

LOS ANGELES UNIFIED SCHOOL DISTRICT

Measure K, Measure R, Measure Y,
Measure Q, and Measure RR
School Bond Construction Programs
Audited Financial Statements Year
Ended June 30, 2023



LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS
Year Ended June 30, 2023

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Independent Auditor's Report

The Honorable Board of Education and
School Construction Bond Citizens' Oversight Committee
Los Angeles Unified School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Los Angeles Unified School District (the District) **District Bond Funds (Measure K, Measure R, Measure Y, Measure Q, and Measure RR General Obligation Bonds)** as of and for the year ended June 30, 2023, and the related notes to the 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 Los Angeles Unified School District's (the District), District Bond Funds (Measure K, Measure R, Measure Y, Measure Q, and Measure RR General Obligation Bonds) as of June 30, 2023, and the respective changes in financial position 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. 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.

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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's District Bond Funds (Measure K, Measure R, Measure Y, Measure Q, and Measure RR General Obligation Bonds) financial statements. The statement of bond expenditures and the related notes on pages 17 to 18 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of sources and uses of funds and fund balance and related notes on pages 19 to 21, and the schedule of bond expenditures and related notes on pages 22 to 27 but does not include the financial statements and our auditor’s report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 March 21, 2024, 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.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
March 21, 2024

LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS
Balance Sheet
Year Ended June 30, 2023
(in thousands)

	<u>Measure K</u>	<u>Measure R</u>	<u>Measure Y</u>	<u>Measure Q</u>	<u>Measure RR</u>	<u>Total District Bond Funds</u>
Assets						
Cash in county treasury, in banks, and on hand	\$ 82,708	\$ 69,669	\$ 77,780	\$ 627,957	\$ 557,458	\$ 1,415,572
Accrued interest receivable	910	523	850	7,027	5,955	15,265
Prepays	234	-	-	-	-	234
Total Assets	<u>83,852</u>	<u>70,192</u>	<u>78,630</u>	<u>634,984</u>	<u>563,413</u>	<u>1,431,071</u>
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflow of Resources	<u>\$ 83,852</u>	<u>\$ 70,192</u>	<u>\$ 78,630</u>	<u>\$ 634,984</u>	<u>\$ 563,413</u>	<u>\$ 1,431,071</u>
Liabilities and Fund Balances						
Vouchers and accounts payable	\$ 4,805	\$ 832	\$ 248	\$ 41,722	\$ 7,440	\$ 55,047
Contracts payable	3,554	819	379	90,734	25,278	120,764
Accrued payroll	254	118	114	10,431	969	11,886
Other payables	219	358	1,062	6,043	118	7,800
Total Liabilities	<u>8,832</u>	<u>2,127</u>	<u>1,803</u>	<u>148,930</u>	<u>33,805</u>	<u>195,497</u>
Deferred Inflows of Resources	-	-	-	-	-	-
Fund Balances						
Nonspendable	234	-	500	-	-	734
Restricted	74,786	68,065	76,327	486,054	529,608	1,234,840
Total Fund Balances	<u>75,020</u>	<u>68,065</u>	<u>76,827</u>	<u>486,054</u>	<u>529,608</u>	<u>1,235,574</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 83,852</u>	<u>\$ 70,192</u>	<u>\$ 78,630</u>	<u>\$ 634,984</u>	<u>\$ 563,413</u>	<u>\$ 1,431,071</u>

See accompanying notes to financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2023
(in thousands)

	Measure K	Measure R	Measure Y	Measure Q	Measure RR	Total District Bond Funds
Revenues						
Other local revenues	\$ 6,913	\$ 2,453	\$ 2,349	\$ 26,784	\$ (1,923)	\$ 36,576
Total Revenues	6,913	2,453	2,349	26,784	(1,923)	36,576
Expenditures						
Current						
Classified salaries	2,379	803	708	19,312	278	23,480
Employee benefits	1,245	411	347	10,126	83	12,212
Books and supplies	886	80	-	529	-	1,495
Services and other operating expenditures	855	3,741	2,461	30,435	27,539	65,031
Capital outlay	70,945	3,564	1,701	562,667	89,744	728,621
Debt Service Principal	3	-	-	-	-	3
Total Expenditures	76,313	8,599	5,217	623,069	117,644	830,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	(69,400)	(6,146)	(2,868)	(596,285)	(119,567)	(794,266)
Other Financing Sources (Uses)						
Transfers in	1,103	1,479	35	268,225	4	270,846
Transfers out	(14,231)	(22,090)	(5,518)	(394)	(11,729)	(53,962)
Proceeds from issuance of bonds	-	-	-	100,000	400,000	500,000
Total Other Financing Sources (Uses)	(13,128)	(20,611)	(5,483)	367,831	388,275	716,884
Net Changes in Fund Balances	(82,528)	(26,757)	(8,351)	(228,454)	268,708	(77,382)
Fund Balances, July 1, 2022	157,548	94,822	85,178	714,508	260,900	1,312,956
Fund Balances, June 30, 2023	\$ 75,020	\$ 68,065	\$ 76,827	\$ 486,054	\$ 529,608	\$ 1,235,574

See accompanying notes to financial statements.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

(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 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.

