Los Angeles Unified School District
Debt Report
Fiscal Year 2016-17

Scott S. Price, Ph.D.
Chief Financial Officer
May 8, 2018

LOS ANGELES UNIFIED SCHOOL DISTRICT

Office of the Chief Financial Officer

VIVIAN EKCHIAN
Interim Superintendent of Schools

SCOTT S. PRICE, PH.D.
Chief Financial Officer

A Message to the Board of Education of the Los Angeles Unified School District and the District's Taxpayers

I present to you the report of the Los Angeles Unified School District's long-term debt (the "Debt Report"). It presents a complete picture of the District's indebtedness in the categories of General Obligation Bonds and Certificates of Participation. Sometimes referred to as "bonded indebtedness", long-term debt is typically used to finance capital projects with a long useful life. Issuing debt to pay for long-term assets is based upon the principle of matching the cost of acquiring the asset to the time period that taxpayers and the general community utilize those assets. The District strives to achieve an equitable balance between the debt burden to the community and the time frame over which the assets are to be used.

The vast majority of the District's capital projects fall within the new construction, modernization, technology and safety programs being financed with $20.605 billion of voter-approved General Obligation Bonds (GOs). The District also receives some State matching funds and other revenue sources to finance part of the GO bond program's projects. A relatively small number of projects are being financed with Certificates of Participation (COPs) that are being repaid primarily from the General Fund and developer fees.

This report uses the words "bonds" and "debt" interchangeably, even when the underlying obligation does not technically constitute "debt" under California's Constitution[1]. This conforms with market convention for the general use of the term "debt" and "debt service" as applied to a variety of instruments in the municipal market, regardless of their precise legal status. The rating agencies and investor community evaluate the District's debt position based on all of its outstanding obligations whether or not such obligations are "debt" as defined within the California Constitution context.

The District has a comprehensive Debt Management Policy designed to assure the District follows best practices when debt is issued. A copy of the Debt Management Policy appears as Appendix 5 to this Debt Report.

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[1] "Debt" under the California Constitution excludes short-term obligations such as tax and revenue anticipation notes and lease transactions such as COPs.

General Obligation Bonds represent debt that is paid from voter approved *ad valorem* property taxes that are levied and collected by the County of Los Angeles. The proceeds of such *ad valorem* property tax levies are neither received by nor under the control of the District. The District's taxpayers have shown strong commitment to the District's capital program by approving five General Obligation Bond authorizations since 1997. A top priority of the District is to manage the issuance of these bonds in a manner that minimizes the tax rates paid by our taxpayers, which the District believes it has accomplished, as more fully detailed in this Debt Report.

COPs represent debt that is paid from revenues under the District's control, such as General Fund revenues and developer fees. To assure that issuance of such debt is undertaken in a prudent manner that protects the District's instructional programs and operations, the Board of Education has adopted a Debt Management Policy that prescribes limits to the amount and type of COPs indebtedness that may be undertaken. This Debt Report provides a discussion of the District's COPs debt performance, which is in compliance with policy limitations.

Both General Obligation Bonds and COPs are considered "direct debt" of the District and are also included in the measurement of "overall direct debt" issued by all local public agencies within the District's boundaries. It is important to monitor the levels and growth of direct debt and overall direct debt as they reflect the debt burden borne by our taxpayers and provide perspective on taxpayers' capacity for future additional debt. The Debt Management Policy sets forth various municipal market debt ratios and benchmarks against which the District measures and compares its debt burden. This Debt Report provides a summary of the District's direct debt performance in this regard.

When debt is issued, independent credit rating agencies selected by the District assign a rating to the issue. Historically, the District's credit ratings on its GOs and COPs had been directly related to the financial condition and fiscal management of the District. However, following a legislative change that went into effect on January 1, 2016, certain rating agencies' methodologies on California school district GOs changed as more fully discussed in Section IV. As of June 30, 2017, the District's current General Obligation Bond ratings were AAA by Fitch Ratings, AA+ by Kroll Bond Rating Agency, Aa2 by Moody's Investors Service, and AA- by Standard & Poor's. These ratings reflect best or high-quality investment grade status, depending on the rating agency. In addition, as of June 30, 2017, the current ratings on the District's COPs were A1 and A+ by Moody's Investors Service and Standard & Poor's, reflecting an upper medium grade credit. The ratings assigned to the District's General Obligation Bonds and COPs when issued, affect its interest payments and the cost to the District's general obligation taxpayers, the General Fund and the Capital Facilities Fund (i.e. developer fees), as applicable. In addition, the fiscal health of the State has also affected the District's interest costs. When the State's credit quality declined and its interest rates rose relative to market indices during the financial crisis and recession, the interest costs of other issuers viewed as "agencies" of the State, including the District were also negatively impacted, though not as dramatically. Alternatively, as the State's credit has improved, the interest costs of "agencies" of the State have been positively impacted. A history of the District's credit ratings is provided in this Debt Report.

I hope that the information in this Debt Report can be used to support development of sound capital plans and adherence to the District's finance and debt policies. I look forward to working with you in pursuing such capital plans, as they provide critical guidance for the protection of the District's infrastructure and assets. Together with sound capital planning, the District's debt and finance policies help to secure the District's fiscal strength in the years ahead.

If you have any questions or comments regarding this Debt Report, please contact my office at (213) 241-7888. Your input is important to us and would be greatly appreciated.

Sincerely,

Scott S. Price, Ph.D.
Chief Financial Officer

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SECTION I: GENERAL OBLIGATION BOND DEBT

A. District's Bonded Debt Limitation and Assessed Valuation Growth

In accordance with Education Code Section 15106, the District's bonded debt limitation (also known as general obligation bonding capacity) equals 2.5% of the value of taxable property (i.e., assessed valuation) in the District. For Fiscal Year 2016-17, total assessed valuation in the District was $606 billion[1], resulting in a bonded debt limitation of $15.1 billion. Table 1 presents the District's maximum debt limit versus outstanding debt as of June 30, 2017. The difference is the "Legal Debt Margin."

Table 1
Bonded Debt Limitation and Legal Debt Margin
As of June 30, 2017
(in thousands)

Total Assessed Valuation	$ 605,969,007
Bonded Debt Limitation (2.5% times Assessed Valuation)	$ 15,149,225
Less: Outstanding General Obligation Bonds[2]	(9,815,110)
Equals: Legal Debt Margin[2]	**$ 5,334,115**

In addition to new District debt issuance and the amortization pattern of the outstanding debt, the Legal Debt Margin is affected by the assessed valuation growth in the District. Assessed valuation typically grows up to the maximum base annual rate of 2% allowed under Proposition 13 for existing property, with additional growth coming from new construction and the sale and exchange of property. Chart 1 on page 3 shows assessed valuation in the District from 1988 to 2017. Chart 2 shows the annual growth rate in assessed valuation in the District over the same period. The District's all-time maximum assessed valuation of $645.0 billion occurs in Fiscal Year 2017-18, one year beyond the reporting period in this Debt Report. The average growth rate has been 5.25% over the 30 years through FY 2016-17 and a similar 5.27% over the past 5 years.

Anticipated increases in future assessed valuation will permit issuance of new General Obligation Bonds to the extent that Proposition 39 tax rate limitations are not exceeded and bond proceeds on hand are sufficiently spent down. See the discussion on Proposition 39 tax rate limitations in Section I.E.

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[1] Subsequent to the reporting period for this Debt Report, assessed valuation for Fiscal Year 2017-18 was reported to be $645 billion, an increase of 6.4% from the Fiscal Year 2016-17 level.
[2] Subsequent to the reporting period for this Debt Report, on February 21, 2018, the District sold $1.35 billion of 2018 General Obligation Bonds. The bonds closed on March 8, 2018.

Chart 1
LAUSD Assessed Valuation
(As of June 30, 2017)

