NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Fitch: "AA+"
KBRA: "AAA"
Moody's: "Aa3"
See "MISCELLANEOUS – Ratings" herein.

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

$196,310,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2021 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Dated: Date of Delivery **Due: As shown on inside cover**

The Los Angeles Unified School District (County of Los Angeles, California) 2021 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the "Refunding Bonds") are being issued by the Los Angeles Unified School District (the "District"), located in the County of Los Angeles (the "County"), to refund and defease certain Prior Bonds (defined herein) as more fully described herein. A portion of the proceeds of the Refunding Bonds will be used to pay the costs of issuance incurred in connection with the issuance of the Refunding Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING" herein. The Refunding Bonds are being issued under the laws of the State of California (the "State") and the applicable authorizations received at elections held by the District as described herein, and pursuant to a resolution of the Board of Education.

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

Interest on the Refunding Bonds is payable on each January 1 and July 1 to maturity, commencing July 1, 2021. Principal of the Refunding Bonds is payable on July 1 in each of the years and in the amounts set forth on the inside front cover hereof.

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

The Refunding Bonds are subject to redemption prior to their respective stated maturity dates as described herein.* See "THE REFUNDING BONDS – Redemption" herein.

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

The Refunding Bonds were awarded to Barclays Capital Inc. pursuant to competitive bidding which was held on April 22, 2021, as set forth in the Notice Inviting Bids, dated April 14, 2021. The Refunding Bonds will be offered when, as and if issued by the District, subject to the approval of legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the District. Certain legal matters will be passed upon for the District by the General Counsel to the District and by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Disclosure Counsel to the District. It is anticipated that the Refunding Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about April 29, 2021.

Dated: April 22, 2021.

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

$196,310,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2021 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

Base CUSIP† Number: 544647

Maturity (July 1)	Principal Amount	Interest Rate	Initial Public Offering Yield	Price	CUSIP† Suffix
2021	$ 4,310,000	5.000%	0.050%	100.852%	DR8
2022	1,780,000	5.000	0.050	105.800	DS6
2023	4,570,000	5.000	0.080	110.675	DT4
2024	41,390,000	5.000	0.150	115.342	DU1
2025	16,905,000	5.000	0.260	119.656	DV9
2026	17,750,000	5.000	0.370	123.697	DW7
2028	19,835,000	5.000	0.640	130.515	DX5
2029	20,830,000	5.000	0.760	133.533	DY3
2030	21,865,000	5.000	0.860	136.437	DZ0
2031	22,965,000	5.000	0.940[C]	137.451	EA4
2032	24,110,000	4.000	1.040[C]	127.168	EB2

[C] Yield to call at par on January 1, 2031.

LOS ANGELES UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

District	Member	Term Ending
6	Kelly Gonez, President	December 11, 2022
1	Dr. George J. McKenna III	December 16, 2024
2	Mónica García	December 11, 2022
3	Scott Schmerelson	December 16, 2024
4	Nick Melvoin	December 11, 2022
5	Jackie Goldberg	December 16, 2024
7	Tanya Ortiz Franklin	December 16, 2024

DISTRICT OFFICIALS

Austin Beutner, Superintendent*
Devora Navera Reed, Interim General Counsel
Megan K. Reilly, Deputy Superintendent, Business Services and Operations†
David D. Hart, Chief Financial Officer
V. Luis Buendia, Deputy Chief Financial Officer
Timothy S. Rosnick, Deputy Controller

BOND COUNSEL

Hawkins Delafield & Wood LLP
Los Angeles, California

DISCLOSURE COUNSEL

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

MUNICIPAL ADVISOR

Public Resources Advisory Group
Los Angeles, California

PAYING AGENT

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

ESCROW AGENT

U.S. Bank National Association
Los Angeles, California

VERIFICATION AGENT

Robert Thomas CPA, LLC
Minneapolis, Minnesota

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* Mr. Beutner will conclude his service as Superintendent of the District on June 30, 2021. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – District Governance; Senior Management" herein for more information.

† Ms. Reilly will serve as Interim Superintendent effective July 1, 2021. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – District Governance; Senior Management" herein for more information.

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

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

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

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

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

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

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$196,310,000
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2021 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)

INTRODUCTION

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

General

This Official Statement, which includes the cover page through the appendices hereto, is provided to furnish information in connection with the sale of $196,310,000 aggregate principal amount of Los Angeles Unified School District (County of Los Angeles, California) 2021 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (the "Refunding Bonds") to be offered by the Los Angeles Unified School District (the "District").

The Refunding Bonds are issued by the District pursuant to certain provisions of the California Government Code and other applicable law, the applicable authorizations received at elections held by the District as described herein, and a resolution adopted by the Board of Education of the District (the "District Board") on March 9, 2021 (the "Refunding Resolution"). See "INTRODUCTION – Authority and Purpose for Issuance of the Refunding Bonds." The Refunding Bonds are being issued to refund and defease the Prior Bonds (defined herein). A portion of the proceeds of the Refunding Bonds will be used to pay the costs of issuance incurred in connection with the issuance of the Refunding Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "PLAN OF REFUNDING."

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

The District

The District, encompassing approximately 710 square miles, is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State"). The District's boundaries include virtually all of the City of Los Angeles (the "City"), all of the Cities of Cudahy, Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Calabasas, Carson, Commerce, Culver City, Downey, Hawthorne, Inglewood, Long Beach, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Rolling Hills Estates, Santa Clarita, Santa Monica, South Gate, and Torrance. In addition, the District provides services to several unincorporated areas of the County which include residential and industrial areas.

The District is the second largest public school district in the United States and is the largest public school district in the State. Based on the District's second interim report for fiscal year 2020-21, the current projected K-12 enrollment in the District for fiscal year 2020-21 is approximately 456,964 students, including those attending magnet, opportunity, and continuation schools and centers, locally-funded affiliated charter schools ("Affiliated Charter Schools"), and schools for the handicapped. Such enrollment does not include students attending fiscally independent charter schools ("Fiscally Independent Charter Schools"), which is approximately 114,431 students. For more information regarding District enrollment and average daily attendance, see "APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance." As of June 30, 2020, the District operated 1,116 schools and centers, which consisted of 440 elementary schools, 79 middle/junior high schools, 92 senior high schools, 54 options schools, 231 magnet centers, 61 magnet schools, 25 multi-level schools, 14 special education schools, 1 community adult school, 6 regional occupational centers, 4 skills centers, 86 early education centers, 4 infant centers, and 19 primary school centers. As of June 30, 2020, 51 of the District's schools were operated as Affiliated Charter Schools. In addition, as of June 30, 2020, the District oversaw 226 Fiscally Independent Charter Schools within the District's boundaries. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Charter School Funding."

Additional information on the District is set forth in Appendices A and B hereto. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020." For specific information on the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic (i) on the security and source of payment for the Refunding Bonds, see "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Assessed Valuation of Property Within the District" and " – Tax Rates, Levies and Collections" and (ii) on the District's operations and finances, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak*."

Changes from Preliminary Official Statement

In addition to pricing information relating to the Refunding Bonds, this final Official Statement reflects the appointment of Ms. Megan Reilly as Interim Superintendent effective July 1, 2021. For more information, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – District Governance; Senior Management."

The District's General Obligation Bond Program

Voters within the District have approved a total of $27.605 billion of general obligation bonds in five separate bond elections since 1997, as delineated in Table 1 below, a portion of which are currently outstanding. A total of $17.062 billion of the approved general obligation bonds has been issued, with $10.543 billion remaining to be issued under the bond authorizations listed below (collectively, the "Authorizations"). See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – The District's General Obligation Bond Program and Bonding Capacity."

TABLE 1
LOS ANGELES UNIFIED SCHOOL DISTRICT
General Obligation Bond Authorizations

Bond Authorization	Date Authorized by Voters	Percentage Approval[1]	Amount Authorized ($ Billions)	Amount Issued[2] ($ Billions)	Amount Unissued[2] ($ Billions)	Purposes
Proposition BB	April 8, 1997	71%	$ 2.400	$ 2.400	$0.000	Health and safety improvements, computer technology and science labs, air conditioning and new construction
Measure K	November 5, 2002	68	3.350	3.350	0.000	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities
Measure R	March 2, 2004	63	3.870	3.746	0.124	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and installation and upgrading of information-technology infrastructure
Measure Y	November 8, 2005	66	3.985	3.915	0.070	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and installation and upgrading of information-technology infrastructure
Measure Q	November 4, 2008	69	7.000	3.651	3.349	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and installation and upgrading of information-technology infrastructure
Measure RR	November 3, 2020	71	7.000	0.000	7.000	New construction, acquisition, rehabilitation and upgrading of specifically identified school facilities, and implementing COVID-19 facility safety standards
	Total		$27.605	$17.062	$10.543	

(1) Measure K, Measure R, Measure Y, Measure Q and Measure RR were approved pursuant to the provisions of Proposition 39, which requires approval of at least 55% of voters voting on the proposition. Proposition BB was approved pursuant to the provisions of Proposition 46, which requires approval of at least two-thirds of voters voting on the proposition.
(2) See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt – General Obligation Bonds" attached hereto for the amounts of outstanding general obligation bonds under the referenced Authorizations. Excludes general obligation refunding bonds.
Source: Los Angeles Unified School District.

In addition to the bond proceeds from the six Authorizations referred to above, the District has received State-matching funds and other revenue sources to fund the general obligation bond program's various projects. The District may continue to receive other revenue sources, including State-matching funds; however, additional funding is not guaranteed. The District's general obligation bond program has completed all projects that enabled the District to operate all schools on a traditional two-semester calendar in the 2018-19 school year. In addition, approximately 23,000 new school construction, rehabilitation, modernization and replacement projects, which are intended to upgrade facilities and improve the learning environment for students, have been completed. The program includes, among other things, various school facilities improvements for computer technology, sustainability, information technology systems and school buses.

Authority and Purpose for Issuance of the Refunding Bonds

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

Security and Source of Payment for the Refunding Bonds

The Refunding Bonds are payable from *ad valorem* property taxes to be levied within the District pursuant to the California Constitution and other state law. The Board of Supervisors of the County is empowered and is obligated to levy *ad valorem* taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Refunding Bonds, all as more fully described herein. Such *ad valorem* property taxes are deposited in the related interest and sinking fund of the District (the "applicable Interest and Sinking Fund") which is held by the County and may only be applied to pay the principal of, redemption premium, if any, and interest on the Refunding Bonds.

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

In addition, pursuant to the Refunding Resolution, the District has pledged all revenues from the property taxes collected from the levy by the Board of Supervisors of the County and amounts on deposit in the applicable Interest and Sinking Fund of the District for the payment of the Refunding Bonds and all previously issued and outstanding general obligation bonds and general obligation refunding bonds of the District. Such resolution provides that such pledge is valid and binding from the date thereof for the benefit of the owners of the Refunding Bonds and each issue of outstanding general obligation bonds and general obligation refunding bonds and successors thereto. The Refunding Resolution provides that the property taxes and amounts held in each Interest and Sinking Fund of the District are immediately subject to the pledge, and the pledge constitutes a lien and security interest which shall immediately attach to the property taxes and amounts held in such Interest and Sinking Fund of the District to secure the payment of the Refunding Bonds and each issue of outstanding general obligation bonds and general obligation refunding bonds and, pursuant to the Refunding Resolution, is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS."

Other Information

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

PLAN OF REFUNDING

A portion of the proceeds of the Refunding Bonds will be applied to refund, on a current basis, and defease the District's outstanding general obligation bonds identified below (collectively, the "Prior Bonds") and to pay the costs of issuance of the Refunding Bonds. Such proceeds from the Refunding Bonds will be deposited into an escrow fund (the "Escrow Fund") established with respect to the Prior Bonds under an escrow agreement dated as of April 1, 2021, by and between the District and U.S. Bank National Association, as escrow bank (in such capacity, the "Escrow Agent"). Of the proceeds of the Refunding Bonds deposited into the Escrow Fund, substantially all will be invested in accordance with the applicable resolution authorizing the issuance of the Prior Bonds, and the remaining portion will be uninvested until applied to redeem the Prior Bonds. The amount deposited in the Escrow Fund will be sufficient to fully pay the interest due on the Prior Bonds and the redemption price of 100% of the principal amount of the Prior Bonds, on July 1, 2021, the redemption date therefor. The mathematical computations used to determine the sufficiency of the escrow deposit will be verified by the Verification Agent (defined herein). See "MISCELLANEOUS – Verification of Mathematical Computations."

Set forth on the following page is a description of the Prior Bonds expected to be refunded on the Redemption Date with the proceeds of the Refunding Bonds:

Los Angeles Unified School District
(County of Los Angeles, California)
2011 General Obligation Refunding Bonds, Series 2011A-1
(Proposition BB)

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP (544646)
2024	$ 28,835,000	5.00%	July 1, 2021	100%	G30

Los Angeles Unified School District
(County of Los Angeles, California)
2011 General Obligation Refunding Bonds, Series 2011A-2
(Measure K)

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP (544646)
2022	$ 2,035,000	4.00%	July 1, 2021	100%	D74
2023	4,820,000	4.00	July 1, 2021	100	D82

Los Angeles Unified School District
(County of Los Angeles, California)
General Obligation Bonds, Election of 2008, Series A (2016)
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
(Measure Q)

Maturity Date (July 1)	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CUSIP (544646)
2024	$ 20,715,000	5.00%	July 1, 2021	100%	3K6
2025	21,750,000	5.00	July 1, 2021	100	3L4
2026	22,835,000	5.00	July 1, 2021	100	3M2
2028	25,175,000	5.00	July 1, 2021	100	3P5
2029	26,435,000	5.00	July 1, 2021	100	3Q3
2030	27,755,000	5.00	July 1, 2021	100	3R1
2031	29,145,000	5.00	July 1, 2021	100	3S9
2032	30,600,000	5.00	July 1, 2021	100	3T7

ESTIMATED SOURCES AND USES OF FUNDS

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

TABLE 2
ESTIMATED SOURCES AND USES OF FUNDS

Estimated Sources of Funds	
Principal Amount	$196,310,000.00
Original Issue Premium	50,662,277.95
Total Sources	$246,972,277.95
Estimated Uses of Funds	
Deposit to Escrow Fund	$246,063,980.88
Underwriter's Discount	335,690.10
Costs of Issuance[(1)]	572,606.97
Total Uses	$246,972,277.95

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

THE REFUNDING BONDS

General Provisions

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

The Refunding Bonds mature in the years and on the dates set forth on the inside front cover page hereof. Interest on the Refunding Bonds is payable on each January 1 and July 1 to maturity, commencing on July 1, 2021 (each, an "Interest Payment Date"). Interest on the Refunding Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Refunding Bond will bear interest from the Interest Payment Date next preceding the date of authentication thereof, unless it is authenticated as of a date during the period from the 15th day of the calendar month immediately preceding such Interest Payment Date, inclusive, whether or not such day is a business day (each, a "Record Date") to such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the date of delivery of the Refunding Bonds.

Redemption

Optional Redemption. The Refunding Bonds maturing on or after July 1, 2031, are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, as a whole or in part on any date on or after January 1, 2031, at a redemption price equal to the principal amount of the Refunding Bonds called for redemption, together with interest accrued thereon to the date of redemption, without premium.

Selection of Refunding Bonds upon Redemption. If less than all of the Refunding Bonds, if any, are subject to such redemption and are called for redemption, such Refunding Bonds shall be redeemed as directed by the District, and if less than all of the Refunding Bonds of any given maturity are called for redemption, the portions of such Refunding Bonds of a given maturity to be redeemed shall be determined by lot.

Notice of Redemption. Notice of any redemption of any Refunding Bonds is required to be mailed by the Paying Agent, postage prepaid, not less than twenty (20) nor more than sixty (60) days prior to the redemption date (i) by first class mail to the County and the respective Owners thereof at the addresses appearing on the bond registration books, and (ii) as may be further required in accordance with the Continuing Disclosure Certificate relating to the Refunding Bonds.

Each notice of redemption is required to contain the following: (i) the date of such notice; (ii) the name of the Refunding Bonds and the date of issue of such Refunding Bonds; (iii) the redemption date; (iv) the redemption price; (v) the dates of maturity or maturities of the Refunding Bonds to be redeemed; (vi) if less than all of the Refunding Bonds of any maturity are to be redeemed, the distinctive numbers of the Refunding Bonds of each maturity to be redeemed; (vii) in the case of Refunding Bonds redeemed in part only, the respective portions of the principal amount of the Refunding Bonds of each maturity to be redeemed; (viii) the CUSIP number, if any, of each maturity of Refunding Bonds to be redeemed; (ix) a statement that such Refunding Bonds must be surrendered by the Owners at the principal corporate trust office of the Paying Agent, or at such other place or places designated by the Paying Agent; (x) notice that further interest on such Refunding Bonds will not accrue after the designated redemption date; and (xi) in the case of a conditional notice, that such notice is conditioned upon certain circumstances and the manner of rescinding such conditional notice.

Effect of Notice. A certificate of the Paying Agent that the notice of redemption that has been given to Owners as herein provided shall be conclusive as against all parties. Neither the failure to receive the notice of redemption, nor any defect in such notice shall affect the sufficiency of the proceedings for the redemption of the Refunding Bonds called for redemption or the cessation of interest on the date fixed for redemption.

When notice of redemption has been given substantially as provided for in the Refunding Resolution, and when the redemption price of such Refunding Bonds called for redemption is set aside for the purpose as described in the Refunding Resolution, the Refunding Bonds designated for redemption shall become due and payable on the specified redemption date and interest shall cease to accrue thereon as of the redemption date, and upon presentation and surrender of such Refunding Bonds at the place specified in the notice of redemption, such Refunding Bonds are required to be redeemed and paid at the redemption price thereof out of the money provided therefor. The Owners of such Refunding Bonds so called for redemption after such redemption date shall be entitled to payment thereof only from the applicable Interest and Sinking Fund or the trust or escrow fund established for such purpose. All Refunding Bonds redeemed will be cancelled forthwith by the Paying Agent and will not be reissued.

