the documentation in comparison to the leave and reason code, we noted the following:

1. Six (6) schools provided documentation for seven (7) students that did not support the leave code entered into MiSiS:

Number of Instances	Leave Code per MISIS	Leave Code per Supporting Documentation
2	**L3** (Student transfers to a California public school outside LAUSD)	**L2** (Student transfers to another LAUSD School)
3	**L3** (Student transfers to a California public school outside LAUSD)	**L8** (Unknown)
2	**L4** (Student transfers to a California private school/Homeschool)	**L3** (Student transfers to a California public school outside LAUSD)

2. One (1) school was unable to provide any documentation to support the leave code for one (1) student file.

Our sample was a statistically valid sample.

Cause and Effect

The discrepancy in the leave code was caused by the schools using the wrong leave code when they did not have enough information to substantiate that code. There seems to be a deficiency in the internal control system to properly train and monitor the personnel who are assigned to maintain the accuracy of student records and documentation.

Inaccurate leave codes in MiSiS may lead to inaccurate data collected by CDE, which could lead to errors in the calculation of the graduation rate.

Questioned Costs

Not applicable. This finding is considered a programmatic non-compliance issue.

Repeat Finding

This finding is a repeat finding as indicated in the Status of Prior Audit Findings and Recommendation as finding number F-2022-002.

Recommendation

Given the recurring nature of this finding, we strongly recommend that the District take more robust measures to strengthen and improve its existing controls over enrollment/withdrawal status to ensure that student records on MiSiS are accurate and that necessary documents are maintained. Additionally, we recommend that the District continue to provide training on accurate enrollment/withdrawal codes and on the appropriate levels of written documentation required for various withdrawal situations under both ESSA and CDE guidance.

View of Responsible Officials and Corrective Action Plan

Pupil Services and Attendance will continue to provide policy guidance on the LAUSD student withdrawal procedures through the following methods:

1. Pupil Services will maintain policies pertaining to attendance, enrollment, and withdrawals up to date.
2. Pupil Services published the Bulletin 4926.3 Enrollment, Attendance, and Withdrawal Policies and Procedures dated July 31, 2023, and is available for all LAUSD staff in the LAUSD E-Library.
3. Pupil Services has created a SharePoint available to all LAUSD staff employee where we have made available the *Enrollment, Attendance, and Withdrawal Policies and Procedures Manual*. This Manual outlines the LAUSD withdrawal policy and procedures for both elementary and secondary students along with the supporting documents necessary such as the *Withdrawal Types and Reasons*. This manual is also hyperlinked directly on Bulletin 4926.3 Enrollment, Attendance, and Withdrawal Policies and Procedures which is available for all LAUSD staff in the LAUSD E-Library.
4. Explore possible document validation for withdrawal reasons in the MiSiS Withdrawal Screen.
5. Pupil Services will provide training to the A-G Counselors on the Withdrawal Process and Procedures yearly by March 2024.
6. Pupil Services will provide training to the LAUSD Data team on accurate withdrawal procedures by December 2023.
7. Pupil Services will continue to offer training to the Pupil Services Lead Counselors through the informational sessions offered every other month.
8. Pupil Services will conduct a training on Withdrawal Process and Procedures to LAUSD Office personnel yearly by December 2023.
9. Pupil Services will continue provide ongoing reminders every other month through the Schoology communication platform regarding accurate enrollment, withdrawal procedures and the MYPLN Essential Tips training to support with the withdrawal process, codes, and documentation.
10. Pupil Services and Attendance will communicate with Region Administration on disseminating information to school-site designees with audit findings to participate in the MYPLN training on accurate enrollment and withdrawal codes during school year 2023-24.
11. Will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support with the withdrawal process, codes, and documentation from the schools identified with audit findings by March 2024.

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Program Identification

Finding Reference Number:	**F-2023-003**
Assistance Listing Number:	84.010
Federal Program Titles:	Improving Teacher Quality State Grants
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA No. 14341
Compliance Requirement:	Reporting
State Audit Guide Finding Code:	30000 and 50000

Criteria

20 U.S. Code § 7845 (a) (1), "A local educational agency receiving funds under more than one covered program may submit plans or applications to the State educational agency under those programs on a consolidated basis." This Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds from various federal programs (e.g., Title I, Part A; Title II) to county offices, school districts, and direct funded charter schools throughout California.

Improving Teacher Quality State Grants (Title II, Part A) funds are allocated based on the following formula: (a) 20 percent based on the relative number of individuals age five through seventeen, and (b) 80 percent based on the relative numbers of individuals age five through seventeen from families with incomes below the poverty line, residing in the area the local educational agency (LEA) serves based on U.S. Census or state alternative poverty data.

Condition

We sampled a total of three (3) out of five (5) ConApp reports submitted in the fiscal year 2022-23. Our review identified discrepancies in the reported amount for Title II, Part A FY 2021-22 Expenditure Report, 12 Months as follows:

Reported Category	Reported Amount	Correct Amount	Discrepancy Over/(Under)
Total Expenditures	$ 9,420,273	$14,196,113	($4,775,840)
2021-22 Unspent Funds	$18,217,386	$13,441,546	$4,775,840

Our samples were statistically valid samples.

Cause and Effect

The discrepancies in the ConApp reporting can be attributed to a lack of adequate control measures within the reporting process, which has led to non-compliance with ConApp reporting requirement.

Questioned Costs

Not applicable - Title II, Part A funds are allocated based on a specific population and poverty-based formula, not based on expenditures.

Recommendation

We recommend that the District strengthen and improve its existing controls over the ConApp reporting process to ensure that all reported information is reconciled between the accounting records and the ConApp submissions.

View of Responsible Officials and Corrective Action Plan

The District will strengthen and improve its existing controls over the processes for the Consolidated Application reporting. Specifically, the District will ensure that the preparer and reviewer complete an internal control checklist before submission of the report to CDE. This includes the validation and reconciliation of expenditure data that is reported in the Consolidated Application Report.

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Section IV – Findings and Questioned Costs Relating to State Awards

S-2023-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Alexandria Avenue Elementary
- Arlington Heights Elementary
- Arlington Heights Elementary DL Two-Way Im Spanish
- Atwater Avenue Elementary
- Avalon Gardens Elementary
- Belmont Senior High
- Brentwood Elementary Science Magnet
- Broadacres Avenue Elementary
- Cabrillo Avenue Elementary
- Carmen Lomas Garza Primary Center
- Coeur D Alene Avenue Elementary
- Corona Avenue Elementary
- Crescent Heights Boulevard Elementary Lang Arts/Soc Jstc Mag
- CTC - West
- Del Amo Elementary
- Delevan Drive Elementary
- Denker Avenue Elementary
- Dolores Huerta Elementary School
- Dolores Street Elementary
- Dr Sammy Lee Elementary Medical and Health Science Magnet
- Florence Nightingale Middle School
- Florence Nightingale Middle School Bus Entrprshp Tech Magnet
- Francisco Bravo Senior High Medical Magnet
- George De la Torre Jr Elementary STEAM Magnet
- Hollywood Elementary
- Ivanhoe Elementary
- Lafayette Park Primary Center
- Manhattan Place Elementary
- Menlo Avenue Elementary
- Menlo Avenue Elementary DL Two-Way Im Spanish
- Menlo Avenue Elementary STEAM Magnet
- Mount Washington Elementary
- Nevin Avenue Elementary
- Noble Avenue Elementary
- Park Western Place Elementary
- Point Fermin Elementary Marine Science Magnet

- Raymond Avenue Elementary
- RFK Comm Schls - UCLA Community School K-12
- Ricardo Lizarraga Elementary
- Rio Vista Elementary
- San Fernando Elementary
- Saticoy Elementary
- Saticoy Elementary DL Two-Way Im Armenian
- Sierra Vista Elementary
- Walgrove Avenue Elementary
- Walnut Park Elementary
- West Athens Elementary
- Wilshire Park Elementary School

Criteria

California Education Code, Section 46300(a) – In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

Condition, Cause and Effect

For our sample of 138 schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month three (3). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3).* We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3).*

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls. We selected a sample of 164,396 days of attendance and 15,214 days of absences for testing and noted the following findings, resulting due to staff's untimely update of student's attendance records:

- **Alexandria Avenue Elementary -** Out of the 575 days of attendance and 65 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Arlington Heights Elementary -** Out of the 643 days of attendance and 85 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Arlington Heights Elementary DL Two-Way Im Spanish -** Out of the 391 days of attendance and 56 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Atwater Avenue Elementary -** Out of the 618 days of attendance and 82 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Avalon Gardens Elementary -** Out of the 477 days of attendance and 83 days of absences sampled, we noted the following exceptions:
  - Seven (7) students were absent for a total of seven (7) days, as evidenced by an absence note but was recorded as present in the SMASR.
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Belmont Senior High -** Out of the 1,128 days of attendance and 143 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Brentwood Elementary Science Magnet -** Out of the 876 days of attendance and 84 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Broadacres Avenue Elementary -** Out of the 499 days of attendance and 30 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of thirteen (13) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Cabrillo Avenue Elementary -** Out of the 720 days of attendance and 53 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Carmen Lomas Garza Primary Center -** Out of the 745 days of attendance and 68 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Coeur D Alene Avenue Elementary -** Out of the 1,302 days of attendance and 167 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Corona Avenue Elementary -** Out of the 1,370 days of attendance and 110 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the SMASR.

- **Crescent Heights Boulevard Elementary Lang Arts/Soc Jstc Mag -** Out of the 1,166 days of attendance and 114 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **CTC – West -** Out of the 246 days of attendance and 27 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of six (6) days, as evidenced by an absence note but was marked as present in the SMASR.
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Del Amo Elementary -** Out of the 1,259 days of attendance and 61 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
- **Delevan Drive Elementary -** Out of the 1,023 days of attendance and 103 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Denker Avenue Elementary -** Out of the 821 days of attendance and 69 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of ten (10) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Dolores Huerta Elementary School -** Out of the 1,160 days of attendance and 80 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, as evidenced by an absence note but was recorded as present in the SMASR

- **Dolores Street Elementary -** Out of the 956 days of attendance and 64 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of four (4) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Dr Sammy Lee Elementary Medical and Health Science Magnet-** Out of the 1,369 days of attendance and 91 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Florence Nightingale Middle School -** Out of the 422 days of attendance and 38 days of absences sampled, we noted the following exceptions:
    - One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Florence Nightingale Middle School Bus Entrprshp Tech Magnet -** Out of the 352 days of attendance and 8 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Francisco Bravo Senior High Medical Magnet -** Out of the 1,566 days of attendance and 74 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **George De la Torre Jr Elementary STEAM Magnet -** Out of the 848 days of attendance and 72 days of absences sampled, we noted the following exception:

    One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Hollywood Elementary -** Out of the 840 days of attendance and 60 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Ivanhoe Elementary -** Out of the 1,403 days of attendance and 84 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Lafayette Park Primary Center -** Out of the 896 days of attendance and 144 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Manhattan Place Elementary -** Out of the 1,241 days of attendance and 234 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of four (4) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
  - We identified two (2) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Menlo Avenue Elementary -** Out of the 826 days of attendance and 74 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Menlo Avenue Elementary DL Two-Way Im Spanish -** Out of the 493 days of attendance and 82 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Menlo Avenue Elementary STEAM Magnet -** Out of the 765 days of attendance and 95 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Mount Washington Elementary -** Out of the 1,463 days of attendance and 104 days of absences sampled, we noted the following exception:

  One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Nevin Avenue Elementary -** Out of the 920 days of attendance and 80 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Noble Avenue Elementary -** Out of the 949 days of attendance and 111 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Park Western Place Elementary** – Out of the 562 days of attendance and 98 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Point Fermin Elementary Marine Science Magnet**– Out of the 1,201 days of attendance and 79 days of absences sampled, we noted the following exceptions:
    - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Raymond Avenue Elementary -** Out of the 1,281 days of attendance and 192 days of absences sampled, we noted the following exceptions:
    - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.
    - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
    - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **RFK Comm Schls - UCLA Community School K-12 -** Out of the 1,512 days of attendance and 125 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Ricardo Lizarraga Elementary -** Out of the 88 days of attendance and 32 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
  -

- **Rio Vista Elementary -** Out of the 1,487 days of attendance and 193 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of four (4) days, as evidenced by an absence note but was recorded as present in the SMASR.
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **San Fernando Elementary -** Out of the 808 days of attendance and 92 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Saticoy Elementary -** Out of the 828 days of attendance and 92 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Saticoy Elementary DL Two-Way Im Armenian -** Out of the 299 days of attendance and 41 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Sierra Vista Elementary-** Out of the 961 days of attendance and 79 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Walgrove Avenue Elementary -** Out of the 789 days of attendance and 111 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Walnut Park Elementary -** Out of the 686 days of attendance and 92 days of absences sampled, we noted the following exceptions:
  - Four (4) students were absent for a total of five (5) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **West Athens Elementary -** Out of the 1,159 days of attendance and 175 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, as evidenced by an absence note but was marked as present in the SMASR.
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Wilshire Park Elementary School -** Out of the 672 days of attendance and 48 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-001) but for different schools.

Questioned Costs

- Grades TK/K-3: 40 days/139 days = 0.29 ADA overstated * $13,895.87 = $4,029.80
- Grades 4 to 6: 25 days/139 days = 0.18 ADA overstated * $12,776.67 = $2,299.80
- Grades 7 to 8: 6 days/139 days = 0.04 ADA overstated * $13,155.69 = $526.23

- Alexandria Avenue Elementary
  - Grades TK/K-3: 2 days/139 days in single track school year
- Arlington Heights Elementary DL Two-Way Im Spanish
  - Grades TK/K-3: 1 day/139 days in single track school year
- Avalon Gardens Elementary
  - Grades TK/K-3: 6 days/139 days in single track school year
  - Grades 4 to 6: 1 day/139 days in single track school year
- Brentwood Elementary Science Magnet
  - Grades TK/K-3: 1 day/139 days in single track school year
- Broadacres Avenue Elementary
  - Grades 4 to 6: 13 days/139 days in single track school year
- Cabrillo Avenue Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year
- Carmen Lomas Garza Primary Center
  - Grades TK/K-3: 2 days/139 days in single track school year
- Corona Avenue Elementary
  - Grades 4 to 6: 2 days/139 days in single track school year
- Crescent Heights Boulevard Elementary Lang Arts/Soc Jstc Mag
  - Grades TK/K-3: 1 day/139 days in single track school year
- CTC – West
  - Grades 7 to 8: 6 days/139 days in single track school year
- Delevan Drive Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year
- Dolores Huerta Elementary School
  - Grades TK/K-3: 1 day/139 days in single track school year
  - Grades 4 to 6: 2 days/139 days in single track school year
- Dolores Street Elementary
  - Grades 4 to 6: 4 days/139 days in single track school year
- George De la Torre Jr Elementary STEAM Magnet
  - Grades TK/K-3: 1 day/139 days in single track school year
- Hollywood Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year
- Lafayette Park Primary Center
  - Grades TK/K-3: 1 day/139 days in single track school year
- Menlo Avenue Elementary DL Two-Way Im Spanish
  - Grades TK/K-3: 1 day/139 days in single track school year
- Menlo Avenue Elementary STEAM Magnet
  - Grades TK/K-3: 1 days/139 days in single track school year
- Mount Washington Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year

- Raymond Avenue Elementary
    - Grades TK/K-3: 2 days/139 days in single track school year
- RFK Comm Schls - UCLA Community School K-12
    - Grades 4 to 6: 2 days/139 days in single track school year
- Rio Vista Elementary
    - Grades TK/K-3: 4 days/139 days in single track school year
- Saticoy Elementary
    - Grades 4 to 6: 1 day/139 days in single track school year
- Saticoy Elementary DL Two-Way Im Armenian
    - Grades TK/K-3: 2 days/139 days in single track school year
- Walnut Park Elementary
    - Grades TK/K-3: 5 days/139 days in single track school year
- West Athens Elementary
    - Grades TK/K-3: 3 days/139 days in single track school year
- Wilshire Park Elementary School
    - Grades TK/K-3: 2 days/139 days in single track school year

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend that the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend that the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District maintain documentation reflecting that each of the schools identified above have been successfully trained.