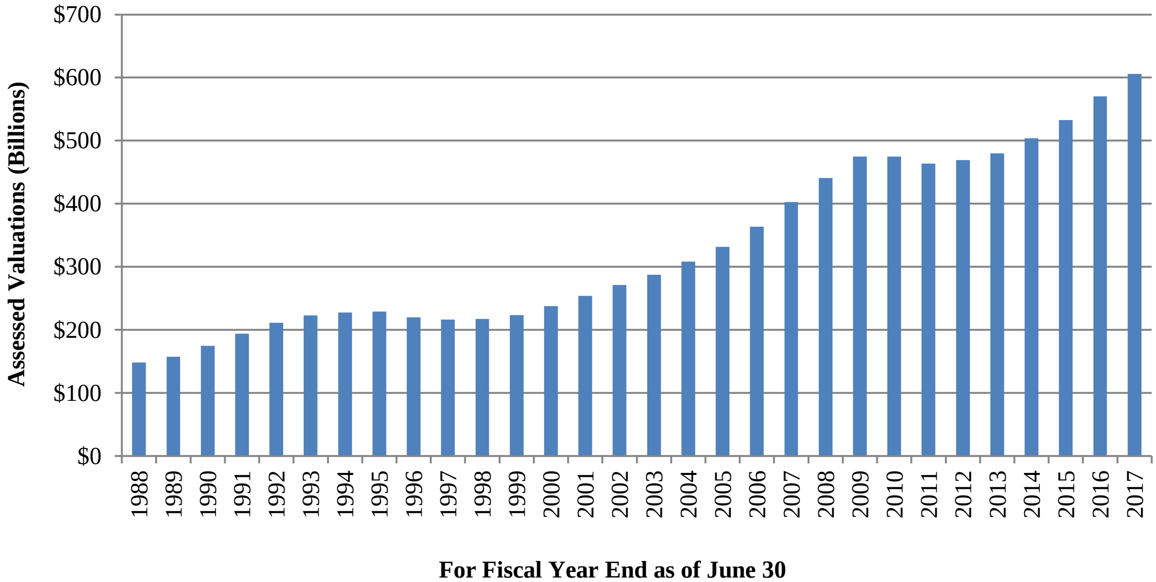
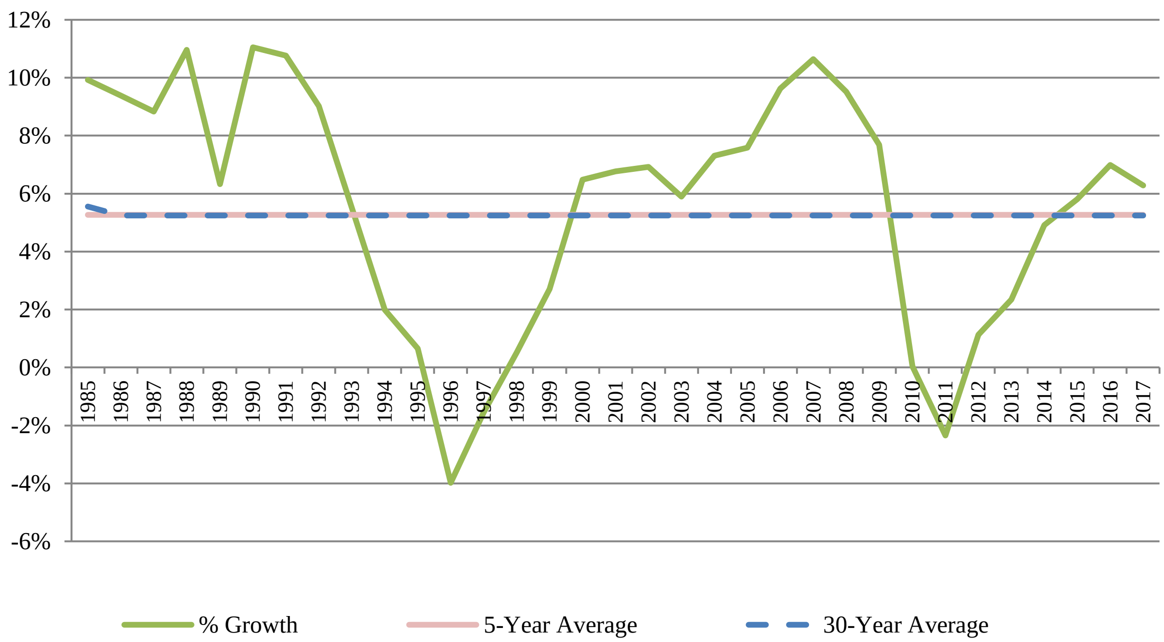


Chart 2
LAUSD Growth in Assessed Valuation
(As of June 30, 2017)



B. Bonds Outstanding and Bonds Authorized But Unissued

As of June 30, 2017, the District had a total of $9.8 billion of outstanding voter authorized General Obligation Bonds, for which a detailed listing and the debt service requirements can be found in Appendix 1-A.

The District had a total of $6.89 billion of authorized but unissued General Obligation Bonds as of June 30, 2017. Table 2 presents overall highlights of the District's authorized but unissued bonds.

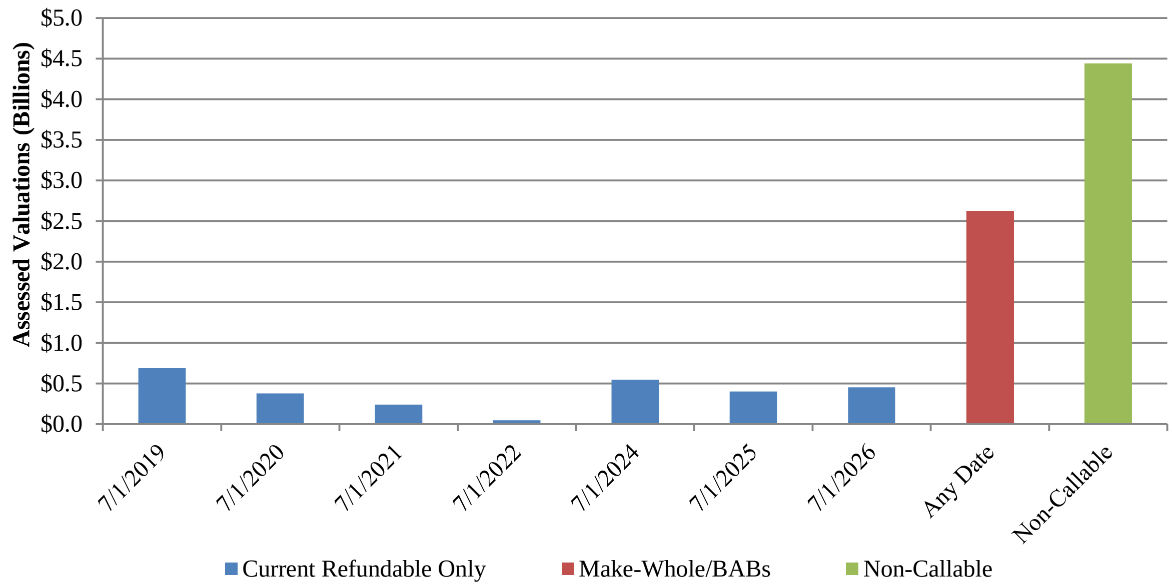
Table 2
Authorized but Unissued General Obligation Bonds
As of June 30, 2017
(in thousands)

	Proposition BB	Measure K	Measure R	Measure Y	Measure Q	Total
Voter Authorization Amount	$2,400,000	$3,350,000	$3,870,000	$3,985,000	$7,000,000	$20,605,000
Issued	2,400,000	3,350,000	3,710,010	3,602,850	648,955	13,711,815
Authorized but Unissued	$ 0	$ 0	$ 159,990	$ 382,150	$6,351,045	$ 6,893,185

C. Distribution of Bonds by Prepayment/Call Flexibility; General Obligation Bond Refundings

The District's outstanding General Obligation Bonds have varying degrees of prepayment or call flexibility. Chart 3 shows the District's outstanding General Obligation Bonds by call date that are: 1) non-callable, 2) eligible to be current refunded, and 3) eligible to be refunded with a make whole call. The General Obligation Bonds that have a make whole/extraordinary redemption feature represent special bond structures permitted under the American Reinvestment and Recovery Act (ARRA); see Section I.D - "Federal Tax Subsidy and Tax Credit Bonds." We note that on December 22, 2017, after the reporting period, the Federal government enacted the Tax Cuts and Jobs Act (Public Law No: 115-97), which eliminated the ability of state and local governments to do advance refundings. The table below reflects current tax law.

Chart 3
Distribution of Outstanding LAUSD G.O. Bonds
(by Call Date Aa of June 30, 2017)



The Chief Financial Officer regularly monitors market conditions for refunding opportunities. Pursuant to the Debt Management Policy, the District will not proceed with a refunding that will not produce at least 3% net present value savings for each maturity of bonds refunded or for which negative arbitrage is greater than the net present value savings except under certain circumstances. Table 3 on page 6 provides a summary of the savings from refundings that have been completed through June 30, 2017. These refundings are saving taxpayers approximately $1,040.7 million over the term of the bonds.

Table 3
Summary of General Obligation Refunding Bonds Savings
(As of June 30, 2017)

Refunding Bond Issue	Amount Refunded (millions)	Term of the Refunding Bonds (years)	Total Savings (millions)
2002	$262.7	17	$12.8
2004 A-1 & A-2	215.7	18	10.6
2005 A-1 & A-2	485.0	20	38.4
2006 A	131.9	13	6.3
2006 B	561.4	21	29.3
2007 A-1 & A-2	1,250.3	21	82.1
2007 B	25.8	12	1.8
2009 A	72.3	9	2.1
2010 A	72.8	5	2.4
2011 A-1 & A-2	425.6	13	37.9
2012 A	158.8	17	12.9
2014	1,706.4	17	171.6
2015	378.1	10	81.0
2016 A	661.2	14	126.6
2016 B	563.0	16	166.5
2017 A	1,271.2	10	258.4
	$8,242.2		$1,040.7

D. Federal Tax Subsidy and Tax Credit Bonds

In Fiscal Year 2009-10, the District took advantage of innovative bond programs permitted under the Federal government's new American Reinvestment and Recovery Act (ARRA). The ARRA financing structures provided lower debt service costs than traditional tax-exempt bonds, with LAUSD achieving expected savings of $1.1 billion.

One of the federal bond programs, Build America Bonds (BABs), is a taxable bond program for which the federal government initially subsidized 35% of the interest cost. The District sold about $1.4 billion of taxable BABs in October 2009 and another $1.25 billion in February 2010.

Another federal bond program used by LAUSD at that time is known as Qualified School Construction Bonds (QSCBs). These are also taxable bonds, however, under this structure investors receive a tax credit against their federal income tax, with very low or no interest payments. The District sold $318.8 million of QSCBs to taxable investors in October 2009. The District also received a QSCB allocation of $290.2 million for 2010 and, under new legislation enacted in March 2010, sold those QSCBs as subsidized taxable bonds rather than tax credit bonds.