On November 5, 2002, Los Angeles voters authorized \$3.350 billion in general obligation bonds (Measure K) for various purposes including new construction, acquisition, rehabilitation and upgrading of specifically identified school facilities. The measure was approved by 68% of the voters.

On March 2, 2004, Los Angeles voters authorized \$3.870 billion in general obligation bonds (Measure R) for various purposes including new construction, acquisition, rehabilitation and upgrading of specifically identified school facilities and installation and upgrading of information-technology infrastructure. The measure was approved by 63% of the voters.

On November 8, 2005, Los Angeles voters authorized \$3.985 billion in general obligation bonds (Measure Y) for various purposes including new construction, acquisition, rehabilitation and upgrading of specifically identified school facilities and installation and upgrading of information- technology infrastructure. The measure was approved by 66% of the voters.

On November 4, 2008, Los Angeles voters authorized \$7.000 billion in general obligation bonds (Measure Q) for various purposes including new construction, acquisition, rehabilitation and upgrading of specifically identified school facilities and installation and upgrading of information- technology infrastructure. The measure was approved by 69% of the voters.

On November 3, 2020, Los Angeles voters authorized \$7.000 billion in general obligation bonds (Measure RR) for various purposes including new construction, acquisition, rehabilitation and upgrading of specifically identified school facilities and implementing COVID-19 facility safety standards. The measure was approved by 71% of the voters.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

The Statements are presented for the individual Measures K, R, Y, Q, and RR General Obligation Bonds of the District, consisting of Election of 1997, Series A, B, C, D, E, and F, Election of 2002, Series A, B, C, and D, Election of 2004, Series A, B, C, D, E, F, G, H, I, J, and K, Election 2005, Series A, B, C, D, E, F, G, H, I, J-1, J-2, K, L, M-1, and M-2, Election 2008, Series A, C, B-1, and B-2, and multi-measure issuances Series KRY (2009), KRY (BABs, 2010), KRY (Tax-exempt, 2010), KY (2010), RYQ (2020), RYRR (2021), and QRR (2022).

(b) Measurement Focus and Basis of Accounting

The 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 require consideration of the materiality of the item in question and due regard for the practicality of accrual, as well as consistency in application.

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.

(c) Financial Statement Presentation

The financial statements include the activity and balances of Measures K, R, Y, Q and RR General Obligation Bonds, only. These financial statements are not intended to present the financial position and results of the operations of the District as a whole.

(d) 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.

(e) 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.

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

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.

(f) 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.

(g) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2023.

(h) 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

(2) Cash and Investments

Cash and investments as of June 30, 2023 are classified in the accompanying basic financial statements as follows (in thousands):

	Measure K	Measure R	Measure Y	Measure Q	Measure RR
Balance Sheet					
Cash	\$ 82,708	\$ 69,669	\$ 77,780	\$ 627,957	\$ 557,458
Cash held by trustee	-	-	-	-	-
Total cash and investments	\$ 82,708	\$ 69,669	\$ 77,780	\$ 627,957	\$ 557,458

Cash and investments as of June 30, 2023 consist of the following (in thousands):

	Measure K	Measure R	Measure Y	Measure Q	Measure RR
Cash on hand	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits with financial institutions and Los Angeles County Pool	82,708	69,669	77,780	627,957	557,458
Total cash and investments	\$ 82,708	\$ 69,669	\$ 77,780	\$ 627,957	\$ 557,458

Deposits with financial institutions include cash in the Los Angeles County Pooled Surplus Investment Fund (\$1,415.6 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.

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 <http://ttax.co.la.ca.us/>.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

The table below identifies some of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Total Par Value</u>	<u>Maximum Par Value per Issuer</u>
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
E. 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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

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 A1 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

(3) Long Term Obligations

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		Final Maturity
				Min	Max	
KRY (2009-BAB) ^(a)	10/15/2009	\$ 1,369,800	\$ 1,369,800	5.750%	5.76%	2034
Election of 2005, H (2009)	10/15/2009	318,800	318,800 (b)	1.540	1.54	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
			<u>\$ 10,704,725</u>			

* 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

The breakdown of the outstanding General Obligation Bonds by Proposition and Measure are:

Bond Issue	BB	K	R	Y	Q	RR	Total
KRY (2009-BAB)	\$ -	\$ 200,000	\$ 363,005	\$ 806,795	\$ -	\$ -	\$ 1,369,800
Election of 2005, H (2009)	-	-	-	318,800	-	-	318,800
RY (2010-BAB)	-	-	477,630	772,955	-	-	1,250,585
Election of 2005, J-1 (2010)	-	-	-	190,195	-	-	190,195
Election of 2005, J-2 (2010)	-	-	-	100,000	-	-	100,000
2011A-1 Refunding	27,435	-	-	-	-	-	27,435
2014B Refunding	-	72,850	-	-	-	-	72,850
2014C Refunding	-	-	652,145	-	-	-	652,145
2014D Refunding	-	-	-	80,420	-	-	80,420
2015A Refunding	108,075	-	-	-	-	-	108,075
Election of 2008, A(2016)	-	-	-	-	340,420	-	340,420
2016A Refunding	121,420	-	29,265	57,135	-	-	207,820
2016B Refunding	-	224,920	176,455	96,865	-	-	498,240
2017A Refunding	84,915	775,310	-	-	-	-	860,225
Election of 2005, Series M-1 (2018)	-	-	-	105,025	-	-	105,025
Election of 2008, Series B-1 (2018)	-	-	-	-	979,365	-	979,365
2019A Refunding	-	127,065	281,985	76,290	-	-	485,340
Series RYQ (2020)	-	-	29,035	146,795	584,705	-	760,535
2020A Refunding	-	108,170	103,330	74,215	-	-	285,715
Measure Q, Series C (2020)	-	-	-	-	874,660	-	874,660
2021A Refunding	25,290	4,570	-	-	160,360	-	190,220
Series RYRR (2021)	-	-	108,505	61,390	-	262,530	432,425
2021B Refunding	-	47,015	-	-	-	-	47,015
Series QRR (2022)	-	-	-	-	95,060	372,355	467,415
							-
Totals	\$ 367,135	\$ 1,559,900	\$ 2,221,355	\$ 2,886,880	\$ 3,034,570	\$ 634,885	\$ 10,704,725

(4) Debt Liquidation

Payments on the General Obligation Bonds are made through the District’s debt service funds.

(5) 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.

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

(6) Interfund Transfers

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):

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund	Building Fund – Measure R	Reimbursement of capital expenditures	\$ 85	\$ -
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	290	-
General Fund	Building Fund – Measure RR	Reimbursement of capital expenditures	4	-
General Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	25	-
Building Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	213	-
Building Fund – Measure R	Building Fund – Measure K	Reimbursement of capital expenditures	18	(18)
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	21,982	(21,982)
Building Fund – Measure R	County School Facilities - Prop 47	Reimbursement of capital expenditures	-	(90)
Building Fund – Measure K	County School Facilities - Prop 47	Reimbursement of capital expenditures	-	(14,231)
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	(153)
Building Fund – Measure RR	Building Fund – Measure Q	Reimbursement of capital expenditures	1,252	(1,252)
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	5,509	(5,509)
Building Fund – Measure Y	County School Facilities - Prop 47	Reimbursement of capital expenditures	-	(9)
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	-	(348)
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	14	(13)
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	13	(13)
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	-	(20)
Capital Facilities Fund	Building Fund – Measure R	Reimbursement of capital expenditures	137	-
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	-
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	<u>\$ 270,846</u>	<u>\$ (53,962)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

Year Ended June 30, 2023

(7) Fund Equity

The following is a summary of fund balances at June 30, 2023 (in thousands):

	Measure K	Measure R	Measure Y	Measure Q	Measure RR
Nonspendable					
Revolving cash and imprest funds	\$ -	\$ -	\$ 500	\$ -	\$ -
Prepays	234	-	-	-	-
Total Nonspendable Balances	\$ 234	\$ -	\$ 500	\$ -	\$ -
Restricted for					
District Bonds	\$ 74,786	\$ 68,065	\$ 76,327	\$ 486,054	\$ 529,608
Total Fund Balances	\$ 75,020	\$ 68,065	\$ 76,827	\$ 486,054	\$ 529,608

Nonspendable fund balances represent amounts that cannot be spent either because they are in Non spendable 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.

(8) 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) 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.

(9) Subsequent Events

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 7, 2023.

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LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS
Statement of Bond Expenditures
Year Ended June 30, 2023
(in thousands)

Cost Category	Measure K	Measure R	Measure Y	Measure Q	Measure RR	Total District Bond Funds
Facilities Services Division Capital Programs						
New Construction	\$ 356	\$ 191	\$ 27	\$ -	\$ -	\$ 574
School Modernization	82,505	29,344	9,231	551,234	73,491	745,805
Information Technology Network Upgrade	-	-	-	-	-	-
Adult and Career Education	-	29	135	957	-	1,121
Early Childhood Education	184	494	109	8,295	2,196	11,278
Charter Schools	196	258	10	18,245	48	18,757
Indirect Costs	7,306	386	23	33,501	16,538	57,754
Total FSD Capital Programs	<u>90,547</u>	<u>30,702</u>	<u>9,535</u>	<u>612,232</u>	<u>92,273</u>	<u>835,289</u>
Information Technology Division Capital Programs						
Classroom Technology Modernization	-	-	-	(18)	-	(18)
School Network Modernization	-	(3)	1	1,513	-	1,511
Safety, Communications and Security Modernization	(3)	(5)	272	2,251	18,118	20,633
My Integrated Student Information System	-	-	-	-	-	-
Disaster Recovery & Business Continuity	-	-	-	1,121	-	1,121
Enterprise Software Systems	-	(5)	927	600	-	1,522
Total ITD Capital Programs	<u>(3)</u>	<u>(13)</u>	<u>1,200</u>	<u>5,467</u>	<u>18,118</u>	<u>24,769</u>
Transportation (Buses)	-	-	-	-	-	-
Library Services	-	-	-	-	-	-
Other Costs						
Cost of Issuance	-	-	-	317	8,696	9,013
Office of Bond Compliance	-	-	-	982	-	982
Office of Inspector General	-	-	-	4,414	-	4,414
Total Other Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,713</u>	<u>8,696</u>	<u>14,409</u>
Other Financing Uses						
Transportation (Buses): Transfers Out to General Fund	-	-	-	51	10,286	10,337
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>10,286</u>	<u>10,337</u>
Total Expenditures	<u>\$ 90,544</u>	<u>\$ 30,689</u>	<u>\$ 10,735</u>	<u>\$ 623,463</u>	<u>\$ 129,373</u>	<u>\$ 884,804</u>