Right to Rescind Notice. The District may rescind any optional redemption and notice thereof for any reason on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the owners of the Refunding Bonds so called for redemption. Any optional redemption and notice thereof shall be rescinded if for any reason on the date fixed for redemption moneys are not available in the applicable Interest and Sinking Fund or otherwise held in trust for such purpose in an amount sufficient to pay in full on said date the principal of and premium, if any, and interest due on the Refunding Bonds called for redemption. Notice of rescission of redemption shall be given in the same manner in which notice of redemption was originally given. The actual receipt by the owner of any Refunding Bond of notice of such rescission shall not be a condition precedent to rescission, and failure to receive such notice or any defect in such notice shall not affect the validity of the rescission.

Redemption Fund. Prior to or on the redemption date of any Refunding Bonds, there shall be available in the applicable Interest and Sinking Fund, or held in trust for such purpose as provided by law, monies for the purpose and sufficient to redeem, at the redemption prices as provided in the Refunding Resolution, the Refunding Bonds designated in the notice of redemption. Such monies are required to be applied on or after the redemption date solely for payment of principal of and premium, if any, and interest due on the Refunding Bonds to be redeemed upon presentation and surrender of such Refunding Bonds, provided that all monies in the applicable Interest and Sinking Fund shall be used for the purposes established and permitted by law. Any interest due on or prior to the redemption date shall be paid from the applicable Interest and Sinking Fund, unless otherwise provided to be paid from such monies held in trust. If, after all of the Refunding Bonds have been redeemed and cancelled or paid and cancelled, there are monies remaining in the applicable Interest and Sinking Fund or otherwise held in trust for the payment of the redemption price of the Refunding Bonds, the monies are required to be held in or returned or transferred to the applicable Interest and Sinking Fund for payment of any outstanding bonds of the District payable from that fund; provided, however, that if those monies are part of the proceeds of bonds of the District, the monies shall be transferred to the fund created for the payment of principal of and interest on such bonds. If no such bonds of the District are at such time outstanding, the monies shall be transferred to the general fund of the District as provided and permitted by law.

Defeasance and Unclaimed Moneys

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

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

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

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

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

SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS

General Description

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

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

Statutory Lien on Taxes (Senate Bill 222)

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

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

Pledge of Tax Revenues

Pursuant to the Refunding Resolution, the District has pledged all revenues from the *ad valorem* property taxes collected from the levy by the Board of Supervisors of the County and amounts on deposit in the applicable Interest and Sinking Fund of the District for the payment of the Refunding Bonds and all previously issued and outstanding general obligation bonds and general obligation refunding bonds of the District. The Refunding Resolution provides that such pledge is valid and binding from the date thereof for the benefit of the owners of the Refunding Bonds and each issue of outstanding general obligation bonds and general obligation refunding bonds and successors thereto. The Refunding Resolution also provides that the property taxes and amounts held in each Interest and Sinking Fund of the District are immediately subject to the pledge, and the pledge constitutes a lien and security interest which shall immediately attach to the property taxes and amounts held in such Interest and Sinking Fund of the District to secure the payment of the Refunding Bonds and each issue of outstanding general obligation bonds and general obligation refunding bonds and, pursuant to the Refunding Resolution, is effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The Refunding Resolution provides that the pledge constitutes an agreement between the District and the owners of the Refunding Bonds to provide security for the Refunding Bonds in addition to any statutory lien that may exist, and the Refunding Bonds and each of the other bonds secured by the pledge are or were issued to finance or refinance one or more of the projects specified in the applicable voter-approved measures and not to finance the general purposes of the District.

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

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

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

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

Supreme Court issued a decision upholding the constitutionality of Article XIIIA (*Nordlinger v. Hahn*, 112 S. Ct. 2326, 120 L. Ed. 2d 1 (1992)).

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

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

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

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

Assessed Valuation of Property Within the District

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

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

The fiscal year 2020-21 Assessment Roll for property within the District's boundaries reflects an increase of approximately 6.53% in assessed value from the prior year. Under State law, in addition to reassessments requested by property owners pursuant to Proposition 8 when the current market value of property is less than assessed value as of January 1, the county assessor annually initiates reviews of property for reassessments due to decline-in-value. See *"—Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

TABLE 3
LOS ANGELES UNIFIED SCHOOL DISTRICT
Historical Gross Assessed Valuation of Taxable Property[1]
Fiscal Years 2007-08 through 2020-21
($ in thousands)

Fiscal Year	Secured[2]	Unsecured	Total[2]	Change From Prior Year	Percent Change
2007-08	$419,052,509	$21,861,881	$440,914,390	--	--
2008-09	451,191,875	23,597,923	474,789,798	$33,875,408	7.68%
2009-10	451,127,882	23,849,409	474,977,291	187,493	0.04
2010-11	442,092,473	21,753,078	463,845,551	(11,131,740)	(2.34)
2011-12	447,830,204	21,265,021	469,095,225	5,249,674	1.13
2012-13	458,767,053	21,308,439	480,075,492	10,980,267	2.34
2013-14	482,043,584	21,634,336	503,677,920	23,602,428	4.92
2014-15	510,371,502	22,562,705	532,934,207	29,256,287	5.81
2015-16	546,807,059	23,362,404	570,169,464	37,235,257	6.99
2016-17	581,473,213	24,495,794	605,969,007	35,799,543	6.28
2017-18	619,162,082	25,342,665	644,504,747	38,535,740	6.36
2018-19	665,355,078	27,377,547	692,732,625	48,227,878	7.48
2019-20	710,954,606	28,442,486	739,397,092	46,664,467	6.73
2020-21	759,004,739	28,679,270	787,684,010	48,286,918	6.53

(1) Full cash value.
(2) Includes utility valuations.
Source: California Municipal Statistics, Inc.

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

In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Moreover, the District is located in a seismically active region. Active earthquake faults include the San Andreas Fault that runs throughout the County and other smaller faults including the Lower Elysian Park thrust, the Upper Elysian Park fault and Puente Hills blind thrust system. Furthermore, California has experienced severe drought conditions in recent years. Property damage due to wildfires or earthquakes and the economic effects of prolonged drought conditions could result in significant decreases in the assessed value of property in the District. In addition, with the outbreak of COVID-19, the world is currently experiencing a global pandemic. The pandemic may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of property in the District. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak*." Reductions in assessed value could result in a corresponding increase in the annual tax rate levied by the County to pay debt service on the Refunding Bonds. See also *"—Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

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

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

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

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

__Assessed Valuation by Jurisdiction.__ The following Table 4 describes the percentage and value of the total assessed value of the property within the District's boundaries that resides in the various cities and unincorporated portions of the County for fiscal year 2020-21.

TABLE 4
LOS ANGELES UNIFIED SCHOOL DISTRICT
Fiscal Year 2020-21 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bell	$ 1,643,054,749	0.21%	$ 2,057,477,311	79.86%
City of Bell Gardens	63,260,781	0.01	2,063,358,524	3.07
City of Beverly Hills	192,921,361	0.02	39,013,436,017	0.49
City of Calabasas	713,741	0.00	9,154,859,568	0.01
City of Carson	14,762,048,844	1.87	16,653,421,682	88.64
City of Commerce	333,366,044	0.04	6,103,724,358	5.46
City of Cudahy	902,264,461	0.11	902,492,225	99.97
City of Culver City	55,600,516	0.01	13,210,954,777	0.42
City of Downey	644	0.00	13,181,887,461	0.00
City of Gardena	7,223,980,473	0.92	7,223,980,473	100.00
City of Hawthorne	795,626,260	0.10	9,176,580,892	8.67
City of Huntington Park	3,323,336,175	0.42	3,323,336,175	100.00
City of Inglewood	40,080,361	0.01	13,460,370,332	0.30
City of Lomita	2,653,562,437	0.34	2,653,562,437	100.00
City of Long Beach	417,213,869	0.05	64,588,432,740	0.65
City of Los Angeles	695,610,270,887	88.31	696,013,120,916	99.94
City of Lynwood	56,338,820	0.01	3,859,049,146	1.46
City of Maywood	1,171,355,992	0.15	1,171,355,992	100.00
City of Montebello	8,380,303	0.00	6,713,540,922	0.12
City of Monterey Park	261,790,261	0.03	8,483,012,596	3.09
City of Rancho Palos Verdes	1,366,893,724	0.17	14,174,092,132	9.64
City of Rolling Hills Estates	12,558,067	0.00	3,876,727,724	0.32
City of San Fernando	2,176,500,330	0.28	2,176,500,330	100.00
City of Santa Clarita	53,005	0.00	37,222,674,431	0.00
City of Santa Monica	1,055,817	0.00	42,272,100,207	0.00
City of South Gate	5,468,718,320	0.69	6,604,411,493	82.80
City of Torrance	27,703,099	0.00	33,362,479,148	0.08
City of Vernon	6,384,648,293	0.81	6,384,648,293	100.00
City of West Hollywood	14,466,191,401	1.84	14,466,191,401	100.00
Unincorporated Los Angeles County	28,264,521,286	3.59	117,499,724,109	24.05
Total District	$787,684,010,321	100.00%		
Los Angeles County	$787,684,010,321	100.00%	$1,708,923,809,032	46.09%

Source: California Municipal Statistics Inc.

Assessed Valuation by Land Use. The following Table 5 sets forth the assessed valuation by land use of property within the District in fiscal year 2020-21.

TABLE 5
LOS ANGELES UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2020-21

	2020-21 Assessed Valuation(1)	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office Building	$123,269,401,267	16.24%	50,897	5.29%
Industrial	81,327,127,072	10.72	24,688	2.56
Recreational	2,363,352,715	0.31	1,080	0.11
Government/Social/Institutional	4,250,776,301	0.56	5,104	0.53
Miscellaneous	460,408,992	0.06	1,012	0.11
Subtotal Non-Residential	$211,671,066,347	27.89%	82,781	8.60%
Residential:				
Single Family Residence	$345,155,153,240	45.48%	576,521	59.88%
Condominium/Townhouse	69,686,637,629	9.18	136,014	14.13
Mobile Home Related	476,901,744	0.06	401	0.04
2-4 Residential Units	46,775,400,096	6.16	96,420	10.01
5+ Residential Units/Apartments	80,265,429,039	10.58	41,666	4.33
Miscellaneous Residential	49,684,454	0.01	300	0.03
Subtotal Residential	$542,409,206,202	71.48%	851,322	88.42%
Vacant Parcels	$4,769,786,538	0.63%	28,679	2.98%
Total	$758,850,059,087	100.00%	962,782	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following Table 6 sets forth the distribution of single-family homes within the District within various assessed valuation ranges in fiscal year 2020-21.

TABLE 6
LOS ANGELES UNIFIED SCHOOL DISTRICT
Assessed Valuations of Single Family Homes Per Parcel
Fiscal Year 2020-21

	No. of Parcels	2020-21 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	576,521	$345,155,153,240	$598,686	$376,614

2020-21 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	50,089	8.688%	8.688%	$ 3,648,212,517	1.057%	1.057%
$100,000 - $199,999	78,829	13.673	22.361	12,083,064,434	3.501	4.558
$200,000 - $299,999	95,893	16.633	38.994	23,824,334,608	6.903	11.460
$300,000 - $399,999	76,220	13.221	52.215	26,527,327,338	7.686	19.146
$400,000 - $499,999	63,174	10.958	63.173	28,318,603,843	8.205	27.350
$500,000 - $599,999	49,831	8.643	71.816	27,299,530,625	7.909	35.260
$600,000 - $699,999	36,069	6.256	78.073	23,322,198,116	6.757	42.017
$700,000 - $799,999	25,343	4.396	82.468	18,921,598,869	5.482	47.499
$800,000 - $899,999	18,263	3.168	85.636	15,471,700,446	4.483	51.981
$900,000 - $999,999	13,178	2.286	87.922	12,479,736,012	3.616	55.597
$1,000,000 - $1,099,999	9,449	1.639	89.561	9,895,460,842	2.867	58.464
$1,100,000 - $1,199,999	7,236	1.255	90.816	8,307,524,842	2.407	60.871
$1,200,000 - $1,299,999	6,175	1.071	91.887	7,717,055,786	2.236	63.107
$1,300,000 - $1,399,999	5,163	0.896	92.783	6,959,596,396	2.016	65.123
$1,400,000 - $1,499,999	4,590	0.796	93.579	6,641,429,187	1.924	67.047
$1,500,000 - $1,599,999	4,039	0.701	94.279	6,254,813,949	1.812	68.860
$1,600,000 - $1,699,999	3,269	0.567	94.847	5,391,145,310	1.562	70.421
$1,700,000 - $1,799,999	2,856	0.495	95.342	4,992,087,060	1.446	71.868
$1,800,000 - $1,899,999	2,641	0.458	95.800	4,883,775,485	1.415	73.283
$1,900,000 - $1,999,999	2,160	0.375	96.175	4,208,323,164	1.219	74.502
$2,000,000 - $2,099,999	1,821	0.316	96.491	3,730,680,177	1.081	75.583
$2,100,000 - $2,199,999	1,711	0.297	96.787	3,676,609,098	1.065	76.648
$2,200,000 - $2,299,999	1,439	0.250	97.037	3,238,768,622	0.938	77.586
$2,300,000 - $2,399,999	1,326	0.230	97.267	3,114,684,654	0.902	78.489
$2,400,000 - $2,499,999	1,121	0.194	97.461	2,748,329,463	0.796	79.285
$2,500,000 - $2,599,999	1,051	0.182	97.644	2,680,267,386	0.777	80.062
$2,600,000 - $2,699,999	955	0.166	97.809	2,528,019,292	0.732	80.794
$2,700,000 - $2,799,999	882	0.153	97.962	2,423,213,390	0.702	81.496
$2,800,000 - $2,899,999	830	0.144	98.106	2,362,558,991	0.684	82.181
$2,900,000 - $2,999,999	699	0.121	98.227	2,060,634,698	0.597	82.778
$3,000,000 and greater	10,219	1.773	100.000	59,443,868,640	17.222	100.000
Total	576,521	100.000%		$345,155,153,240	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.
Source: California Municipal Statistics, Inc.

Largest Taxpayers in the District. The following Table 7 sets forth the twenty taxpayers with the greatest combined ownership of taxable property in the District on the fiscal year 2020-21 tax roll, and the assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District.

TABLE 7
LOS ANGELES UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers(1)
Fiscal Year 2020-21

	Property Owner	Primary Land Use	2020-21 Assessed Valuation	% of Total(2)
1.	Douglas Emmett LLC	Office Building	$2,968,028,084	0.39%
2.	Universal Studios LLC	Movie Studio	2,684,591,582	0.35
3.	Essex Portfolio LP	Apartments	2,280,623,809	0.30
4.	Century City Mall LLC	Shopping Center/Mall	1,079,950,689	0.14
5.	FSP South Flower Street	Office Building	954,846,502	0.13
6.	Rochelle H. Sterling	Apartments	873,994,196	0.12
7.	Hanjin International Corp.	Hotel	869,407,512	0.11
8.	SM 10000 Property LLC	Apartments	832,661,632	0.11
9.	Rexford Industrial Realty LP	Industrial	798,266,050	0.11
10.	Omni Wilshire Courtyard LLC	Office Building	786,522,000	0.10
11.	Anheuser Busch Commercial	Industrial	748,192,161	0.10
12.	Greenland LA Metropolis	Residential/Retail	739,588,087	0.10
13.	One Hundred Towers LLC	Office Building	679,564,045	0.09
14.	Trizec 333 LA LLC	Office Building	666,888,311	0.09
15.	Maguire Partners 355 S. Grand LLC	Office Building	623,677,769	0.08
16.	BRE HH Property Owner LLC	Office Building	618,887,271	0.08
17.	Tishman Speyer Archstone Smith	Apartments	596,093,771	0.08
18.	Olympic and Georgia Partners LLC	Hotel	586,764,137	0.08
19.	LA Live Properties LLC	Commercial	557,713,834	0.07
20.	Maguire Properties 555 W. Fifth	Office Building	546,883,675	0.07
			$20,493,145,117	2.70%

(1) Excludes taxpayers with values derived from mineral rights or a possessory interest. Historically, among the top 10 taxpayers within the District are landowners with primary land use of oil and gas production, including Marathon Petroleum Corporation, Phillips 66 Company and Valero Energy Corporation, which are not reflected in the table above.
(2) Local Secured Assessed Valuation, excluding tax-exempt property and utility valuations: $758,850,059,087.
Source: California Municipal Statistics, Inc.

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

Tax Rates, Levies and Collections

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

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

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

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

In light of the financial hardship that many taxpayers are experiencing due to COVID-19 and the related recession, the Governor issued Executive Order N-61-20, which suspends, until May 6, 2021, the statutory requirements for the imposition of penalties, costs, and interest for the failure to pay property taxes on the secured or unsecured roll, or to pay a supplemental bill provided certain conditions are met. One such condition is that the taxpayer timely files a claim for relief in a form and manner prescribed by the County Treasurer. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak.*"

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

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

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

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

Typical Tax Rate Area. The following Table 8 shows *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 0067). TRA 0067 comprises approximately 30.23% of the total fiscal year 2020-21 assessed value of the District.

TABLE 8
LOS ANGELES UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
Fiscal Years 2016-17 through 2020-21

	2016-17	2017-18	2018-19	2019-20	2020-21
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Los Angeles Unified School District(1)	0.131096	0.122192	0.123226	0.125520	0.139929
Los Angeles Community College District(1)	0.035956	0.045990	0.046213	0.027175	0.040162
City of Los Angeles(1)	0.021297	0.021345	0.023107	0.018084	0.016538
Metropolitan Water District of Southern California(2)	0.003500	0.003500	0.003500	0.003500	0.003500
Total	1.191849%	1.193027%	1.196046%	1.174279%	1.200129%

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

Secured Tax Charges and Delinquencies. The following Table 9 sets forth real property tax charges and corresponding delinquencies for the 1% general fund apportionment, with respect to property located in the County, and for the District's general obligation bond debt service levy, with respect to the property located in the District, for fiscal years 2010-11 through 2019-20.