Sequestration. On March 4, 2013 the Internal Revenue Service announced certain automatic reductions to federal budget items would take place, effective March 1, 2013. Based upon the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the automatic reductions are due to so-called "sequestration." Federal subsidies on BABs and QSCBs, among others, were reduced by 8.70%, or a reduction of $3.2 million from the subsidies provided toward the District's July 1, 2013 bond interest cost. The sequestration has continued with the annual sequestration rate determined at the beginning of each Federal fiscal year (October 1). The IRS announced that the Federal subsidy for Federal fiscal year 2017 would be reduced by 6.9%, calculated to result in $2.54 million less for each of the District's interest payments in January and July 2017[1]. The reduced subsides are offset by additional tax levies on District taxpayers. Unless Congress otherwise addresses the federal deficit matter, sequestration will occur each federal fiscal year.

E. Tax Rate Performance on Outstanding Bonds

The Tax Rate Statements for each of the District's five General Obligation Bond authorizations set forth various assumptions including the average annual assessed valuation growth over the life of the bonds, the average interest rate on the future bond issuances, and the estimated tax rates to be paid by District taxpayers to service the debt on the outstanding General Obligation Bonds. The assumptions in the respective Tax Rate Statements are not technically binding on the District, as actual issuance patterns, interest rates, and the growth pattern of the assessed valuation base combine to determine the actual tax rates. Nevertheless, the District actively manages its bond issuance program so that actual tax rates are close to or lower than the tax rates set forth in each respective Tax Rate Statement.

Table 4 below summarizes the assumptions in the Tax Rate Statements for each of the five bond measures for the assessed valuation growth rate and the interest rates on the bond sales. It also provides the election date, amount approved, and election authorization.

Table 4
Summary of Tax Rate Performance Assumptions

	Election Date	Amount (billions)	Assumed Average Assessed Valuation Growth	Assumed Interest Rate	Type of Election
Proposition BB	04/08/97	$2.400	2.0%	5.75%	Traditional 66 2/3rds% Minimum Approval
Measure K	11/05/02	3.350	3.9%	5.50%	Proposition 39 – 55%
Measure R	03/02/04	3.870	5.0%	5.25%	Proposition 39 – 55%
Measure Y	11/08/05	3.985	6.0%	5.25%	Proposition 39 – 55%
Measure Q	11/04/08	7.000	6.0%	5.25%	Proposition 39 – 55%

Table 5 on page 8 provides the assumptions included in the Tax Rate Statements for initial and future tax rates and actual results to date. Future tax rates will depend on a combination of additional bond issuance, future assessed valuation and economic refundings.

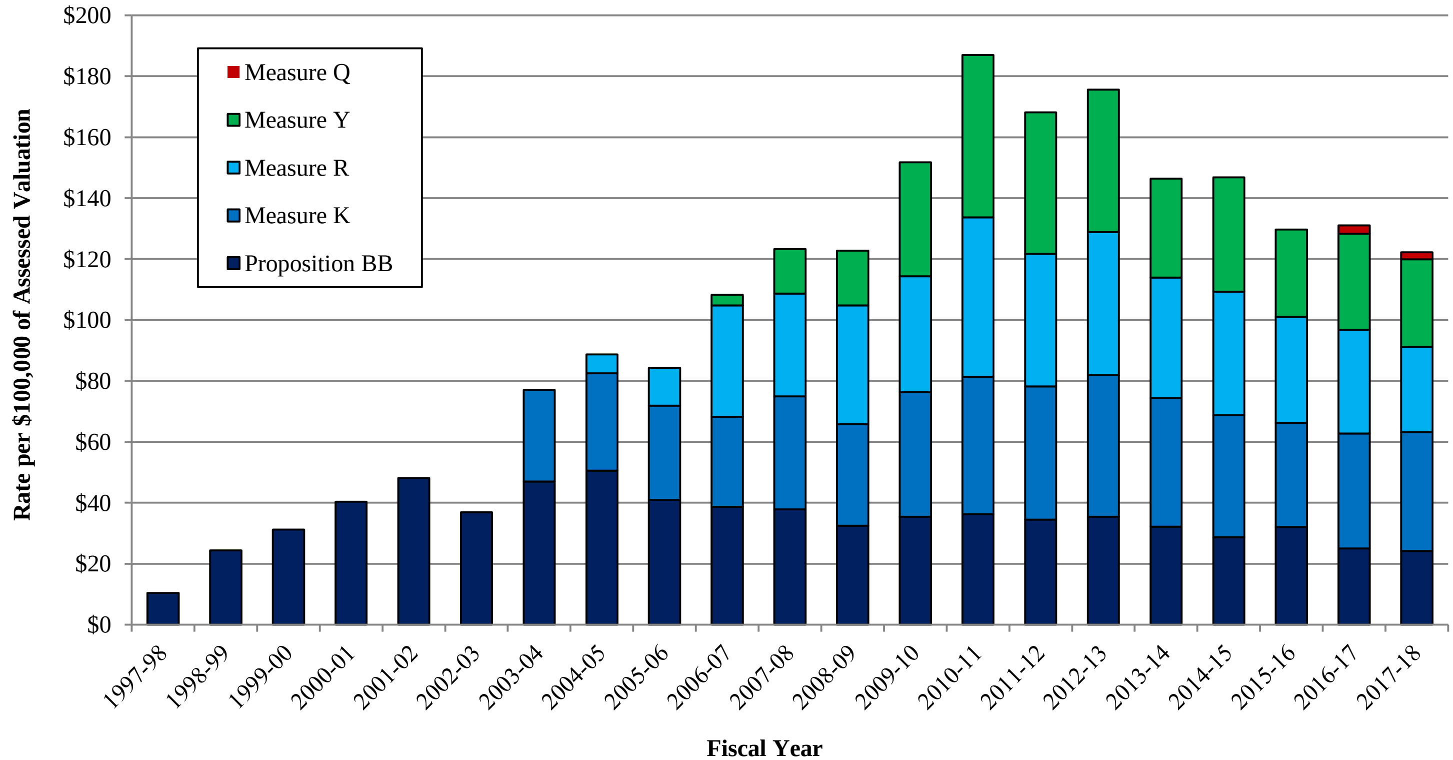
Chart 4, also on page 8, presents a history of the District's GO Bond tax rates by measure and in aggregate from FY1997-98 through FY2017-18.

[1] The sequestration rate for January 2018 and July 2018 bond interest payments is 6.6%.

Table 5
Estimated Tax Rates Set Forth in Tax Rate Statements for Measure BB, K, R, Y, and Q
(per $100,000 of Assessed Valuation)

	Proposition BB		Measure K		Measure R		Measure Y		Measure Q	
Tax Rate Description	As Projected in Tax Rate Statement	Actual/ Projected	As Projected in Tax Rate Statement	Actual/ Projected	As Projected in Tax Rate Statement	Actual/ Projected	As Projected in Tax Rate Statement	Actual/ Projected	As Projected in Tax Rate Statement	Actual/ Projected
Estimated Tax Rate in FY Following Issuance of 1st Series of Bonds	$23.43 FY 1998-99	$24.42 FY 1998-99	$47.53 FY 2004-05	$30.01 FY 2003-04	$21.93 FY 2005-06	$12.33 FY 2005-06	$5.74 FY 2006-07	$3.45 FY 2006-07	$0.00 FY 2010-11	$2.73 FY 2016-17
Estimated Maximum Tax Rate	$67.36	$50.55	$59.38	$46.46	$60.00	$52.37	$60.00	$53.23	$60.00	$60.00
Year it Occurs	FY 2013-14	FY 2004-05	2027	FY 2012-13	FY 2011-12	FY 2010-11	FY 2012-13	FY 2010-11	FY 2019-20	FY 2028-29
Current Tax Rate (2017-18)		**$24.02**		**$37.53**		**$29.23**		**$29.10**		**$2.32**

Chart 4
Tax Rates by Bond Measure per $100,000 of Assessed Valuation



SECTION II: CERTIFICATES OF PARTICIPATION ("COPs")

A. COPs Outstanding

Over the years, the District has issued COPs to fund a variety of capital projects needed either prior to the voter approval of GO measures or that were not eligible for GO funding, including the construction of non-school facilities, equipment, and certain IT systems. While all COPs are legally secured by the District's General Fund, debt service on certain COPs has been eligible to be repaid from other revenue sources. The District has strived to maximize the portion of its COPs debt service that is paid from non-General Fund sources, including using developer fees for debt service on projects related to enrollment growth or overcrowding and using cafeteria funds for cafeteria-related projects. The District has also prepaid COPs when possible with GO bond proceeds and other available funds, as described in the following Section B.

Table 6 provides a listing of the District's outstanding COPs. All of the District's outstanding COPs were issued as fixed rate financings. As of June 30, 2017, a total of $235.5 million of COPs were outstanding, net of defeased COPs. The debt service requirements on outstanding COPs can be found in Appendix 2.