See accompanying unaudited report and notes to statement of bond expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Statement of Bond Expenditures

Year Ended June 30, 2023

(1) **Basis of Presentation**

The accompanying statement of bond expenditures has been prepared in conformity with U.S. generally accepted accounting principles. The accompanying statement of bond expenditures reflects the flow of current financial resources measurement focus and is presented on the modified accrual basis of accounting.

The Proposition 39, Smaller Classes, Safer Schools and Financial Accountability Act, requires an annual, independent financial audit of the expenditures of proceeds from the sale of the school facilities bonds until all the proceeds have been expended. Accordingly, the statement of bond expenditures includes all amounts expended using bond proceeds regardless of expenditure types.

a) Actual Expenditures Incurred

The amounts included within the accompanying statement of bond expenditures represent expenditures paid or accrued by the District for the year ended June 30, 2023, adjusted by discounts received from the vendors. The expenditure amounts include expenditures of bond proceeds, reimbursements of bond proceeds, and interest earned.

b) Cost Category

The major cost categories represent bond programs funded by the bond. The cost category “Indirect costs” refers to all expenditures that cannot be reasonably attributed to individual projects.

An example of “Indirect Costs” is program management. Program management includes program-level support costs for staff members of the Facilities Executive Office and Facilities Services Division (FSD) branches as well as costs of other support staff such as the Office of the General Counsel, Inspector General, Accounts Payable, and Risk Management.

**LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS**

Supplementary Schedule of Sources and Uses of Funds and Fund Balance
Period from Inception through June 30, 2023
(in thousands)
(unaudited)

	Measure K
Voter Approved Bond Authorization	\$ 3,350,000
Date of Election	11/5/2002
 Sources of funds	
Bonds issued	\$ 3,350,000
Adjustments - bond premium and cost of issuance/ underwriter's discount	4,370
Interest income	161,347
Federal income	-
Local income	(2,694)
Other financing sources - PY Proceeds from Cap Leases	9
Other financing sources - transfers in	804,618
Total sources of funds	4,317,650
 Uses of funds	
Facilities Services Division Capital Programs	4,055,322
Information Technology Division Capital Programs	128,671
Library Services	37,949
Transportation (Buses)	-
Other costs	20,688
Other financing uses - transfers out	-
Total uses of funds	4,242,630
 Fund balance, June 30, 2023	 \$ 75,020

See accompanying notes to statement of bond expenditures.

**LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS**

Supplementary Schedule of Sources and Uses of Funds and Fund Balance

Period from Inception through June 30, 2023

(in thousands)

(unaudited)

(continued)

Measure R	Measure Y	Measure Q	Measure RR	Total District Bond Funds
\$ 3,870,000 3/2/2004	\$ 3,985,000 11/8/2005	\$ 7,000,000 11/4/2008	\$ 7,000,000 11/3/2020	\$ 25,205,000
\$ 3,870,000	\$ 3,985,000	\$ 3,750,955	\$ 700,000	\$ 15,655,955
8,635	5,948	-	-	18,953
156,308	106,560	73,727	16,161	514,103
1,752	-	-	-	1,752
41,393	33,005	(24,874)	(28,291)	18,539
-	-	-	-	9
1,017,551	537,090	1,029,168	4	3,388,431
<u>5,095,639</u>	<u>4,667,603</u>	<u>4,828,976</u>	<u>687,874</u>	<u>19,597,742</u>
4,289,116	3,939,591	3,956,411	118,619	16,359,059
495,589	185,405	284,178	20,224	1,114,067
51,402	3,934	-	-	93,285
-	24,319	-	-	24,319
35,108	54,038	38,564	9,137	157,535
156,359	383,489	63,769	10,286	613,903
<u>5,027,574</u>	<u>4,590,776</u>	<u>4,342,922</u>	<u>158,266</u>	<u>18,362,168</u>
<u>\$ 68,065</u>	<u>\$ 76,827</u>	<u>\$ 486,054</u>	<u>\$ 529,608</u>	<u>\$ 1,235,574</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Notes to Supplementary Schedule of Bond Expenditures
Period from Inception to June 30, 2023
(Unaudited)

(1) Basis of Presentation

The accompanying unaudited supplementary schedule of bond expenditures has been prepared in conformity with U.S. generally accepted accounting principles. The accompanying unaudited supplementary schedule of bond expenditures reflects the flow of current financial resources measurement focus and is presented on the modified accrual basis of accounting. Prop 39 requires an annual, independent audit of the current year expenditures until all the bond proceeds have been expended. Accordingly, the unaudited supplementary schedule of bond expenditures includes all amounts expended using bond proceeds, regardless of expenditure types, from inception.