Views of Responsible Officials, Planned Corrective Action, and Contact Information

New corrective actions we will take:

1. We will offer training to staff on the function of the SMASR to support students' accurate attendance.
2. We will provide ongoing reminders every other month through the Schoology communication for staff to review their SMASR for accuracy.
3. We will provide ongoing reminders every other month through the Schoology communication for staff to retain student attendance records.

We will also continue to provide policy guidance:

1. Provide ongoing reminders every other month through the Schoology communication platform regarding accurate attendance, enrollment, and withdrawal procedures.
2. Provide ongoing reminders every other month through the Schoology communication regarding the MYPLN Essential Tips training to support with appropriate attendance documentation.
3. Pupil Services and Attendance will communicate with Local District Administration on disseminating information to school-site designees with audit findings to participate in the MYPLN training on accurate attendance, enrollment, and withdrawal procedures during school year 2023-24.
4. Pupil Services and Attendance will communicate with the Office of Organizational Excellence to support in messaging the availability of the MYPLN training to support with the accurate, attendance, enrollment, withdrawal procedures, codes, and documentation.
5. The District will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support accurate attendance, enrollment, and withdrawal procedures, codes, and documentation from the identified schools with audit findings.

Name: Elsy Rosado
Title: Director, Pupil Services and Attendance
Telephone: (213) 241-3844

S-2023-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- 9th Street Elementary
- Boyle Heights HS STEM Magnet
- Brooklyn Avenue Elementary
- Canfield Avenue Elementary
- Carthay Elementary of Environmental Studies Magnet
- Charles Drew MS University Pathways Public Service Academy
- Foshay Learning Center
- George de la Torre Jr Elementary
- Linda Esperanza Marquez Senior High Social Justice
- Marlton School
- Nathaniel Narbonne Senior High
- RFK Community of Schools - UCLA Community School K-12
- Roosevelt Senior High Science/Tech/Math Magnet
- Sun Valley Magnet: Engineering Technology
- The Science Academy STEM Magnet
- Walnut Park Middle School - Social Justice and Service Learning
- Western Avenue Tech/Eng/Comm/Hum Magnet
- Wilton Place Elementary

Criteria

California Education Code, Section 44203(a) - "Authorization" means the designation that appears on a credential, certificate, or permit that identifies the subjects and circumstances in which the holder of the credential, certificate, or permit may teach, or the services which the holder may render in the public schools of this state.

Section 44256 - Authorization for teaching credentials shall be of four basic kinds, as defined below:

(a) “Single subject instruction” means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools. The holder of a single subject teaching credential or a standard secondary credential or a special secondary teaching credential, as defined in this subdivision, who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 7 to 12, inclusive, other than the subject for which he or she is already certificated to teach, shall be eligible to have this subject appear on the credential as an authorization to teach this subject. The commission, by regulation, may require that evidence of additional competence is a condition for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the single subject credential on the basis of specialized needs. For purposes of this subdivision, a special secondary teaching credential means a special secondary teaching credential issued on the basis of at least a baccalaureate degree, a student teaching requirement, and 24 semester units of coursework in the subject specialty of the credential.

(b) "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education. The holder of a multiple subject teaching credential or a standard elementary credential who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 9 and below shall be eligible to have that subject appear on the credential as authorization to teach the subject in departmentalized classes in grades 9 and below. The governing board of a school district by resolution may authorize the holder of a multiple subject teaching credential or a standard elementary credential to teach any subject in departmentalized classes to a given class or group of pupils below grade 9, provided that the teacher has completed at least 12 semester units, or six upper division or graduate units, of coursework at an accredited institution in each subject to be taught. The authorization shall be with the teacher's consent. However, the commission, by regulation, may provide that evidence of additional competence is necessary for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the multiple subject credential on the basis of specialized needs.

(c) "Specialist instruction" means any specialty requiring advanced preparation or special competence, including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.

(d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or career technical courses which courses may be part of a program of trade, technical, or career technical education.

Condition, Cause and Effect

During our procedures performed for each class sampled for attendance testing of regular and special day classes, and adult education, we reviewed the classroom teacher's credentials to determine if they possessed valid credentials, if their assigned teaching position was consistent with the authorization of their certification, and if the teachers held a valid English instruction certification in instances when the teacher taught a class in which more than 20% of the pupils were English learners.

We tested a total of 441 K-12 teachers and noted twenty-one (21) teachers who were assigned to teach in a position not consistent with the authorization of his/her certification or outside of the time period permitted by their credential, due to an appropriately authorized teacher not being available to cover in the position:

- **9th Street Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Boyle Heights HS STEM Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.

- **Brooklyn Avenue Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.

- **Canfield Avenue Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Carthay Elementary of Environmental Studies Magnet** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Charles Drew MS University Pathways Public Service Academy** – Two (2) teachers were assigned to teach in a position not consistent with the authorization of their certifications due to having a late consent form on file.

- **Foshay Learning Center** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **George de la Torre Jr Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Linda Esperanza Marquez Senior High Social Justice** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Marlton School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Nathaniel Narbonne Senior High** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **RFK Community of Schools - UCLA Community School K-12** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.

- **Roosevelt Senior High Science/Tech/Math Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Sun Valley Magnet: Engineering Technology** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.

- **The Science Academy STEM Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.

- **Walnut Park Middle School - Social Justice and Service Learning** – Two (2) teachers were assigned to teach in a position not consistent with the authorization of their certifications.

- **Western Avenue Tech/Eng/Comm/Hum Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification. One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.

- **Wilton Place Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-002) but for different schools and teachers.

Questioned Costs

Not Applicable.

Recommendation

We recommend that the District continue to train schools on the MiSiS Assignment Monitoring Report. The District should continue to monitor and strengthen internal controls to ensure teachers are being assigned properly to teach in a position authorized by their certifications as well as having a consent form on file when necessary, and to ensure substitute teachers are being assigned properly to teach in a position authorized by their certifications and within the time period permitted by their credential. We also recommend that the schools and the District remediate the misassignments identified above.

Views of Responsible Official, Planned Corrective Action, and Contact Information

Human Resources (HR) will continue in their efforts to ensure that every student is instructed appropriately by teachers who are authorized by their certifications as well as having a consent form on file, as necessary. This will be achieved by providing professional development opportunities to certificated staff responsible for overseeing the master schedule. HR will leverage the Staff Relations Update to issue monthly reminders to principals regarding the importance of making appropriate teacher assignments and submitting local assignment option forms. To address any delays in form submissions, HR will compile and distribute, by April 2024, a list of candidates who have utilized local assignment options during the current academic year. This initiative aims to assist in having principals submit local assignment option forms in a timely manner for the upcoming academic year.

The Substitute Unit will launch a communication campaign to inform and monitor substitute teachers and school administrators of the State's limitations. Warnings will be issued and substitute teachers lacking authorization will be taken off their assignments.

Name: Luz Ortega
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Contact Information: luz.ortega@lausd.net

Name: Jorge Amador
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Contact Information: jorge.amador@lausd.net

S-2023-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Hoover Street Elementary
- Mayall Street Academy of Arts/Technology Magnet
- Mount Washington Elementary
- Park Western Place Elementary
- Wilshire Park Elementary School

Criteria

California Education Code, Section 46300 - In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten only if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the State Department of Education and signed by the pupil's parent or guardian, that the pupil shall be retained in kindergarten for not more than an additional school year.

Condition, Cause and Effect

Using a total of 106 schools offering Kindergarten from the schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2022-23 and kindergarten in school year 2021-22 and verified that a signed kindergarten continuance parental agreement (agreement) was maintained. We noted the following exceptions due to school oversight.

- **Hoover Street Elementary** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.

- **Mayall Street Academy of Arts/Technology Magnet** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.

- **Mount Washington Elementary** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.

- **Park Western Place Elementary** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.

- **Wilshire Park Elementary School** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student, as a result of our inquiry.

This finding is a repeat finding, having been reported previously at June 30, 2022 (S-2022-003) but for different schools.

Questioned Costs

- Grades K-3 – 175 days / 139 days = 1.26 ADA overstated * $13,895.87 = $17,508.80

  - Hoover Street Elementary
    - 20 days overstated / 139 days in single track school year
  - Mayall Street Academy of Arts/Technology Magnet
    - 9 days overstated / 139 days in single track school year
  - Mount Washington Elementary
    - 1 day overstated / 139 days in single track school year
  - Park Western Place Elementary
    - 14 days overstated / 139 days in single track school year
  - Wilshire Park Elementary School
    - 131 days overstated / 139 days in single track school year

Recommendation

We recommend that schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. The District should continue to communicate and train all schools on the District's Kindergarten Continuance policy.

We also recommend that the District obtain written acknowledgement from the schools identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten. The District should also continue ensuring that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

To ensure compliance with Kindergarten Continuance requirements, the following actions will be implemented during the 2023-2024 school year.

- Continue to provide communication and support to schools on using the Kindergarten Retention Monitoring report in FOCUS beginning in January 2024.
- Continue to provide communication and support to schools on review of the Kindergarten Continuance Certify Report to clear alert messages for students with no Kindergarten Continuance Form date by obtaining completed forms and documenting the completion date in MiSiS monthly, beginning in January 2024.
- Provide training on the Kindergarten Continuance process and guidelines to the following by Spring 2024:
    - School Office Staff, such as School Administrative Assistants
    - School Designees
    - Operations Staff
- Continue to review the Kindergarten Continuance policy with principals and region administrators throughout the school year in the Weekly Instructional News, at principal organization meetings, etc. beginning in January 2024.
- Continue to secure a signed a copy of the Kindergarten Audit Principal Certification and Acknowledgement form.
- Start communication with the MiSIS team on the feasibility of a MiSiS enhancement. This enhancement will only allow the retention e-date to be after the date of the signed completed continuance form is submitted.

Name: Elizabeth Bernal
Title: Interim Administrator, Elementary Instruction
Telephone: (213) 241-6603

S-2023-004 Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- City of Angels
- Virtual Academy Computer Science

Criteria

California Education Code, Section 51747.5 (b) – A local educational agency may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.

California Education Code, Section 51747 (6) - A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

Condition, Cause and Effect

In our sample of three (3) schools with independent study programs, we noted the following, resulting due to attendance reporting issues where IS Supervising Designees reported attendance for students in MISIS without confirming the enrollment date of the student as determined by the signature dates on the Master Agreement:

- **City of Angels**

  - Attendance for (1) student shows 5 days on the SMASR (Student Monthly Attendance Summary Report); however, the student's record of attendance shows 1 day. The student's days were overreported by 4 days. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
  - Attendance for (1) student shows 10 days on the SMASR (Student Monthly Attendance Summary Report); however, the student's record of attendance shows 2 days. The student's days were overreported by 8 days. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Virtual Academy Computer Science**

  - The school did not maintain records of master agreements for one (1) student. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

- The master agreement for ten (10) students were signed by the parents after the first day of instruction. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

- One (1) student was reported present for a total of 60 days prior to their master agreement being signed by the parent.

- Attendance for (1) student shows 16 days on the SMASR; however, the student's record of attendance shows 3 days. The student's days were overreported by 13 days.

- Attendance for (1) student shows 11 days on the SMASR; however, the student's record of attendance shows 6 days. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

- Attendance for (1) student shows 11 days on the SMASR; however, the student's record of attendance shows 8 days. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

- Attendance for (1) student shows 2 days on the SMASR; however, the student's record of attendance shows 0 days. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

This finding is a repeat finding, having been reported previously at June 30, 2022 (S-2022-004).

Questioned Costs

- Grades 9-12: 73 days/139 days = 0.53 ADA overstated * $13,780.81 = $7,303.83

  - Virtual Academy Computer Science
    - Grades 9-12: 73 days overstated/139 days in single track school year

Recommendation

We recommend that the District strengthen its review process over independent study to ensure that all elements of the master agreements are complete, and all records of attendance contain readily available corresponding pupil work products. We also recommend that the district provide proper training to ensure attendance is reported accurately and policies are adhered to.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

This is to acknowledge the importance of ensuring that the long-term independent study enrollment process includes ensuring the master agreement document is signed before enrollment, and all records of attendance accurately reflect the attendance codes that is reported in MISIS. Planned corrective actions are as follows:

1. Review findings and corrective actions with administrators from each of the six Virtual Academies in the long-term Independent Study Program.
2. Provide training to review enrollment process at each of the Virtual Academies to ensure that the master agreement is signed by all parties before the student is enrolled and attendance is reported into MiSiS by the school.
3. Provide training for teachers of all six virtual academies on recording attendance in MiSiS according to the attendance days earned on the corresponding records of assignments.
4. Provide training for teachers on submitting attendance in MiSiS for all days the student is enrolled in the long-term independent study Virtual Academy program.

The above corrective action plans implementation target date is October 31, 2023.

Name: Connie L. Brandstetter
Title: Administrator of Instruction, Virtual Academy
Telephone: (213) 241-1933

City of Angels Schools:

Planned corrective actions are as follows:

1. Conduct regular self-audits on a monthly basis to identify instances of over and under reporting in MiSiS and take immediate corrective actions to address identified reporting issues promptly.
2. Ensure the ongoing provision of comprehensive, differentiated, and personalized professional development to teachers when school balancing reveals fidelity issues with MISIS reporting requirements.

For New Faculty Members (particularly those in their first year as independent study teachers):

1. Maintain a consistent onboarding and training program specifically tailored for new teachers with 1-3 years of independent study experience. Deliver monthly focused training sessions and provide support to enhance their skills and understanding.

The corrective action plan for City of Angels is effective January 8, 2024.

Name: Dr. Vince Carbino
Title: Principal, City of Angels Independent Study School
Telephone: (323) 501-7227

S-2023-005 – Instructional Time

State Audit Guide Finding Codes: 40000

Criteria

California Education Code, Section 46207 - (a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall, for each fiscal year, offer, at a minimum, the following number of minutes of instruction:

(1) To pupils in kindergarten, 36,000 minutes.
(2) To pupils in grades 1 to 3, inclusive, 50,400 minutes.
(3) To pupils in grades 4 to 8, inclusive, 54,000 minutes.
(4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

California Education Code, Section 46208 –

(a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year. A school operating as a multitrack year-round school shall be deemed to be in compliance with the 180-day requirement if it certifies to the Superintendent that it is a multitrack year-round school and maintains its school for a minimum of 163 schooldays.

(c) For a school district that has met its local control funding formula target and that offers fewer than the number of instructional days required pursuant to this section, the Superintendent shall withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the sum of 0.0056 multiplied by that apportionment for each day less than what was required pursuant to this section, for up to five days.

Condition, Cause and Effect

In our sample of 138 schools, we reviewed the calendar and bell schedules of the District to determine if the instructional minutes and instructional days met the minimum requirements outlined in Education Code sections 46207 and 46208.