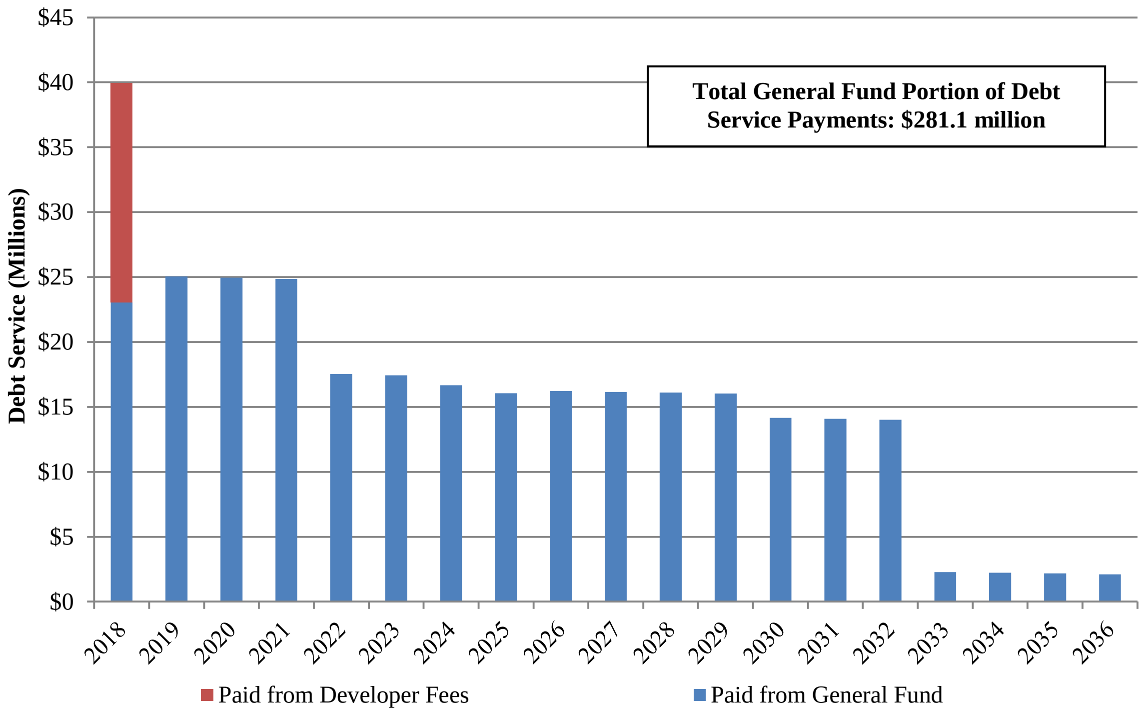
Table 6
Certificates of Participation Outstanding
(As of June 30, 2017)

Issue Description	Date of Issue	Principal Amount Issued (thousands)	Principal Outstanding (June 30, 2017) (thousands)	Original Final Maturity
COPs (Qualified Zone Academy Bonds) Series 2005 (taxable)[1]	12/13/2005	$ 10,000	$ 10,000	12/13/2020
COPs (Information Technology Projects), 2007 Series A[2]	11/15/2007	99,660	8,215	10/01/2017
COPs Refunding (Multiple Properties Project), 2010 Series A	01/27/2010	69,685	16,480	12/01/2017
COPs (Federally Taxable Direct Pay Build America Bonds, Capital Projects I), 2010 Series B-1	12/21/2010	21,615	21,615	12/01/2035
COPs (Tax-Exempt, Capital Projects I), 2010 Series B-2	12/21/2010	61,730	27,530	12/01/2020
COPs (Refunding Headquarters Building Projects), 2012 Series A	06/12/2012	87,845	61,810	10/01/2031
COPs (Refunding Headquarters Building Projects), 2012 Series B	06/12/2012	72,345	70,600	10/01/2031
Series 2013A (Refunding Lease)	06/24/2013	24,780	19,260	08/01/2028
Total		**$ 447,660**	**$ 235,510**	

[1] The Series 2005 COPs do not carry interest payments; instead, the purchaser receives a tax credit. The guaranteed investment contract (GIC) used for part of the defeasance on the 2005 COPs was terminated in August 2008 due to the rating downgrade of the GIC provider. A portion of the base rental payments in the amount of $7.4 million has been set aside such that the net amount due by the District as of June 30, 2017 was approximately $2.6 million. The District may need to contribute more funds to redeem the 2005 Qualified Zone Academy Bonds, depending upon the amount of ongoing investment returns.
[2] The amount includes 2007 COPs portion economically defeased for $3.9 million.

Chart 5 shows COPs debt service as of the close of Fiscal Year 2016-17. Debt service payments from the General Fund total $281.1 million through the final maturity of the COPs, before deducting the federal subsidies expected to be received and applied toward the debt service requirements for the 2010 Series B-1 COPs that were issued as BABs.

Chart 5
Certificates of Participation Debt Service (Paid from General Fund)
(As of June 30, 2017)



B. COPs Refundings

As noted previously, the District relied on COPs in part to finance school facilities prior to the voter approval of its GO bond measures. Following voter approval, in Fiscal Years 2004-05 and 2005-06, the District used Measure R and Measure Y bond proceeds to defease $143.42 million and $177.95 million of COPs, respectively, providing direct General Fund savings. Similarly, in September 2010 and August 2014, the District used Measure Y bond proceeds, unspent project funds and other funds on hand with the COPs trustee to defease and/or prepay debt service payments on the 2007 Series A and 2009 Series A COPs relating to $63.45 million of principal. The District has also used other available amounts such as one-time funds and shifted certain debt service payments to non-General Fund sources such as developer fees to reduce its General Fund COPs debt service.

Table 7 below presents a history of the District's COPs refundings.

Table 7
Los Angeles Unified School District
Summary of COPs Refundings

Issue Description	Date of Issue	Principal Amount Issued (thousands)	Refunded COPs	Term of Refunding COPs (Years)	Nominal Savings (thousands)
1991 Refunding COPs (Francisco Bravo Medical Magnet Senior High School)	11/13/91	$46,110	1988 COPs	16.0	$1,609.4
1993 Refunding COPs[1]	11/15/93	69,925	1991 COPs	20.0	N/A
1998A Refunding COPs (Multiple Properties Project)	06/10/98	60,805	1993 Refunding COPs	16.0	$3,076.7
2002A Refunding COPs (Francisco Bravo Medical Magnet Senior High School)	03/06/02	21,655	1991 Refunding COPs	6.5	$6,755.2
2004A&B Refunding COPs (Refinancing Project I and Refunding Project I)	05/24/05	57,625	Portions of 2000A, 2001B, 2001C, 2002B, 2002C, 2003A and 2003B COPs	7.0	N/A
2004A, B and D General Obligation Bonds (Measure R)[2]	09/23/04	150,000	2000B and 2002B COPs	5.0	$155,836.3
2005A Refunding COPs (Administration Building Project)[3]	05/24/05	86,525	2001C COPs	20.0	N/A
2005C Refunding COPs (Multiple Properties Project)[4]	05/24/05	44,225	1996 COPs	26.0	$(8,922.4)
2006A, B and D General Obligation Bonds (Measure Y)[2]	02/22/06	184,385	2002A, 2003A and 2004 COPs	15.5	$215,741.9
2008A&B Variable Rate Refunding COPs[5]	08/06/08	120,950	2005A&B COPs	23.0	N/A
2010A Refunding COPs (Multiple Properties Project)[6]	01/27/10	69,685	1997A and 1998A COPs	8.0	N/A
2012 A&B Refunding COPs (Administration Building Projects)[7]	06/12/12	160,190	2001B, 2002C, 2008 A & B COPs	20.0	$4,066.0
2013 Refunding Lease	06/24/13	24,780	2003B COPs	15.0	$4,822.1
2014K General Obligation Bonds (Measure Y)[2]	08/19/14	33,360	2007A and 2009A	5.5	$35,338.6
				Total	**$418,323.8**

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[1] The 1993 Refunding COPs refunded the 1991 COPs (Capital Facilities Project) that funded the acquisition of the Ambassador Hotel site through eminent domain. The legal documents for the 1991 COPs provided that said COPs would be refunded within three years if title to the Ambassador Hotel site had not been obtained. Since title had not been obtained by the three year mark, the District refunded the 1991 COPs. There were no savings associated with this refunding, as the transaction was done as a restructuring.

[2] These GO bonds shifted the COPs debt service from the District's General Fund to taxpayers, thereby saving General Fund resources.

[3] This series converted a prior fixed rate series to a variable rate structure. The District has indicated the savings for this transaction to be "not available" because future variable rates and ancillary costs could not be known with certainty at the time of the refunding and this table is meant to provide only actual savings.

[4] The amortization of this series was 20 years versus the 12 year amortization of the refunded bonds, resulting in dissavings in the out years.

[5] These series changed the variable rate structure from variable rate bonds secured with a line of credit and bond insurance to variable rate bonds secured by a letter of credit. Thus, no estimates of any savings were prepared at the time of the transaction, as the transaction was more a restructuring than a transaction designed to achieve savings.

[6] These series changed the refunded COPs' variable rate structure to a fixed rate structure. Savings are considered "not available" on the variable to fixed rate series because future variable rates and ancillary costs could not be known with certainty at the time of the refunding. This table is meant to provide only actual savings.

[7] These series converted two prior variable rate series (2008A and B) to a fixed-rate structure and refunded two fixed rate series. The savings shown in the table are only the known savings from the fixed-rate refunding of the two prior fixed rate series (the 2001B and 2002C). Savings are considered "not available" on the variable to fixed rate series because future variable rates and ancillary costs could not be known with certainty at the time of the refunding. This table is meant to provide only actual savings.

SECTION III: THE MARKET FOR THE DISTRICT'S DEBT

A. Municipal Bond Market

The District's GO bonds, COPs, and tax and revenue anticipation notes ("TRANs") are issued and traded in the United States' municipal bond market. Major groups of investors in this market include tax-exempt bond funds, insurance companies, investment bank portfolios, trust departments, investment advisors, individual investors, and money market funds. The various market participants may have different preferences for the structure and maturities of the bonds, COPs or TRANs that they purchase. As one of the largest issuers of municipal bonds in the country, the District is able to draw significant attention from these investor groups. The table to the right is a listing of the largest institutional holders of the District's long-term bonds that are required to publicly report their holdings. These generally include bond funds, professional retail investors such separately managed accounts and insurance companies.