a) Adjusted Budget

The amounts included within the adjusted budget column represent the prior year expenditures from inception through June 30, 2022, and fiscal year 2022-23 budget authority requested from the Board of Education for costs that are expected to be expended and/or obligated to complete the various projects.

b) Actual Expenditures Incurred

The amounts included within the actual expenditures incurred columns represent actual expenditures paid or accrued by the District for the period from inception through June 30, 2023, adjusted by discounts received from the vendors. The expenditure amounts included expenditures of bond proceeds, reimbursements of bond proceeds, and interest earned.

c) Unexpended Balance

The amounts included within the fund balance column in the accompanying supplementary schedule of bond expenditures represent the difference between the adjusted budget column and the total expenditures through June 30, 2023, column.

d) Cost Category

The major cost categories represent bond programs funded by the bond. The cost category “Indirect costs” refers to all expenditures that cannot be reasonably attributed to individual projects.

An example of “Indirect costs” is program management. Program management includes program-level support costs for staff members of the Facilities Executive Office and Facilities Services Division (FSD) branches as well as costs of other support staff such as the Office of the General Counsel, Accounts Payable, and Risk Management

(2) Other Financing Uses

Transfers Out and Other Financing Uses (OFU) represent transfers of bond proceeds (inter-fund transactions of revenue) from the bond fund to other funds for approved financing uses of bond funds. One example is reimbursement of prior year bond eligible capital expenditures in the general fund. For cost accounting purposes, when project tracking is required, transfers are represented as project expenditures in the bond fund.

LOS ANGELES UNIFIED SCHOOL DISTRICT
MEASURE K SCHOOL BOND CONSTRUCTION PROGRAM
Supplementary Schedule of Bond Expenditures
Period from November 5, 2002 (Inception) through June 30, 2023
(in thousands)
(unaudited)

Cost Category	Actual Expenditures Incurred				
	Adjusted Budget	November 5, 2002 (Inception) through June 30, 2022	Expenditures Year Ended June 30, 2023	Total Expenditures through June 30, 2023	Unexpended Balance
Facilities Services Division					
Capital Programs					
New Construction	\$ 2,951,966	\$ 2,880,393	\$ 356	\$ 2,880,749	\$ 71,217
School Modernization	877,640	794,333	82,505	876,838	802
Early Childhood Education	80,000	77,162	184	77,346	2,654
Charter Schools	53,500	53,060	196	53,256	244
Indirect Costs	167,134	159,827	7,306	167,133	1
Total FSD Capital Programs	<u>4,130,240</u>	<u>3,964,775</u>	<u>90,547</u>	<u>4,055,322</u>	<u>74,918</u>
Information Technology Division					
Capital Programs					
Virtual Learning Complex Planning	1,910	1,891	-	1,891	19
School Network Modernization	120,853	120,853	-	120,853	-
Safety, Communications and Security Modernization	5,959	5,930	(3)	5,927	32
Total ITD Capital Programs	<u>128,722</u>	<u>128,674</u>	<u>(3)</u>	<u>128,671</u>	<u>51</u>
Library Services	38,000	37,949	-	37,949	51
Other Costs					
Employee Benefits	3,780	3,780	-	3,780	-
Cost of Issuance	5,658	5,658	-	5,658	-
Office of Inspector General	11,250	11,250	-	11,250	-
Total Other Costs	<u>20,688</u>	<u>20,688</u>	<u>-</u>	<u>20,688</u>	<u>-</u>
Total Bond Expenditures and Other Financing Uses	<u>\$ 4,317,650</u>	<u>\$ 4,152,086</u>	<u>\$ 90,544</u>	<u>\$ 4,242,630</u>	<u>\$ 75,020</u>

See accompanying notes to unaudited supplementary schedule of bond expenditures

LOS ANGELES UNIFIED SCHOOL DISTRICT
MEASURE R SCHOOL BOND CONSTRUCTION PROGRAM
Supplementary Schedule of Bond Expenditures
Period from March 2, 2004 (Inception) through June 30, 2023
(in thousands)
(unaudited)