We noted the following findings due to a work stoppage in March 2023 resulting in the closure of all District schools, for 3 days.

Instructional Days

- The District offered 177 instructional days to all of our sampled schools, not the minimum 180-day requirement. As such, the penalty for instructional days is calculated as follows:

Calculating the Cost of an Instructional Time Audit Finding	D1	D2	D3	D4	Calculations
Affected grade level(s)	K-3	4–6	7-8	9–12	
Affected grade level ADA	132,298.81	94,615.64	58,557.44	112,946.88	*(a)*
Derived Value of ADA by Grade Span	$ 13,895.87	$ 12,776.67	$ 13,155.69	$ 15,642.63	*(b)*
Number of days short	3	3	3	3	*(c)*
Instructional Day Penalty by Grade Span	$ 30,885,238.69	$ 20,309,063.19	$ 12,942,107.27	$ 29,682,009.06	*(d) = 0.0056 * (a) * (b) * (c)*
Total Instructional Day Penalty				**$93,818,418.21**	*(e) = (D1) + (D2) + (D3) + (D4) + (D5)*

Instructional Minutes

- The District did not meet the minimum number of instructional minutes for 31 of the originally 138 sampled schools. We expanded our sample size to determine if any additional District schools also did not meet the instructional minutes requirement, citing an additional 153 identified schools. All of the schools identified as not being compliant were secondary schools (9-12). As such, a total of 184 schools were identified as not being compliant with the instructional minutes requirement.

  Out of those 184 identified schools, the school that offered the least number of minutes was short of the required 64,800 minutes by 631 minutes.

  As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	112,946.88	*(a)*
Derived Value of ADA by Grade Span	$ 15,642.63	*(b)*
Number of required minutes	64,800	*(c)*
Number of minutes short	631	*(d)*
Percentage of Minutes Not Offered	0.97%	*(e) = (d) / (c)*
Affected LCFF Apportionment by Grade Span	$ 1,766,786,253.49	*(f) = (a) * (b)*
Total Instructional Time Penalty	**$ 17,137,826.66**	*(g) = (e) * (f)*

Questioned Costs

Instructional Days Penalty	$ 93,818,418.21
Instructional Time Penalty	17,137,826.66
Total Penalty	**$110,956,244.87**

Recommendation

We recommend the District put mechanisms in place to track their compliance with instructional days and instructional minutes offered throughout the year to monitor compliance with the instructional days and instructional minutes requirements.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

All District schools were compliant with the minimum instructional days and minutes requirements at the beginning of the school year. However, work stoppage in March 2023 necessitated the closure of all District schools for 3 days. Since all District schools' instructional minutes offerings exceed the State minimum requirement, only the comprehensive high schools fell short of meeting the minutes requirement due to the 3 closure days.

The District plans to file for the Instructional Time Penalty Waiver. To comply with the conditions for the penalty waiver, the District is offering 183 instructional days for the 2023-24 and 2024-25 school years, with comprehensive high schools offering over 66,000 annual instructional minutes for each of the school years.

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S-2023-006 – Classroom Teacher Salaries

State Audit Guide Finding Codes: 61000

Criteria

California Education Code, Section 41372 - (a) "Salaries of classroom teachers" and "teacher" shall have the same meanings as prescribed by Section 41011 provided, however, that the cost of all health and welfare benefits provided to the teachers by the school district shall be included within the meaning of salaries of classroom teachers.

(b) "Current expense of education" means the gross total expended (not reduced by estimated income or estimated federal and state apportionments) for the purposes classified in the final budget of a school district (except one which, during the preceding fiscal year, had less than 101 units of average daily attendance) submitted to and approved by the county superintendent of schools pursuant to Section 42127 for certificated salaries other than certificated salaries for pupil transportation, food services, and community services; classified salaries other than classified salaries for pupil transportation, food services, and community services; employee benefits other than employee benefits for pupil transportation personnel, food services personnel, and community services personnel; books, supplies, and equipment replacement other than for pupil transportation and food services; and community services, contracted services, and other operating expenses other than for pupil transportation, food services, and community services. "Current expense of education," for purposes of this section shall not include those expenditures classified as sites, buildings, books, and media and new equipment (object of expenditure 6000 of the California School Accounting Manual), the amount expended from categorical aid received from the federal or state government which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of this section, or expenditures for facility acquisition and construction; and shall not include the amount expended pursuant to any lease agreement for plant and equipment or the amount expended from funds received from the federal government pursuant to the "Economic Opportunity Act of 1964" or any extension of this act of Congress.

There shall be expended during each fiscal year for payment of salaries of classroom teachers:

(1) By an elementary school district, 60 percent of the district's current expense of education.
(2) By a high school district, 50 percent of the district's current expense of education.
(3) By a unified school district, 55 percent of the district's current expense of education.

Condition, Cause and Effect

We obtained the District's general ledger (ledger) of expenditures and reconciled the ledger to the District's Audited Financial Statements as of June 30, 2023, which accounts for all applicable audit adjustments.

We utilized the ledger to calculate the elements of the current expense formula, which amounted to $8,648,568,628.98.

We then utilized the ledger to calculate the elements of the minimum classroom compensation, which amounted to $4,069,318,418.74.

Based on the information derived above, we determined that the District's percent of current cost of education expended for classroom compensation to be 47.05%, which falls short of the 55.00% minimum percent required for unified school districts.

This leads to a deficiency percentage of 7.95 % and a deficiency amount of $687,561,206.00.

These calculations are illustrated below:

Total teacher salaries and benefits	$ 4,069,318,418.74	*(a)*
Current expense	$ 8,648,568,628.98	*(b)*
Percentage spent by the District	47.05%	*(c) = (a) / (b)*
Minimum percentage required	55.00%	*(d)*
Percentage below the minimum	7.95%	*(e) = (d) - (c)*
Deficiency Amount	$ 687,561,206.00	*(f) = (e) * (b)*

This is a repeat finding, having been reported previously at June 30, 2022 (S-2022-007).

Questioned Costs

Deficiency amount - $687,561,206.00.

Recommendation

We recommend that the District put mechanisms in place to track their percentage of teacher salaries and benefits to total expenses throughout the year in order to monitor compliance with the classroom teacher salary requirements.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

The District continuously spent significant amount of dollars on classroom teacher salaries, benefits, and other expenditures necessary to address learning gaps using one-time COVID funding dollars. Given how the formula works, if the District can exclude all covid related spending in the calculation of the Current Expense but take credit in the numerator for classroom teacher salaries and benefits funded by COVID funding resource, the District would be able to meet the requirement because in substance, the District did spend a substantial amount on classroom teacher salaries and benefits.

The District shall engage with the Los Angeles County office of Education (LACOE) to seek a waiver request again for this year as per Education Code Section 41372.

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S-2023-007 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- 232nd Place Elementary
- Alta Loma Elementary
- Ambler Ave Elementary School
- Aragon Avenue Elementary
- Breed Street Elementary
- Catskill Ave Elementary School
- Daniel Webster Middle School
- Emerson Community Charter
- Pinewood Avenue Elementary
- Marina Del Rey Middle School
- San Fernando Elementary School
- Sonia Sotomayor Art/Sci Magnet
- Valley Oaks Center for Enriched Studies (VOCES) Magnet
- Walnut Park Elementary
- Westminster Avenue Elementary Math/Tech/Env Studies Magnet
- Westport Heights Elementary
- Westside Global Awareness Magnet

Criteria

California Education Code 8483(a) – (1) Every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day and operate a minimum of 15 hours per week at least until 6:00 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. For those programs or school sites operating in a community where early release policy does not meet the unique needs of that community or school, or both, documented evidence may be submitted to the department for an exception and a request for approval of an alternative plan.

(2) It is the intent of the Legislature that elementary school and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy pursuant to subparagraph (B) of paragraph (1) of this section or paragraph (2) of subdivision (f) of Section 8483.76.

California Education Code 8483.1 (a) – (1) Every before school program component established pursuant to this article shall in no instance operate for less than one and one-half hours per regular school day. Every program shall establish a policy regarding reasonable late daily arrival of pupils to the program.

(2) (A) It is the intent of the Legislature that elementary school and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except when arriving late in accordance with the late arrival policy described in paragraph (1) or as reasonably necessary.

(2) (B) A pupil who attends less than one-half of the daily program hours shall not be accounted for the purposes of the attendance.

California Education Code 8482 – The purpose of this program is to create incentives for establishing locally driven before and after school enrichment programs both during schooldays and summer, intersession, or vacation days that partner public schools and communities to provide academic and literacy support and safe, constructive alternatives for youth. The term public school includes charter schools.

Condition, Cause and Effect

On a sample basis, we tested attendance documentation of 39 schools and 2,198 days of attendance for students who participated in the After/Before School Education and Safety Program. We examined the attendance records for the selected students and verified whether the attendance reporting was complete and accurate. We also verified whether the selected students complied with the attendance requirements established by the District, as required by the California Education Code. We noted the following exceptions:

<u>After School Component of the Program</u>

On a sample basis, we tested the attendance documentation of 14 schools and 1,729 days of attendance in the after school component of the After School Education and Safety Program.

There were 286 students in 12 schools that did not comply with the established early release policy due to school oversight. As a result, the following schools had students that did not participate in the full day of the after school program on every day during which pupils participated.

- **232nd Place Elementary** – 33 students did not participate in the full period of the after school program for a total of 91 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Ambler Ave Elementary School** – 20 students did not participate in the full period of the after school program for a total of 46 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Catskill Ave Elementary School** – 29 students did not participate in the full period of the after school program for a total of 97 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Daniel Webster Middle School** – 13 students did not participate in the full period of the after school program for a total of 34 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Emerson Community Charter** – 23 students did not participate in the full period of the after school program for a total of 75 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

- **Marina Del Rey Middle School** – 12 students did not participate in the full period of the after school program for a total of 37 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **San Fernando Elementary School** – 39 students did not participate in the full period of the after school program for a total of 101 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Sonia Sotomayor Art/Sci Magnet -** 8 students did not participate in the full period of the after school program for a total of 24 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Walnut Park Elementary –** 31 students did not participate in the full period of the after school program for a total of 72 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Westminster Avenue Elementary Math/Tech/Env Studies Magnet -** 31 students did not participate in the full period of the after school program for a total of 72 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Westport Heights Elementary -** 2 students did not participate in the full period of the after school program for a total of 3 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

We obtained the ASES Attendance Reports, which the District uses to report attendance, and compared the total attendance reported in the Monthly Attendance Report (MAR) to the Beyond the Bell Report (BTB) and to the Period 1 Assist Summary reported to CDE on a sampled basis for the schools for a sampled month during the school year 2022-2023. Additionally, we tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions, resulting from school oversight.

- **232nd Place Elementary -** Lack of supporting information (i.e., sign-in time, sign-out time) of 15 students to produce the attendance records for a total of 21 days but marked present on the MAR.
- **Ambler Ave Elementary School -** Lack of supporting information (i.e., sign-in time, sign-out time) of 15 students to produce the attendance records for a total of 27 days but marked present on the MAR.
- **Catskill Ave Elementary School -** Lack of supporting information (i.e., sign-in time, sign-out time) of 21 students to produce the attendance records for a total of 49 days but marked present on the MAR.
- **Daniel Webster Middle School -** Lack of supporting information (i.e., sign-in time, sign-out time) of 7 students to produce the attendance records for a total of 12 days but marked present on the MAR.
- **Emerson Community Charter -** Lack of supporting information (i.e., sign-in time, sign-out time) of 4 students to produce the attendance records for a total of 4 days but marked present on the MAR.

- **Marina Del Rey Middle School -** Lack of supporting information (i.e., sign-in time, sign-out time) of 4 students to produce the attendance records for a total of 4 days but marked present on the MAR.
- **San Fernando Elementary School -** Lack of supporting information (i.e., sign-in time, sign-out time) of 4 students to produce the attendance records for a total of 12 days but marked present on the MAR.
- **Sonia Sotomayor Art/Sci Magnet -** Lack of supporting information (i.e., sign-in time, sign-out time) of two (2) students to produce the attendance records for a total of 2 days but marked present on the MAR.
- **Valley Oaks Center for Enriched Studies (VOCES) Magnet –** This was a newly operated school that was presented as an ASES funded school on the MAR, however for the months of January 2023 and February 2023 the school was not operating as an after school program but was charged to ASES funding.
- **Walnut Park Elementary -** Lack of supporting information (i.e., sign-in time, sign-out time) of 1 student to produce the attendance records for a total of 2 days but marked present on the MAR.
- **Westminster Avenue Elementary Math/Tech/Env Studies Magnet -** Lack of supporting information (i.e., sign-in time, sign-out time) of 37 students to produce the attendance records for a total of 58 days but marked present on the MAR.
- **Westport Heights Elementary -** Lack of supporting information (i.e., sign-in time, sign-out time) of 1 student to produce the attendance record for a total of 1 day but marked present on the MAR.
- **Westside Global Awareness Magnet -** Lack of supporting information (i.e., sign-in time, sign-out time) of 3 students to produce the attendance records for a total of 3 days but marked present on the MAR.

Before School Component of the Program

On a sample basis, we tested the attendance documentation of 25 schools and 469 days of attendance in the before school component of the Before School Education and Safety Program.

There were 9 students in 3 schools that did not comply with the established late arrival policy. As a result, the following elementary schools had students that did not participate in the full duration of the before school program on every day during which pupils participated:

- **Aragorn Avenue Elementary** – 4 students did not participate in the full period of the before school program for a total of 6 days that were participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.
- **Breed Street Elementary** – 2 students did not participate in the full period of the before school program for a total of 4 days that were participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.
- **Pinewood Avenue Elementary** – 3 students did not participate in the full period of the before school program for a total of 5 days that were participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.

We obtained the ASES Attendance Reports, which the District uses to report attendance, and compared the total attendance reported in the Monthly Attendance Report (MAR) to the Beyond the Bell Report (BTB) and to the Period 1 Assist Summary reported to CDE on a sampled basis for the schools for a sampled month during the school year 2022-2023. Additionally, we tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions, resulting from school oversight.

- **Alta Loma Elementary -** Lack of supporting information (i.e., sign-in time, sign-out time) of 1 student to produce the attendance record for a total of 1 day but marked present on the MAR.

- **Aragon Avenue Elementary -** Lack of supporting information (i.e., sign-in time, sign-out time) of 3 students to produce the attendance records for a total of 10 days but marked present on the MAR.

- **Pinewood Avenue Elementary -** Lack of supporting information (i.e., sign-in time, sign-out time) of 2 students to produce the attendance records for a total of 2 days but marked present on the MAR.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-008) but for different schools.

Questioned Costs

As a result of our testing, the over and under reporting of attendance were summarized in the Condition, Cause and Effect section above. The California Department of Education will determine the impact of the above exceptions on the After School Education and Safety Program funding, if there is any.

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District’s policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

Beyond the Bell Branch will implement the following to strengthen attendance documentation for ASES: Provide training on attendance and daily late arrival/early release reporting at the sites to ensure documentation of reported attendance figures and late arrival/early release is readily available and accurate. In addition, Beyond the Bell Branch will continue performing agency site visits to ensure compliance with the established policies. The goal of this corrective action plan is to ensure compliance with the established policies by agencies providing services at our schools.