Company	$ Thousands
Vanguard Group	1,123,136
BlackRock	259,136
Franklin Resources	199,804
Dodge & Cox	191,782
JPMorgan Chase & Co	186,837
Alliance Bernstein	122,384
State Street Corp	95,619
Prudential Financial	87,015
Thornburg Investment Mgmt	66,197
Metlife Inc	65,945
Manulife Financial Corp	60,150
Guggenheim	59,724
Milliman Financial Risk Mgmt	57,154
Allianz Se	54,338
TIAA-CREF	51,165
American Century Companies	46,855
Dimensional Fund Advisors	44,385
Ameriprise Financial	40,218
Invesco	36,190
Lord Abbett & Co	34,858

Source: Bloomberg as of March 16, 2018.

The District's borrowing costs reflect the interest rates the District achieves each time it sells bonds. Those rates are a function of many factors, including the credit ratings on the District's obligations, market interest rate levels, competing supply, investor asset levels and anticipated Federal Reserve policy actions at the time of sale. These factors combine to determine the level of investor demand for the District's obligations and the interest rates achieved. For the District's voter approved general obligation bonds, an important credit factor is the fact the repayment of the bonds is from property taxes collected and held in trust by the County of Los Angeles. In addition, particularly on the COPs, an important determinant of the rates of return investors demand is their perception of the District's overall financial, debt and economic performance compared to other issuers. The investment community has historically viewed both the District's GOs and COPs as high-quality investment grade securities, owing to the repayment source for the GOs as well as the District's financial position, vast local economy, and pristine debt service payment track record.

In addition to the federal tax-exemption available to all investors, the State's progressive income tax system provides in-state investors with additional incentives to purchase the District's tax-exempt GO bonds and COPs. However, the interest rates on the District's and other local government issuers' bonds in California have also been subject to the State's fiscal position. Investor perception of the State's bonds had weakened significantly over a multi-year period beginning in 2009 due to the State's credit deterioration. During this period, the State's credit was downgraded by the three major rating agencies to the lowest level of any state in the country and its borrowing costs relative to other issuers rose dramatically. While not as dramatic, the State's credit issues had a direct impact on the borrowing costs of other issuers that were viewed as "agencies" of the State, such as LAUSD, even though the District's credit ratings remained very strong and well-above those of the State during that period. Over the last several years, however, the State's credit profile and credit ratings improved significantly. During this period, the Legislature has passed on-time balanced budgets and the administration has repaid a significant portion of its budgetary borrowings. As a result, the State's credit ratings have improved and its interest rates relative to national indices have improved dramatically. The State's improvement has in turn had a positive effect on interest rates for other California issuers associated with the State, including the District.

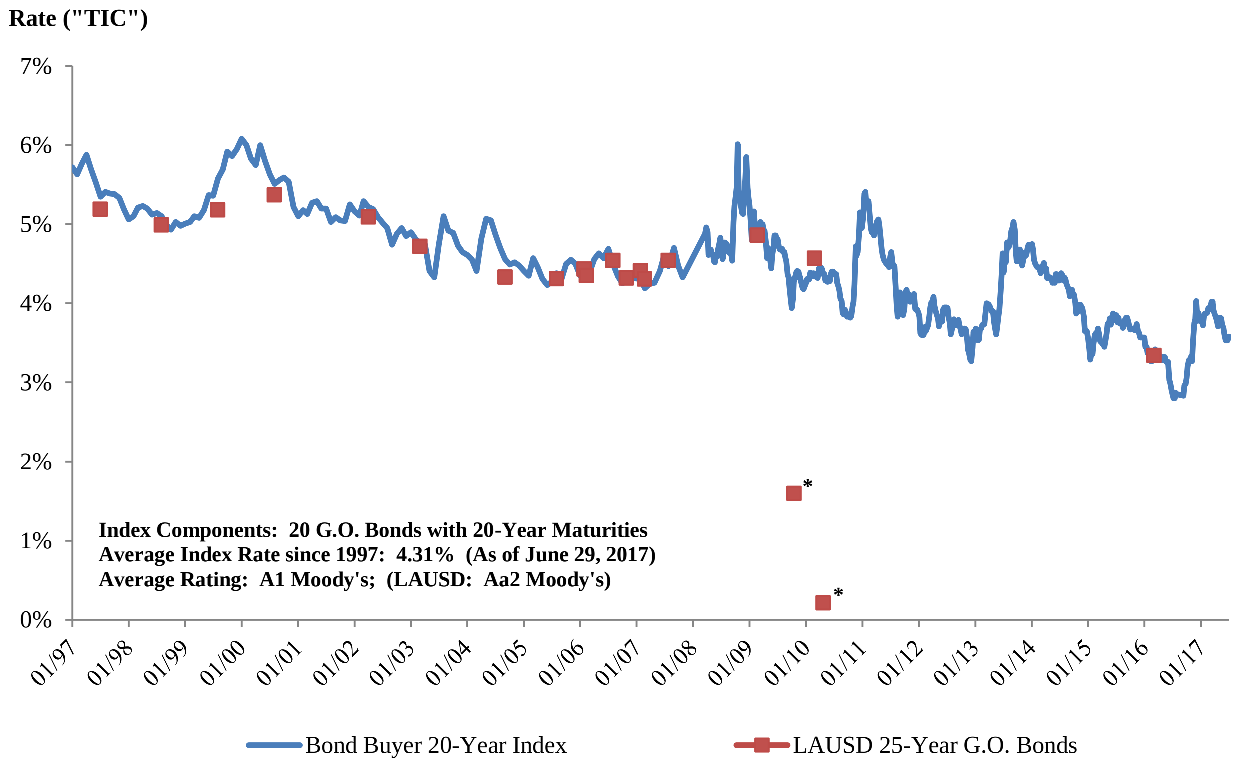
The District's interest rates are also subject to the broader financial market conditions. This was particularly apparent during the financial crisis. During the financial crisis, there were periods when market access became very restricted and certain municipal products failed. While some products that had been common in the municipal market, such as auction rate securities and AAA-rated bond insurance, are no longer available, the municipal market has recovered and has been very strong, with low interest rates as described further below.

B. Cost of the District's Debt; No Variable Rate Debt Outstanding

B-1. Fixed Rate Debt

All of the District's General Obligation Bond and COPs issues carry fixed interest rates. Since reaching a cyclical high in 1999, tax-exempt fixed interest rates fell to historically low levels in mid-2016. This has helped the District achieve very low interest costs on its General Obligation Bonds, as shown in Chart 6. The chart includes the Bond Buyer 20-Bond Index which consists of 20 General Obligation Bonds that mature in 20 years. The average rating of the 20 bonds is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's's AA. The District's bonds have a term to maturity of 25 years so, *ceteris paribus*, one would expect their true interest costs ("TICs") to be above the Index; however, yields on the District's issues tend to be similar to the Index. In addition, the District's TICs on its two QSCB issues in 2009 and 2010 were well below the Index due to the heavily subsidized interest rate provided under the QSCB program. A listing of the TICs for each series of 25-year General Obligation Bonds sold by the District is provided in Appendix 1-A.

Chart 6
True Interest Cost ("TIC") Rates on Actual LAUSD 25-Year G.O. Bond Issues
vs.
The Bond Buyer 20-Bond Index for G.O. Bonds [1]



* The two low TIC outliers are the Election of 2005, Series H (2009) and Series J (2010) Qualified School Construction Bonds (Tax Credit Bonds)

B-2. Variable Rate Debt

Current statutory provisions make it impractical for the District to issue variable rate General Obligation Bonds, as ancillary costs such as remarketing fees and liquidity fees cannot be paid from voter approved *ad valorem* property tax levies. Thus, with the vast majority of the District's debt necessarily being issued as fixed rate bonds, the District has issued COPs in a variable rate mode from time to time to achieve debt portfolio diversification. As of June 30, 2017, however, the District has no outstanding variable rate COPs.

[1] Subsequent to the reporting period for this Debt Report, on February 21, 2018, the District sold $1.35 billion of new money 25-year General Obligation Bonds with a TIC of 3.578%, the second lowest TIC to date for the District's new money GO Bonds.

SECTION IV: THE DISTRICT'S CREDIT RATINGS

A. Long-Term Credit Ratings on General Obligation Bonds and Certificates of Participation

Long-term credit ratings provided by a rating agency are an independent assessment of the relative credit risk associated with purchasing and holding a particular bond through its scheduled term of repayment. Long-term credit ratings serve as independent opinions of a borrower's financial strength and ability to repay its debt on a timely basis. Long-term credit ratings are one of the most important indicators of creditworthiness readily available to the investment community and have a direct impact on the borrowing rates paid by the District.

In July 2015, the California legislature enacted Senate Bill 222 ("SB222") which became effective on January 1, 2016. SB222 established a statutory lien in the voter-approved property taxes that secure California school districts' General Obligation Bonds. Beginning with the March 1, 2016 GO bond sale, LAUSD capitalized on the legislative change and pursued ratings from Fitch Ratings ("Fitch") and Kroll Bond Rating Agency ("KBRA"), in addition to Moody's Investors Services ("Moody's) that has traditionally rated the District's GOs. The District received ratings of AAA from Fitch, AA+ from Kroll, and Aa2 from Moody's. Fitch also provided the District with an Issuer Default Rating ("IDR") of A+ which is based on the District's financial operations. The distinction between the "AAA" rating on the GO Bonds and the A+ IDR reflects Fitch's assessment that the GO bondholders are "legally insulated from any operating risk of the District". Any outstanding GO Bonds issued prior to Fiscal Year 2015-16 also have ratings of AA- by Standard & Poor's (S&P).