Cost Category	Adjusted Budget	Actual Expenditures Incurred			Unexpended Balance
		March 2, 2004 (Inception) through June 30, 2022	Expenditures Year Ended June 30, 2023	Total Expenditures through June 30, 2023	
Facilities Services Division Capital Programs					
New Construction	\$ 1,818,855	\$ 1,808,713	\$ 191	\$ 1,808,904	\$ 9,951
School Modernization	2,108,540	2,038,633	29,344	2,067,977	40,563
Information Technology					
Network Upgrade	303	302	-	302	1
Adult and Career Education	25,000	24,670	29	24,699	301
Early Childhood Education	94,196	84,755	494	85,249	8,947
Charter Schools	71,885	69,572	258	69,830	2,055
Indirect Costs	232,155	231,769	386	232,155	-
Total FSD Capital Programs	<u>4,350,934</u>	<u>4,258,414</u>	<u>30,702</u>	<u>4,289,116</u>	<u>61,818</u>
Information Technology Division Capital Programs					
Classroom Technology Modernization	154,180	152,058	-	152,058	2,122
School Network Modernization	256,809	254,628	(3)	254,625	2,184
Safety, Communications and Security					
Modernization	11,586	11,537	(5)	11,532	54
My Integrated Student Information System	53,966	53,966	-	53,966	-
Disaster Recovery & Business Continuity	21,335	21,335	-	21,335	-
Enterprise Software Systems	2,078	2,078	(5)	2,073	5
Total ITD Capital Programs	<u>499,954</u>	<u>495,602</u>	<u>(13)</u>	<u>495,589</u>	<u>4,365</u>
Library Services	53,000	51,402	-	51,402	1,598
Other Costs					
Employee Benefits and Other					
Post-Employment Benefits	11,065	11,065	-	11,065	-
Cost of Issuance	13,886	13,886	-	13,886	-
Office of Bond Compliance	436	157	-	157	279
Office of Inspector General	10,000	10,000	-	10,000	-
Total Other Costs	<u>35,387</u>	<u>35,108</u>	<u>-</u>	<u>35,108</u>	<u>279</u>
Other Financing Uses					
COPs Defeasance: Transfers Out to Debt Service Fund	150,000	149,995	-	149,995	5
Reimbursements: Transfers Out to Special Reserve Fund	1,752	1,752	-	1,752	-
Information Technology Initiative Reimbursements: Transfers Out to Special Reserve Fund	4,612	4,612	-	4,612	-
Total Other Financing Uses	<u>156,364</u>	<u>156,359</u>	<u>-</u>	<u>156,359</u>	<u>5</u>
Total Bond Expenditures and Other Financing Uses	<u>\$ 5,095,639</u>	<u>\$ 4,996,885</u>	<u>\$ 30,689</u>	<u>\$ 5,027,574</u>	<u>\$ 68,065</u>

See accompanying notes to unaudited supplementary schedule of bond expenditures

LOS ANGELES UNIFIED SCHOOL DISTRICT
MEASURE Y SCHOOL BOND CONSTRUCTION PROGRAM
Supplementary Schedule of Bond Expenditures
Period from November 8, 2005 (Inception) through June 30, 2023
(in thousands)
(unaudited)

Cost Category	Adjusted Budget	Actual Expenditures Incurred			Unexpended Balance
		Inception through June 30, 2022	Expenditures Year Ended June 30, 2023	Total Expenditures through June 30, 2023	
Facilities Services Division Capital Programs					
New Construction	\$ 2,390,646	\$ 2,350,025	\$ 27	\$ 2,350,052	\$ 40,594
School Modernization	1,211,641	1,183,812	9,231	1,193,043	18,598
Information Technology					
Network Upgrade	165,294	164,029	-	164,029	1,265
Adult and Career Education	70,486	68,039	135	68,174	2,312
Early Childhood Education	34,589	34,480	109	34,589	-
Charter Schools	50,000	48,167	10	48,177	1,823
Indirect Costs	81,689	81,504	23	81,527	162
Total FSD Capital Programs	<u>4,004,345</u>	<u>3,930,056</u>	<u>9,535</u>	<u>3,939,591</u>	<u>64,754</u>
Information Technology Division Capital Programs					
Virtual Learning Complex Planning	2,030	1,879	-	1,879	151
Classroom Technology Modernization	20,558	20,489	-	20,489	69
School Network Modernization	133,192	128,407	1	128,408	4,784
Safety, Communications and Security					
Modernization	30,317	27,412	272	27,684	2,633
Enterprise Software Systems	8,962	6,018	927	6,945	2,017
Total ITD Capital Programs	<u>195,059</u>	<u>184,205</u>	<u>1,200</u>	<u>185,405</u>	<u>9,654</u>
Transportation	25,000	24,319	-	24,319	681
Library Services	5,000	3,934	-	3,934	1,066
Other Costs					
Employee Benefits and Other					
Post-Employment Benefits	25,281	25,281	-	25,281	-
Cost of Issuance	9,601	9,601	-	9,601	-
Office of Bond Compliance	2,828	2,156	-	2,156	672
Office of Inspector General	17,000	17,000	-	17,000	-
Total Other Costs	<u>54,710</u>	<u>54,038</u>	<u>-</u>	<u>54,038</u>	<u>672</u>
Other Financing Uses					
COPs Defeasance: Transfers Out					
to Debt Service Fund	193,738	193,738	-	193,738	-
COPS Defeasance Cafeteria: Transfers Out					
to Special Reserve Fund Capital Outlay	20,554	20,554	-	20,554	-
COPS Defeasance ISIS: Transfers Out to					
Special Reserve Fund Capital Outlay	12,664	12,664	-	12,664	-
CIPR Cafeteria: Transfers Out					
to Cafeteria Fund	5,000	5,000	-	5,000	-
Transportation (Buses): Transfers Out					
to General Fund Restricted	3,461	3,461	-	3,461	-
CIPR Integrated Student Information Systems:					
Transfers Out to General Fund Restricted	26,400	26,400	-	26,400	-
Deferred Maintenance Match: Transfers Out					
to General Fund Restricted	120,000	120,000	-	120,000	-
Transfers Out to General Fund	1,672	1,672	-	1,672	-
Total Other Financing Uses	<u>383,489</u>	<u>383,489</u>	<u>-</u>	<u>383,489</u>	<u>-</u>
Total Bond Expenditures and Other Financing Uses	<u>\$ 4,667,603</u>	<u>\$ 4,580,041</u>	<u>\$ 10,735</u>	<u>\$ 4,590,776</u>	<u>\$ 76,827</u>