The following is a schedule of trainings to ensure we strengthen our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies:

1. Agency contractors and program personnel at schools identified in Audit Finding S-2023-07 will attend a training meeting scheduled in January 2024. The training will address the District’s policy on documenting and maintaining accurate attendance and Early Release/Late Arrival forms records.
2. Agency contractors and program personnel providing services at **ALL** District Sites will attend a training meeting scheduled in February 2024. The training will address the District’s policy on documenting and maintaining accurate attendance and Early Release/Late Arrival forms records.
3. Beyond the Bell Branch Administrators and Traveling Supervisors monitoring agency contractors and program personnel will attend a training meeting scheduled in March 2024. The training will address the Traveling Supervisor’s responsibility when monitoring agencies to ensure they follow the District’s policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies.
4. Beyond the Bell Branch Administrators and Traveling Supervisors will conduct “Random Reviews/Audits of Monthly Attendance Reports” throughout the year to examine agency sign-in/sign-out procedures and documentation of Early Release/Late Arrival Policies.
5. Beyond the Bell Branch Leadership will monitor to ensure the Beyond the Bell Branch Administrators and Traveling Supervisors conduct the “Random Reviews/Audits of Monthly Attendance Reports” and conduct Agency “Annual Performance Reviews” to address noted findings.

The expected outcome of these trainings/monitoring of staff is to ensure we reduce or eliminate these types of findings in the future.

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S-2023-008 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Alexandria Avenue Elementary
- Bridge Street Elementary
- Brockton Avenue Elementary
- Budlong Avenue Elementary
- Carson Street Elementary
- Corona Avenue Elementary
- Dr Maya Angelou Community Senior High
- El Sereno Elementary
- Foshay Learning Center
- Francisco Bravo Senior High Medical Magnet
- Fries Avenue Elementary
- Hollywood Elementary
- James J McBride Special Education Center
- Johnnie L Cochran Jr Middle School
- Mariposa-Nabi Primary Center
- Marlton School
- Morris K Hamasaki Medical/Science Magnet
- Nathaniel Narbonne Senior High
- Noble Avenue Elementary
- Point Fermin Elementary Marine Science Magnet
- Quincy Jones Elementary
- Raymond Avenue Elementary
- Roosevelt Senior High Science/Tech/Math Magnet
- San Fernando Elementary
- Saticoy Elementary
- Susan Miller Dorsey Senior High
- Walgrove Avenue Elementary
- Walnut Park Elementary
- Wilton Place Elementary
- University High School Charter (Dependent Charter)

Criteria

California Education Code, Section 2574(b)(3)(A): In determining the enrollment percentage of unduplicated pupils, under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS).

(B): The Superintendent shall make the calculations pursuant to this section using the data submitted through the CALPADS.

Condition, Cause, and Effect

On a sample basis, we tested the Free or Reduced Price Meal (FRPM) and English Learner (EL) eligibility of 2,910 students from 150 schools from the “1.18 – FRPM / English Learner / Foster Youth – Student List” reported in the CALPADS. We examined supporting documentation for the selected students and verified their respective eligibility.

Of the 2,910 students tested, 1,553 students were selected for verification of their Free and Reduced Price Meal (FRPM) eligibility as “181 - Free” or “182 - Reduced”, 502 students were selected for verification of their English Learner “EL”, and 855 students were selected for verification of either FRPM or EL eligibility in accordance with the audit guide.

Based on our testing, we noted that thirty-four (34) students from the District’s schools, and one (1) student from the District’s Dependent Charter Schools were reported as Free or Reduced or English Learner eligible but were unsupported. This was due to the District’s interpretation of California Department of Education’s (CDE) business rules related to the collection of household income forms for new students whose forms are collected after November 30th for FRPM students. Some EL students were not administered the Summative English Language Proficiency Assessments for California (ELPAC) and/or their grade level skills assessment due to chronic absenteeism/illness during the year under review.

The exceptions noted were extrapolated to the FRPM and EL population of the District Schools and Dependent Charter Schools in question based on the error rate of the samples selected. The following is the extrapolated impact on the District Schools' and Dependent Charter Schools' UPC and UPP:

School	* Total Enrollment Applied	* UPC Applied	UPP	UPC adjusted based on eligibility of FRPM	UPC adjusted based on eligibility for EL funding	UPC adjusted based on eligibility for both FRPM and EL		Adjusted total UPC	Adjusted UPP
Los Angeles Unified School District	1,193,687	1,026,262	85.97%	-	-	(291)	**	1,025,971	85.95%
Alexandria Avenue Elementary	1,527	1,464	95.87%	(1)	-	-		1,463	95.81%
Bridge Street Elementary	523	513	98.09%	(1)	-	-		512	97.90%
Brockton Avenue Elementary	570	472	82.81%	-	(1)	-		471	82.63%
Budlong Avenue Elementary	2,073	2,012	97.06%	(1)	-	-		2,011	97.01%
Carson Street Elementary	1,865	1,415	75.87%	(1)	-	-		1,414	75.82%
Corona Avenue Elementary	1,938	1,861	96.03%	(1)	-	-		1,860	95.98%
Dr Maya Angelou Community Senior High	3,201	3,163	98.81%	(1)	-	-		3,162	98.78%
El Sereno Elementary	839	789	94.04%	(1)	-	-		788	93.92%
Foshay Learning Center	5,302	4,947	93.30%	(1)	-	-		4,946	93.29%
Francisco Bravo Senior High Medical Magnet	5,021	4,399	87.61%	(1)	-	-		4,398	87.59%
Fries Avenue Elementary	1,061	1,010	95.19%	(1)	-	-		1,009	95.10%
Hollywood Elementary	536	513	95.71%	(1)	-	-		512	95.52%
James J McBride Special Education Center	417	290	69.54%	(2)	-	-		288	69.06%
Johnnie L Cochran Jr Middle School	1,540	1,531	99.42%	-	-	(1)		1,530	99.35%
Mariposa-Nabi Primary Center	311	302	97.11%	(2)	-	-		300	96.46%
Marlton School	442	434	98.19%	(1)	-	-		433	97.96%
Morris K Hamasaki Medical/Science Magnet	1,132	1,044	92.23%	(1)	-	-		1,043	92.14%
Nathaniel Narbonne Senior High	5,467	4,482	81.98%	(1)	-	-		4,481	81.96%
Noble Avenue Elementary	2,166	2,111	97.46%	(1)	-	-		2,110	97.41%
Point Fermin Elementary Marine Science Magnet	938	603	64.29%	-	(1)	-		602	64.18%
Quincy Jones Elementary	866	849	98.04%	(1)	-	-		848	97.92%
Raymond Avenue Elementary	1,265	1,234	97.55%	(2)	-	-		1,232	97.39%
Roosevelt Senior High Science/Tech/Math Magnet	1,580	1,490	94.30%	(1)	-	-		1,489	94.24%
San Fernando Elementary	1,489	1,435	96.37%	(1)	-	-		1,434	96.31%
Saticoy Elementary	1,513	1,438	95.04%	(2)	-	-		1,436	94.91%
Susan Miller Dorsey Senior High	2,366	2,157	91.17%	(2)	-	-		2,155	91.08%
Walgrove Avenue Elementary	709	273	38.50%	-	(1)	-		272	38.36%
Walnut Park Elementary	1,645	1,577	95.87%	(1)	-	-		1,576	95.81%
Wilton Place Elementary	1,010	966	95.64%	(1)	-	-		965	95.54%
University High School Charter (Dependent Charter)	4,268	3,045	71.34%	(2)	-	-	**	3,043	71.30%
University High School Charter (Dependent Charter)	4,268	3,045	71.34%	(1)	-	-		3,044	71.32%

* Total is the sum of the last two prior years and current year results.

** The adjustment represents the extrapolated impact of the error on the District's UPC. Refer to the Questioned Costs section for additional details.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-009) but for different schools.

Questioned Costs

We determined the total impact of the thirty-four (34) findings on the District, and one (1) finding on the Dependent Charter Schools by extrapolating the noted errors to the total UPC. We determined that the total extrapolated impact on the District's UPC is 291, and for the Dependent Charter School, University High School Charter, is 2.

We decreased the District's UPC by the extrapolated impact of 291 students and calculated an Adjusted UPC of 85.95%.

We applied the Adjusted UPC to the District's LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2022-23, and we computed total questioned costs to be $691,321.

We also decreased the Dependent Charter Schools' UPC by the extrapolated impact of 2 students and calculated an Adjusted UPC for University High School Charter of 71.30%.

We applied the Adjusted UPC to the Dependent Charter Schools LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2022-23, and we computed total questioned costs for University High School Charter to be $4,770.

Recommendation

We recommend that the District continue to monitor English learner and free and reduced meal eligibility status' to ensure students who are designated as English learner or free and reduced meal eligible have proper supporting documentation. We also recommend that the District continue to train staff on enrollment procedures so that students' correct designations will be reflected in the student information system.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

English Learner Program:

As is customary practice, the Multilingual Multicultural Education Department (MMED) in collaboration with the Office of Data and Accountability (Student Testing Branch and State Report Services Branch) will continue to:

1. Monitor EL eligibility using Elevate Alerts monthly and provide updates to region personnel and school's EL Designees.
2. Provide training on EL enrollment procedures on or before September 30, 2024.
3. Provide training on assessment procedures as follows:
   a. Fall 2024: On or before September 30, 2024
   b. Spring 2024: On or before April 30, 2024

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Free or Reduced Price Meal:

To address the free and reduced meal eligibility status, the following will be undertaken:

1. Students who were enrolled on Census Day but whose household income forms were received after the October 31 deadline will no longer be counted as FRPM eligible moving forward.
2. By Spring 2024 and on-going thereafter, a refresher training will be planned and conducted to address the importance of diligence and attention to detail on critical information when verifying Household Income Forms.

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S-2023-009 Immunizations

State Audit Guide Finding Codes: 40000

Schools Affected

- 107th Street Elementary
- 42nd Street Elementary
- Angeles Mesa Elementary
- Bellingham Elementary
- Coliseum Street Elementary
- Erwin Elementary
- Grant Elementary
- Hubert Howe Bancroft Middle School
- John B Monlux Elementary
- Kenter Canyon Elementary Charter
- Kittridge Street Elementary
- Manhattan Place Elementary
- Mountain View Elementary
- Orchard Academies 2C
- Purche Avenue Elementary
- Rancho Dominguez Preparatory School
- Raymond Avenue Elementary
- Vinedale College Preparatory Academy

Criteria

California Code of Regulations, Title 17, Section 6025: *(a)* A school or pre-kindergarten facility shall unconditionally admit or allow continued attendance to any pupil age 18 months or older whose parent or guardian has provided documentation of any of the following for each immunization required for the pupil's age or grade, as defined in Table A or B of this section:

Table B: California Immunization Requirements For Grades K-12

Grade	Number of Doses Required of Each Immunization				
K-12 Admission	4 Polio	5 DTap	3 Hep B	2 MMR	2 Varicella
(7th - 12th)	1 Tdap				
7th Grade Advancement	2 Varicella	1 Tdap			

California Code of Regulations, Title 17, Section 6040:

(a) If a pupil attending a school or pre-kindergarten facility who was previously believed to be in compliance is subsequently discovered to not be in compliance with either the unconditional admission requirements specified in section 6025 or the conditional admission requirements specified in section 6035:

(1) The governing authority shall notify the parent or guardian of the time period within which the doses must be received. This time period may be no more than 10 school days after notification.
(2) The pupil shall continue in attendance only if the parent or guardian provides documentation that the immunization requirements have been met within the time period designated by the governing authority.

(b) The parent or guardian shall submit documentation that seventh grade immunization requirements have been met to the governing authority prior to first 7th grade attendance.

California Code of Regulations, Title 17, Section 6051(b) - The fact of the permanent medical exemption for specific immunization(s) shall be recorded in the pupil's record in accordance with section 6070.

California Code of Regulations, Title 17, Section 6055 - The governing authority shall exclude any pupil who does not meet the requirements for admission or continued attendance as specified in Article 2 of this subchapter and Health and Safety Code section 120335.

California Code of Regulations, Title 17, Section 6070

(a) Pre-kindergarten facility and school personnel must record information for each pupil regarding all doses of required immunizations and the status of all requirements, as defined in Article 2 of this subchapter, using an immunization record that is provided by the parent or guardian that complies with the documentary proof requirements of section 6065, from a prior school, or in an immunization registry or information system governed by Health and Safety Code section 120440. The governing authority of each school and pre-kindergarten facility shall maintain this information for each pupil in the pupil's record.

(b) The immunization information shall include the following elements:
(1) Pupil Name (Last, First, Middle).
(2) Statewide Student Identifier (SSID) (if assigned).
(3) Name of Parent/Guardian (Last, First).
(4) Birthdate (month, day, and year).
(5) Sex.
(6) Ethnicity (Hispanic/Latino, Non-Hispanic/Non-Latino).
(7) Race (African-American/Black, American Indian/Alaska Native, Asian, Native Hawaiian/Other Pacific Islander, White, Other).

(8) As specified in Table A or B of section 6025 for age or grade, the date (month, day, and year) each of the following required vaccine doses were given:
(A) IPV/OPV (Polio).
(B) DTaP/DTP (Diphtheria, Tetanus and [acellular] Pertussis).
(C) MMR (Measles, Mumps, and Rubella).
(D) Hib (Haemophilus influenzae type b; required for pre-kindergarten only).
(E) Hep B (Hepatitis B).
(F) VAR/VZV (Varicella or Chickenpox).
(G) Tdap (Tetanus, reduced Diphtheria and [acellular] Pertussis; required for 7th grade advancement and 7th-12th grade admission).
(9) Permanent medical exemption (indicate for each vaccine as applicable).
(10) Status of requirements at admission to pre-kindergarten:
(A) Name of staff who reviewed the pupil's immunization record.
(B) (If applicable) Pupil is currently up-to-date but more doses are due as specified in Tables A and C of sections 6025 and 6035, respectively.
i. Follow-up date (month, day and year).
(C) (If applicable) Pupil has Temporary Medical Exemption as specified in section 6050.
i. Follow-up date (month, day and year).
(D) The date (month, day and year) pupil met requirements for admission as specified in section 6025.
(11) Status of requirements at admission to K-12:
(A) Name of staff who reviewed the pupil's immunization record.
(B) (If applicable) Pupil is currently up-to-date but more doses are due as specified in Tables B and D of sections 6025 and 6035, respectively.
i. Follow-up date (month, day and year).
(C) (If applicable) Pupil has Temporary Medical Exemption as specified in section 6050.
i. Follow-up date (month, day and year).
(D) The date (month, day and year) pupil met requirements for admission as specified in section 6025.
(12) Status of requirements at admission or advancement to 7th grade:
(A) Name of staff who reviewed the pupil's immunization record.
(B) (If applicable) Pupil is currently up-to-date but more doses are due as specified in Tables B and D of sections 6025 and 6035, respectively.
i. Follow-up date (month, day and year).
(C) (If applicable) Pupil has Temporary Medical Exemption as specified in section 6050.
i. Follow-up date (month, day and year).
(D) The date (month, day and year) pupil meets requirements for admission as specified in section 6025.

(c) Pursuant to subdivision (c) of section 120375 of the Health and Safety Code, the local health department shall have access to the health information as it relates to immunization of each pupil.

Condition, Cause and Effect

For the 45 schools identified as reporting a conditional admission rate greater than 10 percent in Kindergarten pupils to the California Department of Public Health (CDPH), we selected a sample of 270 Kindergarten pupils, excluding students in independent study and students with an individualized education program that includes special education and related services, and verified that each pupil has a California School Immunization Record, CDPH 286 (01/19) on file (prior version of form or equivalent electronic or hard copy record are acceptable), and verified that the pupils had 2 doses of varicella vaccine and 2 doses of a measles vaccine prior to admission, or had a current medical exemption on file. For pupils who only had 1 dose of either vaccine prior to admission, we verified that the 2nd dose was received within 4 calendar months and 10 school days after the 1st dose.