The District's General Obligation Bond ratings are considered "best quality" and "high quality" investment grade ratings depending on the rating agency as shown in Table 8. The District's COPs are currently rated in the "upper medium grade" category as A1 and A+, respectively by Moody's and S&P. Fitch and Kroll do not rate the District's outstanding COPs. General Obligation Bond ratings are typically one to two notches higher than those of COPs, owing to the superior credit strength of the *ad valorem* property taxes pledged to repay General Obligation Bonds versus the General Fund pledge that supports repayment of COPs.

Table 8
Credit Ratings
(District's GO Bond Ratings Highlighted in Red)
(District's COPs Ratings Highlighted in Blue)[1]

	Moody's	Fitch	KBRA	S&P
Best Quality	Aaa	**AAA**	AAA	AAA
High Quality	Aa1 **Aa2** Aa3	AA+ AA AA-	**AA+** AA AA-	AA+ AA **AA-**
Upper Medium Grade	**A1** A2 A3	A+ A A-	A+ A A-	**A+** A A-
Medium Grade	Baa1 Baa2 Baa3	BBB+ BBB BBB-	BBB+ BBB BBB-	BBB+ BBB BBB-
Below Investment Grade	Ba1 and Lower	BB+ and Lower	BB+ And Lower	BB+ and Lower

S&P rates COPs one notch lower than the rating on General Obligation Bonds, whereas Moody's rates COPs two notches lower than the rating on General Obligation Bonds.

In addition to the rating itself, each rating agency publishes an outlook on the rating. Outlooks are either "Positive", "Stable" or "Negative." A "Positive" outlook indicates a possible upgrade in the rating may occur; a "Negative" outlook indicates a possible rating downgrade may occur; and a "Stable" outlook indicates that neither an upgrade nor a downgrade is anticipated. All rating agencies currently assign an outlook of "Stable" to the District's ratings through the reporting period.

Recognizing the importance of maintaining high quality ratings, the Board of Education adopted a Budget and Finance Policy that, among other things, establishes a minimum 5% General Fund reserve effective July 1, 2005. In November 2013, the District adopted an updated Budget and Finance Policy that establishes a formula that calculates annual contributions to an Other-Post-Employment Benefit (OPEB) trust when the balances in the general fund exceed the 5% minimum reserve threshold. A history of the District's General Obligation Bond and COPs ratings is presented in Appendix 3.

B. Short-Term Credit Ratings on Tax and Revenue Anticipation Notes

The District evaluates its General Fund cash flows each month as part of its cash management program's policy of ensuring timely payment of all operational expenses. It issued tax and revenue anticipation notes each fiscal year from Fiscal Year 1991-92 through Fiscal Year 2012-13 to finance periodic cash flow deficits and manage its cash flow needs. The District has always received the highest possible short-term ratings from Moody's (MIG 1) and S&P (SP-1+) on its TRANs and has always timely repaid its TRANs. The District has not issued TRANs since Fiscal Year 2012-13 due to the State increasing its funding of school districts and reducing its cash deferrals and the District's prudent financial management.

SECTION V: DEBT RATIOS

A. Use of Debt Ratios

Pursuant to the District's Debt Management Policy set forth in Appendix 5, the Chief Financial Officer calculates certain debt factors and debt burden ratios, compares them to benchmarks, and reports the results in this Debt Report. Measuring the District's debt performance through the use of debt ratios provides a convenient way to compare the District to other borrowers. The most common debt ratios applied to school districts are:

- Ratio of Annual Lease Debt Service to General Fund Expenditures. The formula for this computation is annual lease debt service expenditures divided by General Funds (i.e., General and Debt Service Funds) expenditures (excluding interfund transfers) as reported in the most recent Comprehensive Annual Financial Report.

- Proportion of Fixed-Rate and Variable-Rate COPs Issues. The Debt Management Policy requires the District to keep its variable rate exposure, to the extent not hedged or swapped to fixed rate, at or below 20% of the total principal of outstanding COPs or $100 million, whichever is less. If variable rate debt is issued, the Chief Financial Officer periodically, but at least annually, determines whether it is appropriate to convert the debt to fixed interest rates. Such conversions were recommended and executed in Fiscal Year 2011-12.

- Ratio of Outstanding Debt to Assessed Value. The formula for this computation is contained in Section 15106 of the Education Code. The ratio is calculated for both "Direct Debt" (i.e., General Obligation Bonds) and "Combined Direct Debt" (both General Obligation Bonds and COPs), the latter commonly referred to as "Debt Burden" in the California Municipal Statistics Overlapping Debt Statement. In addition, the ratio "Overall Debt Burden" includes the District's Direct Debt plus the Direct Debt of issuers whose boundaries overlap those of the District. It is important to monitor the levels and growth of Direct Debt and Overall Direct Debt as they portray the debt burden borne by the District's taxpayers and serve as proxies for taxpayer capacity to take on additional debt in the future. A summary of overlapping debt in the District is set forth in Appendix 4.

- Ratio of Outstanding Debt Per Capita. The formula for this computation is Outstanding Debt divided by the population residing within the District's boundaries. Ratios are computed for both "Direct Debt Per Capita" and "Overall Debt Per Capita." It is important to monitor these ratios as they attempt to measure the degree to which debt is concentrated, i.e. whether it is spread across a large or small population. It should be noted that no official population data is collected at the District level, but the District uses estimates of its population in the per capita ratios.

The District's ratios and benchmark targets are provided in Tables 9 and 10.

B. LAUSD's Compliance with Debt Management Policy; Debt Levels Compared to Other School Districts

Table 9 provides a summary of the District's performance against policy benchmarks, targets and ceilings for debt paid from General Fund or other resources controlled by the District, such as developer fees. The District's policy calls for such annual debt service to be no more than 2-2 ½ % of General Fund Expenditures. In addition, the Board imposed an even more restrictive COPs annual debt service ceiling of $105.0 million in 2004. Fiscal year 2016-17 COPs debt service was $42.7 million and future maximum annual COPs debt service is currently $39.9 million (2017-18). The District's actual performance is well within the policy targets and ceilings for its COPs gross debt service and any unhedged variable rate obligations.

Table 9
Policy Benchmarks, Targets and Ceilings for Debt Paid From General Fund or Other Resources (COPs)
(As of June 30, 2017)

Factor	Benchmark/Target	Ceiling	LAUSD Actual	Over (Under) Policy Ceiling
Maximum COPs Gross Debt Service Limit (percentage)	2% of General Funds Expenditures (FY2016-17)	2.5% of General Funds Expenditures	0.59%	(1.91%)
Maximum COPs Gross Debt Service Limit ($ million)	Not applicable	$105.0	$39.9	($65.1)
Unhedged Variable Rate Debt as % of Total COPs Debt		20%	0%	(20%)

The District is the largest independent public school district in the United States. On the basis of its size, one could argue that it is appropriate to compare LAUSD to other entities with similar size. However, those types of entities comprise a heterogeneous collection of cities, states, school districts and other public agencies rather than a homogenous group such as school districts. Thus, the Debt Management Policy requires that the Chief Financial Officer include a comparison of the District to the cohort of other large school districts, even though that category includes districts with varying types of funding mechanisms different from the District's funding mechanisms and includes no other district as large as LAUSD.

Table 10 sets forth the debt burden ratios that recognize the direct debt and overall debt of the District compared to benchmarks for large school districts whose ratings are in the double-A or higher rating category.

Due to the statistical dispersion of the underlying data for the benchmarks in Table 10 and the large size of the District's bonding program relative to other large school districts, the District's debt burden ratios are not unexpectedly higher than most of the benchmarks. Nevertheless, the District believes the "large, highly-rated" school district cohort to be the most appropriate cohort group against which it should be compared.