TABLE 9
LOS ANGELES UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2010-11 through 2019-20

1% General Fund Apportionment Levy

Fiscal Year	Secured Tax Charge[1]	Amount Delinquent June 30	Percentage Delinquent June 30
2010-11	$ 864,272,671.14	$20,743,141.46	2.40%
2011-12	877,559,911.27	18,314,030.53	2.09
2012-13	902,226,492.99	16,221,577.19	1.80
2013-14	948,210,266.65	13,991,567.53	1.48
2014-15	1,005,565,868.63	14,501,753.32	1.44
2015-16	1,078,286,485.58	15,318,415.41	1.42
2016-17	1,142,718,955.32	13,595,654.87	1.19
2017-18	1,222,916,327.88	15,217,873.23	1.24
2018-19	1,311,715,583.78	17,950,532.81	1.37
2019-20	1,405,968,051.67	31,757,910.59	2.26

District General Obligation Bond Debt Service Levy

Fiscal Year	Secured Tax Charge[2]	Amount Delinquent June 30	Percentage Delinquent June 30
2010-11	$815,714,870.02	$22,578,439.40	2.77%
2011-12	747,023,111.92	18,104,366.85	2.42
2012-13	804,427,306.78	15,045,215.20	1.87
2013-14	707,334,806.26	11,937,445.89	1.69
2014-15	752,855,468.94	13,128,310.26	1.74
2015-16	711,852,286.31	10,350,374.48	1.45
2016-17	762,676,169.42	10,152,397.66	1.33
2017-18	765,484,783.08	11,238,395.43	1.47
2018-19	826,147,438.29	13,737,180.29	1.66
2019-20	903,922,222.21	25,782,448.86	2.85

(1) 1% General Fund apportionment. Excludes redevelopment agency impounds.
(2) District's general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the

District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak*." If delinquencies increase substantially as a result of the unprecedented events of the COVID-19 pandemic or other events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

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

The District is a member of the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. Historically, CSDTFA has from time to time purchased delinquent *ad valorem* property tax receivables related to the District's share of the 1% general *ad valorem* property tax levy (not the additional ad valorem property tax levy for debt service on the District's general obligation bonds) from the District. However, the District cannot predict whether CSDTFA will continue to make such purchases in the future. CSDTFA purchased the District's delinquent *ad valorem* tax receivables related to the 1% general *ad valorem* property tax levy attributable to fiscal year 2019-20 from the District at a purchase price equal to 110% of such receivables. CSDTFA has agreed to purchase the District's delinquent *ad valorem* tax receivables related to the 1% general *ad valorem* property tax levy attributable to fiscal years 2020-21 and 2021-22 from the District at a purchase price equal to 110% of such receivables. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA. As indicated above, as a result of the recent outbreak of COVID-19, property owners within the County affected by COVID-19 may submit a request to have late penalties cancelled if they were unable to pay their property taxes as a result of hardships caused by COVID-19.

Debt Service

Debt service on the Refunding Bonds, assuming no early redemptions, is as shown in the following Table 10.

TABLE 10
LOS ANGELES UNIFIED SCHOOL DISTRICT
(County of Los Angeles, California)
2021 General Obligation Refunding Bonds, Series A
(Dedicated Unlimited *Ad Valorem* Property Tax Bonds)
Annual Debt Schedule

Year Ending July 1,	Principal	Interest	Total Debt Service
2021	$ 4,310,000.00	$ 1,648,924.44	$ 5,958,924.44
2022	1,780,000.00	9,358,900.00	11,138,900.00
2023	4,570,000.00	9,269,900.00	13,839,900.00
2024	41,390,000.00	9,041,400.00	50,431,400.00
2025	16,905,000.00	6,971,900.00	23,876,900.00
2026	17,750,000.00	6,126,650.00	23,876,650.00
2027	-	5,239,150.00	5,239,150.00
2028	19,835,000.00	5,239,150.00	25,074,150.00
2029	20,830,000.00	4,247,400.00	25,077,400.00
2030	21,865,000.00	3,205,900.00	25,070,900.00
2031	22,965,000.00	2,112,650.00	25,077,650.00
2032	24,110,000.00	964,400.00	25,074,400.00
Total	$196,310,000.00	$63,426,324.44	$259,736,324.44

Source: Los Angeles Unified School District.

Aggregate Fiscal Year Debt Service

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

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

Semi-annual Period through	Outstanding General Obligation Bonds[(1)(2)]	Refunding Bonds Principal	Refunding Bonds Interest	Refunding Bonds Semi Annual Debt Service	Total
July 1, 2021	$ 862,156,510	$ 4,310,000	$ 1,648,924	$ 5,958,924	$ 868,115,434
January 1, 2022	253,967,985	--	4,679,450	4,679,450	258,647,435
July 1, 2022	857,347,985	1,780,000	4,679,450	6,459,450	863,807,435
January 1, 2023	241,209,585	--	4,634,950	4,634,950	245,844,535
July 1, 2023	862,799,585	4,570,000	4,634,950	9,204,950	872,004,535
January 1, 2024	227,818,885	--	4,520,700	4,520,700	232,339,585
July 1, 2024	833,798,885	41,390,000	4,520,700	45,910,700	879,709,585
January 1, 2025	214,863,660	--	3,485,950	3,485,950	218,349,610
July 1, 2025	833,368,660	16,905,000	3,485,950	20,390,950	853,759,610
January 1, 2026	200,438,855	--	3,063,325	3,063,325	203,502,180
July 1, 2026	823,421,475	17,750,000	3,063,325	20,813,325	844,234,800
January 1, 2027	184,134,080	--	2,619,575	2,619,575	186,753,655
July 1, 2027	781,734,819	--	2,619,575	2,619,575	784,354,394
January 1, 2028	169,695,481	--	2,619,575	2,619,575	172,315,056
July 1, 2028	648,545,606	19,835,000	2,619,575	22,454,575	671,000,181
January 1, 2029	148,614,560	--	2,123,700	2,123,700	150,738,260
July 1, 2029	693,724,560	20,830,000	2,123,700	22,953,700	716,678,260
January 1, 2030	134,763,541	--	1,602,950	1,602,950	136,366,491
July 1, 2030	723,523,541	21,865,000	1,602,950	23,467,950	746,991,491
January 1, 2031	118,439,761	--	1,056,325	1,056,325	119,496,086
July 1, 2031	756,664,761	22,965,000	1,056,325	24,021,325	780,686,086
January 1, 2032	101,398,562	--	482,200	482,200	101,880,762
July 1, 2032	790,788,562	24,110,000	482,200	24,592,200	815,380,762
January 1, 2033	82,187,486	--	--	--	82,187,486
July 1, 2033	825,937,486	--	--	--	825,937,486
January 1, 2034	88,334,504	--	--	--	88,334,504
July 1, 2034	776,869,779	--	--	--	776,869,779
January 1, 2035	38,893,781	--	--	--	38,893,781
July 1, 2035	207,028,781	--	--	--	207,028,781
January 1, 2036	35,202,556	--	--	--	35,202,556
July 1, 2036	210,722,556	--	--	--	210,722,556
January 1, 2037	31,473,944	--	--	--	31,473,944
July 1, 2037	214,448,944	--	--	--	214,448,944
January 1, 2038	27,397,144	--	--	--	27,397,144
July 1, 2038	218,522,144	--	--	--	218,522,144
January 1, 2039	23,214,000	--	--	--	23,214,000
July 1, 2039	222,709,000	--	--	--	222,709,000
January 1, 2040	18,667,113	--	--	--	18,667,113
July 1, 2040	227,257,113	--	--	--	227,257,113
January 1, 2041	13,905,613	--	--	--	13,905,613
July 1, 2041	187,355,613	--	--	--	187,355,613
January 1, 2042	9,942,081	--	--	--	9,942,081
July 1, 2042	191,317,081	--	--	--	191,317,081
January 1, 2043	5,817,575	--	--	--	5,817,575
July 1, 2043	107,837,575	--	--	--	107,837,575
January 1, 2044	3,777,175	--	--	--	3,777,175
July 1, 2044	109,877,175	--	--	--	109,877,175
January 1, 2045	1,655,175	--	--	--	1,655,175
July 1, 2045	112,000,175	--	--	--	112,000,175
TOTAL[(3)]	**$ 15,455,571,467**	**$ 196,310,000**	**$ 63,426,324**	**$ 259,736,324**	**$ 15,715,307,792**

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

The District's General Obligation Bond Program and Bonding Capacity

Voters within the District have approved a total of $27.605 billion of general obligation bonds in six separate bond elections since 1997. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Debt" attached hereto for additional information regarding the District's outstanding general obligation bonds. Pursuant to Section 15106 of the Education Code, the District's bonding capacity for general obligation bonds may not exceed 2.5% of taxable property value in the District as shown by the last equalized assessment of the County. The taxable property valuation in the District for fiscal year 2020-21 is $787.68 billion, which results in a total current bonding capacity of approximately $19.69 billion. The District's available capacity for the issuance of new general obligation bonds is approximately $8.63 billion (taking into account current outstanding debt before the issuance of the Refunding Bonds and not accounting for the refunding of the Prior Bonds). The issuance of additional series of general obligation bonds, other than general obligation refunding bonds, in future fiscal years will depend upon, among other things, the assessed valuation of property within the District's boundaries, as determined by the District's analysis of information from, among other sources, the Office of the County Assessor. See "– California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" above and APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Future Financings – *General Obligation Bonds*."

Overlapping Debt Obligations

Set forth in Table 12 on the following page is the report prepared by California Municipal Statistics Inc. on March 5, 2021, which provides information with respect to direct and overlapping debt within the District as of April 1, 2021 (the "Overlapping Debt Report"). The Overlapping Debt Report is included for general information purposes only. The District has not reviewed the Overlapping Debt Report for completeness or accuracy and makes no representations in connection therewith. The Overlapping Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

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

TABLE 12
LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Direct and Overlapping Bonded Debt
As of March 5, 2021

2020-21 Assessed Valuation: $787,684,010,321

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable	Debt 4/1/21
Metropolitan Water District	24.043%	$ 6,450,737
Los Angeles Community College District	81.742	3,604,209,135
Pasadena Area Community College District	0.001	625
Los Angeles Unified School District	100.000	10,908,345,000[(1)]
City of Los Angeles	99.942	627,096,073
Other Cities	Various	20,084,330
City Community Facilities Districts	100.000	69,690,000
Other City and Special District 1915 Act Bonds	0.006-100.000	19,440,151
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$15,255,316,051
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005, Series J (2010) Qualified School Construction Bonds and Election of 2005, Series H (2009) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Asides for Repayment		88,260,000[(2)]
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$15,167,056,051
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	46.092%	$1,211,042,989
Los Angeles County Superintendent of Schools Certificates of Participation	46.092	2,104,272
Pasadena Area Community College District Certificates of Participation	0.001	288
Los Angeles Unified School District Certificates of Participation	100.000	130,970,000
City of Los Angeles General Fund Obligations	99.942	1,670,678,651
Other City General Fund and Pension Obligation Bonds	Various	456,140,253
Los Angeles County Sanitation District Nos. 1,2,4,5,8,9,16 & 23 Authorities	Various	3,469,358
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,474,405,811
Less: City supported obligations		100,514
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,474,305,297
OVERLAPPING TAX INCREMENT DEBT:		
City of Los Angeles Redevelopment Agency (Successor Agency)	100.000%	$340,660,000
Other Redevelopment Agencies (Successor Agency)	Various	295,031,719
TOTAL OVERLAPPING TAX INCREMENT DEBT		$635,691,719
GROSS COMBINED TOTAL DEBT		$19,365,413,581[(3)]
NET COMBINED TOTAL DEBT		$19,277,053,067

Ratios to 2020-21 Assessed Valuation:

Direct Debt ($10,908,345,000) 1.38%
Net Direct Debt ($10,820,085,000)...1.37%
Total Gross Overlapping Tax and Assessment Debt..............................1.94%
Total Net Overlapping Tax and Assessment Debt 1.93%
Gross Combined Direct Debt ($11,052,720,000)...................................1.40%
Gross Combined Total Debt...2.46%
Net Combined Total Debt 2.45%

Ratios to Redevelopment Incremental Valuation ($76,110,321,447):

Total Overlapping Tax Increment Debt 0.84%

(1) Excludes the Refunding Bonds. Includes the Prior Bonds to be refunded with proceeds of the Refunding Bonds.
(2) Set aside amount as of 6/30/20.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

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

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

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

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

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

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

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

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

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

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

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

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

LEGAL MATTERS

Possible Limitations on Remedies; Bankruptcy

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

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

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

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

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

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

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

Possession of Tax Revenues; Remedies. If the District goes into bankruptcy and the District or the County has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the District or the County, as applicable, does not voluntarily pay such tax revenues to the owners of the Refunding Bonds, it is not entirely clear what procedures the owners of the Refunding Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. A similar risk would exist if the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy). The United States Court of Appeals for the First Circuit, in another case arising out of the insolvency proceedings of Puerto Rico, has held that the

Bankruptcy Code prohibits the bankruptcy court from requiring a governmental debtor to apply revenues in accordance with applicable non-bankruptcy law. In yet another case arising out of the insolvency proceedings of Puerto Rico, the United States Court of Appeals for the First Circuit has held that creditors cannot bring suit in a non-bankruptcy court to compel the governmental debtor to comply with non-bankruptcy law without first obtaining the permission of the bankruptcy court, and that the bankruptcy court has discretion as to whether to provide permission.

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

Amounts Held in County Treasury Pool

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

Legality for Investment in the State

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

Continuing Disclosure

The District has covenanted for the benefit of the holders and beneficial owners of the Refunding Bonds to provide certain financial information and operating data relating to the District (the "Annual Report") for each fiscal year by not later than 240 days following the end of the District's fiscal year (currently ending June 30), commencing with the Annual Report for fiscal year 2020-21, and to provide notices of the occurrence of certain specified events (collectively, the "Listed Events"). The information to be contained in the Annual Report and in a notice of a Listed Event is set forth in Appendix E – "FORM OF CONTINUING DISCLOSURE CERTIFICATE." The District will provide or cause to be provided the Annual Report and such notices to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system in the manner prescribed by the Securities and Exchange Commission ("SEC"). Copies of the District's annual reports and notices of Listed Event filings are available at the website of Digital Assurance Certification, L.L.C. ("DAC"), www.dacbond.com, and at the website of the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, emma.msrb.org. The information presented on these websites is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Refunding Bonds. These covenants have been made in order to assist the Underwriter (defined herein) in complying with SEC Rule 15c2-12(b)(5) (the "Rule").

Due to the impact of COVID-19 on California school district operations during fiscal year 2019-20, California Senate Bill 98 extended the deadline for school districts to file their audited financial statements for fiscal year 2019-20 with the State to March 31, 2021. As a result, at the time of filing the District's Annual Report for fiscal year 2019-20, the District's audited financial statements for fiscal year

2019-20 were not yet available. The District's audited financial statements for fiscal year 2019-20 were subsequently filed to EMMA on March 30, 2021.

Certain Legal Matters

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

Bond Counsel and Disclosure Counsel will receive compensation contingent upon the sale and delivery of the Refunding Bonds.

FINANCIAL STATEMENTS

The District's Audited Annual Financial Report for fiscal year ended June 30, 2020, including its general purpose financial statements for the fiscal year ended June 30, 2020, is attached hereto as Appendix B. The basic financial statements of the District for the fiscal year 2019-20 have been audited by Simpson & Simpson, independent certified public accountants, as stated in their report appearing in Appendix B. The District has not requested nor has the District obtained the consent of Simpson & Simpson to the inclusion of its report in Appendix B. Simpson & Simpson has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Simpson & Simpson has not been requested to perform and has not performed any procedures relating to the Official Statement.

LITIGATION

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

MISCELLANEOUS

Ratings

Fitch Ratings, Inc. ("Fitch"), Kroll Bond Rating Agency, LLC ("KBRA"), and Moody's Investors Service Inc. ("Moody's") have assigned their municipal bond ratings of "AA+," "AAA," and "Aa3," respectively, to the Refunding Bonds, which may include information that has not been included in this

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

Municipal Advisor

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

Verification of Mathematical Computations

Upon the delivery of the Refunding Bonds, Robert Thomas CPA, LLC, Minneapolis, Minnesota (the "Verification Agent"), will deliver a report stating that the firm has verified the mathematical accuracy of the schedules with respect to the sufficiency of the Escrow Fund established to pay the redemption price of, including accrued interest thereon, the Prior Bonds. The scope of the verification will be based solely on information and assumptions provided to the Verification Agent by the Underwriter. The Verification Agent will express no opinion on the assumptions provided by it to the Underwriter, nor as to the exemption from taxation of the interest on the Refunding Bonds.

Underwriting

The Refunding Bonds were purchased by Barclays Capital Inc. (the "Underwriter") as the winner of a competitive bid conducted on April 22, 2021. The Underwriter has agreed to purchase the Refunding Bonds at a price of $246,636,587.85. The Underwriter's total discount is $335,690.10. See "ESTIMATED SOURCES AND USES OF FUNDS."

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

Additional Information

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

Execution and Delivery

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

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

APPENDIX A

DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

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

DISTRICT GENERAL INFORMATION

District Boundaries

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

District Governance; Senior Management

The District is governed by a seven-member Board of Education (the "District Board") elected by voters within the District. The members of the District Board along their district and term are set forth below. The current members of the District Board are serving five-year terms. Beginning with the November 2020 election, newly elected or reelected members of the District Board serve four-year terms.