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We noted the following findings, schools were not familiar with immunization requirements. As a result, the schools enrolled students who may not have been fully compliant with the requirements.

- **107th Street Elementary –** Out of the 15 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2nd dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 58 days during the time in which the pupil was not compliant with immunization requirements.

- **42nd Street Elementary –** Out of the 2 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school and did not receive the required 2nd dose of the varicella and measles vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 124 days during the time in which the pupil was not compliant with immunization requirements.

- **Angeles Mesa Elementary –** Out of the 6 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 9 days during the time in which the pupil was not compliant with immunization requirements.

- **Bellingham Elementary –** Out of the 10 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2nd dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 80 days during the time in which the pupils were not compliant with immunization requirements.

- **Coliseum Street Elementary –** Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 79 days during the time in which the pupil was not compliant with immunization requirements.

- **Erwin Elementary –** Out of the 10 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school.
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 184 days during the time in which the pupil was not compliant with immunization requirements.

- **Grant Elementary –** Out of the 5 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school.
  - The pupil was marked present in the school's monthly attendance summary for a total of 8 days during the time in which the pupil was not compliant with immunization requirements.

- **John B Monlux Elementary –** Out of the 9 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st dose of the measles vaccine before the first day of school and did not receive the required 2nd dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 79 days during the time in which the pupil was not compliant with immunization requirements.

- **Kenter Canyon Elementary Charter –** Out of the 9 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd doses of the measles and varicella vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 73 days during the time in which the pupil was not compliant with immunization requirements.

- **Kittridge Street Elementary –** Out of the 12 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd doses of the measles and varicella vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 35 days during the time in which the pupil was not compliant with immunization requirements.

- **Manhattan Place Elementary –** Out of the 5 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd doses of the measles and varicella vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 21 days during the time in which the pupil was not compliant with immunization requirements.

- **Mountain View Elementary –** Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school.
  - The pupil was marked present in the school's monthly attendance summary for a total of 93 days during the time in which the pupil was not compliant with immunization requirements.

- **Purche Avenue Elementary –** Out of the 7 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the measles vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 3 days during the time in which the pupil was not compliant with immunization requirements.

- **Raymond Avenue Elementary –** Out of the 8 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 9 days during the time in which the pupil was not compliant with immunization requirements.

- **Vinedale College Preparatory Academy –** Out of the 2 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 46 days during the time in which the pupil was not compliant with immunization requirements.

For the 6 schools identified as reporting a conditional admission rate greater than 10 percent in 7th/8th Grade pupils to the California Department of Public Health (CDPH), we selected a sample of 45 7th/8th Grade pupils, excluding students in independent study and students with an individualized education program that includes special education and related services, and verified each pupil has a California School Immunization Record, PM 286 (01/02) or CDPH 286 (01/14) on file (prior version of form or equivalent electronic or hard copy record are acceptable), and verified that each pupil obtained 2 doses of varicella vaccine and 1 dose of Tdap vaccine prior to admission into 7th Grade, or had a current medical exemption on file for Tdap vaccine. For pupils who only had 1 dose of varicella vaccine prior to admission, we verified that the 2nd dose was received within 4 calendar months and 10 school days after the 1st dose. For pupils who did not have Tdap vaccine, we verified they were excluded from attendance.

We noted the following findings, schools were not familiar with immunization requirements. As a result, the schools enrolled students who may not have been fully compliant with the requirements.

- **Hubert Howe Bancroft Middle School -** Out of the 4 pupils sampled, we noted the following exception:
    - One (1) pupil did not receive the required 1st dose of the tetanus vaccine before the first day of school.
    - The pupil was marked present in the school's monthly attendance summary for a total of 85 days during the time in which the pupil was not compliant with immunization requirements.

- **Orchard Academies 2C -** Out of the 13 pupils sampled, we noted the following exceptions:
    - One (1) pupil did not receive the required 1st dose of the tetanus vaccine before the first day of school and did not receive the required 2nd dose of the tetanus and varicella vaccines within four calendar months and ten school days after receiving the 1st dose.
    - One (1) pupil did not receive the required 1st dose of the tetanus vaccine before the first day of school and did not receive the required 2nd dose of the tetanus vaccines within four calendar months and ten school days after receiving the 1st dose.
    - The pupils were marked present in the school's monthly attendance summary for a total of 174 days during the time in which the pupils were not compliant with immunization requirements.

- **Rancho Dominguez Preparatory School -** Out of the pupils 7 sampled, we noted the following exceptions:
    - One (1) pupil did not receive the required 1st dose of the tetanus vaccine before the first day of school and did not receive the required 2nd dose of the tetanus vaccines within four calendar months and ten school days after receiving the 1st dose.
    - Two (2) pupils did not receive the required 1st dose of the tetanus vaccine before the first day of school.
    - The pupils were marked present in the school's monthly attendance summary for a total of 412 days during the time in which the pupils were not compliant with immunization requirements.

This finding is a repeat finding, having been reported previously at June 30, 2022 (S-2022-010).

Questioned Costs

- Grades K-3 – 828 days / 177 days = 4.68 ADA overstated * $13,895.87 = $65,032.67
- Kenter Canyon Elementary Charter – 73 days / 177 days = 0.41 ADA overstated * $10,338.38 = $4,238.74

Kindergarteners/1st Graders:

- 107th Street Elementary – 58 days overstated/177 days in single track school year
- 42nd Street Elementary – 124 days overstated/177 days in single track school year
- Angeles Mesa Elementary – 9 days overstated/177 days in single track school year
- Bellingham Elementary – 80 days overstated/177 days in single track school year
- Coliseum Street Elementary – 79 days overstated/177 days in single track school year
- Erwin Elementary – 184 days overstated/177 days in single track school year
- Grant Elementary – 8 days overstated/177 days in single track school year
- John B Monlux Elementary – 79 days overstated/177 days in single track school year
- Kenter Canyon Elementary Charter – 73 days overstated/177 days in single track school year
- Kittridge Street Elementary – 35 days overstated/177 days in single track school year
- Manhattan Place Elementary – 21 days overstated/177 days in single track school year
- Mountain View Elementary – 93 days overstated/177 days in single track school year
- Purche Avenue Elementary – 3 days overstated/177 days in single track school year
- Raymond Avenue Elementary – 9 days overstated/177 days in single track school year
- Vinedale College Preparatory Academy – 46 days overstated/177 days in single track school year

- Grades 7-8 – 671 days / 177 days = 3.79 ADA overstated * $13,155.69 = $49,860.07

7th/8th Graders:

- Hubert Howe Bancroft Middle School – 85 days overstated/177 days in single track school year
- Orchard Academies 2C – 174 days overstated/177 days in single track school year
- Rancho Dominguez Preparatory School – 412 days overstated/177 days in single track school year

Recommendation

We recommend that the District strengthen its controls over implementing District policies regarding pupil immunization record tracking. Furthermore, we recommend that the District continue providing adequate training to the schools to properly monitor pupil immunization.

Views of Responsible Officials and Planned Corrective Actions

To address the audit findings, the District has the following action steps:

1. Meeting with the Chief Medical Director, Dr. Malhotra to review results – August 2023
2. New VIVE immunization uploader tool – trained school administrators, office staff, school nurses and licensed vocational nurses (LVNs) – July 2023, August 2023 and February 2024
3. Meeting with Nursing Coordinators to review results and discuss plan of actions – September 2023
4. Meeting with Principals and Operations staff regarding the audit findings – Spring 2024
5. Immunization reports forwarded to Region Operations – Weekly
6. Robust communication plan (including social media, updating web pages, etc.) to notify schools/parents of school-based clinics that can provide immunizations – Monthly
7. Immunization workgroup – Weekly

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S-2023-010 – Expanded Learning Opportunities Grant

State Audit Guide Finding Codes: 40000

Criteria

California Education Code, Section 43522(b) - specifically, funds received under subdivision (b) of Section 43521 shall be expended only for any of the following purposes:

(1) Notwithstanding Section 37202, instructional learning time in addition to what is required pursuant to Part 24.5 (commencing with Section 43500) of Division 3 for the 2020–21 school year and Chapter 2 (commencing with Section 46100) of Part 26 of, or Chapter 3 (commencing with Section 47610) of Part 26.8 of, Division 4, and Section 300.106 of Title 34 of the Code of Federal Regulations for the 2021–22 and the 2022–23 school years by increasing the number of instructional days or minutes provided during the school year, providing summer school or intersessional instructional programs, or taking any other action that increases the amount of instructional time or services provided to pupils based on their learning needs.

Condition, Cause and Effect

In our sample of nineteen (19) ELO-G payroll expenditures (Resource 7425), we verified whether the employees' time pertained to in-person services were allowable under Education Code section 43522(b).

We noted the following finding:

- One (1) employee had a total of 1.5 hours charged in excess to the ELO-G fund in which the employee did not perform work related to the summer school extended instructional learning program. Although the District properly reviewed the employees' time card for the pay period and posted the necessary adjustments to account for time worked on other tasks, they erroneously did not adjust 1.5 hours out of the ELO-G fund.

Questioned Costs

Not applicable. Upon our identification of the sampled employee, the District identified the above error and corrected the ELO-G fund by transferring out the costs associated with the 1.5 hours. As the District corrected the error before closing its June 30, 2023, financial statements, no questioned costs are to be assessed. As such, the above finding has been resolved.

Recommendation

We recommend that the District strengthen its monitoring and review controls over expenditure charges to the ELO-G fund to ensure that all costs are associated with allowable services and that all necessary adjustments are made timely.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

Division of Instruction (DOI) will strengthen its ELO-G expenditure monitoring and review controls to ensure that all costs are associated with the allowable services and that all adjustments are made timely by:

- Providing a meeting that includes a review of entering time reported and monitoring the time entered to ensure all costs are associated with the appropriate funding source during Spring 2024.
    - Share the Enrichment Funding information with regional enrichment time reporters and approvers.
    - Invite Payroll Administration key personnel to explain the importance of processing payroll and making adjustments timely.

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S-2023-011 – Transitional Kindergarten

State Audit Guide Finding Codes: 40000

Criteria

California Education Code, Section 48000 (g) – As a condition of receipt of apportionment for pupils in a transitional kindergarten program pursuant to Section 46300, a school district or charter school shall do all of the following:

(1) Maintain an average transitional kindergarten class enrollment of not more than 24 pupils for each schoolsite.

(2) Commencing with the 2022–23 school year, maintain an average of at least one adult for every 12 pupils for transitional kindergarten classrooms at each schoolsite.

California Education Code, Section 48000.1(b) – (1) Commencing with the 2022–23 school year, if a school district or charter school fails to comply with the requirements of paragraphs (1) to (4), inclusive, of subdivision (g) of Section 48000, the Superintendent shall withhold from the school district's or charter school's entitlement computed pursuant to Section 42238.02 the sum of the following:

(A) For school districts and charter schools that fail to meet the adult-to-pupil ratio requirements of paragraph (2) of subdivision (g) of Section 48000, the amount determined by multiplying:

> (i) The number of additional adults needed to meet the requirements of paragraph (2) of subdivision (g) of Section 48000, as calculated by dividing the total transitional kindergarten enrollment at the schoolsite, as determined pursuant to subparagraph (A) of paragraph (2) of subdivision (g) of Section 48000, by 12, rounded to the nearest half or whole integer, minus the total number of adults at the schoolsite, as determined pursuant to subparagraph (B) of paragraph (2) of subdivision (g) of Section 48000.
>
> (ii) Twenty-four, reduced by the statewide average rate of absence for elementary school districts for kindergarten and grades 1 to 8, inclusive, as calculated by the department for the prior fiscal year, with the resultant figures and rates rounded to the nearest tenth.
>
> (iii) The per average daily attendance rate determined pursuant to paragraph (2) of subdivision (g) of Section 42238.02.

(C) For school districts and charter schools that fail to maintain an average transitional kindergarten class enrollment of not more than 24 pupils for each schoolsite, as required pursuant to paragraph (1) of subdivision (g) of Section 48000, the amount determined by multiplying the then-current fiscal year's average daily attendance reported for the second principal apportionment period in transitional kindergarten by the amount specified in subparagraph (A) of paragraph (3) of subdivision (d) of Section 42238.02, unless the school district fails to meet the requirements for average class size for kindergarten and grades 1 to 3, inclusive, pursuant to clause (i) of subparagraph (D) of paragraph (3) of subdivision (d) of Section 42238.02.

Condition, Cause and Effect

In our sample of 88 District schools and 10 Charter schools which offered transitional kindergarten, we verified whether each school site's average class enrollment exceeded 24 pupils and whether each school site had an average of at least one adult for every 12 pupils for transitional kindergarten classrooms.

We identified the following findings arising from challenges faced by schools in filling vacant positions for the additional adult role to achieve the required adult-to-student ratio.

- Two (2) District school sites exceeded an average class enrollment of 24 pupils. As such, the penalty for average class enrollment is calculated as follows:

P-2 TK ADA	7,306.56	*(a)*
K-3 GSA Rate	$ 953.00	*(b)*
TK Average Class Size Penalty	**$6,963,151.68**	*(c) = (a) * (b)*

- One (1) Charter school site, Hesby Oaks Leadership Charter, exceeded an average class enrollment of 24 pupils. As such, the penalty for average class enrollment is calculated as follows:

P-2 TK ADA	9.42	*(a)*
K-3 GSA Rate	$ 953.00	*(b)*
TK Average Class Size Penalty	**$ 8,977.26**	*(c) = (a) * (b)*

- Twenty (20) District school sites did not have the minimum of one (1) adult for every twelve (12) pupils of transitional kindergarten resulting in an additional need of nineteen (19) adults to meet the minimum requirement. As such, the penalty for adult-to-pupil ratio is calculated as follows:

Additional Adults Needed	19.00	*(a)*
24 Reduced by the 8.34% Absent Rate	22.00	*(b)*
Transitional Kindergarten add-on Rate	$ 2,813.00	*(c)*
Adult-to-Student Ratio Penalty	**$ 1,175,834.00**	*(d) = (a) * (b) * (c)*

- Canyon Charter Elementary school site did not have the minimum of one (1) adult for every twelve (12) pupils of transitional kindergarten resulting in an additional need of one half (0.5) an adult to meet the minimum requirement. As such, the penalty for adult-to-pupil ratio is calculated as follows:

Additional Adults Needed	0.50	*(a)*
24 Reduced by the 8.34% Absent Rate	22.00	*(b)*
Transitional Kindergarten add-on Rate	$ 2,813.00	*(c)*
Adult-to-Student Ratio Penalty	**$ 30,943.00**	*(d) = (a) * (b) * (c)*

- Knollwood Preparatory Academy school site did not have the minimum of one (1) adult for every twelve (12) pupils of transitional kindergarten resulting in an additional need of one (1) adult to meet the minimum requirement. As such, the penalty for adult-to-pupil ratio is calculated as follows:

Additional Adults Needed	1.00	*(a)*
24 Reduced by the 8.34% Absent Rate	22.00	*(b)*
Transitional Kindergarten add-on Rate	$ 2,813.00	*(c)*
Adult-to-Student Ratio Penalty	**$ 61,886.00**	*(d) = (a) * (b) * (c)*

Questioned Costs

District Schools

Average Class Enrollment Penalty	$ 6,963,151.68
Adult-to-Pupil Ratio Penalty	1,175,834.00
Total Penalty	**$ 8,138,985.68**

Canyon Charter Elementary

Adult-to-Pupil Ratio Penalty	30,943.00
Total Penalty	**$ 30,943.00**

Hesby Oaks Leadership Charter

Average Class Enrollment Penalty	$ 8,977.26
Total Penalty	**$ 8,977.26**

Knollwood Preparatory Academy

Adult-to-Pupil Ratio Penalty	61,886.00
Total Penalty	**$ 61,886.00**

Recommendation

We recommend the District put mechanisms in place to track their compliance with transitional kindergarten average class enrollment and adult-to-pupil ratio throughout the year to monitor compliance with transitional kindergarten average class enrollment and adult-to-pupil ratio requirements.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

The District has already put mechanisms in place to track the compliance for SY 23-24 with transitional kindergarten average class size and adult to student ratio.