See accompanying notes to unaudited supplementary schedule of bond expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT
MEASURE Q SCHOOL BOND CONSTRUCTION PROGRAM

Supplementary Schedule of Bond Expenditures
Period from November 4, 2008 (Inception) to June 30, 2023

(in thousands)
(unaudited)

Cost Category	Adjusted Budget	Actual Expenditures Incurred			Unexpended Balance
		November 4, 2008 (Inception) through June 30, 2022	Expenditures Year Ended June 30, 2023	Total Expenditures through June 30, 2023	
Facilities Services Division Capital Programs					
New Construction	\$ 295,096	\$ 15,178	\$ -	15,178	\$ 279,918
School Modernization	3,294,881	2,694,702	551,234	3,245,936	48,945
Adult and Career Education	22,109	21,152	957	22,109	-
Early Childhood Education	32,097	23,783	8,295	32,078	19
Charter Schools	96,921	78,675	18,245	96,920	1
Indirect Costs	544,607	510,689	33,501	544,190	417
Total FSD Capital Programs	<u>4,285,711</u>	<u>3,344,179</u>	<u>612,232</u>	<u>3,956,411</u>	<u>329,300</u>
Information Technology Division Capital Programs					
Classroom Technology Modernization	25,356	15,592	(18)	15,574	9,782
School Network Modernization	66,090	15,846	1,513	17,359	48,731
Safety, Communications and Security Modernization	98,945	37,093	2,251	39,344	59,601
My Integrated Student Information System	119,971	119,633	-	119,633	338
Cafeteria Management System - Point of Sale Technology Upgrade	6,300	5,773	-	5,773	527
Disaster Recovery & Business Continuity	51,435	41,311	1,121	42,432	9,003
Enterprise Software Systems	64,004	43,463	600	44,063	19,941
Total ITD Capital Programs	<u>432,101</u>	<u>278,711</u>	<u>5,467</u>	<u>284,178</u>	<u>147,923</u>
Other Costs					
Employee Benefits	-	-	-	-	-
Cost of Issuance	2,922	2,604	317	2,921	1
Office of Chief Financial Officer	12,740	3,996	-	3,996	8,744
Office of Bond Compliance	3,119	2,137	982	3,119	-
Office of Inspector General	28,614	24,114	4,414	28,528	86
Total Other Costs	<u>47,395</u>	<u>32,851</u>	<u>5,713</u>	<u>38,564</u>	<u>8,831</u>
Other Financing Uses					
School Upgrade Program Transfers Out to Cafeteria Fund - Upgrade Food Services Kitchen Equipment	483	483	-	483	-
Transfers Out to General Fund - Transportation	33,286	33,235	51	33,286	-
Transfers Out to General Fund - Routine Restricted General Maintenance	30,000	30,000	-	30,000	-
Total Other Financing Uses	<u>63,769</u>	<u>63,718</u>	<u>51</u>	<u>63,769</u>	<u>-</u>
Total Bond Expenditures and Other Financing Uses	<u>\$ 4,828,976</u>	<u>\$ 3,719,459</u>	<u>\$ 623,463</u>	<u>\$ 4,342,922</u>	<u>\$ 486,054</u>

See accompanying notes to unaudited supplementary schedule of bond expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT
MEASURE RR SCHOOL BOND CONSTRUCTION PROGRAM

Supplementary Schedule of Bond Expenditures
 Period from November 3, 2020 (Inception) to June 30, 2023
 (in thousands)
 (unaudited)

<u>Cost Category</u>	<u>Adjusted Budget</u>	<u>Actual Expenditures Incurred</u>		<u>Total Expenditure through June 30, 2023</u>	<u>Unexpended Balance</u>
		<u>November 3, 2020 (Inception) through June 30, 2022</u>	<u>Expenditure Year Ended June 30, 2023</u>		
Facilities Services Division Capital Programs					
New Construction	\$ 112	\$ 112	\$ -	\$ 112	\$ -
School Modernization	616,491	24,345	73,491	97,836	518,655
Early Childhood Education	2,601	34	2,196	2,230	371
Charter Schools	50	-	48	48	2
Indirect Costs	18,855	1,855	16,538	18,393	462
Total FSD Capital Programs	<u>638,109</u>	<u>26,346</u>	<u>92,273</u>	<u>118,619</u>	<u>519,490</u>
Information Technology Division Capital Programs					
Safety, Communications and Security Modernization	30,342	2,106	18,118	20,224	10,118
Total ITD Capital Programs	<u>30,342</u>	<u>2,106</u>	<u>18,118</u>	<u>20,224</u>	<u>10,118</u>
Other Costs					
Cost of Issuance	9,137	441	8,696	9,137	-
Total Other Costs	<u>9,137</u>	<u>441</u>	<u>8,696</u>	<u>9,137</u>	<u>-</u>
Other Financing Uses					
Transfers Out to General Fund - Transportation	10,286	-	10,286	10,286	-
Total Other Financing Uses	<u>10,286</u>	<u>-</u>	<u>10,286</u>	<u>10,286</u>	<u>-</u>
Total Bond Expenditures and Other Financing Uses	<u>\$ 687,874</u>	<u>\$ 28,893</u>	<u>\$ 129,373</u>	<u>\$ 158,266</u>	<u>\$ 529,608</u>