District	Member	Term Ending
6	Kelly Gonez, President	December 11, 2022
1	Dr. George J. McKenna III	December 16, 2024
2	Mónica García	December 11, 2022
3	Scott Schmerelson	December 16, 2024
4	Nick Melvoin	December 11, 2022
5	Jackie Goldberg	December 16, 2024
7	Tanya Ortiz Franklin	December 16, 2024

The chief executive officer of the District, appointed by the District Board to manage the day-to-day operations of the District, is the Superintendent of Schools (the "Superintendent"). Austin Beutner was appointed the Superintendent in May 2018. On April 21, 2021, Austin Beutner announced that he will not seek to extend his contract when it ends as planned on June 30, 2021. The District will undertake efforts to develop a plan to search for and replace the Superintendent. In the meantime, the District Board has appointed Megan Reilly as the Interim Superintendent effective July 1, 2021.

In addition to the Superintendent of the District, the District has organized its schools into six geographically-based regions (collectively, the "Local Districts"). Each Local District has a separate superintendent to oversee the schools in the related area of the District. The current Local District

Superintendents are Dr. Frances Baez (Central), José P. Huerta (East), Andres Chait (Northeast), Joseph Nacorda (Northwest), Michael Romero (South) and Dr. Adaina Brown (West). Brief biographical information for Superintendent Beutner and other senior management of the District is set forth below.

Austin Beutner, Superintendent. Austin Beutner was named Superintendent of the District in May 2018. Mr. Beutner is a civic leader, philanthropist, public servant and business executive who has worked for the last decade to make Los Angeles a stronger community. He has served as First Deputy Mayor of the City of Los Angeles, Publisher of the *Los Angeles Times*, Co-Chair of the LA 2020 Commission and the L.A. Unified Advisory Task Force, and founded Vision To Learn.

Mr. Beutner graduated from Dartmouth College with a Bachelor of Arts degree in Economics and spent his business career working in the financial services industry. He was the youngest-ever partner at The Blackstone Group and went on to found Evercore Partners, helping build the firm into one of the leading independent investment banks in the world.

Mr. Beutner worked for the U.S. government in President Clinton's Administration. Following the collapse of the Soviet Union, he led a team in Russia that helped the country transition to a market economy. He has taught courses on ethics, leadership and effective government at Harvard Business School, the University of Southern California Price School of Public Policy, the UCLA Anderson School of Management, and California State University Northridge. He currently serves on the board of the National Park Foundation, is a fellow of the American Academy of Arts and Sciences, and is also a member of the Council on Foreign Relations.

Mr. Beutner announced on April 21, 2021 that he will conclude his service as Superintendent of the District on June 30, 2021.

Devora Navera Reed, Interim General Counsel. Devora Navera Reed serves as the Interim General Counsel for the District, effective October 1, 2020. Prior to this appointment, Ms. Navera Reed held the position of Chief Education and Legal Services Counsel for the District and served in that capacity since June 2016. Ms. Navera Reed oversaw legal issues and litigation in areas dealing with special education, school law and operations, charter schools, equity and access, and constitutional issues, to name a few. In addition to her legal responsibilities, she is also a co-lead for the We Are One L.A. Unified campaign working on issues related to ensuring access and equity to all students regardless of immigration status, and Census 2020 outreach efforts. As Interim General Counsel for the District, Ms. Navera Reed is responsible for administering and overseeing the legal activities of the District's legal staff and outside legal firms. In addition, she advises the District Board, Superintendent, and senior leadership members related to matters of major importance to the District. Prior to joining the District in 2006, Ms. Navera Reed served as an attorney for the Children's Law Center of Los Angeles for nearly a decade, where she represented and advocated for children in dependency court and the foster care system. Ms. Navera Reed earned a Bachelor of Arts from the University of Southern California in 1992 and a Juris Doctorate degree from the University of San Francisco School of Law in 1996.

Megan Reilly, Deputy Superintendent, Business Services & Operations. Ms. Reilly began serving as the Deputy Superintendent in July 2019. Ms. Reilly was previously Chief Business Officer for the Santa Clara County Office of Education for two years and prior to that was the Chief Financial Officer at the District from 2007 to 2017. Before coming to the K-12 world, Ms. Reilly served in the Federal Government for seventeen years in higher education and research. She worked at the Naval Postgraduate School, first as the Deputy Controller, and then as Executive Director of Business Services and Controller. Ms. Reilly also served as the Controller of the Fleet Numerical Meteorology & Oceanography Center. She was an excepted scholar intern in the Department of the Navy Centralized Financial Management Trainee Program. She spent a year as an assistant English teacher in Japan in the Japanese

Exchange for Teachers program. Ms. Reilly graduated from Loyola University with a Bachelor of Arts degree, Marion Knott Scholar, cum laude, from the Naval Postgraduate School with a Master of Science, Financial Management, and from Monterey College of Law with a Juris Doctorate and is a member of the State Bar of California.

The District Board has appointed Megan Reilly as the Interim Superintendent effective July 1, 2021.

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

V. Luis Buendia, Deputy Chief Financial Officer. As of April 8, 2020, Mr. Buendia was appointed the Deputy Chief Financial Officer of the District. Prior to such appointment, Mr. Buendia served briefly as the Interim Deputy Chief Financial Officer and as the District's Controller since February 2012. He has been employed by the District since 1989 in various capacities in both School Fiscal Services and Finance. Mr. Buendia served as Assistant Budget Director of Budget Services and Financial Planning from 2002 through 2008 and as Deputy Controller from 2008 through February 2012. Mr. Buendia graduated from De La Salle University, with a Bachelor of Science degree in Accounting, and received a Master of Business Administration degree from the Graziadio School of Business and Management at Pepperdine University. Mr. Buendia is a member of the Government Finance Officers Association.

Timothy S. Rosnick, Deputy Controller. Mr. Rosnick joined the District in October 2006 and served as the District's Director of Accounting Controls from October 2006 through June 2007 and the Director of Treasury and Accounting Controls from July 2007 through June 2008. Mr. Rosnick served as the District's Controller beginning in June 2008 and became Deputy Controller in June 2011. Prior to joining the District, Mr. Rosnick served as an Administrator at the Orange County Department of Education and as a Financial Officer with LACOE. Mr. Rosnick graduated from the University of Washington with a Bachelor of Arts degree with Distinction in Economics and received a Master of Business Administration degree from the University of Texas at Austin. Mr. Rosnick is a member of the Government Finance Officers Association and the CFA Institute.

School Facilities

The District is the second largest public school district in the United States and is the largest public school district in the State. As of June 30, 2020, the District operated 1,116 schools and centers, which consisted of 440 elementary schools, 79 middle/junior high schools, 92 senior high schools, 54 options schools, 231 magnet centers, 61 magnet schools, 25 multi-level schools, 14 special education schools, 1 community adult school, 6 regional occupational centers, 4 skills centers, 86 early education centers, 4 infant centers, and 19 primary school centers. As of June 30, 2020, 51 of the District's schools were operated as locally-funded affiliated charter schools ("Affiliated Charter Schools"). In addition, as of June 30, 2020, the District oversaw 226 fiscally independent charter schools ("Fiscally Independent

Charter Schools") within the District's boundaries. See "STATE FUNDING OF SCHOOL DISTRICTS – Charter School Funding."

Enrollment and Average Daily Attendance

Based on the District's second interim report for fiscal year 2020-21 (the "Fiscal Year 2020-21 Second Interim Report"), the current projected K-12 enrollment in the District for fiscal year 2020-21 is approximately 456,964 students, including those attending magnet, opportunity, and continuation schools and centers, Affiliated Charter Schools, and schools for the handicapped. Such enrollment does not include students attending Fiscally Independent Charter Schools, which is approximately 114,431 students. The District's Fiscal Year 2020-21 Second Interim Report projects that enrollment in the District, excluding the Fiscally Independent Charter Schools within the District's boundaries, will decline by approximately 2.7% on average annually. The District believes that enrollment declines are due to, among other things, the reduced birth rate in the County, increased costs of living and housing costs in southern California, increased numbers of school-age students in the District's boundaries attending Fiscally Independent Charter Schools rather than District schools, and impacts of the COVID-19 pandemic. Given the rapidly evolving nature of the COVID-19 pandemic, enrollment in the District may change throughout fiscal year 2020-21.

As a result of this declining enrollment in District schools, the District's annual average daily attendance ("ADA") declined in fiscal years 2018-19 and 2019-20 and is expected to further decline in fiscal years 2020-21, 2021-22, and 2022-23 based on projections contained in the Fiscal Year 2020-21 Second Interim Report. To ensure funding stability regardless of instructional model in light of the COVID-19 pandemic, the 2020-21 State Budget included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21, and it provided that average daily attendance for fiscal year 2020-21 is based on fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020). See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget*" below for further information. However, the Governor's Proposed 2021-22 State Budget (as defined herein) does not include an extension of the ADA hold-harmless provision in fiscal year 2021-22. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *Proposed 2021-22 State Budget*." Nonetheless, school districts with enrollment declines in fiscal year 2021-22 will continue to retain the ability to receive their apportionment based on the higher of their fiscal year 2019-20 or fiscal year 2020-21 ADA as provided under the Local Control Funding Formula (the "LCFF"). See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula." The following Table A-1 sets forth the District's annual ADA for fiscal years 2011-12 through 2020-21.

TABLE A-1

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual Average Daily Attendance
Fiscal Years 2011-12 through 2020-21(1)

Fiscal Year	K-12(2)	Affiliated Charter Schools(3)	Total
2011-12	534,093	13,499	547,592
2012-13	505,513	28,832	534,345
2013-14	488,362	39,633	527,995
2014-15	476,285	39,944	516,229
2015-16	463,735	39,632	503,367
2016-17	450,713	41,143	491,856
2017-18	438,359	40,232	478,591
2018-19	415,100	38,910	454,010
2019-20	413,968	40,940	454,908
2020-21(4)	413,968	40,940	454,908

(1) Data may differ from other District disclosures because adjustments were made in certain fiscal years due to additional attendance for non-public students, corrected attendance reports for District students, and/or audit findings.
(2) Includes non-public school special education students and District students attending schools operated by the County.
(3) Includes charter schools that are fiscally-affiliated with the District which were funded with block grants until fiscal year 2012-13. Beginning fiscal year 2013-14, such charter schools are funded by the LCFF.
(4) To ensure funding stability in light of the COVID-19 pandemic, the 2020-21 State Budget included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21, and it provided that average daily attendance for fiscal year 2020-21 is based on fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020). See discussion above for more information.

Sources: Los Angeles Unified School District Audited Annual Financial Report for fiscal year 2019-20; the District for Fiscal Year 2020-21.

STATE FUNDING OF SCHOOL DISTRICTS

General

School districts in the State receive operating revenues from federal, State and local sources, including appropriations from the State's general fund and local property taxes derived from a school district's share of the 1% *ad valorem* property tax. School districts also currently receive revenues from the State attributable to temporary tax increases implemented by Proposition 30 (defined herein). In connection with voter approval of Proposition 55 (defined herein), certain of such temporary tax increases were extended by twelve years through 2030. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30" herein. School districts, such as the District, may be eligible for other special categorical funding, including funding for certain State and federal programs. The amount of categorical funding appropriated to a school district may vary significantly from other school districts and yearly. Currently, the District projects to receive approximately 81.45% of District General Fund revenues from funds of or controlled by the State. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations. For fiscal year 2020-21, State revenues comprise a lower percentage of the District's total General Fund revenues as a result of increases in one-time federal funding. For more information regarding the District's funding for fiscal year 2020-21, see " – State Budget Act – *2020-21 State Budget*," "– Local Control Funding Formula" and "DISTRICT FINANCIAL INFORMATION – District Budget" herein.

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

The actual appropriations and the timing of such appropriations are subject to, among other things, the estimated amount of State general fund revenues during the fiscal year and subsequent changes in State law. At times since the implementation of Proposition 98, the State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring apportionments of Proposition 98 funds from one fiscal year to the next, as the State is doing in fiscal years 2019-20 and 2020-21 (see "– State Budget Act – *2020-21 State Budget*" and "– State Budget Act – *Proposed 2021-22 State Budget*" below for further information); by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances. For more information on the Proposition 98 minimum guarantee under the 2020-21 State Budget and the Proposed 2021-22 State Budget, see "– State Budget Act – *2020-21 State Budget*" and "– State Budget Act – *Proposed 2021-22 State Budget*" herein.

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

The State Budget Process

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

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

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

State Budget Act

2020-21 State Budget. The Governor signed the fiscal year 2020-21 State Budget (the "2020-21 State Budget") on June 29, 2020. According to the State, the economic impact of the COVID-19 pandemic was expected to result in a $54.3 billion budget deficit, which the State anticipated addressing through the following measures:

- Reserves. The 2020-21 State Budget planned to draw down $8.8 billion in reserves, including $7.8 billion from the State's Rainy Day Fund (the "State Rainy Day Fund"), $450 million from the Safety Net Reserve, and all of the funds in the Public School System Stabilization Account.

- Trigger. The 2020-21 State Budget included $11.1 billion in reductions and deferrals that would be restored if federal legislation providing for at least $14 billion in federal funds was passed by the United States Congress and signed by the President, and such funds were received by October 15, 2020. If the State received a lesser amount between $2 billion and $14 billion, the reductions and deferrals would be partially restored. The trigger included $6.6 billion in deferred spending on schools, approximately $970 million in funding for the University of California and the California State University, $2.8 billion for state employee compensation, $150 million for courts, and funding for child support administration, teacher training, moderate-income housing, and infrastructure to support infill housing. The trigger was also expected to fund an additional $250 million for county programs to backfill revenue losses. If the federal government did not provide funds in fiscal year 2020-21, the deferrals anticipated in the 2020-21 State Budget might create a larger budget shortfall in subsequent fiscal years. A larger budget shortfall in subsequent years might result in continuing deferrals until the State was able to fully fund its current year education obligations in a single budget year.

- Federal Funds. The 2020-21 State Budget planned to rely on $10.1 billion in federal funds that provide general fund relief, including $8.1 billion already received. This included the enhanced Federal Medical Assistance Percentage, a portion of the State's allocation from the federal Coronavirus Relief Fund and funds provided for childcare programs.

- Revenues. The 2020-21 State Budget anticipated temporarily suspending the use of net operating losses for medium and large businesses and temporarily limiting to $5 million the amount of business incentive credits a taxpayer could use in any given tax year. These short-term limitations would generate $4.4 billion in new revenues in fiscal year 2020-21.

- Borrowing/Transfers/Deferrals. The 2020-21 State Budget planned to rely on $9.3 billion in special fund borrowing and transfers, as well as other deferrals for K-14 school districts.

- Cancelled Expansions, Updated Assumptions and Other Solutions. The 2020-21 State Budget expected to include $10.6 billion of other solutions for addressing the budget deficit, such as cancelling multiple program expansions and anticipating increased government efficiencies, higher ongoing revenues, and lower health and human services caseload costs that previously estimated.

Because of such measures described above, the 2020-21 State Budget was expected to be a balanced budget for fiscal year 2020-21 that projected approximately $137.7 billion in revenues, $88.8 billion in non-Proposition 98 expenditures and $45.1 billion in Proposition 98 expenditures. The 2020-21 State Budget planned to set aside $2.6 billion in the Special Fund for Economic Uncertainties (the "SFEU"), and it anticipated including total funding of $98.8 billion ($48.1 billion general fund and $50.7 billion other funds) for all K-12 education programs. The 2020-21 State Budget estimated the Proposition 98 minimum guarantee at $78.5 billion in fiscal year 2018-19, $77.7 billion in fiscal year 2019-20, and $70.9 billion in fiscal year 2020-21. Such reduction in Proposition 98 funding resulted in per pupil spending of $10,654 in fiscal year 2020-21, a $1,339 reduction from fiscal year 2019-20.

The 2020-21 State Budget planned to offset such reduction in Proposition 98 funding for K-12 school districts in several ways, including the following:

- Local Control Funding Formula Deferrals. As a result of the COVID-19 pandemic, $1.9 billion in LCFF apportionments in fiscal year 2019-20 was expected to be deferred until fiscal year 2020-21, and the 2020-21 State Budget anticipated that apportionment deferrals in fiscal year 2020-21 would grow to $11 billion. Such deferrals were expected to allow LCFF funding to remain at fiscal year 2019-20 levels in both fiscal years. The 2020-21 State Budget suspended the statutory LCFF cost-of-living adjustment in fiscal year 2020-21. The 2020-21 State Budget anticipated that $5.8 billion of deferrals would be triggered off in fiscal year 2020-21 if sufficient federal funding was provided that could be used for such purpose.

- Learning Loss Mitigation. Additionally, the 2020-21 State Budget included a one-time investment of $5.3 billion (comprised of $4.4 billion from the federal Coronavirus Relief Fund,

$589.9 million in Proposition 98 general fund resources, and $355.2 from the federal Governor's Emergency Education Relief Fund) to local education agencies to address learning loss resulting from school closures. To ensure that those local educational agencies serving students most affected by the COVID-19 pandemic received additional funding, the 2020-21 State Budget allocated $2.9 billion of such funds based on the LCFF supplemental and concentration grant allocation, $1.5 billion of such funds based on the number of students with exceptional needs, and $979.8 million of such funds based on the total LCFF allocation.

- Supplemental Appropriations. In fiscal years 2019-20 and 2020-21, the Proposition 98 funding level was projected to drop below the target funding level by a total of approximately $12.4 billion. To accelerate the recovery from such funding reduction, the 2020-21 State Budget anticipated providing supplemental appropriations above the required Proposition 98 funding level, beginning in fiscal year 2021-22, and in each of the next several fiscal years, in an amount equal to 1.5% of general fund revenues, up to a total of $12.4 billion.

- Revised CalPERS and CalSTRS Contributions. To provide immediate and long-term relief to school districts facing rising pension costs, the 2020-21 State Budget redirected $2.3 billion appropriated in the 2019-20 State Budget to California State Teachers' Retirement System ("CalSTRS") and the California Public Employees' Retirement System ("CalPERS") for long-term unfunded liabilities to instead reduce employer contribution rates in fiscal years 2020-21 and 2021-22. Such reallocation would reduce the CalSTRS employer contribution rate from 18.41% to approximately 16.15% in fiscal year 2020-21 and from 17.9% to 16.02% in fiscal year 2021-22. The CalPERS Schools Pool employer contribution rate was expected to be reduced from 22.67% to 20.7% in fiscal year 2020-21 and from 24.6% to 22.84% in fiscal year 2021-22.