In addition, the following were done in preparation for the 2023-24 school year:

- A Transitional Kindergarten Toolkit was created to support school site and district administrators to ensure that the enrollment ratios were followed.
- Inter-office correspondence with specific revisions to TK ratios, assignments, and revised legislation was shared with all principals on July 28, 2023.
- Principal meetings will held per region in Spring 2024 to review UTK guidelines.
- Job aids were distributed to all schools to ensure that appropriate personnel were being added to the student information system so the appropriate UTK ratios are being met.

Due to the findings from the 2022-23 school year, we have taken the following actions to ensure compliance with TK ratio and class size requirements.

- Office of Transitional Programs, Early Childhood Education Division, Government Relations, and Budget Services & Financial Planning will meet bi-weekly to monitor all TK classes, staffing and ratios.
- Working in collaboration with Region Leadership, the Office of Transitional Programs will continue to share weekly enrollment data and support schools in meeting TK ratios.
- In collaboration with Region Leadership, Dr. Dean Tagawa will work directly with schools that exceed the TK cap and make corrections throughout the year as needed.
- Budget Services & Financial Planning, Attendance and Enrollment Section, and the Early Childhood Education Division will meet every month to identify schools that are non-compliant with TK ratios.

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S-2023-012 – Attendance Accounting – Dependent Charters – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Canyon Charter Elementary
- Hesby Oaks Leadership Charter
- Serrania Avenue Charter for Enriched Studies
- Sherman Oaks Elementary Charter School
- University Charter HS Math/Art/Sci/Tech Magnet
- University High School Charter

Criteria

California Education Code, Section 47612(b) – The average daily attendance in a charter school may not, in any event, be generated by a pupil who is not a California resident. To remain eligible for generating charter school apportionments, a pupil over 19 years of age shall be continuously enrolled in public school and make satisfactory progress towards award of a high school diploma. The state board shall, on or before January 1, 2000, adopt regulations defining "satisfactory progress."

Condition, Cause and Effect

For our sample of twelve (12) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month seven (7). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls. We selected a sample of 16,639 days of attendance and 1,290 days of absences for testing and noted the following findings, resulting from staff's untimely updating of student's attendance records:

- **Canyon Charter Elementary -** Out of the 1,131 days of attendance and 89 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Hesby Oaks Leadership Charter -** Out of the 3,390 days of attendance and 170 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Serrania Avenue Charter for Enriched Studies -** Out of the 1,147 days of attendance and 113 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Sherman Oaks Elementary Charter School -** Out of the 1,196 days of attendance and 144 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **University Charter HS Math/Art/Sci/Tech Magnet -** Out of the 623 days of attendance and 17 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **University High School Charter -** Out of the 1,133 days of attendance and 71 days of absences sampled, we noted the following exceptions:
  - Five (5) students were absent for a total of five (5) days, as evidenced by an absence note but was recorded as present in the SMASR.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-011) but for different schools.

Questioned Costs

- Serrania Avenue Charter for Enriched Studies
- Grades 4 to 6: 1 day/139 days in single track school year
    - Grades 4 to 6: 1 day/139 days = 0.01 ADA overstated * $10,146.20 = $101.46

- University Charter HS Math/Art/Sci/Tech Magnet
- Grades 9 to 12: 2 days/139 days in single track school year
    - Grades 9 to 12: 2 days/139 days = 0.01 ADA overstated * $14,226.11 = $142.26

- University High School Charter
- Grades 9 to 12: 5 days/139 days in single track school year
    - Grades 9 to 12: 5 days/139 days = 0.04 ADA overstated * $14,226.11 = $569.04

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary and retain supporting documentation for instances in which students arrive to school late or leave early. Finally, we recommend that the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District maintain documentation reflecting that each of the schools identified above have been successfully trained.

Views of Responsible Officials, Planned Corrective Action, and Contact Information

New corrective actions we will take:

1. We will offer training to staff on the function of the SMASR to support students' accurate attendance.
2. We will provide ongoing reminders every other month through the Schoology communication for staff to review their SMASR for accuracy.
3. We will provide ongoing reminders every other month through the Schoology communication for staff to retain student attendance records.

We will also continue to provide policy guidance:

1. Provide ongoing reminders every other month through the Schoology communication platform regarding accurate attendance, enrollment, and withdrawal procedures.
2. Provide ongoing reminders every other month through the Schoology communication regarding the MYPLN Essential Tips training to support with appropriate attendance documentation.
3. Pupil Services and Attendance will communicate with Local District Administration on disseminating information to school-site designees with audit findings to participate in the MYPLN training on accurate attendance, enrollment, and withdrawal procedures during school year 2023-24.

4. Pupil Services and Attendance will communicate with the Office of Organizational Excellence to support in messaging the availability of the MYPLN training to support with the accurate, attendance, enrollment, withdrawal procedures, codes, and documentation.
5. The District will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support accurate attendance, enrollment, and withdrawal procedures, codes, and documentation from the identified schools with audit findings.

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S-2023-013 – Annual Instructional Minutes – Classroom Based - Dependent Charters

State Audit Guide Finding Codes: 40000

Schools Affected

- Grover Cleveland Charter High School
- Reseda Charter High School
- Sylmar Charter High School
- William Howard Taft Charter High School

Criteria

California Education Code, Section 47612.5 - (a) Notwithstanding any other law and as a condition of apportionment, a charter school shall do all of the following:

(1) For each fiscal year, offer, at a minimum, the following number of minutes of instruction:
(A) To pupils in kindergarten, 36,000 minutes.
(B) To pupils in grades 1 to 3, inclusive, 50,400 minutes.
(C) To pupils in grades 4 to 8, inclusive, 54,000 minutes.
(D) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

(c) A reduction in apportionment made pursuant to subdivision (a) shall be proportional to the magnitude of the exception that causes the reduction. For purposes of paragraph (1) of subdivision (a), for each charter school that fails to offer pupils the minimum number of minutes of instruction specified in that paragraph, the Superintendent shall withhold from the charter school's apportionment for average daily attendance of the affected pupils, by grade level, the sum of that apportionment multiplied by the percentage of the minimum number of minutes of instruction at each grade level that the charter school failed to offer.

Condition, Cause, and Effect

In our sample of twelve (12) schools, we reviewed the calendar and bell schedules of the District to determine if the instructional minutes met the minimum requirements outlined in Education Code sections 47612.5.

We noted the following findings due to a work stoppage in March 2023 resulting in the closure of all District schools, for 3 days.

We did not note any findings in the original twelve (12) sampled schools but were informed by the District that there exist schools that did not meet the minimum instructional time requirements. We expanded our sample size to determine if any remaining schools did not meet the instructional minutes requirement, citing four (4) identified schools. All of the schools identified as not being compliant were secondary schools (9-12). As such, a total of four (4) schools were identified as not being compliant with the instructional minutes requirement.

Instructional Minutes

- Grover Cleveland Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 631 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	2,535.14	*(a)*
Derived Value of ADA by Grade Span	$ 13,751.67	*(b)*
Number of required minutes	64,800	*(c)*
Number of minutes short	631	*(d)*
Percentage of Minutes Not Offered	0.97%	*(e) = (d) / (c)*
Affected LCFF Apportionment by Grade Span	34,862,408.68	*(f) = (a) * (b)*
Total Instructional Time Penalty	$ 338,165.36	*(g) = (e) * (f)*

- Reseda Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 566 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	1,122.03	*(a)*
Derived Value of ADA by Grade Span	$ 15,696.85	*(b)*
Number of required minutes	64,800	*(c)*
Number of minutes short	566	*(d)*
Percentage of Minutes Not Offered	0.87%	*(e) = (d) / (c)*
Affected LCFF Apportionment by Grade Span	17,612,336.61	*(f) = (a) * (b)*
Total Instructional Time Penalty	$ 153,227.33	*(g) = (e) * (f)*

- Sylmar Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 591 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	1,365.80	*(a)*
Derived Value of ADA by Grade Span	$ 15,740.82	*(b)*
Number of required minutes	64,800	*(c)*
Number of minutes short	591	*(d)*
Percentage of Minutes Not Offered	0.91%	*(e) = (d) / (c)*
Affected LCFF Apportionment by Grade Span	21,498,811.96	*(f) = (a) * (b)*
Total Instructional Time Penalty	$ 195,639.19	*(g) = (e) * (f)*

- William Howard Taft Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 533 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	1,988.65	*(a)*
Derived Value of ADA by Grade Span	$ 12,696.29	*(b)*
Number of required minutes	64,800	*(c)*
Number of minutes short	533	*(d)*
Percentage of Minutes Not Offered	0.82%	*(e) = (d) / (c)*
Affected LCFF Apportionment by Grade Span	25,248,477.11	*(f) = (a) * (b)*
Total Instructional Time Penalty	$ 207,037.51	*(g) = (e) * (f)*

Questioned Costs

Grover Cleveland Charter High School	$ 338,165.36
Reseda Charter High School	$ 153,227.33
Sylmar Charter High School	$ 195,639.19
William Howard Taft Charter High School	$ 207,037.51

Recommendation

We recommend the District put mechanisms in place to track their compliance with instructional minutes offered throughout the year to monitor compliance with the instructional minutes requirements.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

All Affiliated Charter schools were compliant with the minimum instructional days and minutes requirements at the beginning of the school year. However, work stoppage in March 2023 necessitated the closure of all District schools, including Affiliated Charter schools, for 3 days.

The District plans to file for the Instructional Time Penalty Waiver for each of these 4 Affiliated Charter schools. To comply with the conditions for the penalty waiver, these schools are offering 183 instructional days for the 2023-24 and 2024-25 school years, and over 66,000 annual instructional minutes for each of the school years.

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Section V - Findings Relating to the Prior Year Basic Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards

Finding – FS-2022-001 Reimbursement Grant Revenue Recognition (Material Weakness)

Recommendation

We recommend that the District strengthen its controls over reimbursement or expenditure-driven grant revenue recognition as follow:

- Create a reporting mechanism by which Facilities timely notify ADCP of all the grants currently managed and/or continue to have accounting and reporting responsibilities. Also, the departments should provide copies of the grant agreements to the ADCP for their review.
- Ensure that the Facilities' staff are properly trained and knowledgeable of the accounting and financial reporting requirements for reimbursement grants.
- Create a mechanism by which the ADCP verifies revenues recorded during the current fiscal year to ensure recording in the proper accounting period.
- Create a mechanism by which the ADCP reviews subsequent cash receipts pertaining to reimbursement grants to ensure recording in the proper accounting period.

Current Status

Partially implemented. We identified additional Other Governmental Funds State revenues in the current year, which were not posted in the correct fiscal year. See item FS-2023-001 within the accompanying schedule of findings and questioned costs.

The District has implemented the above corrective actions by establishing the Revenue Recognition Policies and Procedures to include criteria by which grant-related activities are recognized as revenue effective June 30, 2023. However, at the time of posting the identified current year revenues, the Revenue Recognition Policies and Procedures had not been prepared and implemented, resulting in the repeated finding.

Finding – FS-2022-002 Vulnerability Management (Significant Deficiency)

SAP Vulnerability

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, "Critical" severity level vulnerabilities should be remediated within 30 days of identification.

Current Status

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. Twenty (20) critical SAP vulnerabilities reported last year or for the FY 2022 audit remained outstanding during this year's audit. ITS resolved these vulnerabilities subsequent to our reporting them to the District during this year's audit.

MiSiS Vulnerability

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, "Critical" severity level vulnerabilities should be remediated within 30 days of identification.

Current Status

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. However, ITS resolved the prior year MISIS "Critical" severity level vulnerabilities prior to this year's audit.

CMS Vulnerability

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, "Critical" severity level vulnerabilities should be remediated within 30 days of identification.

Current Status

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. Two (2) critical CMS vulnerabilities reported last year or for the FY 2022 audit remained outstanding during this year's audit. ITS resolved these vulnerabilities subsequent to our reporting them to the District during this year's audit.

Welligent Vulnerability

Recommendation

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, "Critical" severity level vulnerabilities should be remediated within 30 days of identification.

Current Status

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. However, ITS resolved the prior year Welligent "Critical" severity level vulnerabilities prior to this year's audit.

Section VI - Findings and Questioned Costs Related to Federal Awards

1. **Finding F-2022-001 – Activities Allowed or Unallowed/Allowable Costs and Cost Principles – Documentation for Payroll**

   Program Identification

   Supporting Effective Instruction State Grant (Title II, Part A of the ESEA), U.S. Department of Education, Passed through the California Department of Education, AL No. 84.367, PCA No. 14341.

   COVID-19 Elementary and Secondary School Emergency Relief Fund, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.425D, PCA No. 15547.

   Recommendation

   We recommend that the District enhance its internal controls over payroll expenditures and the related compliance requirements by providing adequate and continuous training to school administrators, timekeepers, and supervisors on the required procedures to ensure the ongoing compliance requirements are being monitored. We also recommend that management responsible for each grant design and implement controls to review and approve the Multi-Funded Time Reports or timesheets prior to submission to the funding agency, and the review and approval are documented.

   Current Status

   Partially implemented. The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. However, there is a repeat finding which has been reported in the current year (F-2023-001).

2. **Finding F-2022-002 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate**

   Program Identification

   Title I Grants to Local Educational Agencies, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.010, PCA Nos. 14329, 14357, and 15438.

   Recommendation

   We recommend that the District continue to strengthen its controls over enrollment/withdrawal status by providing adequate training/monitoring to ensure that student records on MiSiS are accurate and updated when new information is available and that necessary documents are maintained. We recommend that the training include the appropriate levels of written documentation required for different situations under both ESSA guidance and CDE guidance.

Current Status

Partially implemented. The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. However, there is a repeat finding which has been reported in the current year (F-2023-002).

3. Finding F-2022-003 – Special Tests and Provisions

Program Identification

Child Nutrition Cluster, U.S. Department of Agriculture, Passed through the California Department of Education, AL Nos. 10.553, 10.555, and 10.559, PCA Nos. 13523, 13524, 13525, 13526, 15637, 13004, and 13006.

Child and Adult Care Food Program, U.S. Department of Agriculture, Passed through the California Department of Education, AL No. 10.558, PCA Nos. 13529, 13534, and 15577.

Recommendation

We recommend that the District continue to strengthen its controls over the meal claim process to ensure that meals are accurately counted, inputted into CMS and claimed for reimbursement.

Current Status

Implemented.

4. Finding F-2022-004 – Equipment/Real Property Management and Special Tests and Provisions

Program Identification

Emergency Connectivity Fund Program, Federal Communications Commission, AL No. 32.009.