See accompanying notes to unaudited supplementary schedule of bond expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Notes to Supplementary Schedule of Bond Expenditures
Period from Inception to June 30, 2023
(Unaudited)

(1) Basis of Presentation

The accompanying unaudited supplementary schedule of bond expenditures has been prepared in conformity with U.S. generally accepted accounting principles. The accompanying unaudited supplementary schedule of bond expenditures reflects the flow of current financial resources measurement focus and is presented on the modified accrual basis of accounting. Prop 39 requires an annual, independent audit of the current year expenditures until all the bond proceeds have been expended. Accordingly, the unaudited supplementary schedule of bond expenditures includes all amounts expended using bond proceeds, regardless of expenditure types, from inception.

a) Adjusted Budget

The amounts included within the adjusted budget column represent the prior year expenditures from inception through June 30, 2022, and fiscal year 2022-23 budget authority requested from the Board of Education for costs that are expected to be expended and/or obligated to complete the various projects.

b) Actual Expenditures Incurred

The amounts included within the actual expenditures incurred columns represent actual expenditures paid or accrued by the District for the period from inception through June 30, 2023, adjusted by discounts received from the vendors. The expenditure amounts included expenditures of bond proceeds, reimbursements of bond proceeds, and interest earned.

c) Unexpended Balance

The amounts included within the fund balance column in the accompanying supplementary schedule of bond expenditures represent the difference between the adjusted budget column and the total expenditures through June 30, 2023, column.

d) Cost Category

The major cost categories represent bond programs funded by the bond. The cost category “Indirect costs” refers to all expenditures that cannot be reasonably attributed to individual projects.

An example of “Indirect costs” is program management. Program management includes program-level support costs for staff members of the Facilities Executive Office and Facilities Services Division (FSD) branches as well as costs of other support staff such as the Office of the General Counsel, Accounts Payable, and Risk Management

(2) Other Financing Uses

Transfers Out and Other Financing Uses (OFU) represent transfers of bond proceeds (inter-fund transactions of revenue) from the bond fund to other funds for approved financing uses of bond funds. One example is reimbursement of prior year bond eligible capital expenditures in the general fund. For cost accounting purposes, when project tracking is required, transfers are represented as project expenditures in the bond fund.

INDEPENDENT AUDITOR'S REPORT



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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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*

The Honorable Board of Education and
School Construction Bond Citizens' Oversight Committee
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 Los Angeles Unified School District's (the District), **District Bond Funds (Measure K, Measure R, Measure Y, Measure Q, and Measure RR General Obligation Bonds)** as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated March 21, 2024.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.





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*.

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.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
March 21, 2024

**LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

No matters were reported.

**LOS ANGELES UNIFIED SCHOOL DISTRICT
DISTRICT BOND FUNDS
Schedule of Prior Year Findings and Recommendations
For the Year Ended June 30, 2023**

No matters were reported.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER



SIMPSON & SIMPSON
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March 21, 2024

The Honorable Board of Education and
School Construction Bond Citizens' Oversight Committee
Los Angeles Unified School District

Members of the Board, Committee, and Management:

In planning and performing our audit of the financial statements of the Los Angeles Unified School District's (the District), **District Bond Funds (Measure K, Measure R, Measure Y, Measure Q, and Measure RR General Obligation Bonds)** 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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Although not considered to be a significant deficiency or material weakness, we also noted a certain item during our audit, which we would like to bring to your attention. This comment is summarized in the following report to management on page 33. Our observation and recommendation has been discussed with appropriate members of management and is intended to strengthen internal controls and operating efficiency.

This communication is intended solely for the information and use of the Board of Directors, School Construction Bond Citizens' Oversight Committee, and District management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



*The Honorable Board of Education and
School Construction Bond Citizens' Oversight Committee
Los Angeles Unified School District
March 21, 2024*

Current Year Management Letter Comments

No matters were reported.

Status of Prior Year Management Letter Comments

Measure Y - ML-2021 - Contracts Payable

Recommendation

We recommend that the District strengthen its monitoring controls over accrual reversals to properly account for manual adjustments captured in the previous fiscal year. Additionally, we recommend the District strengthen its monitoring controls over contracts payable to identify debit balances being carried over from previous fiscal years to determine they represent Measure Y expenditures.

Current Status

Implemented.