- Federal Funds. In addition to the federal Coronavirus Relief Fund and Governor's Emergency Education Relief Fund allocations described above, the 2020-21 State Budget included $1.6 billion in federal Secondary School Emergency Relief funds. Of this amount, $1.5 billion was allocated to local educational agencies in proportion to the amount of Title I-A funding they received to be used for costs relating to the COVID-19 pandemic. Of the remaining $164.7 million, $112.2 million was expected to provide up to $0.75 per meal for local educational agencies participating in certain school meal programs and serving meals between March 2020 and August 2020 due to school closures, $45 million was used for grants to local educational agencies to increase access to health, mental health, and social service supports for high-need students, $6 million was expected to be used to provide educator professional development for providing high quality distance learning, and $1.5 million was used for State Department of Education costs associated with the COVID-19 pandemic.

- Temporary Revenue Increases. As described above, the 2020-21 State Budget included a temporary three-year suspension of net operating losses, and a limitation on business incentive tax credits to offset no more than $5 million of tax liability per year. These temporary changes, along with other tax changes, would generate additional general fund revenues, approximately $1.6 billion of which would benefit the Proposition 98 guarantee.

- Special Education. The 2020-21 State Budget provided for increased special education base rates of $625 per pupil pursuant to a new funding formula. The 2020-21 State Budget also included $100 million to increase funding for students with low-incidence disabilities, $15 million in federal Individuals with Disabilities Education Act ("IDEA") funds for the Golden State Teacher Scholarship Program to increase the special education teacher pipeline, $8.6

million in IDEA funds to assist local educational agencies to develop regional alternative dispute resolution services and statewide mediation services, and $1.1 million in IDEA funds to study the current special education governance and accountability structure.

- Average Daily Attendance and Distance Learning. The 2020-21 State Budget assumed that local educational agencies would provide in-classroom instruction during the 2020-21 school year, but anticipated that public health officials might require school closures. To ensure funding stability regardless of instructional model, the 2020-21 State Budget included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21, and it provided that average daily attendance be based on the 2019-20 school year (specifically, the period July 1, 2019 through February 29, 2020). The 2020-21 State Budget also included requirements for distance learning services in the event of school closures.

- Employee Protections. The 2020-21 State Budget suspended layoffs of non-management certificated staff during fiscal year 2020-21 and classified staff who hold positions in nutrition, transportation, or custodial services during fiscal year 2020-21. The 2020-21 State Budget included $60 million Proposition 98 general fund resources to provide a match of State funds for participating classified employees to be paid during the summer recess period. The 2020-21 State Budget also stated that it is the intent of the State Legislature that school districts, community college districts, joint powers authorities, and county offices of education retain all classified employees in fiscal year 2020-21.

The complete 2020-21 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Proposed 2021-22 State Budget. The Governor released his proposed State budget for fiscal year 2021-22 (the "Proposed 2021-22 State Budget") on January 8, 2021. The Proposed 2021-22 State Budget sets forth a balanced budget for fiscal year 2021-22 with an economic outlook and revenue forecast that is much improved from the 2020-21 State Budget. The Proposed 2021-22 State Budget does not include the State's share of the additional federal COVID-19 relief funding from the Consolidated Appropriations Act, 2021 ("HR 133") that was enacted in late December 2020, which will provide an additional $30 billion in funding to be administered by the State; however, such funding is expected to be reflected in the Governor's May revision of the Proposed 2021-22 State Budget. The Governor cautions that as the State enters fiscal year 2021-22, the risks to such positive forecast remain higher than usual as the State's health and economy are threatened by the highest infection rate since the start of the COVID-19 pandemic. With increasing distribution of vaccines, however, the Governor notes that the State is poised to begin an equitable and broad-based recovery.

The Proposed 2021-22 State Budget estimates that total resources available in fiscal year 2020-21 will total approximately $168.10 billion (including a prior year balance of approximately $5.36 billion) and total expenditures in fiscal year 2020-21 will total approximately $155.90 billion. The Proposed 2021-22 State Budget anticipates the following fund balances for fiscal year 2020-21: $3.18 billion in the State's Reserve for Liquidation of Encumbrances (the "Encumbrances Reserve"), $9.03 billion in the State's SFEU, $747.00 million in the Proposition 98 Rainy Day Fund (also known as the Public School System Stabilization Account), $450.00 million in the State's Safety Net Reserve, and $12.54 billion in the State Rainy Day Fund.

The Proposed 2021-22 State Budget projects total resources available for fiscal year 2021-22 of approximately $170.57 billion, inclusive of revenues and transfers of approximately $158.37 billion and a prior year balance of approximately $12.20 billion. The Proposed 2021-22 State Budget projects total expenditures of approximately $164.52 billion, inclusive of non-Proposition 98 expenditures of approximately $103.68 billion and Proposition 98 expenditures of approximately $60.83 billion. The Proposed 2021-22 State Budget proposes to allocate approximately $3.18 billion of the general fund's projected fund balance to the Encumbrances Reserve and approximately $2.88 billion of such fund balance to the SFEU. In addition, the Proposed 2021-22 State Budget includes deposits to the Public School System Stabilization Account and State Rainy Day Fund with estimated fund balances of approximately $2.99 billion in the Public School System Stabilization Account and approximately $15.57 billion in the State Rainy Day Fund in fiscal year 2021-22 while maintaining the State's Safety Net Reserve fund balance of approximately $450 million. The Proposed 2021-22 State Budget notes that such fund balances will be critical to the State's financial resiliency as the Proposed 2021-22 State Budget projects that expenditures will grow faster than revenues, with a structural deficit of approximately $7.6 billion projected for fiscal year 2022-23 that is forecast to grow to over approximately $11 billion by fiscal year 2024-25.

The Proposed 2021-22 State Budget currently projects that the State's appropriations limit (referred to as the "Gann Limit") will be exceeded for the second time since its passage in 1979. The Gann Limit is currently projected to be exceeded by approximately $102 million. As a result, any funds above the Gann Limit are constitutionally required to be allocated evenly between school districts and a tax refund.

In light of the State's improved economic outlook and revenue forecast for fiscal year 2021-22, the Proposed 2021-22 State Budget reflects the highest-ever State funding level for K-14 education, including the following notable proposals relating to education:

- Proposition 98. The Proposed 2021-22 State Budget includes $85.8 billion of Proposition 98 resources for K-12 schools and community colleges, which represents an increase of $14.9 billion above the level funded in the 2020-21 State Budget and the highest-ever level of funding for K-14 schools. The Proposition 98 funding levels for fiscal year 2019-20 and 2020-21 increased from the 2020-21 State Budget amounts by $1.9 billion and $11.9 billion, respectively, due almost exclusively to increased State general fund revenues in such fiscal years. Total K-12 per-pupil expenditures from all sources are projected to be $18,837 in fiscal year 2020-21 and $18,000 in fiscal year 2021-22 (the decrease between the level of per-pupil expenditures in fiscal year 2020-21 and fiscal year 2021-22 is reflective of the significant allocation of one-time federal funds in fiscal year 2020-21). The Proposed 2021-22 State Budget includes $12,648 of ongoing K-12 per-pupil expenditures of Proposition 98 resources, which represents an increase of $1,994 over the level provided in the 2020-21 State Budget.

- Local Control Funding Formula. The 2020-21 State Budget suspended the cost-of-living adjustment for LCFF in fiscal year 2020-21. To remedy the prior fiscal year's suspension, the Proposed 2021-22 State Budget funds LCFF in fiscal year 2021-22 with both the fiscal year 2020-21 cost-of-living adjustment of 2.31 percent and the fiscal year 2021-22 cost-of-living adjustment of 1.5 percent, for a total combined cost-of-living adjustment of 3.84 percent in fiscal year 2021-22. By combining such cost-of-living adjustments in fiscal year 2021-22, the Proposed 2021-22 State Budget increases Proposition 98 general fund resources for LCFF by $2 billion. Under the Proposed 2021-22 State Budget, total LCFF funding is approximately $64.5 billion, and all local education agencies are funded at their full LCFF target level.

- No A.D.A. Hold Harmless Provision. Unlike the 2020-21 State Budget, the Proposed 2021-22 State Budget does not include a new A.D.A. hold harmless provision for fiscal year 2021-22. However, because of the existing A.D.A. hold harmless provision in the 2020-21 State Budget, local education agencies that experience enrollment declines in fiscal year 2021-22 will retain the ability to receive their LCFF apportionment based on the higher of their 2019-20 or 2020-21 A.D.A. pursuant to existing law.

- Local Property Tax Adjustments. The Proposed 2021-22 State Budget includes an increase of \$54.1 million of ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2020-21 as a result of decreased offsetting property tax revenues. However, the Proposed 2021-22 State Budget reflects a decrease of \$1.2 billion of ongoing Proposition 98 general fund resources for school districts and county offices of education in fiscal year 2021-22 as a result of increased offsetting property tax revenues.

- In-Person Instruction Grants. The Proposed 2021-22 State Budget includes \$2 billion of one-time Proposition 98 general fund resources, available beginning in February 2021, to augment resources for schools to offer in-person instruction safely. This funding will be available on a per-pupil basis for all county schools, school districts, and certain charter schools that are open for in-person instruction by specified dates. Funds may be used for any purpose that supports in-person instruction, and school districts must complete a COVID-19 School Safety Plan and adopt and implement a COVID-19 surveillance testing plan for staff and students as a condition to receipt of such funds.

- Expanded Learning Time and Academic Interventions Grants. To address learning loss due to the COVID-19 pandemic, the Proposed 2021-22 State Budget proposes to allocate \$4.6 billion in one-time Proposition 98 general fund resources for early action by the State legislature. This funding will provide school districts with time to design targeted interventions that focus on students from low-income families, English language learners, youth in foster care, and homeless youth, including an extended school year or summer school.

- Federal COVID-19 Relief Funds. The Proposed 2021-22 State Budget assumes, based on recent federal legislation (see " – *Infectious Disease Outbreak"* below for more information on HR 133), that the school districts within the State could receive more than \$6 billion in total funding from the federal Elementary and Secondary Schools Emergency Relief Fund (of which 90 percent would go directly to Title I schools) and \$400 million in total funding from the federal Governor's Emergency Education Relief Fund to assist schools in reopening and remaining open for in-person instruction during the COVID-19 pandemic.

- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The Proposed 2021-22 State Budget projects that a \$747 million deposit into the Proposition 98 Rainy Day Fund (Public School System Stabilization Account) will be required in fiscal year 2020-21, and a \$2.2 billion deposit will be required in fiscal year 2021-22. The balance of approximately \$3 billion in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23.

- Deferrals. The 2020-21 State Budget included deferrals of LCFF apportionments in the amounts of \$1.9 billion in fiscal year 2019-20, growing to more than \$11 billion in fiscal year 2020-21. The Proposed 2021-22 State Budget pays off the full K-12 deferral of LCFF apportionments in fiscal year 2019-20 and pays off approximately \$7.3 billion of the K-12 deferral of LCFF apportionments in fiscal year 2020-21, leaving an ongoing K-12 deferral balance of \$3.7 billion in fiscal year 2021-22. The Proposed 2021-22 State Budget provides that the June 2022 apportionment will be delayed until July 2022, but that no other apportionments will be affected. The Proposed 2021-22 State Budget indicates that such \$3.7 billion in K-12 deferrals will allow for $6.6 billion in early action proposals to be appropriated in the spring of fiscal year 2020-21 directed toward providing resources for K-12 schools to reopen safely and for expanded learning and academic interventions for those students most disproportionately impacted by the pandemic (see " – *Infectious Disease Outbreak*" below for more information on AB 86).

- Additional Funding for K-14 Education. The Proposed 2021-22 State Budget includes $3.4 billion of non-Proposition 98 general fund resources for K-14 education. Such funding is in addition to the recent federal COVID-19 pandemic relief funding for school districts. See " – *Infectious Disease Outbreak*" below for more information on HR 133.

- Supplemental Payments. The Proposed 2021-22 State Budget projects a decline of $511 million of Proposition 98 funding in fiscal year 2019-20 and fiscal year 2020-21 – a vast improvement from the projected decline of $12.4 billion in the 2020-21 State Budget. As a result, the Proposed 2021-22 State Budget proposes to remove the supplemental payments included in the 2020-21 State Budget. However, in recognition of the extraordinary needs of students and the public school system as a result of the COVID-19 pandemic, the Proposed 2021-22 State Budget includes a one-time $2.3 billion supplementary payment to K-14 schools in fiscal year 2021-22.

- CalPERS/CalSTRS Contributions. The Proposed 2021-22 State Budget provides that CalSTRS will apply $820 million in fiscal year 2021-22 to reduce the employer rate from 18.1 percent to approximately 15.92 percent, and that CalPERS will apply $330 million in fiscal year 2021-22 to reduce the Schools Pool employer contribution rate from 24.9 percent to 23 percent.

- Investing in Educator Professional Development. The Proposed 2021-22 State Budget includes $315.3 million in Proposition 98 general fund resources for educator professional development. This funding includes $250 million of one-time Proposition 98 general fund resources for the Educator Effectiveness Block Grant to expedite professional development for teachers, administrators, and other in-person staff in high-need areas including accelerated learning, re-engaging students, restorative practices, and implicit bias training, and $50 million in one-time Proposition 98 general fund resources to create statewide resources and provide targeted professional development on social-emotional learning and trauma-informed practices.

- Investing in the Teacher Pipeline. The Proposed 2021-22 State Budget includes $225 million in one-time funding to improve the State's teacher pipeline. This funding includes $100 million in one-time non-Proposition 98 general fund resources for continued investment in the Golden State Teacher Grant Program which provides grants to students enrolled in teacher preparation programs who commit to working in high-need fields and at schools with high rates of under-prepared teachers, $100 million in one-time Proposition 98 resources to expand the Teacher Residency Program which supports clinical teacher preparation programs dedicated to preparing and retaining teachers in high-need communities and subject areas, and $25 million in one-time Proposition 98 resources to expand the Classified School Employees Credentialing Program which provides grants to local educational agencies to recruit non-certificated school employees to become certificated classroom teachers.

- Special Education. The Proposed 2021-22 State Budget includes $300 million in ongoing Proposition 98 general fund resources for the Special Education Early Intervention Grant to increase the availability of evidence-based services for infants, toddlers, and preschoolers. The Proposed 2021-22 State Budget also includes $5 million in one-time Proposition 98 general fund resources to establish professional learning networks to increase local educational agency capacity to access federal Medi-Cal funds.

- Community Schools. The Proposed 2021-22 State Budget includes $264.9 million in one-time Proposition 98 general fund resources to enable local educational agencies to expand existing networks of community schools, establish new community schools, and coordinate a wide range of services to these schools with priority given to schools in high-poverty communities.

- Student Mental Health. The Proposed 2021-22 State Budget includes $400 million in one-time funding, consisting of a mix of one-time federal and State general fund resources available over multiple years, for the Department of Health Care Services to implement an incentive program through Medi-Cal Managed Care Plans administered by county behavioral health departments and schools. Additionally, the Proposed 2021-22 State Budget also includes $25 million in one-time Mental Health Services Fund resources, available over multiple years, to expand the Mental Health Student Services Act Partnership Grant Program, which funds partnerships between county behavioral health departments and schools. Finally, the Proposed 2021-22 State Budget includes $25 million in ongoing Proposition 98 general fund resources to fund innovative partnerships with county behavioral health to support student mental health services.

- Early Learning. The Proposed 2021-22 State Budget includes $250 million in one-time Proposition 98 general fund resources, available over multiple years, to provide grants to local educational agencies that offer early access to transitional kindergarten ("TK") to help them cover up-front costs associated with expanding their TK programs. Additionally, to increase the number of highly qualified teachers available to serve TK students, the Proposed 2021-22 State Budget includes an increase of $50 million of one-time Proposition 98 general fund resources to support the preparation of TK teachers and provide both TK and kindergarten teachers with training in providing instruction in inclusive classrooms, support for English language learners, social-emotional learning, trauma-informed practices, restorative practices, and mitigating implicit biases. The Proposed 2021-22 State Budget also includes $200 million in one-time general fund resources for school districts to construct and retrofit existing facilities to support TK and full-day kindergarten programs.

The complete Proposed 2021-22 State Budget is available from the California Department of Finance website at **www.dof.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

LAO Overview of Proposed 2021-22 State Budget. The Legislative Analyst's Office ("LAO"), a nonpartisan State office which provides fiscal and policy information and advice to the State Legislature, released its report on the Proposed 2021-22 State Budget entitled "The 2021-22 Budget: Overview of the Governor's Budget" on January 10, 2021 (the "2021-22 Proposed Budget Overview"). In the 2021-22 Proposed Budget Overview, the LAO summarizes the condition of the Proposed 2021-22 State Budget and notes the State's improved fiscal picture amidst the ongoing COVID-19 pandemic. The LAO also highlights key features of the Proposed 2021-22 State Budget, which include a wide array of one-time programmatic spending and efforts to alleviate the impacts of the COVID-19 pandemic.

The LAO notes that, under the Proposed 2021-22 State Budget, the State would end fiscal year 2021-22 with approximately $18.91 billion in total reserves, representing an increase of $7.50 billion from the budgeted reserve level of $11.4 billion in fiscal year 2020-21 set forth in the 2020-21 State Budget. The increase in total reserves is the result of an estimated $3 billion required deposit into the State Rainy Day Fund, a $4.20 billion true-up deposit into the State Rainy Day Fund for fiscal years 2019-20 and 2020-21, and an increase in the discretionary SFEU of $267 million. The LAO summarizes that at the end of fiscal year 2021-22, the State Rainy Day Fund would reach a balance of approximately

$15.57 billion, the SFEU would reach a balance of approximately $2.88 billion, and the Safety Net Reserve would contain a balance of approximately $450 million. Despite the overall increase in reserves, the LAO anticipates that the State will face large multiyear operating deficits if the State legislature adopts the Proposed 2021-22 State Budget. In particular, the LAO warns that the State would experience an operating deficit of $7.60 billion in fiscal year 2022-23 that would grow to $11.30 billion in fiscal year 2024-25. The LAO recommends that the State legislature begin to consider the ways in which the State might address the multiyear structural deficit, including, for example, by considering the use of discretionary spending to make supplemental pension payments.