Recommendation

We recommend that the District strengthen its policies and procedures related to maintaining accurate property/equipment records in order to comply with the program requirements. We also recommend that the District perform a thorough review of the year-end equipment list to ensure it is complete and accurate.

We also recommend that the District review the listing of devices distributed to students/school staff to ensure that there are no other instances of non-compliance with the per-user limitation requirement, and that non-compliance devices be removed from the request for reimbursement to be submitted to the Federal Communications Commission.

Current Status

Implemented.

5. Finding F-2022-005 – Eligibility

Program Identification

Adult Education – Basic Grants to States, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.002A, PCA Nos. 13978, 14109, and 14508.

Recommendation

We recommend that the District develop policies and procedures over eligibility determination and intake process/assessment to ensure that students under the age of 18 are not enrolled in a program funded by the Adult Education Program. In addition, the District should find alternative funding source(s) for students under the age of 18 that are enrolled in the high school dropouts subprogram.

Current Status

Implemented.

Section IV – Findings and Questioned Costs Relating to State Awards

S-2022-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 54th Street Elementary School
- Alexander Hamilton Senior High School
- Alexander Hamilton Senior High Music & Performing Arts Mag School
- Beethoven Street Elementary School
- Castelar Street Elementary School
- Cimarron Avenue Elementary School
- David Starr Jordan Senior High School
- Dorris Place Elementary School
- East Valley Senior High School
- Harbor City Elementary School
- Harry Bridges Span School
- Helen Bernstein Senior High School
- Herrick Avenue Elementary School
- Holmes Avenue Elementary School
- Los Angeles Center for Enriched Studies (LACES) Magnet
- Maurice Sendak Elementary School
- North Hollywood Senior High STEM Magnet School
- Nueva Vista Elementary School
- Overland Avenue Elementary School
- Park Avenue Elementary School
- Playa Vista Elementary School
- Richard Riordan Primary Center School
- San Jose Street Elementary School
- Sherman Oaks Center for Enriched Studies (SOCES) Magnet School
- Short Avenue Elementary School
- Sylmar Elementary School
- Towne Avenue Elementary School
- Van Nuys Middle School STEAM Magnet
- Victory Boulevard Elementary STEAM Magnet School
- Young Oak Kim Academy School

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend that the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend that the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District maintain documentation reflecting that each of the schools identified above have been successfully trained.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-001) but for different schools.

S-2022-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Charles Drew Middle School
- Cimarron Avenue Elementary
- Dayton Heights Elementary
- Dorris Place Elementary
- Eagle Rock High School
- Garden Grove Elementary
- Harbor City Elementary
- Harry Bridges Span School
- Kentwood Elementary
- Mervyn M Dymally Senior High
- Northridge Middle School
- Patrick Henry Middle School
- Robert Fulton College Preparatory School
- Sally Ride Elementary: A Smart Academy
- Van Nuys Middle School
- Verdugo Hills Senior High
- William Mulholland Middle School
- Wilshire Crest Elementary
- Young Oak Kim Academy

Recommendation

We recommend that the District continue to train schools on the MiSiS Assignment Monitoring Report. The District should continue to monitor and strengthen internal controls to ensure teachers are being assigned properly to teach in a position authorized by their certifications as well as having a consent form on file when necessary, and to ensure substitute teachers are being assigned properly to teach in a position authorized by their certifications and within the time period permitted by their credential. We also recommend that the schools and the District remediate the misassignments identified above.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-002) but for different schools and teachers.

S-2022-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Carlos Santana Arts Academy
- City of Angels Virtual Academy 5
- Parthenia Academy of Arts and Technology
- Queen Anne Place Elementary
- Queen Anne Place Elementary DL Two-Way Im Spanish
- San Jose Street Elementary
- Vernon City Elementary
- Windsor Hills Elementary Math/Science Aerospace Magnet

Recommendation

We recommend that schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. The District should continue to communicate and train all schools on the MiSiS Monitoring tool.

We also recommend that the District obtain written acknowledgement from the schools identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten. The District should also continue ensuring that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-003) but for different schools.

S-2022-004 Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- City of Angels Virtual Academy #2
- City of Angels Virtual Academy #3
- City of Angels Virtual Academy #5
- Estrella Avenue Elementary School

Recommendation

We recommend that the District strengthen its review process over independent study to ensure that all elements of the master agreements are complete, and all records of attendance contain readily available corresponding pupil work products. We also recommend that the district provide proper training to ensure attendance is reported accurately and policies are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-004) but for different schools.

S-2022-005 – Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

School Affected

- Henry David Thoreau Continuation High School

Recommendation

We recommend that the District strengthen its review process over student attendance reporting to ensure that the reports accurately reflect student attendance data. We also recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

S-2022-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Recommendation

We recommend that the District strengthen controls over the adherence of the administrative employees to teacher's ratio requirement.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

S-2022-007 – Classroom Teacher Salaries

State Audit Guide Finding Codes: 61000

Recommendation

We recommend that the District to put mechanisms in place to track their compliance with the minimum percentage required throughout the year to be in compliance with classroom teacher salary requirements.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-006).

S-2022-008 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- 32nd Street Middle School
- 54th Street Elementary School
- 66th Street Elementary School
- 95th Street Elementary School
- Alexander Sci Ctr SC
- Berendo Middle School
- Bethune Middle School
- Broadous Elementary School
- Bryson Elementary School
- Capistrano Elementary School
- Carnegie Middle School
- Charles Maclay Middle School
- Chatsworth Park Elementary School
- Columbus Middle School
- Dena Elementary School
- Denker Elementary School
- Dodson Middle School
- Dolores Street Elementary School
- Dominguez Elementary School
- Ellen Ochoa Learning Zone
- Ford Blvd Elementary School
- Foshay LC
- Gates Elementary School
- Harrison Elementary School
- Harte Prep Middle School
- Hollenbeck Middle School
- Lassen Elementary School
- Liberty Blvd Elementary School
- Lomita Math – Sci Mag
- MaCES Magnet School
- Maclay Middle School
- Mann UCLA Community School
- Miller Elementary School
- Monte Vista Street Elementary School
- Nava Learning Academy
- Nevin Elementary School
- Ochoa LC
- O Melveny Elementary School
- Orchard Academies 2C
- Palms Elementary School
- Pio Pico Middle School
- Plainview Charter Academy
- Primary Academy
- RFK Ambassador School of Global Leadership
- San Antonio Elementary School
- San Fernando Middle School
- San Miguel Elementary School
- Sepulveda Middle School
- South Gate Middle School
- State Elementary
- Sun Valley ET MAG MS1
- Sutter Middle School
- Toluca Lake Elementary School
- Vena Elementary School
- Vinedale Elementary School
- Vista Middle School
- Walnut Park Middle School
- Windsor M/S AERO MAG
- Wright ENG DES MAG MS1
- Vinedale Elementary School
- Vista Middle School
- Walnut Park Middle School
- Windsor M/S AERO MAG
- Wright ENG DES MAG MS1

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-007) but for different schools.

S-2022-009 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Alexander Hamilton Senior High
- Belvedere Middle School
- Breed Street Elementary
- Calahan Street Elementary
- David Starr Jordan Senior High
- Eagle Rock High School
- East Valley Senior High
- Graham Elementary
- Gridley Street Elementary
- Helen Bernstein Senior High
- Jaime Escalante Elementary School
- James A Garfield Senior High
- McKinley Avenue Elementary
- North Hollywood Senior High
- Northridge Middle School
- Osceola Street Elementary
- Playa Vista Elementary
- Robert Fulton College Preparatory School
- Roy Romer Middle School
- San Antonio Elementary
- San Gabriel Avenue Elementary
- San Jose Street Elementary
- South Gate Senior High
- Tarzana Elementary
- Verdugo Hills Senior High
- Young Oak Kim Academy
- Chatsworth Charter High School (Dependent Charter)
- Dixie Canyon Community Charter (Dependent Charter)

Recommendation

We recommend that the District continue to monitor English learner and free and reduced meal eligibility status to ensure students who are designated as an English learner or free and reduced meals have proper supporting documentation. We also recommend that the District continue to train staff on enrollment procedures so that students' correct designations will be reflected in the student information system.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-008) but for different schools.

S-2022-010 Immunizations

State Audit Guide Finding Codes: 40000

Schools Affected

- 9th Street Elementary
- 99th Street Elementary
- 109th Street Elementary
- 112th Street Elementary
- Arlington Heights Elementary
- Arlington Heights Elementary DL Two-Way Im Spanish
- Arminta Street Elementary
- Chandler Elementary
- Columbus Avenue Elementary
- Edwin Markham Middle School
- Ellen Ochoa LC DL Two-Way Im Spanish
- Erwin Elementary
- Florence Griffith Joyner Elementary
- Gardena Elementary DL Two-Way Im Spanish
- Hillcrest Drive Elementary
- Laurel Cinematic Arts Creative Tech Magnet
- Marguerite Poindexter LaMotte Elementary
- Marquez Charter
- Martin Luther King Jr Elementary
- Miramonte Elementary DL Two-Way Im Spanish
- Noble Avenue Elementary
- Point Fermin Elementary Marine Science Magnet
- Rancho Dominguez Preparatory School
- RFK Comm Schls - UCLA Community School DL One-Way Im Spanish
- Rosewood Avenue Elementary Urban Planning/Design Magnet
- Roy Romer Middle Gifted/Humanities Magnet
- Roy Romer Middle School
- Saticoy Elementary DL Two-Way Im Armenian
- Stoner Avenue Elementary DL One-Way Im Spanish
- William Jefferson Clinton Middle School
- Windsor Hills Elementary Math/Science Aerospace Magnet

Recommendation

We recommend that the District strengthen its controls over implementing District policies over pupil immunization record tracking. Furthermore, we recommend that the District continue to provide adequate training to the schools, so that proper monitoring of pupil’s immunization are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-009) but for different schools.

S-2022-011 – Attendance Accounting – Dependent Charters – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Alfred B Nobel Charter Middle School STEAM Magnet
- Chatsworth Charter High School
- Dr Theodore T Alexander Jr Science Center School

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary and retain supporting documentation for instances in which students arrive to school late or leave early. Finally, we recommend that the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District maintain documentation reflecting that each of the schools identified above have been successfully trained.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-012) but for different schools.

S-2022-012 – Mode of Instruction – Dependent Charters

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Dr Theodore T Alexander Jr Science Center School

Recommendation

We recommend that the District monitor and strengthen internal controls to ensure substitute teachers are being assigned properly to teach in a position authorized by their certifications and within the time period permitted by their credential. We also recommend that the schools and the District remediate the misassignments identified above.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
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December 13, 2023

The Honorable Board of Education
Los Angeles Unified School District
Los Angeles, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Los Angeles Unified School District** (District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-002 to be a significant deficiency.

Although not considered to be significant deficiencies or material weaknesses, we also noted certain items during our audit, which we would like to bring to your attention. These comments are summarized in the following report to management on page 249. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

This communication is intended solely for the information and use of the Board of Education, District management, the State Controller's office, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Simpson & Simpson

Current Year Management Letter Comments

ML-2023-001 – SAP Asset Master Record Access

Condition

Our review of access to the Create Asset Master Record (AS02) production transaction revealed one (1) retired personnel having access to this SAP transaction.

Recommendation

We recommend that SAP accounts associated with retired or terminated personnel be deleted or disabled in a timely manner upon their departure from the District.

Management Response

This is a valid find. The employee retained access to AS02 after retirement. This was due to a future date separation action being entered on 08/30/2022 at 10:53:52am. Afterwards, SAP Access Request # 248180 was submitted on 10/05/2022 at 12:28:40 and provisioned on 10/07/2022 at 09:56:19am. This action bypassed the GRC BRF+ Position Change scenario. However, even with this provision, retirees are unable to access ESS or SAP ECC system, as both applications are not accessible outside of LAUSD network. We can disable the unusable "Retired Employee Self Service" functionality to avoid these types of scenarios. But whether retirees (after separation) can continue to access their paystubs and W2, is pending a management decision. (*ESS for retirees)

Responsible Official

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/Information Technology Services (ITS)
Telephone: (213) 241-1586

Current Year Management Letter Comments

ML-2023-002 – SAP Create Purchase Order Access

Condition

Our review of access to the Create Purchase Order (ME21N) production transaction revealed that one (1) retired personnel had access to this SAP transaction.

Recommendation

We recommend that SAP accounts associated with retired or terminated personnel be deleted or disabled in a timely manner upon their departure from the District.

Management Response

This is a valid find. The employee retained access to ME21N after retirement. This was due to a future date separation action being entered on 08/31/2022 at 09:04:28am. Afterwards, SAP Access Request # 241435 was submitted on 10/05/2022 at 12:28:40 and provisioned on 09/12/2022 at 09:22:00am. This action bypassed GRC BRF+ Position Change scenario. However, even with this provision, retirees are unable to access ESS or SAP ECC system, as both applications are not accessible outside of LAUSD network. We can disable the unusable "Retired Employee Self Service" functionality to avoid these types of scenarios. But whether retirees (after separation) can continue to access their paystubs and W2, is pending a management decision. (*ESS for retirees)

Responsible Official

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITS
Telephone: (213) 241-1586

Current Year Management Letter Comments

ML-2023-003 – Student Body Investment Funds

Condition

We sampled and tested 50 of the District's 90 schools' student body investment funds to substantiate the reported investment balances as of June 30, 2023.

For 46 of the sampled investment funds, we noted variances between the reported investment balance as of June 30, 2023, and the financial institution's investment statement maintained by the respective schools and collected by the District.

These variances were noted as a result of the District not collecting from the schools the investment statements, which reflected investment balances as of June 30, 2023. As such, the reported investment balance did not reflect balances maintained by the financial institutions as of June 30, 2023.

Recommendation

We recommend that the District strengthen controls over the timely collection and reconciliation of student body investment funds to ensure that balances reported by the District reflect the balances maintained by the financial institutions as of June 30, 2023.

Management Response

The variances noted in the audit were caused by the early reporting deadline for Student Body Funds, which was June 15th just before the school closed for the summer break. As a result of this reporting deadline, the investment interest income for June 2023 was recorded in the following fiscal year.

To address this finding, the Student Body Finance Support Team will do the following:

- Meet with the Financial Managers of schools with investment accounts about the action plan before the closure of schools in June.
- In addition to Fiscal Year-End meetings, a quarterly calendar meeting reminders will be set to remind the Financial Managers to reach out to their respective banking institution for a copy of the bank statement.
- A follow-up assessment will be conducted by the Coordinating Financial Managers prior to the Year-End meeting with the Financial Managers of schools with investment accounts.
- The School Student Body Books with Investment accounts (CYMA Application) will remain open until the Financial Managers return to work in July. The Investment transaction and Interest Income as of June 30 will be recorded before closing the year.
- Coordinating Financial Managers will evaluate and monitor progress to ensure that the corrective action plan is implemented by reviewing and analyzing the Investment Reports.

Name: Mildred Zozulenko
Title: Fiscal Services Manager
Telephone: (213) 241-1828

Current Year Management Letter Comments

ML-2023-004 – Annual Form 700

Condition

We sampled and tested a total of 15 of 4,893 District employees who were required to disclose their personal financial interests on Form 700 – Statement of Economic Interests (Form 700) as a result of being identified as being in a position designated in the District's Conflict of Interest Code that makes or influences financial or governmental decisions. Employees were to submit their 2023 annual Form 700 to the District's Ethics Office (Ethics Office) no later than April 3, 2023, in accordance with the Fair Political Practices Commission (FPPC) guidelines.