Table 10
Policy Benchmarks for District's Direct and Overall Debt[1]
(As of June 30, 2017)

Debt Burden Ratio	Benchmark	Benchmark's Value	LAUSD Actual
Direct Debt to Assessed Value	Moody's Median for Aa Rated School Districts with Student Population Above 200,000	1.10%	1.66%
Overall Debt to Assessed Valuation	Moody's Median for Aa Rated School Districts with Student Population Above 200,000	3.00%	2.91%
Direct Debt Per Capita	Moody's Median for Aa Rated School Districts with Student Population Above 200,000	$1,051	$2,120
Overall Debt Per Capita	Moody's Median for Aa Rated School Districts with Student Population Above 200,000	$2,798	$3,722

[1] Benchmarks pulled from Moody's 2017 US Local Government Medians –Tax Base Growth Reinforces Sector Stability as Pension Troubles Remain article on March 20, 2017 and Moody's Municipal Finance Ratio Analysis tool ("MFRA")

APPENDIX 1-A

Los Angeles Unified School District
General Obligation Bond Issuance and True Interest Cost
As of June 30, 2017[1]

Continued on the Following Page

Bond Issue	Date of Issue	Principal Amount Issued (thousands)	Outstanding Principal (thousands)	True Interest Cost (%)
Proposition BB Series A	7/22/97	$356,000	$0	5.19%
Proposition BB Series B	8/25/98	350,000	0	4.99%
Proposition BB Series C	8/10/99	300,000	0	5.18%
Proposition BB Series D	8/03/00	386,655	0	5.37%
Proposition BB Series E	4/11/02	500,000	0	5.09%
Proposition BB Series F	3/13/03	507,345	0	4.43%
Measure K Series A	3/05/03	2,100,000	0	4.75%
Measure K Series B	2/22/07	500,000	17,510	4.31%
Measure K Series C	8/16/07	150,000	4,840	4.86%
Measure K Series D	2/19/09	250,000	200,950	4.82%
Measure R Series A (5 year maturity)	9/23/04	72,630	0	2.28%
Measure R Series B (5 year maturity)	9/23/04	60,475	0	2.24%
Measure R Series C	9/23/04	50,000	0	4.33%
Measure R Series D	9/23/04	16,895	0	4.33%
Measure R, Series E	8/10/05	400,000	0	4.36%
Measure R, Series F	2/16/06	500,000	0	4.21%
Measure R, Series G	8/17/06	400,000	0	4.55%
Measure R, Series H	8/16/07	550,000	17,560	4.86%
Measure R, Series I	2/19/09	550,000	434,655	4.82%
Measure R, Series J	8/19/14	68,170	12,285	0.51%
Measure R, Series K	8/19/14	7,045	1,235	0.88%
Measure Y, Series A	2/22/06	56,785	0	3.72%
Measure Y, Series B	2/22/06	80,200	0	3.85%
Measure Y, Series C	2/22/06	210,000	0	4.15%
Measure Y, Series D (taxable)	2/22/06	47,400	0	5.18%
Measure Y, Series E	8/16/07	300,000	9,700	4.86%
Measure Y, Series F	2/19/09	150,000	120,905	4.82%
Measure Y, Series G	10/15/09	5,615	0	3.11%
Measure Y, Series H	10/15/09	318,800	318,800	1.60%
Measure Y, Series I	3/04/10	3,795	0	4.57%
Measure Y, Series J-1 (QSCB)	5/06/10	190,195	190,195	0.21%
Measure Y, Series J-2 (QSCB)	5/06/10	100,000	100,000	0.21%
Measure Y, Series K	8/19/14	35,465	14,480	0.84%
Measure Y, Series L	8/19/14	25,150	4,410	0.88%
Measure Q, Series A	04/05/16	648,955	648,955	3.34%
Series KRY (Tax Exempt) (2009)	10/15/09	205,785	51,535	2.53%
Series KRY (BABs) (2009)	10/15/09	1,369,800	1,369,800	3.73%
Series KRY (Tax Exempt) (2010)	3/04/10	478,575	432,865	4.57%
Series RY (BABs) (2010)	3/04/10	1,250,585	1,250,585	4.44%
Series KY (2010)	5/06/10	159,495	29,100	2.46%

[1] Subsequent to the reporting period for this Debt Report, on February 21, 2018, the District sold $1.35 billion of 2018 General Obligation Bonds. The bonds closed on March 8, 2018. The TIC on the 24-year new money bonds was 2.58%.

Continued from the Previous Page

Bond Issue	Date of Issue	Principal Amount Issued (thousands)	Outstanding Principal (thousands)	True Interest Cost (%)
2002 General Obligation Refunding Bonds	4/17/02	$258,375	$15,215	4.94%
2004 General Obligation Refunding Bonds, Series A-1	12/21/04	90,740	0	4.13%
2004 General Obligation Refunding Bonds, Series A-2	12/21/04	128,385	0	4.38%
2005 General Obligation Refunding Bonds, Series A-1	7/20/05	346,750	71,850	4.17%
2005 General Obligation Refunding Bonds, Series A-2	7/20/05	120,925	14,790	4.22%
2006 General Obligation Refunding Bonds, Series A	2/22/06	132,325	0	4.07%
2006 General Obligation Refunding Bonds, Series B	11/15/06	574,905	0	4.32%
2007 General Obligation Refunding Bonds, Series A-1	1/31/07	1,153,195	4,225	4.41%
2007 General Obligation Refunding Bonds, Series A-2	1/31/07	136,055	0	4.41%
2007 General Obligation Refunding Bonds, Series B	2/22/07	24,845	0	4.12%
2009 General Obligation Refunding Bonds, Series A	10/15/09	74,765	24,095	2.53%
2010 General Obligation Refunding Bonds, Series A	3/04/10	74,995	0	4.57%
2011 General Obligation Refunding Bonds, Series A-1	11/1/11	206,735	146,935	2.75%
2011 General Obligation Refunding Bonds, Series A-2	11/1/11	201,070	146,930	2.71%
2012 General Obligation Refunding Bonds, Series A	5/8/12	156,000	139,510	2.75%
2014 General Obligation Refunding Bonds, Series A	6/26/14	196,850	142,415	1.49%
2014 General Obligation Refunding Bonds, Series B	6/26/14	323,170	323,170	1.96%
2014 General Obligation Refunding Bonds, Series C	6/26/14	948,795	934,275	2.97%
2014 General Obligation Refunding Bonds, Series D	6/26/14	153,385	153,385	2.60%
2015 General Obligation Refunding Bonds, Series A	5/28/15	326,045	318,085	1.87%
2016 General Obligation Refunding Bonds, Series A	4/05/16	577,400	568,180	1.73%
2016 General Obligation Refunding Bonds, Series B	9/15/16	500,855	500,855	2.28%
2017 General Obligation Refunding Bonds, Series A	5/25/17	1,080,830	1,080,830	1.94%
	Total[1]	**21,499,210**	**9,815,110**	

[1] Subsequent to the reporting period for this Debt Report, on February 21, 2018, the District sold $1.35 billion of 2018 General Obligation Bonds. The bonds closed on March 8, 2018.

APPENDIX 1-B

Los Angeles Unified School District
Outstanding Debt Service Payments on General Obligation Bonds
As of June 30, 2017 [1, 2, 3]

Fiscal Year Ending June 30	Election of 1997 (Proposition BB)	Election of 2002 (Measure K)	Election of 2004 (Measure R)	Election of 2005 (Measure Y)	Election of 2008 (Measure Q)	Aggregate Fiscal Year Debt Service
2018	151,440,532	227,375,398	226,109,578	235,844,753	44,279,100	885,049,361
2019	154,311,334	234,740,525	226,586,811	245,491,297	44,257,600	905,387,567
2020	149,109,061	238,963,685	234,540,386	233,589,559	44,236,600	900,439,292
2021	148,664,300	247,708,821	232,997,111	235,418,216	44,392,850	909,181,298
2022	152,177,750	261,126,896	220,150,711	240,158,797	44,296,425	917,910,579
2023	147,486,100	270,245,196	227,543,811	242,963,422	44,280,125	932,518,654
2024	148,433,775	265,314,378	222,913,517	246,453,722	44,263,825	927,379,217
2025	126,252,775	278,529,021	229,222,055	250,706,303	44,147,650	928,857,804
2026	75,466,375	281,920,240	229,959,549	250,626,444	44,121,025	882,093,633
2027	39,809,325	289,266,946	235,482,474	287,188,672	44,091,400	895,838,817
2028	10,813,100	190,442,296	256,616,279	249,654,989	44,066,025	751,592,690
2029	-	91,688,115	272,215,000	251,385,990	44,032,150	659,321,254
2030	-	94,517,843	221,218,444	314,429,736	44,001,900	674,167,922
2031	-	96,256,529	225,030,219	322,478,327	43,967,150	687,732,224
2032	-	98,838,900	269,910,242	290,998,013	43,934,650	703,681,804
2033	-	106,151,928	275,421,335	293,228,482	43,896,025	718,697,769
2034	-	109,248,855	283,087,350	297,497,039	44,018,425	733,851,669
2035	-	110,781,725	285,204,118	298,771,391	43,997,425	738,754,660
2036	-	-	-	-	43,968,925	43,968,925
2037	-	-	-	-	44,031,288	44,031,288
2038	-	-	-	-	43,822,250	43,822,250
2039	-	-	-	-	43,777,250	43,777,250
2040	-	-	-	-	43,736,000	43,736,000
2041	-	-	-	-	43,689,125	43,689,125
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
Total	**$1,303,964,427**	**$3,493,117,296**	**$4,374,208,990**	**$4,786,885,151**	**$1,057,305,188**	**$15,015,481,052**

[1] Subsequent to the reporting period for this Debt Report, on February 21, 2018, the District sold $1.35 billion of 2018 General Obligation Bonds. The bonds closed on March 8, 2018.
[2] Includes refunding bonds and excludes refunded bonds with respect to the particular bond authorization.
[3] Includes QSCB Sinking Fund Payments, but does not include BABs or QSCB Subsidies.