The LAO estimates that the Governor had a $15.50 billion surplus to allocate in the Proposed 2021-22 State Budget, and that the Governor allocated approximately $8.10 billion to one-time or temporary spending, approximately $2.90 billion to the SFEU, approximately $2.50 billion to revenue reductions, approximately $1.30 billion to ongoing spending (the costs of which the LAO estimates will grow slightly over time to $1.40 billion by fiscal year 2024-25), and approximately $700 million to repay State debts and liabilities. The LAO comments that the Proposed 2021-22 State Budget provides a reasonable mix of one-time and ongoing spending. The LAO observes that most one-time spending is allocated to housing and homelessness, as well as natural resources and the environment, while most ongoing spending is allocated to health and behavioral health. The LAO notes that of the new spending specifically attributable to fiscal year 2021-22, the Proposed 2021-22 State Budget allocates $2.60 billion for ongoing commitments and $2.90 billion for one-time activities. Combined with a $2.40 billion one-time deposit into the Public School System Stabilization Account, this one-time spending creates a budget cushion of $5.30 billion that helps protect ongoing programs from volatility in the Proposition 98 minimum guarantee. The LAO remarks that having a large one-time cushion is especially important in fiscal year 2021-22 given the continued and significant economic uncertainty caused by the ongoing COVID-19 pandemic.

The LAO observes that the 2020-21 State Budget addressed a $54 billion budget shortfall, which arose as a result of significant declines in expected revenues. Although such revenue estimates were reasonable at the time, the LAO notes that revenues have nearly returned to pre-COVID-19 pandemic levels while State costs have not risen as dramatically as expected. The LAO also calls attention to the fact that some of the State's actions in response to the COVID-19 pandemic (including making withdrawals from reserves and shifting costs) were larger than necessary and that the Proposed 2021-22 State Budget uses very little discretionary spending to restore budget resilience. While the LAO agrees that the State should remain focused on its response to the COVID-19 pandemic, it suggests that taking actions now to restore budget resilience is nonetheless important both to address the State's multiyear budget problem and to help the State weather the next unexpected downturn.

The LAO remarks that the Proposed 2021-22 State Budget offers the State legislature an opportunity to consider how the State can best use its resources to help it respond to and recover from the COVID-19 pandemic. In December 2020, the federal government passed a fifth round of pandemic relief, providing additional funding to most taxpayers, people receiving unemployment insurance benefits, renters, businesses, and schools. The Proposed 2021-22 State Budget includes a number of significant proposals that address overlapping needs relating to the COVID-19 pandemic. The LAO observes that while this overlap is understandable given the timing of the release of the Proposed 2021-22 State Budget, the State legislature should examine the Proposed 2021-22 State Budget in light of the new federal relief. Specifically, the LAO recommends that the State legislature determine how to best target State funds to those not already benefiting from the federal assistance, and strive to complement, rather than duplicate, the federal stimulus.

The Proposed 2021-22 State Budget includes $5 billion in actions that the Governor proposes the State legislature adopt in January and February 2021 ("Immediate Action Proposals"). The Governor's

Immediate Action Proposals include $2 billion for in-person instruction grants to incentivize schools to offer in-person instruction for younger students and students with high needs, potentially as soon as February 16, 2021. The LAO is concerned this proposal sets unfeasible timelines and could discourage school district participation. Although it believes some additional State funding should be directed toward academic support and reopening schools, the LAO recommends allocating a larger share of one-time funds to paying down deferrals or mitigating future cost increases related to pensions. The Governor's Immediate Action Proposals also include providing $2.40 billion in tax refunds to low-income taxpayers, which the LAO believes could be more narrowly tailored to assist taxpayers using an Individual Taxpayer Identification Number; providing $550 million in small business grants, which the LAO agrees is worth considering given that the recent federal business assistance does not target businesses most heavily-impacted by the COVID-19 pandemic; and waiving fees for individuals and businesses directly affected by the State's stay-at-home orders, which the LAO assesses as reasonable.

The Proposed 2021-22 State Budget also includes $7.80 billion in actions that the Governor proposes the State legislature adopt in Spring 2021 ("Early Action Proposals"). The Governor's Early Action Proposals include additional academic support for disadvantaged students, emergency financial aid for community college students, and funding for various State housing and housing-related infrastructure programs. The LAO recommends that the State legislature evaluate each Early Action Proposal separately and offers a framework for legislators to conduct such evaluations. Ultimately, the LAO recognizes that making decisions with the benefit of knowing how COVID-19 vaccine distribution proceeds, how the State economy responds, how State revenues perform in the spring, and whether the federal government distributes additional funds to states will be very valuable for evaluating how to allocate the State's limited resources.

The 2021-22 Proposed Budget Overview is available on the LAO website at **www.lao.ca.gov**. The District can take no responsibility for the continued accuracy of this internet address or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Changes in State Budget. The final fiscal year 2021-22 State budget, which requires approval by a majority vote of each house of the State Legislature, may differ substantially from the Proposed 2021-22 State Budget. In May, the Governor will revise the Proposed 2021-22 State Budget based on updated information available at such time. Such revision in May 2021 may also differ substantially from the Proposed 2021-22 State Budget. The final fiscal year 2021-22 State budget may be affected by national and State economic conditions and other factors which the District cannot predict, including the continued and evolving effects of the COVID-19 pandemic on State revenues that may in turn impact the educational funding that the District receives from the State. Accordingly, the District cannot provide any assurances that there will not be any changes in the final fiscal year 2021-22 State budget from the Proposed 2021-22 State Budget. The District cannot predict the impact that the final fiscal year 2021-22 State budget, or subsequent budgets, will have on its finances and operations.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control, including but not limited to the COVID-19 pandemic. Certain actions could result in a significant shortfall of revenue and cash, and could impair the State's ability to fund schools during fiscal years 2020-21 and 2021-22 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District. As the Refunding Bonds are payable from *ad valorem* property taxes, the State budget is not expected to have an impact on the payment of the Refunding Bonds.

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

State and School District Reserves. As described above, the 2020-21 State Budget projected that the State would need to access its reserves to mitigate the budget shortfall in fiscal year 2020-21, including drawing down all of the funds in the Public School System Stabilization Account. See "*– 2020-21 State Budget*." While the Proposed 2021-22 State Budget projects an improved economic outlook for the State that may even result in deposits into the Public School System Stabilization Account as opposed to drawdowns (see "*– Proposed 2021-22 State Budget*"), school districts may still need to access their local reserves in light of some of the unpredictability in State and federal funding. The District, which has an A.D.A. of more than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 1% of General Fund appropriations. For more information on the District's reserves and related policies, see "DISTRICT FINANCIAL INFORMATION – District Financial Policies and Related Practices – *Budget and Finance Policy – Operating Reserves.*"

State Funding of Schools Without a State Budget

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

Local Control Funding Formula

General. Funding for school districts, charter schools and county offices of education in connection with the LCFF includes State apportionments for general operating costs ("State Aid") and funding for categorical programs. During fiscal year 2019-20, approximately 74.47% of the District's General Fund revenues were pursuant to the LCFF. During fiscal year 2020-21, the District projects that approximately 68.47% of the District's General Fund revenues will consist of funds determined under the LCFF. The following Table A-2 sets forth the percentage of the District's General Fund revenues that are derived from revenues under the LCFF, federal revenues, other State revenues and other local revenues for fiscal years 2016-17 through 2020-21.

TABLE A-2

LOS ANGELES UNIFIED SCHOOL DISTRICT
General Fund Revenue Sources
Percentage of Total District General Fund Revenues[1]
Fiscal Years 2016-17 through 2020-21

Revenue Source	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21[2]
LCFF	75.91%	74.89%	73.17%	74.47%	68.47%
Federal Revenues	8.57	8.10	8.23	8.31	16.86
Other State Revenues	13.14	13.30	15.78	14.98	12.98
Other Local Revenues	2.38	3.71	2.82	2.24	1.69

(1) Sum of percentages may not equal 100% due to rounding.
(2) Projected. For fiscal year 2020-21, State revenues comprise a lower percentage of the District's total General Fund revenues as a result of increases in one-time federal funding. For more information regarding State and federal funding during fiscal year 2020-21, see " – State Budget Act – *2020-21 State Budget*" and "DISTRICT FINANCIAL INFORMATION – District Budget."

Sources: Audited Annual Financial Report for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Second Interim Report.

The LCFF allocates State funding based on a school district's demographics. Each school district receives a base grant (the "Base Grant") per ADA in an amount determined by the State. Pursuant to the LCFF, each local education agency ("LEA") is required to, among other things, show progress toward an average class enrollment of no more than 24 pupils in kindergarten through grade 3, unless the LEA has entered into a collective bargaining agreement specifying an annual alternative average class enrollment in those grades for each school. Accordingly, the LCFF includes an adjustment to the Base Grant for kindergarten through grade 3 (the "K-3 Grade Span Adjustment") of approximately 10.4% in order to cover the costs associated with class size reduction. In addition, the LCFF includes an adjustment to the Base Grant for grades 9 through 12 of approximately 2.6% in order to cover the costs of, among other things, providing career technical education.

Based on the ADA of the given demographic classification, school districts are eligible to receive a 20% supplemental grant (the "Supplemental Grant") for students classified as English learners ("EL"), students eligible to receive a free or reduced price meal ("FRPM"), and students classified as foster youth ("LI"). The State expects the Supplemental Grants to reflect the additional costs associated with the education of EL, FRPM and LI students. In addition, school districts are eligible to receive a concentration grant (the "Concentration Grant") if the school district has a significant concentration of students classified as EL, FRPM or LI (collectively, "Unduplicated Pupils"). The LCFF uses an unduplicated student count to determine the amount of the Supplemental Grant and Concentration Grant authorized for a school district. A school district may only count a student one time if such student is classified in more than one of the EL, FRPM and LI categories. In the event the percentage of Unduplicated Pupils exceeds 55% of a school district's total enrollment, the LCFF provides additional funding to the school district through a Concentration Grant. The Concentration Grant will be an amount equal to an additional 50% of the school district's adjusted Base Grant, which includes the cost of living adjustment and grade span adjustments, if any, for each Unduplicated Pupil above the 55% threshold.

The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2020-21, the LCFF provided to school districts and charter schools: (a) a Target Base Grant for each LEA equivalent to \$8,503 per ADA for kindergarten through grade 3; (b) a Target Base Grant for each LEA equivalent to \$7,818 per ADA for grades 4 through 6; (c) a Target Base Grant for each LEA equivalent to \$8,050 per ADA for grades 7 and 8; (d) a Target Base Grant for each LEA equivalent to \$9,572 per ADA for grades 9 through 12. This amount has historically included a costs-of-living adjustment set forth in the applicable State budget. However, the 2020-21 State Budget suspends the statutory cost-of-living adjustment in fiscal year 2020-21. For more information, see "State Budget Act – *2020-21 State Budget*." The amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants is subject to the discretion of the State.

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

The difference between the amount a school district or charter school would have received under the old funding system and the estimated amount it would receive for LCFF funding at full implementation, based on certain criteria is referred to as the "Economic Recovery Target." Only school districts and charter schools that were at, or below, the 90th percentile of per-pupil funding rates of school districts under the pre-fiscal year 2013-14 funding system, as determined at the certification of the State's second principal apportionment in fiscal year 2013-14, are eligible for Economic Recovery Target payments. Based on this criteria, the District is not entitled to receive Economic Recovery Target funding. However, certain of the District's Affiliated Charter Schools are entitled to the Economic Recovery Target funding and received approximately \$990,310, collectively, in fiscal year 2019-20, and project to receive the same amount, collectively, in fiscal year 2020-21.

The District has the largest ADA in the State. See "DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance" herein. In addition, the District's ADA includes a significant number of students classified as Unduplicated Pupils. Accordingly, the District expects to receive more LCFF funding than other school districts in the State. The Fiscal Year 2020-21 Second Interim Report projects that approximately 85.19% of students attending non-charter schools of the District will be classified as Unduplicated Pupils under the LCFF during fiscal year 2020-21. The percentage of students classified as Unduplicated Pupils is based on a three-year rolling average. The District's calculation of ADA with respect to Unduplicated Pupils, which is used to determine Supplemental and Concentration Grant revenues, is subject to adjustment upon review thereof by the District's independent auditor.

The following Table A-3 sets forth the District's Base Grant per ADA for fiscal years 2014-15 through 2020-21 under the LCFF.

TABLE A-3

LOS ANGELES UNIFIED SCHOOL DISTRICT
Adjusted Base Grant Per Average Daily Attendance
Fiscal Years 2014-15 through 2020-21

Fiscal Year	Grades K-3	Grades 4-6	Grades 7-8	Grades 9-12
2014-15	$7,740	$7,116	$7,328	$8,712
2015-16	7,820	7,189	7,403	8,801
2016-17	7,820	7,189	7,403	8,801
2017-18	7,941	7,301	7,518	8,939
2018-19(1)	8,235	7,571	7,796	9,269
2019-20	8,503	7,818	8,050	9,572
2020-21(2)	8,503	7,818	8,050	9,572

(1) LCFF was fully funded in fiscal year 2018-19.
(2) Budgeted, as set forth in the Fiscal Year 2020-21 Revised Budget (as defined herein).

Sources: Los Angeles Unified School District Comprehensive Annual Financial Report for fiscal years 2014-15 through 2015-16; the District for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Revised Budget for fiscal year 2020-21.

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

COVID-19 Background. The outbreak of the respiratory disease caused by COVID-19 has been declared a pandemic by the World Health Organization, a national emergency by former President Trump and a state of emergency by the Governor of the State.

Federal Response. On March 13, 2020, former President Trump declared a nationwide emergency pursuant to Section 501(b) of the Stafford Act, regarding the COVID-19 pandemic. On March 22, 2020, former President Trump approved the Major Disaster Declaration for the State of California, authorizing federal emergency aid related to COVID-19 administered through the Federal Emergency Management Agency ("FEMA"). As a result, local educational agencies were permitted to submit a request for FEMA public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19. The District submitted its initial request for FEMA public assistance for eligible expenses incurred through June 30, 2020, but it cannot predict the amount of federal emergency aid it will receive pursuant to such request. The District is preparing to submit additional requests for eligible expenses subsequently incurred.

On March 27, 2020, the U.S. House of Representatives approved and former President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act provides $30 billion to education, specifically $3 billion allocated to state governors to be used at their discretion to address the emergency, $13.5 billion for K-12 education, and $14.25 billion for postsecondary institutions. School districts are able to use their share of the $13.5 billion K-12 education allocation under the CARES Act, which is based on the proportion of Title I funding received for the most recent fiscal year, for purposes authorized by federal law and other specified uses. In fiscal year 2020-21, the District received allocations of approximately $857.7 million in funding under the CARES Act, which included approximately $289.3 million from the Elementary and Secondary School Emergency Relief Fund (the "ESSER") provided directly from the federal government to the District, and amounts allocated by the State of California through its Learning Loss Mitigation Fund, including approximately $488.6 million from the Coronavirus Relief Fund (the "CRF") provided from CARES Act funding, approximately $31.9 million from the Governor's Emergency Education Relief Fund (the "GEER") provided from CARES Act funding, and approximately $47.9 million from the State's general fund. To date, the District has received all $488.6 million allocated under the CRF, all $47.9 million allocated under the State's general fund, $7.9 of the $31.9 million allocated under the GEER, and $121.8 million of the $289.3 million allocated under the ESSER. The District is still eligible to receive $24 million in funding from the GEER and $167.5 million in funding from the ESSER for amounts obligated through September 30, 2022, including certain amounts required to be shared with non-public schools. The District has also received $19.9 million in supplemental reimbursements at a rate of 75 cents per meal for meals served to students between April 2020 and August 2020; a portion of such funding was provided by federal sources under the CARES Act and the other portion of such funding was provided by State funds.

On December 27, 2020, HR 133 was enacted, which includes a $900 billion COVID-19 relief package. HR 133 provides approximately $81.9 billion to education, specifically about $4.1 billion allocated to state governors to be used at their discretion to address the emergency, of which approximately $2.75 billion is reserved for private K-12 education, about $54.3 billion for K-12 education, around $22.7 billion for postsecondary institutions, and about $819 million for outlying areas and Bureau of Indian Affairs schools. School districts will be able to use their share of the approximately $54.3 billion K-12 education allocation under HR 133, which will be based on the proportion of Title I funding received for the most recent fiscal year, for purposes authorized by federal law and other specified uses. Pursuant to HR 133, $154 million has been allocated to the State in the form of funding from the GEER (the "GEER II"), but the District's share of such funding from the GEER II has not yet been determined. In addition, pursuant to HR133, the District is eligible to receive approximately $1.15 billion in funding from the ESSER (the "ESSER II") for eligible expenditures obligated through September 30, 2023.

On March 11, 2021, the American Rescue Plan Act of 2021 ("HR 1319"), a $1.9 trillion COVID-19 relief package, was enacted. HR 1319 provides approximately $165.15 billion to education, specifically about $122.8 billion to public K-12 education, around $2.75 billion to private K-12 education and about $39.6 billion to postsecondary institutions. Of the approximately $122.8 billion in K-12 funding, about $7.2 billion is set aside for purchasing technology to support digital learning and around $800 million is set aside for supporting homeless students. HR 1319 allocates K-12 funding to states and school districts according to the proportion of Title I funding received for the most recent fiscal year. It further stipulates that of the K-12 funds received by states, 90% must be distributed to local educational agencies, 5% must be used to address learning loss, 1% must be used for summer enrichment programs and 1% must be used for comprehensive afterschool programs, and of the K-12 funds received directly by school districts, 20% must be used to address learning loss. Pursuant to HR 1319, the District expects to receive approximately $2.6 billion in additional funding from the ESSER (the "ESSER III") for expenditures obligated through September 30, 2024; however, the exact amount of funding from ESSER III has not yet been determined.