We identified a total of three (3) employees who did not meet the Ethics Office and FPPC Form 700 submission guidelines as follows:

- Two (2) employees resigned on July 1, 2023, and did not submit their Form 700. The Ethics Office was not notified about the employees' resignations.
- One (1) employee submitted their Form 700 on September 19, 2023, after the April 3, 2023, deadline.

In accordance with FPPC guidelines, the following two remediation activities may be exercised for late statements:

- The filing officer who retains originally signed or electronically filed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is $10 per day up to a maximum of $100. Late filing penalties may be reduced or waived under certain circumstances.
- Persons who fail to file their Form 700 timely may be referred to the FPPC's Enforcement Division (and, in some cases, to the Attorney General or District Attorney) for investigation and possible prosecution. In addition to the late filing penalties from the filing officer, a fine of up to $5,000 per violation may be imposed.

Neither of the above was imposed on the three (3) identified employees above.

Based on further discussions with the Ethics Office, it was determined that a total of 2,575 active and 383 retired employees have not submitted their Form 700 to date.

Recommendation

We recommend that the Ethics Office strengthen its controls over the collection of Form 700s by adopting remediation guidelines stipulated by the FPPC and implementing procedures to be promptly notified of employee retirements.

Current Year Management Letter Comments

Management Response

The District will take the following corrective actions:

1. Request from the Personnel Commission and Human Resources Division a monthly (prospective if available) list of leaving and retiring employees to update filer information in eDisclosure.
2. Include in annual notices to filers the notification process required for FPPC referral and fine of non-compliant filers.
3. Draft a bulletin outlining an employee's responsibilities when holding a Form 700 filing position, including potential for FPPC referral and fine for non-compliance.

Name: Darlene L. Vargas
Title: Ethics Officer
Contact Information: darlene.vargas@lausd.net

The Honorable Board of Education
Los Angeles Unified School District
December 13, 2023

Status of Prior Year Management Letter Comments

ML-2022-001 – CMS Program Change Management

Recommendation

We recommend that Change Management Approval Forms be completed and retained for CMS changes in a consist manner.

Current Status

Implemented.

ML-2021-001 - SAP Network Vulnerability

Recommendation

We recommend that District management implement a Vulnerability Management program for SAP. The program should be enforced by documented policy and ensure vulnerabilities are identified and remediated in a timely manner. At a minimum, "Critical" and "High" severity level vulnerabilities should be remediated within 30 days of identification.

Current Status

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs.

ML-2021-002 – MISIS Network Vulnerability

Recommendation

We recommend that District management implement a Vulnerability Management program for MISIS. The program should be enforced by documented policy and ensure vulnerabilities are identified and remediated in a timely manner. At a minimum, "Critical" and "High" severity level vulnerabilities should be remediated within 30 days of identification.

Current Status

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs.

Status of Prior Year Management Letter Comments

ML-2019-003 - Business Continuity Planning
ML-2016-001 - Business Continuity /IT Disaster Recovery Planning
ML-2014-007 - Business Continuity /IT Disaster Recovery Planning

Recommendation

BCPs should be completed and updated on a regular basis to ensure that operations and IT systems can be effectively recovered, shortcomings are addressed, and the plan remains relevant.

Current Status

Partially implemented.

- As of 5/20/2023, 88 Branches/Offices across 16 Divisions have completed their Business Continuity Plans (BCP), this includes 12 ITS Divisions having a baselined BCP.
- The IT Cloud Disaster Recovery Solution was completed by June 2023.

ML-2015-002 - Security Management Policy and Procedures

Recommendation

We recommend that Information Technology Services (ITS) management coordinate with District business/operations management to complete an information security plan (e.g., update, adopt and implement the November 2013 plan) and compile a comprehensive set of information security policies and procedures.

Current Status

Partially implemented.

- <u>The Incident Response (Plan):</u> The IRP for critical systems policy was revised to reflect changes in program scope and lessons learned from the 2022 cybersecurity incident. It has also been updated to comply with ISO 27001 standards and is currently under review by ITS leadership under the title "Incident Management Policy." The policy and supporting Incident Response Plan are expected to be published by September 30, 2023.
- <u>IT Cloud Disaster Recovery (Plan) Solution:</u> The District had already selected and purchased the disaster recovery solution, which is now in the process of being deployed. Based on this recent information, the implementation of the IT Cloud Disaster Recovery Plan Solution has been moved to December 31, 2023.

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX C CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT AND THE UNDERWRITERS BELIEVE TO BE RELIABLE, BUT THE DISTRICT AND THE UNDERWRITERS TAKE NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF. THERE CAN BE NO ASSURANCE THAT THE DEPOSITORY TRUST COMPANY WILL ABIDE BY ITS PROCEDURES OR THAT SUCH PROCEDURES WILL NOT BE CHANGED FROM TIME TO TIME.

The Depository Trust Company ("DTC") will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest security depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**. Information on these websites is not incorporated herein by reference.

Purchases of the Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Refunding Bonds may wish to ascertain that the nominee holding the Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Refunding Bonds are to be redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and other payments on the Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Refunding Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Refunding Resolution with respect to certificated Refunding Bonds will apply.

THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE MUNICIPAL ADVISOR, AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE REFUNDING BONDS (1) PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE REFUNDING BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE REFUNDING BONDS OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE MUNICIPAL ADVISOR, NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR COMPLETENESS OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE REFUNDING BONDS, (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE REFUNDING RESOLUTION, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE REFUNDING BONDS.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Refunding Bonds, Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Los Angeles Unified School District, will render its approving opinion with respect to the Refunding Bonds in substantially the following form:

Board of Education
Los Angeles Unified School District
Los Angeles, California

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the $2,974,945,000 Los Angeles Unified School District (County of Los Angeles, California) 2024 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the "Bonds").

The Bonds are being issued pursuant to Title 5, Division 2, Part 1, Chapter 3, Article 9 and Article 11 of the California Government Code, and other applicable law, each as amended, and resolutions adopted by the District Board on June 13, 2023, and January 23, 2024 (the "Resolutions").

We have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of these documents and such other documents, instruments, proceedings or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

Based on the foregoing, we are of the opinion that under existing law:

(1) The Resolutions have been duly adopted by the District Board and each constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

(2) The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount (except as to certain personal property which is taxable at limited rates).

(3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (a) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (b) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code; however, interest on the Bonds is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds be not included in gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that the District will comply with the provisions and procedures set forth therein and that the District will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph (3) hereof, we have relied upon and assumed (a) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (b) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

(4) Under existing statutes, interest on the Bonds is exempt from State of California personal income taxes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof, except as stated in paragraphs (3) and (4) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Resolutions and the Tax Certificate may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification).

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Los Angeles Unified School District (the "District") in connection with the issuance of its Refunding Bonds (defined herein), which are being issued pursuant to the laws of the State of California and the Refunding Resolution (defined herein). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Refunding Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Refunding Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Refunding Bonds (including persons holding Refunding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Refunding Bonds for federal income tax purposes.

"County" shall mean the County of Los Angeles, California.

"CUSIP Numbers" shall mean the Committee on Uniform Security Identification Procedure's unique identification number for each public issue of a security.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Disclosure Counsel" shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the disclosure obligations under the Rule, duly admitted to the practice of law before the highest court of any state of the United States of America.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, the current internet address of which is http://emma.msrb.org.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 6(b)(xv) and Section 6(b)(xvi), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean either the registered owners of the Refunding Bonds, or if the Refunding Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 6(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated April 24, 2024, with respect to the Refunding Bonds.

"Participating Underwriters" shall mean the original underwriters of the Refunding Bonds required to comply with the Rule in connection with offering of the Refunding Bonds.

"Refunding Bonds" shall mean the 2024 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds).

"Refunding Resolution" shall mean collectively, the resolutions adopted by the Board of Education of the District on June 13, 2023, and January 23, 2024.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the EMMA System.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB.

Section 4. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than 240 days following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2023-24 fiscal year (which is due not later than February 25, 2025), provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 6(c).

(b) Not later than thirty (30) days (not more than sixty (60) days) prior to the date on which the Annual Report is to be provided pursuant to subsection (a), the Dissemination Agent shall give notice to the District that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a timely notice of such fact to the MSRB through its EMMA System.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report to the EMMA System the date on which such Annual Report shall be due and notify the District of such date; and

(ii) (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

Section 5. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 4 hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) Table 3 – "Historical Gross Assessed Valuation of Taxable Property" if and to the extent provided to the District by the County;

(ii) Table 5 – "Assessed Valuation and Parcels by Land Use";

(iii) Table 6 – "Assessed Valuations of Single Family Homes per Parcel";

(iv) Table 7 – "Largest Local Secured Taxpayers";

(v) Table 9 – "Secured Tax Charges and Delinquencies," if and to the extent provided to the District by the County;

(vi) Table A-1 – "Average Daily Attendance";

(vii) Table A-4 – "District General Fund Budget" for the current fiscal year;

(viii) Table A-20 – "Proposition BB (Election of 1997) Bonds," if and only to the extent that bonds issued pursuant to Proposition BB or bonds that have refunded such bonds are outstanding;

(ix) Table A-21 – "Measure K (Election of 2002) Bonds," if and only to the extent that bonds issued pursuant to Measure K or bonds that have refunded such bonds are outstanding;

(x) Table A-22 – "Measure R (Election of 2004) Bonds," if and only to the extent that bonds issued pursuant to Measure R or bonds that have refunded such bonds are outstanding;

(xi) Table A-23 – "Measure Y (Election of 2005) Bonds," if and only to the extent that bonds issued pursuant to Measure Y or bonds that have refunded such bonds are outstanding;

(xii) Table A-24 – “Measure Q (Election of 2008) Bonds,” if and only to the extent that bonds issued pursuant to Measure Q or bonds that have refunded such bonds are outstanding; and

(xiii) Table A-25 – “Measure RR (Election of 2020) Bonds,” if and only to the extent that bonds issued pursuant to Measure RR or bonds that have refunded such bonds are outstanding.

(c) It shall be sufficient for purposes of Section 4 hereof if the District provides annual financial information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference. The provisions of this Section 5(c) shall not apply to notices of Listed Events pursuant to Section 6 hereof.

(d) The descriptions contained in clause (b) above of financial information and operating data constituting to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 6. Reporting of Listed Events. (a) If a Listed Event occurs, the District shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days of the District having notice of such Listed Event, notice of such Listed Event to (i) the EMMA System of the MSRB and (ii) the Dissemination Agent.

(b) Pursuant to the provisions of this Section 6, the District shall give, or cause to be given, notice of the occurrence of any of the following events (each, a “Listed Event”) with respect to the Refunding Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) modifications to rights of Holders, if material;

(iv) bond calls, if material and tender offers;

(v) defeasances;

(vi) rating changes;

(vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Refunding Bonds, or other material events affecting the tax status of the Refunding Bonds;

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(ix) unscheduled draws on the credit enhancements reflecting financial difficulties;

(x) release, substitution or sale of property securing repayment of the Refunding Bonds, if material;

(xi) bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

(xii) substitution of credit or liquidity providers, or their failure to perform;

(xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material;

(xv) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material;

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties; and

(xvii) any amendment or waiver of a provision of this Disclosure Certificate.

The District intends to comply with the Listed Events described in Section 6(b)(xv) and Section 6(b)(xvi), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release. The District notes that items (viii), (ix), (x) and (xii) are not applicable to the Refunding Bonds.

(c) If the District determines that a Listed Event has occurred, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 3 hereof.

(d) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System.

(e) Notwithstanding the foregoing, notice of Listed Events described in subsections (b)(iv) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Refunding Bonds pursuant to the Refunding Resolution.

Section 7. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the District shall indicate the full name of the Refunding Bonds and the 9-digit CUSIP numbers for the Refunding Bonds as to which the provided information relates.

Section 8. Termination of Reporting Obligation. (a) The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Refunding Bonds. If such termination occurs prior to the final maturity of the Refunding Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 6(c).

(b) This Disclosure Certificate, or any provision hereof, shall cease to be effective in the event that the District (1) delivers to the Dissemination Agent an opinion of Disclosure Counsel, addressed to the District and the Dissemination Agent, to the effect that those portions of the Rule which require this Disclosure Certificate, or such provision, as the case may be, do not or no longer apply to the Refunding Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 9. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be Digital Assurance Certification, L.L.C. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the content of any notice or report required to be delivered by the District pursuant to this Disclosure Certificate.

Section 10. Amendment; Waiver. (a) This Disclosure Certificate may be amended by the District without the consent of the holders of the Refunding Bonds (except to the extent required under clause (a)(iv)(2) below), if all of the following conditions are satisfied:

(i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby;

(ii) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the same effect as set forth in (a)(ii) above;

(iv) either (1) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that the amendment does not materially impair the interests of the holders of the Refunding Bonds or (2) is approved by the Holders of the Refunding Bonds in the same manner as provided in the Refunding Resolution for amendments to the Refunding Resolution with the consent of Holders; and

(v) the District shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 10(a) above, this Disclosure Certificate may be amended and any provision of this Disclosure Certificate may be waived, by written certificate of the District, without the consent of the holders of the Refunding Bonds, if all of the following conditions are satisfied:

(i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Disclosure Certificate which is applicable to this Disclosure Certificate;

(ii) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that performance by the District under this Disclosure Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(iii) the District shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 12. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriters or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Refunding Bonds then outstanding, shall) or any Holders or Beneficial Owners of the Refunding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in the U.S. District Court in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Refunding Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Refunding Bonds.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Refunding Bonds, and shall create no rights in any other person or entity.

Section 15. Execution in Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same certificate.

Dated: April 30, 2024

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: ______________________________________
David D. Hart
Chief Business Officer

ACKNOWLEDGED AND AGREED TO BY:

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: ______________________________________
Dissemination Agent

APPENDIX F

THE LOS ANGELES COUNTY TREASURY POOL

The Treasurer and Tax Collector of the County of Los Angeles (the "Treasurer") manages, in accordance with California Government Code Section 53600 et seq., funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. Additionally, the Treasurer, with the consent of the Board of Supervisors of the County of Los Angeles (the "County"), may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Neither the District, the Municipal Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained herein is correct as of any time subsequent to its date. The Treasurer maintains a website, the address of which is ***https://ttc.lacounty.gov/monthly-reports/****, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Refunding Bonds.*

The County of Los Angeles Pooled Surplus Investments

The Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of February 29, 2024, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$22.953
Schools and Community Colleges	29.866
Discretionary Participants	3.712
Total	$56.531

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	93.43%
Discretionary Participants:	
Independent Public Agencies	6.44%
County Bond Proceeds and Repayment Funds	0.13%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 21, 2023, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated April 1, 2024, the February 29, 2024 book value of the Treasury Pool was approximately $56.531 billion, and the corresponding market value was approximately $54.130 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of February 29, 2024:

Type of Investment	**% of Pool**
Certificates of Deposit	4.07%
U.S. Government and Agency Obligations	69.37
Bank Acceptances	0.00
Commercial Paper	26.47
Municipal Obligations	0.07
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00%

The Treasury Pool is highly liquid. As of February 29, 2024, approximately 33.28% of the investments mature within 60 days, with an average of 705 days to maturity for the entire portfolio.

LOS ANGELES UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES, CALIFORNIA)
2024 GENERAL OBLIGATION REFUNDING BONDS, SERIES A (DEDICATED UNLIMITED *AD VALOREM* PROPERTY TAX BONDS)

LOS ANGELES UNIFIED
READY FOR THE WORLD

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