APPENDIX 1-C

Los Angeles Unified School District
Debt Service Requirements on General Obligation Bonds
After Delivery of Additional Bonds on As of March 8, 2018 [1, 2]

Fiscal Year Ending June 30	Election of 1997 (Proposition BB)	Election of 2002 (Measure K)	Election of 2004 (Measure R)	Election of 2005 (Measure Y)	Election of 2008 (Measure Q)	Aggregate Fiscal Year Debt Service
2018	-	-	-	24,032,935	134,926,489	158,959,424
2019	154,311,334	234,740,525	226,586,811	250,024,902	88,642,817	954,306,389
2020	149,109,061	238,963,685	234,540,386	241,971,459	122,839,488	987,424,079
2021	148,664,300	247,708,821	232,997,111	243,759,216	122,952,013	996,081,461
2022	152,177,750	261,126,896	220,150,711	248,496,172	122,820,838	1,004,772,367
2023	147,486,100	270,245,196	227,543,811	251,326,747	122,776,563	1,019,378,417
2024	148,433,775	265,314,378	222,913,517	254,814,772	122,718,113	1,014,194,554
2025	126,252,775	278,529,021	229,222,055	259,039,053	122,647,763	1,015,690,667
2026	75,466,375	281,920,240	229,959,549	258,952,119	122,547,513	968,845,796
2027	39,809,325	289,266,946	235,482,474	295,520,597	122,445,388	982,524,729
2028	10,813,100	190,442,296	256,616,279	257,969,414	122,360,638	838,201,727
2029	-	91,688,115	272,215,000	259,713,290	122,285,013	745,901,417
2030	-	94,517,843	221,218,444	322,735,786	122,205,888	760,677,960
2031	-	96,256,529	225,030,219	330,777,127	122,120,638	774,184,512
2032	-	98,838,900	269,910,242	299,293,688	122,036,138	790,078,967
2033	-	106,151,928	275,421,335	301,514,657	121,943,888	805,031,807
2034	-	109,248,855	283,087,350	305,781,714	122,010,663	820,128,582
2035	-	110,781,725	285,204,118	307,046,942	121,926,538	824,959,322
2036	-	-	-	8,268,300	121,836,538	130,104,838
2037	-	-	-	8,262,175	121,832,775	130,094,950
2038	-	-	-	8,256,425	121,551,613	129,808,038
2039	-	-	-	8,251,681	121,436,613	129,688,294
2040	-	-	-	8,232,569	121,234,694	129,467,263
2041	-	-	-	8,221,131	121,100,744	129,321,875
2042	-	-	-	8,210,269	77,316,975	85,527,244
2043	-	-	-	8,222,425	77,220,181	85,442,606
Total	**1,152,523,896**	**3,265,741,898**	**4,148,099,412**	**4,778,695,564**	**3,065,736,512**	**16,410,797,281**

[1] Subsequent to the reporting period for this Debt Report, on February 21, 2018, the District sold $1.35 billion of 2018 General Obligation Bonds. The bonds closed on March 8, 2018.
[2] Includes refunding bonds and excludes refunded bonds with respect to the particular bond authorization.

APPENDIX 2

Los Angeles Unified School District
Certificates of Participation Lease Obligations Debt Service Schedule[1]
As of June 30, 2017

Fiscal Year Ending	Paid from General Fund[2] (thousands)	Paid from Developer Fees[3] (thousands)	Fiscal Year Total Debt Service (thousands)
06/30/2018	23,052	16,886	39,938
06/30/2019	25,043	0	25,043
06/30/2020	24,955	0	24,955
06/30/2021	24,864	0	24,864
06/30/2022	17,532	0	17,532
06/30/2023	17,429	0	17,429
06/30/2024	16,668	0	16,668
06/30/2025	16,048	0	16,048
06/30/2026	16,218	0	16,218
06/30/2027	16,163	0	16,163
06/30/2028	16,112	0	16,112
06/30/2029	16,037	0	16,037
06/30/2030	14,147	0	14,147
06/30/2031	14,073	0	14,073
06/30/2032	14,001	0	14,001
06/30/2033	2,277	0	2,277
06/30/2034	2,222	0	2,222
06/30/2035	2,169	0	2,169
06/30/2036	2,108	0	2,108
Total[4]	**$ 281,118**	**$16,886**	**$ 298,004**

[1] The lease payments reflect the net obligations of the District due to the defeasance of certain COPs.
[2] Does not assume receipt of a direct cash subsidy payment from the United States Department of Treasury for certain series of these COPs; includes QSCB set-asides.
[3] Developer fees are used to satisfy debt service payments on a portion of the District's outstanding lease obligations. The General Fund is obligated to pay these obligations in the event that there are insufficient developer fees, subject to the terms of the lease. The District expects to pay a portion of the final debt service for Fiscal Year 2017-18 with a combination of funds from developer fees and funds released from the debt service reserve fund on the maturity date as required under the legal documents for these COPs. To date, such developer fees have been and are expected to continue to be sufficient to pay these lease obligations as and when due.
[4] Totals may not equal sum of component parts due to rounding.

APPENDIX 3

Los Angeles Unified School District
History of Underlying Fixed Rate Long-Term Ratings

Fiscal Years	General Obligation Bonds				Certificates of Participation		
	Moody's	Fitch	KBRA	S&P	Moody's	Fitch	S&P
1988-1989	Aa2	Not rated	Not rated	AA	A1	Not rated	A+
1990-1992	Aa2	AA	Not rated	AA	A1	A+	A+
1992-1993	A1	AA	Not rated	AA-	A2	A+	A
1994-1995	A1	AA-	Not rated	AA-	A2	A	A
1996-1998	Aa3	AA-	Not rated	AA-	A2	A	A
1999-2000	Aa3	AA	Not rated	AA-	A2	A+	A
2001[1]-2002	Aa3	AA	Not rated	AA-	A2	A+	A+
2002-2003	Aa3	AA-	Not rated	AA-	A2	A	A+
2004-2005	Aa3	A+	Not rated	AA-	A2	A-	A+
2006 [2]-2008	Aa3	A+	Not rated	AA-	A2	A	A+
2008-2009 [3]	Aa3	Not rated	Not rated	AA-	A2	Not rated	A+
2009-2015 [4]	Aa2	Not rated	Not rated	AA-	A1	Not rated	A+
2016 [5]	Aa2	AAA	AA+	AA-	A1	Not rated	A+
2017 [6]	Aa2	AAA	AA+/Not rated	Not rated	A1	Not rated	A+

[1] Beginning in 2001, Standard and Poor's began to rate lease obligations only one notch (rather than the previous two notches) lower than the issuer's General Obligation Bond rating.
[2] On July 19, 2006, S&P and Moody's revised the Outlook on all District ratings to Stable; on July 31, 2006, Fitch upgraded the District's COPs rating to A.
[3] The District requested withdrawal of all Fitch Ratings in September, 2009.
[4] Moody's implemented a migration of its rating scale that resulted in the indicated changes to the District's ratings on April 20, 2010.
[5] In July 2015, the California legislature enacted Senate Bill 222 ("SB222") which became effective on January 1, 2016. SB222 established a statutory lien in the voter-approved property taxes that secure California school districts' General Obligation Bonds. LAUSD capitalized on the legislative change and pursued ratings from two different rating agencies, Fitch Ratings ("Fitch") and Kroll Bond Rating Agency ("KBRA"), in addition to Moody's Investors Services ("Moody's) that has traditionally rated the District's GOs.
[6] KBRA currently only provides ratings on the District's General Obligation Bonds, Election of 2008 Series A (2016), 2016 General Obligation Refunding Bonds, Series A, and 2016 General Obligation Refunding Bonds, Series B.

APPENDIX 4

Los Angeles Unified School District
Statement of Overlapping Debt
As of June 30, 2017

Overlapping Debt Obligations

Set forth on the following page is the report prepared by California Municipal Statistics Inc. which provides information with respect to direct and overlapping debt within the District as of June 30, 2017 (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 the Overlapping Debt Report 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 Overlapping Debt Report) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

Los Angeles Unified School District
Schedule of Direct and Overlapping Bonded Debt
Year Ended June 30, 2017
(In thousands)
(Unaudited)

Government	% Applicable (1)	Amount Applicable
Direct:		
Los Angeles Unified School District		
General Obligation Bonds	100.000	$ 9,815,110,000
Certificates of Participation	100.000	235,510,165[1]
		$ 10,050,620,165
Overlapping[2]:		
Los Angeles County General Fund Obligations	45.065%	$ 899,757,004
Los Angeles County Superintendent of Schools Certificates of Participation	45.065	3,246,928
Metropolitan Water District	23.347%	17,488,070
Los Angeles Community College District	81.129	3,121,746,565
Pasadena Area Community College District	0.001	806
City of Los Angeles	99.936	719,973,922
City of Los Angeles General Fund and Judgment Obligations	99.934	1,559,754,016
Other City General Fund and Pension Obligation Bonds	Various	238,695,111
Los Angeles County Sanitation District		
Nos. 1,2,4,5,8,9,16 & 23 Authorities	Various	19,814,434
Los Angeles County Regional Park & Open Space Assessment District	45.065	17,528,032
City Community Facilities Districts	100.000	85,335,000
Other City and Special District 1915 Act Bonds	99.899-100.000	19,965,163
Other Cities	Various	23,461,379
City of Los Angeles Redevelopment Agency	100.000 %	471,065,002
Other Redevelopment Agencies	Various	410,261,728
Total Overlapping		$ 7,608,093,160
Total Gross Direct Debt and Overlapping Debt		$ 17,658,713,325[3]
Less:		
Los Angeles Unified School District Qualified Zone Academy Bonds:		
Amount accumulated in Sinking Fund for repayment of 2005 QZAB		6,600,000
City supported obligations		420,421
Total Net Debt and Overlapping Debt		$ 17,651,692,904

[1] The amount above includes 2007 COPs portion economically defeased for $3.9 million.

[2] Generally includes long term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries for the District.

[3] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

APPENDIX 5

Los Angeles Unified School District
Debt Management Policy

Los Angeles Unified School District
DEBT MANAGEMENT POLICY

Prepared by:

The Office of the Chief Financial Officer

May 8, 2018