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

The Governor signed Assembly Bill 86 ("AB 86") into law on March 5, 2021. AB 86 provides approximately $6.6 billion to local educational agencies to encourage a return to in-person education, with a focus on students who are younger (TK-2) and most disproportionately impacted by the COVID-19 pandemic. Funding is distributed as follows: $725 per student, an additional $1,000 per homeless student, and funds remaining after these apportionments are distributed proportionally based on LCFF. $2 billion is set aside as incentive for school districts that return to in-person instruction by March 31, 2021 for at least TK-2 and ramping up to include higher grades if county transmission rates allow. Beginning April 1, 2021, school districts' apportioned incentive funding is reduced by 1% for every academic calendar day they do not offer in-person education until May 15, 2021, after which school districts forfeit their entire apportionment of incentive funding. AB 86 allocates approximately $4.6 billion to local educational agencies to support expanded learning opportunities that target learning loss resulting from the COVID-19 pandemic. School districts must implement learning recovery programs that include, at minimum, supplemental instruction, resources for social and emotional well-being and meal programs. AB 86 also establishes reporting requirements to monitor COVID-19 cases and in-person education status and apportions $25 million to the State's "Safe Schools For All Team" to provide technical assistance, community engagement, oversight and accountability to school districts. AB 86 further sets aside 10% of the State's vaccine supply for childcare and TK-12 education staff. Under AB 86, the District anticipates receiving in excess of $500 million in additional funding based upon its reopening of schools for in-person hybrid instruction throughout April 2021, but the specific amount of funding to be received under AB 86 will depend on the State's application of the 1% reduction in incentive funding referenced above. For more information on the District's plan to reopen schools for in-person hybrid instruction, see "– District Response" below.

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

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

In response to the COVID-19 pandemic, the District incurred costs totaling approximately $701.5 million from March 2020 through December 2020. Such costs were largely attributed to the following priorities:

- **Instructional Connectivity** – The District has purchased over 217,000 new devices and over 100,345 internet hotspots for students to support distance learning. The District has also developed online learning platforms and provided training to teachers to support online instruction.

- **Health and Safety - *Meals* –** The District established 63 "Grab & Go" food centers across the District to provide breakfast and lunch meals to children and adults in need. In May 2020, the District increased the number of meals provided each weekday from two to three for each child and adult who visited the food centers. As of first quarter 2021, the District distributed more than 100 million meals to children and adults since March 2020 with plans to continue this relief effort as some students return to in-person instruction at the District's school sites.

- **Health and Safety – *Cleaning and Protective Equipment* -** The District has incurred significant additional costs associated with the sanitation of schools and other District facilities, the supply of personal protective equipment, upgrades to its ventilation systems to provide additional protection against COVID-19 and other airborne viruses, and to facilitate social distancing and provide additional protective measures against the transmission of COVID-19.

- **Health and Safety – *COVID-19 Testing* –** The District has implemented a robust COVID-19 testing program, providing access to state-of-the-art COVID-19 tests to its students and staff at locations throughout the District

- **Business Continuity and Connectivity** – Since the District's administration and support staff are largely working remotely, the District has provided staff with the tools and training necessary to ensure that operations continue.

As a result of the COVID-19 pandemic, the District currently projects approximately $1.91 billion in costs associated with reopening schools (when appropriate), operations, and the continuity of learning. More specifically, based on the Fiscal Year 2020-21 Second Interim Report, the District projects (1) approximately $384 million in costs associated with COVID-19 safety, including testing and contact tracing, vaccinations, and personal projective equipment, (2) approximately $170 million in costs associated with mental health support, (3) approximately $1.22 billion in costs associated with instruction, including online learning, in-person instruction, and extended instruction, enrichment and tutoring services, and (4) approximately $140 million in costs associated with special education services.

While SB 117, the CARES Act, HR 133, HR 1319 and AB 86 have provided and will continue to provide some immediate relief to school districts, including the District, the short-term and long-term impacts of the COVID-19 outbreak are unknown as the situation continues to evolve. The District cannot predict whether similar legislation would be enacted in the event the outbreak of COVID-19 continues or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

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

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

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

In response to the COVID-19 pandemic and the unique conditions under which many school districts are operating, Senate Bill 98, a budget trailer bill adopted in connection with the 2020-21 State Budget, revises certain annual LCAP requirements, removes the requirement for a traditional LCAP for the 2020-21 school year and replaces such requirement with what is referred to as a Learning Continuity and Attendance Plan (the "Learning Continuity and Attendance Plan"). The Learning Continuity and Attendance Plan seeks to address funding stability for schools while providing information at the LEA level describing how student learning continuity will be addressed during the COVID-19 pandemic in the

2020-21 school year. The Learning Continuity and Attendance Plan is intended to balance the needs of all stakeholders, including educators, parents, students, and community members, while streamlining meaningful stakeholder engagement. The Learning Continuity and Attendance Plan memorializes the planning process already underway for the 2020-21 school year, and includes plans for the following: (i) addressing gaps in learning; (ii) conducting meaningful stakeholder engagement; (iii) maintaining transparency; (iv) addressing the needs of unduplicated pupils, students with unique needs, and students experiencing homelessness; (v) providing access to necessary devices and connectivity for distance learning; (vi) providing resources and support to address student and staff mental health and social emotional well-being; and, (vii) continuing to provide school meals for students. While CDE guidelines suggest a governing board adoption timeline of September 30, 2020, such timing is intended to ensure that the Learning Continuity and Attendance Plan is completed in the beginning of the 2020–21 school year and allow for communication of decisions that will guide how instruction will occur during the 2020–21 school year. The District Board adopted a Learning Continuity and Attendance Plan on October 6, 2020 and submitted such plan to LACOE. Senate Bill 98 also requires school districts to approve a Parent Budget Overview by December 15, 2020, which the District Board did on December 15, 2020, and submitted such overview to LACOE.

Charter School Funding

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

Pursuant to the LCFF, Fiscally Independent Charter Schools and Affiliated Charter Schools will receive a Base Grant per ADA and are eligible to receive Supplemental Grants and Concentration Grants. See " – Local Control Funding Formula" herein. As of June 30, 2020, the District operated 51 Affiliated Charter Schools and oversees 226 Fiscally Independent Charter Schools within the District boundaries. The District projects the annual ADA for fiscal year 2020-21 of the Affiliated Charter Schools and the Fiscally Independent Charter Schools will be approximately 40,940 and 110,460 students, respectively. An increase in the number of Fiscally Independent Charter Schools within the boundaries of a school district or an increase in the number of students transferring to a Fiscally Independent Charter School or an Affiliated Charter School from a traditional school within a school district may cause a net reduction in the District's ADA.

Limitations on School District Reserves

Unless a school district is granted an exemption by its county superintendent of schools, amounts in its reserves may not exceed the limitations set forth in the Education Code once certain conditions precedent are met. Pursuant to Section 42127.01 of the Education Code, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of State general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10% of those funds. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the reserves limitation for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserves limitation. The limitation applies once the Superintendent of Public Instruction notifies school districts and county offices of education that the conditions precedent are met. The Superintendent of Public Instruction is also required to notify school districts and county offices of education when those conditions no longer exist.

The Proposed 2021-22 State Budget projects that a $747 million deposit into the Proposition 98 Rainy Day Fund (Public School System Stabilization Account) will be required in fiscal year 2020-21, and a $2.2 billion deposit will be required in fiscal year 2021-22. According to the Proposed 2021-22 State Budget, the balance of approximately $3 billion in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23. For more information, see "- State Budget Act – *Proposed 2021-22 State Budget*."

The State-imposed minimum recommended reserve for the District is accounted for in the Reserve for Economic Uncertainties. The District cannot predict the extent to which the State will fund the Public School System Stabilization Account in the final adopted State budget for fiscal year 2021-22. In addition, the District cannot predict what steps it will implement, if any, to adjust its budgeted reserves to comply with the Education Code. Further, the District cannot predict whether the limitations on reserves in the Education Code will apply solely to fund balances in the District's General Fund or if it will apply to other funds of the District. However, the District does not expect the limitations on reserves in the Education Code to adversely affect its ability to pay the principal of and interest on the Refunding Bonds described in the forepart of this Official Statement, which are payable from voter-approved *ad valorem* property taxes.

DISTRICT FINANCIAL INFORMATION

District Financial Policies and Related Practices

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

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

<u>Operating Reserves</u>. The District uses the Operating Reserves to manage its budget for each fiscal year. A portion of the District's authorized appropriations are set aside in the Operating Reserves. The District generally appropriates amounts from the General Fund based on the amount estimated in its budget. However, the District may appropriate funds from unspent balances within the Operating Reserves, if necessary. Accordingly, the District uses the Operating Reserves to ensure that appropriations reflect the District's actual General Fund expenditures. The current Operating Reserves include nonspendable reserves, restricted reserves, committed reserves, assigned reserves, and unassigned reserves, the latter of which includes the District's reserve for economic uncertainties (the "Reserve for Economic Uncertainties"). Pursuant to the California Code of Regulations, school districts with an ADA of 400,001 or greater, such as the District, must maintain a reserve for economic uncertainties of 1% of General Fund appropriations.

Pursuant to the Budget and Finance Policy, the District's total General Fund balance may not be less than an amount equal to 5% of total General Fund expenditures and net transfers out during a fiscal year (the "5% Minimum Reserve Threshold"). In addition, the Budget and Finance Policy requires the projected General Fund balance to satisfy the 5% Minimum Reserve Threshold in each of the two subsequent fiscal years which the District includes in its interim financial reports. See "– District Budget – *Fiscal Year 2020-21 Second Interim Report*" herein. In the event that the District's estimates indicate that the total General Fund balance will not satisfy the 5% Minimum Reserve Threshold in any of the current fiscal year or two subsequent fiscal years, the Budget and Finance Policy directs the District to develop and implement budget proposals to restore reserve balances to the 5% Minimum Reserve Threshold.

Based on the Fiscal Year 2020-21 Second Interim Report, the District's Operating Reserves are expected to satisfy both the 5% Minimum Reserve Threshold and the 1% statutory reserve requirement for fiscal years 2020-21, 2021-22 and 2022-23. Unlike the 5% Minimum Reserve Threshold, the 1% statutory reserve requirement is based on the unrestricted and unassigned ending fund balance only and does not take into account the restricted, committed, or assigned ending fund balances. See "– District Budget – *Fiscal Year 2020-21 Second Interim Report*" herein.

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

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

The District Board approved the creation of an irrevocable trust for its OPEB liability (the "OPEB Trust Fund") in May 2014. The Budget and Finance Policy directs the District, subject to approval by the District Board, to make annual contributions to the OPEB Trust Fund when the balance in the General Fund exceeds the 5% Minimum Reserve Threshold to the extent possible. In the event that the unrestricted portion of the General Fund is above 5% of the unrestricted revenues (after the annual OPEB contribution has been determined), the Budget and Finance Policy directs the District to make an additional contribution from the assigned OPEB reserve to the OPEB Trust Fund. See "– Other Postemployment Benefits" herein. As of June 30, 2020, the net position of the OPEB Trust Fund was approximately $426.0 million.

The Health and Welfare Benefits Fund is used to pay all health and welfare payments for active employees and retirees. The District determines funding of the Health and Welfare Benefits Fund based on the applicable health benefits agreement for each of the applicable years. See "– Employees and Labor Relations – *Negotiations Regarding Labor Contracts*" herein. As of June 30, 2020, the net position of the Health and Welfare Benefits Fund was approximately $393.5 million.

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

The Debt Management Policy is required to be reviewed annually. The current Debt Management Policy was approved by the District Board on June 23, 2020. The District is in compliance with the Debt Management Policy. The Debt Management Policy establishes a ceiling of 2.0% for the ratio of COPs gross annual debt service to District General Fund expenditures. The District Board may increase the target at the time a new debt issuance is proposed, but such authority is not intended to exceed the ceiling established in the Debt Management Policy. As of June 30, 2020, the maximum fiscal year COPs debt service was approximately 0.32% of the District General Fund expenditures during fiscal year 2019-20. As of April 1, 2021, the District has outstanding COPs in the aggregate principal amount of approximately $130.97 million. (See " – District Debt – *Certificates of Participation*" for more information on the District's COPs refunding.) The Debt Management Policy limits unhedged variable rate debt to $100 million and requires reporting of the debt ratios and benchmarks. The District currently has no variable interest rate exposure.

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

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

Cybersecurity Practices. The District has implemented a standards-based information security management program ("ISMP") in order to minimize the impact and frequency of cybersecurity incidents. The ISMP includes a number of procedural, technical, and physical security safeguards that take into account the District's cyber threats and vulnerabilities. Safeguards include, but are not limited to, policies that require employees, students, and parents to acknowledge their obligation to protect District information, cybersecurity training for employees, next generation network security technologies, and access control systems.

The District collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District is constantly facing a variety of persistent and evolving cybersecurity threats. In January 2015, the District experienced a denial of service attack, which slowed its internet connection for approximately three hours. The District's Information Technology Division was unable to positively identify the attacker; however, the District upgraded its network security equipment to better detect and prevent similar future attacks. In 2019, the District experienced a cyberattack that resulted in unauthorized access to a limited number of student records; the software vulnerability was resolved the same day. As a result of the COVID-19 pandemic, the District has rapidly implemented remote learning and working programs for students and employees, which increases the District's vulnerability to cyberattacks. However, the District is actively managing such vulnerabilities.

In 2016, the District hired a Director of Information Technology Security, who developed and implemented the ISMP to protect the confidentiality, integrity, and availability of information assets managed by the District's Information Technology Division and comply with all applicable information protection regulations including the Family Educational Rights and Privacy Act, Children's Internet Protection Act, and the Health Care Insurance Portability and Accountability Act. The District has adopted a strategy to reduce the cost and risk of business disruptions caused by cybersecurity incidents. Incident response costs are offset by mandating that the District and its third-party information technology contractors carry annual cyber liability insurance. The District currently maintains information security and privacy insurance with electronic media liability coverage.

Significant Accounting Policies, System of Accounts and Audited Financial Statements

The CDE imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. The District uses fund accounting and maintains governmental funds, proprietary funds and fiduciary funds. The General Fund is the chief operating fund of the District. For a description of the other major funds of the District, see the description thereof contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020." Note 1 to such audited financial statements sets forth significant accounting policies that the District follows. Simpson & Simpson Certified Public Accountants, Los Angeles, California, served as independent auditor to the District for its audited financial statements for fiscal year 2019-20. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

Typically, the District is required to file its audited financial statements for the preceding fiscal year with the State Controller's Office, the CDE and the County Superintendent of Schools by December 15 of each year. However, pursuant to Senate Bill 98, the deadline for the audited financial statements for fiscal year 2019-20 is March 31, 2021. Accordingly, the District filed its audited financial statements for fiscal year 2019-20 with the State Controller's Office, the CDE, and the County Superintendent of Schools on March 29, 2021. During the last five years, the District timely filed its audited financial reports with LACOE pursuant to the Education Code by the respective deadlines therefor.

Copies of the District's audited financial statements as well as budgets and interim financial reports may be obtained from the website of the District: **www.lausd.net**. The website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure

Counsel), and the Municipal Advisor do not make any representation as to the accuracy of the information provided therein.

District Budget

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

The county superintendent of schools must approve, conditionally approve, or disapprove the adopted budget for each school district by September 15 in accordance with the Education Code. The county superintendent of schools is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. The county superintendent of schools is also required to determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments. The Education Code directs the county superintendent of schools to disapprove any school district budget if it determines that the budget does not include expenditures necessary to implement an LCAP or an annual update to the LCAP. See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Local Control and Accountability Plan*" herein for more information about LCAP generally and the requirements for fiscal year 2020-21 as a result of Executive Order N-56-20 and the 2020-21 State Budget.

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

The governing board of the school district, together with the county superintendent of schools, must review and respond to the recommendations of the county superintendent of schools before October 8 at a regular meeting of the governing board of the school district. The county superintendent of schools will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent of schools disapproves a revised budget, the county superintendent of schools will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the county superintendent of schools may impose a budget and will report such school district to the State Legislature and the Department of Finance. In prior years, LACOE has granted a conditional approval to certain of the District's budgets pending, among other things, approval of the District's LCAP, information regarding collective bargaining and other budgetary considerations. However, in the last ten years, LACOE has not disapproved any budget submitted to it by the District. LACOE approved the District's original adopted budget for fiscal year 2020-21 (the "Fiscal Year 2020-21 Original Adopted Budget"). See " – *Fiscal Year 2020-21 Original Adopted Budget"* below. LACOE has not reviewed and commented on the District's revised budget for fiscal year 2020-21 (the "Fiscal Year 2020-21 Revised Budget"). See " – *Fiscal Year 2020-21 Revised Budget*" below.

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

Fiscal Stabilization Plan. The District's budgetary practices in recent fiscal years have resulted in budgets that project a structural deficit, resulting from budgeted expenditures continually exceeding budgeted revenues. (For the District's actual results, see "*– District General Fund Budgets and Audited and Actuals"* and Table A-4 below.) As a result, in January 2019, LACOE assigned a team of fiscal experts to coordinate with the District to implement actions to stabilize and improve the financial condition of the District. At LACOE's request, the District adopted a fiscal stabilization plan on June 18, 2019 (the "Fiscal Stabilization Plan"). The Fiscal Stabilization Plan includes a teacher-to-administrator ratio waiver, savings resulting from the 50-State Medicare Advantage Plan, and certain health benefit savings for an aggregate of $332 million in savings in fiscal years 2019-20 through 2021-22 based on the District's first interim report for fiscal year 2020-21 (the "Fiscal Year 2020-21 First Interim Report"). The District implemented the Fiscal Stabilization Plan during fiscal year 2019-20 and has included the reductions included in the Fiscal Stabilization Plan in its Fiscal Year 2020-21 Original Adopted Budget, Fiscal Year 2020-21 Revised Budget, and Fiscal Year 2020-21 First Interim Report. Specifically, the Fiscal Year 2020-21 First Interim Report includes a one-time interfund transfer of $227 million in fiscal year 2020-21 from the Health and Welfare Fund to the General Fund, which represents healthcare savings from the 50-State Medicare Advantage Plan of $125 million and health benefit savings of $102 million. LACOE and the District continue to work together to implement actions necessary to stabilize and improve the financial condition of the District, but LACOE has not required a new fiscal stabilization plan in light of the District's positive certifications on recent interim reports.

Fiscal Year 2020-21 Original Adopted Budget. The Fiscal Year 2020-21 Original Adopted Budget was adopted by the District Board on June 30, 2020. The Fiscal Year 2020-21 Original Adopted Budget was developed with the assumptions contained in the Governor's May revision to the proposed fiscal year 2020-21 State Budget and did not reflect the revised assumptions contained in the 2020-21 State Budget, which among other things includes an increase in LCFF funding and provides additional one-time federal revenues under the CARES Act. As such, the Fiscal Year 2020-21 Original Adopted Budget reflected deficit spending in fiscal years 2020-21, 2021-22, and 2022-23 and projected that fiscal year 2022-23 would not meet the minimum statutory reserve requirement.

In its September 2020 letter to the District, LACOE approved the Fiscal Year 2020-21 Original Adopted Budget with the understanding that Fiscal Year 2020-21 Original Adopted Budget did not reflect the revised assumptions contained in the 2020-21 State Budget, and that such assumptions are reflected in the Fiscal Year 2020-21 Revised Budget and will be reflected in the District's fiscal year 2020-21 first interim report. As discussed above, LACOE expects the District to continue to work with the LACOE team of fiscal experts assigned to the District to implement actions necessary to stabilize and improve the financial condition of the District. See " – *Fiscal Stabilization Plan*" above for more information.

Fiscal Year 2020-21 Revised Budget. On August 25, 2020, the District Board adopted the Fiscal Year 2020-21 Revised Budget, which reflects the revised assumptions contained in the 2020-21 State Budget. Specifically, the 2020-21 State Budget resulted in the following major funding changes to the Fiscal Year 2020-21 Original Adopted Budget:

- LCFF: The District's LCFF entitlement increased through an elimination of the 10% reduction on both the base rates and add-on funding that were included in the Governor's May revision to the proposed fiscal year 2020-21 State Budget. Instead, LCFF is funded at the fiscal year 2019-20 base rates by suspending the 2.31% statutory cost-of-living adjustment.

- CARES Act Funding: The District estimates receiving one-time funding under the CARES Act in the amount of $856.1 million in support of its COVID-19 response. For details on the CARES Act funding the District anticipates, see "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak*."

- Special Education: The changes in special education funding result in an overall increase in special education funding the District is receiving.

The Fiscal Year 2020-21 Revised Budget also reflects other changes in the District's finances and operations. The Fiscal Year 2020-21 Revised Budget reflects total budgeted costs of approximately $935 million associated with reopening schools (when appropriate), operations, and the continuity of learning in fiscal year 2020-21. The difference between such budgeted costs and the approximately $856.1 million in CARES Act funding that the District expects to receive is covered through reallocations within the District's General Fund budget. The District also budgets contributions for ongoing and major maintenance and the Reserve for Economic Uncertainties to meet statutory requirements. (A detailed list of the assumptions and policies included in the Fiscal Year 2020-21 Revised Budget is included below.) Ultimately, the funding included in the 2020-21 State Budget and other adjustments made by the District for the operational needs of the District result in a Fiscal Year 2020-21 Revised Budget that reflects positive unrestricted estimated ending balances for fiscal years 2020-21 through 2022-23. Nonetheless, given the rapidly evolving nature of the COVID-19 pandemic and the uncertainty of additional federal funding and its impact on the 2020-21 State Budget, the Fiscal Year 2020-21 Revised Budget is subject to change throughout the current fiscal year as additional information becomes available. The District cannot predict the full impact of COVID-19 on the District's finances for fiscal year 2020-21.

The Fiscal Year 2020-21 Revised Budget projects a General Fund beginning balance of approximately $1.87 billion, total estimated revenues of $8.21 billion, total estimated expenditures of $8.45 billion, other financing sources and uses of $286.63 million, and an ending balance of $1.91 billion. The Fiscal Year 2020-21 Revised Budget projects that its General Fund ending balance of $1.91 billion will consist of approximately $85.21 million for the mandatory Reserve for Economic Uncertainties, $27.32 million of non-spendable revolving cash, stores, and prepaid expenditures, $55.18 million of restricted ending balances, no committed ending balances, $568.23 million of assigned ending balances and $1.18 billion of undesignated and unassigned ending balances.

The Fiscal Year 2020-21 Revised Budget includes certain assumptions and policies, including:

- suspension of the 2.31% statutory COLA with LCFF funding at fiscal year 2019-20 base rates;
- suspension of the 2.31% statutory COLA for selected categorical programs outside of the LCFF;
- LCFF funded ADA of 406,137.16 for non-charter schools and 40,469.38 for Affiliated Charter Schools;
- three-year rolling average unduplicated count and percentage of 369,385 and 84.92%, respectively, for non-charter schools and 19,451 and 45.86%, respectively, for Affiliated Charter Schools;
- an LCFF allocation of $756.5 million from the Education Protection Account (the "Education Protection Account") established by Proposition 30 (defined herein) to be spent for instruction;
- LCFF supplemental and concentration expenditure of $1,176.2 million, which includes the additional proportionality expenditures for the realignment and redesign process (see "– Risk Management and Litigation – *Litigation Regarding the Local Control Funding Formula*" and " – District Budget – *Expenditures for Unduplicated Pupils*" herein);
- suspension of the 2.31% statutory COLA on the special education apportionment and a revamped special education funding formula increasing the base rate to $625 per ADA;
- new revenue projections for lottery reflect lower rates per ADA – the unrestricted rate is estimated at $150 per ADA while the restricted rate is $49 per ADA;
- estimated funding of approximately $856.1 million under the CARES Act, which includes approximately $287.7 million from the Elementary and Secondary Schools Emergency Relief Fund provided directly from the federal government to the District, approximately $488.6 million from the Coronavirus Relief Fund for learning loss mitigation provided from CARES Act funding administered through the State, approximately $31.9 million from the Governor's Emergency Education Relief Fund for learning loss mitigation provided from CARES Act funding administered through the State, and approximately $47.9 million from the State's general fund for learning loss litigation provided from CARES Act funding administered through the State;
- approximately $935 million in costs associated with reopening schools (when appropriate), operations, and the continuity of learning in fiscal year 2020-21;
- a net enrollment decline of 10,836 students from fiscal year 2019-20 for non-charter and Affiliated Charter Schools;
- an enrollment increase of approximately 2,647 students for Fiscally Independent Charter Schools;
- funding for employee health and medical benefits at the per participant rate set forth in the 2018-2020 Health Benefits Agreement (defined herein);
- no contribution to the OPEB Trust Fund for fiscal year 2020-21;
- a decrease of 0.95% in the contribution rate for CalSTRS (defined herein) for fiscal year 2020-21 from 17.10% to 16.15%;

- an increase of 0.979% of the CalPERS (defined herein) employer contribution rate for fiscal year 2019-20 from 19.721% to 20.7%;

- a California consumer price index of 0.62% on other operating expenditures, except utilities which is projected to increase by 12.65%;

- ongoing and major maintenance resources of $251.9 million, which constitutes approximately 3% of the District's budgeted General Fund expenditures and other financing uses, excluding CALSTRS on behalf payments made by the State;

- support to the cafeteria program and child development from the General Fund of $10.6 million and $38.6 million, respectively, in fiscal year 2020-21;

- a contribution of $83.9 million to the Workers' Compensation Fund; inclusion of the total Workers' Compensation actuarially-determined funded liability of $463.7 million;

- "Primary Promise" program expenditure of $100 million, which provides resources for math and reading for early learners District-wide;

- inclusion of general obligation bonds and COPs (defined herein) proceeds, debt service and other interfund transfer expenditures and revenues in fiscal year 2020-21;

- a Reserve for Economic Uncertainties totaling $85.2 million, which reflects the statutory 1% budgeted expenditure requirement and other financing uses;

- inclusion of beginning balances in the General Fund and other funds for fiscal year 2020-21, reflecting the updated estimated ending balance as of June 30, 2020, which includes expenditures related to COVID-19;

- estimated ending balances for the General Fund and other funds for fiscal year 2020-21, which reflect the difference between the estimated revenue and expenditure levels for fiscal year 2020-21;

- authority to transfer amounts, as necessary, to implement technical adjustments related to the Fiscal Year 2020-21 Revised Budget;

- authority to implement new revenues for fiscal year 2020-21, if any, and increase budgeted appropriations accordingly;

- estimated fiscal year 2019-20 unrestricted assigned balances of $339 million are applied to the fiscal year 2020-21 unassigned balance;

- no set aside for potential disproportionality finding for fiscal years 2020-21 through 2022-23;

- a transfer from the Community Redevelopment Agency Fund to repay the General Fund in the amount of $20 million initially paid for the ongoing and major maintenance resources;

- recognition of estimated $100 million in proceeds from the sale of real estate properties; and

- one-time interfund transfer of $225 million in fiscal year 2020-21 from the Health and Welfare Fund to the General Fund in accordance with the Fiscal Stabilization Plan, which represents healthcare savings from the 50-State Medicare Advantage Plan of $125 million and health benefit savings of $100 million.

District General Fund Budgets and Audited Actuals. The following Table A-4 sets forth the District's Final Adopted Budgets for the District General Fund, inclusive of regular and specially funded programs, for fiscal years 2016-17 through 2020-21 and the actual results for fiscal years 2016-17 through 2019-20. The budgeted beginning balance for each fiscal year reflects the estimated ending balance for the prior fiscal year based upon information as of the budget adoption date. Accordingly, the budgeted ending balance for a fiscal year and the subsequent budgeted beginning balance may differ from the actual ending balance and actual beginning balance.

TABLE A-4

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Budget for Fiscal Years 2016-17 through 2020-21
Audited Actuals for Fiscal Years 2016-17 through 2019-20[(1)(2)(3)]
($ in millions)

	Final Adopted Budget 2016-17	Audited Actuals 2016-17	Final Adopted Budget 2017-18	Audited Actuals 2017-18	Revised Adopted Budget 2018-19[(4)]	Audited Actuals 2018-19	Final Adopted Budget 2019-20	Audited Actuals 2019-20	Revised Adopted Budget 2020-21[(5)]
Beginning Balance	$1,128.4	$1,310.2	$1,488.5	$1,765.1	$1,999.0	$2,010.8	$2,010.8	$2,216.9	$1,866.7
Revenue:									
State Apportionment	$4,430.0	$4,246.4	$4,392.1	$4,185.6	$4,475.6	$4,321.2	$4,364.8	$4,290.6	$4,122.2
Property Taxes	986.5	1,201.1	1,081.4	1,257.9	1,190.2	1,336.4	1,222.5	1,362.9	1,407.7
Total LCFF	5,416.5	5,447.5	5,473.5	5,443.5	5,665.9	5,657.6	5,587.4	5,653.4	5,529.9
Federal	713.9	615.2	645.7	589.0	632.4	636.5	767.8	631.1	1,576.6
Other State	967.1	942.9	890.2	966.8	962.5	1,220.5	873.5	1,137.0	963.1
Other Local	122.1	170.5	133.8	269.4	144.7	218.0	142.4	170.1	142.5
Total Revenue	$7,219.6	$7,176.1	$7,143.2	$7,268.7	$7,405.4	$7,732.6	$7,371.0	$7,591.6	$8,212.1
Total Beginning Balance and Revenue	$8,348.0	$8,486.3	$8,631.7	$9,033.8	$9,404.4	$9,743.4	$9,381.8	$9,808.5	$10,078.8
Expenditures									
Certificated Salaries	$2,931.9	$2,861.9	$2,870.2	$2,826.7	$2,894.1	2,980.3	$3,008.7	2,998.9	$3,252.1
Classified Salaries	976.7	963.8	915.0	984.9	1,007.1	1,046.7	986.1	1,077.6	1,073.5
Employee Benefits	1,925.2	1,825.9	2,075.3	2,023.4	2,090.3	2,266.3	2,172.6	2,300.9	2,169.1
Books and Supplies	570.2	259.5	774.9	331.2	576.5	341.1	698.5	267.0	1,001.9
Other Operating Expenses	828.4	799.8	831.4	798.4	858.9	857.1	862.0	975.0	893.4
Capital Outlay	15.0	61.1	19.8	62.6	87.5	75.5	101.4	128.1	81.5
Debt Service	0.9	0.7	0.8	0.5	0.5	0.4	0.5	0.3	0.4
Other Outgo	7.8	5.3	7.7	4.8	7.7	4.9	7.7	5.6	7.7
Transfers of Indirect Cost	(21.6)	(19.5)	(25.6)	(24.6)	(32.7)	(30.1)	(27.3)	(23.2)	(27.0)
Total Expenditures	$7,234.5	$6,758.6	$7,469.5	$7,007.9	$7,489.8	$7,542.2	$7,810.3	$7,730.3	$8,452.7
Excess (Deficiency) of Revenue Over (Under) Expenditures	(14.9)	417.6	(326.3)	260.8	(84.4)	190.4	(439.3)	(138.7)	(240.6)
Total Other Financing Sources (Uses)	(82.8)	37.4	(41.2)	(15.2)	(41.6)	15.7	(36.5)	(28.7)	286.6
Change in Fund Balance	(97.7)	455.0	(367.5)	245.6	(126.0)	206.1	(475.7)	(167.4)	46.0
Ending Balance	$1,030.7	$1,765.1	$1,120.9	$2,010.8	$1,873.0	$2,216.9	$1,535.1	$2,049.5	$1,912.7

TABLE A-4

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Budget for Fiscal Years 2016-17 through 2020-21
Audited Actuals for Fiscal Years 2016-17 through 2019-20[1][2][3] (Continued)
($ in millions)

	Final Adopted Budget 2016-17	Audited Actuals 2016-17	Final Adopted Budget 2017-18	Audited Actuals 2017-18	Revised Adopted Budget 2018-19[4]	Audited Actuals 2018-19	Final Adopted Budget 2019-20	Audited Actuals 2019-20	Revised Adopted Budget 2020-21[5]
Fund Balance[6]									
Nonspendable	$ 20.7	$ 23.5	$ 31.1	$ 27.6	$ 27.6	$ 27.3	$ 27.6	$37.7	$ 27.3
Restricted	151.0	163.1	150.6	135.8	74.4	114.6	56.7	103.9	55.2
Committed	--	--	--	--	91.9	174.6	87.6	87.6	--
Assigned	702.7	783.9	588.6	1,057.4	904.1	916.1	618.0	1,248.9	568.2
Reserved for Economic Uncertainties	73.4	73.4	75.4	75.4	75.6	75.6	79.0	79.0	85.2
Undesignated/Unassigned	82.9	721.3	275.3	714.7	699.4	908.6	666.3	492.4	1,176.8
	$1,030.7	$1,765.1	$1,120.9	$2,010.8	$1,873.0	$2,216.9	$1,535.1	$2,049.5	$1,912.7

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

(2) Includes the Regular Program and the Specially-Funded Programs.

(3) Amounts set forth in Table A-4 reflect the "Estimated Amounts" in the District's budget for the respective fiscal year rather than the "Authorized Amount." Pursuant to the Education Code, school districts may not spend more than Authorized Amount in the Final Adopted Budget as adjusted during the fiscal year.

(4) The District's budget for fiscal year 2018-19 was initially adopted by the District Board on June 19, 2018, but it received conditional approval by LACOE. At LACOE's request, the District revised its budget for fiscal year 2018-19, which was subsequently adopted by the District Board on October 2, 2018. Figures are based on such revised fiscal year 2018-19 budget.

(5) The District's original budget for fiscal year 2020-21 was adopted by the District Board on June 30, 2020. On August 25, 2020, the District Board adopted the Fiscal Year 2020-21 Revised Budget, which reflects the revised assumptions contained in the 2020-21 State Budget. Figures are based on the Fiscal Year 2020-21 Revised Budget.

(6) The nonspendable, restricted, committed, assigned, reserved for economic uncertainties and undesignated/unassigned general fund balances in millions of dollars for fiscal years 2010-11 through 2015-16 are as follows: $10.4, 266.4, --, 147.0, 65.4 and 414.3, respectively, for fiscal year 2010-11; $11.2, 186.6, --, 465.3, 65.4 and 96.4, respectively, for fiscal year 2011-12; $18.5, 138.5, --, 370.4, 65.4 and --, respectively, for fiscal year 2012-13; $19.6, 192.9, --, 336.4, 65.4 and 85.9, respectively, for fiscal year 2013-14; $20.7, 126.5, --, 418.4, 65.4 and 188.8, respectively, for fiscal year 2014-15; $31.1, 182.8, 218.3, 558.7, 72.4 and 247.0, respectively, for fiscal year 2015-16.

Sources: Los Angeles Unified School District's Final Adopted Budgets for fiscal years 2016-17 through 2020-21; Audited Annual Financial Report for fiscal years 2016-17 through 2019-20.

Historical Review of District General Fund Actual Revenues and Expenditures. The following Table A-5 sets forth the District's total revenues, total expenditures and the difference reflected in the actual results for fiscal years 1999-00 through 2019-20.

TABLE A-5

LOS ANGELES UNIFIED SCHOOL DISTRICT
Historical Review of District General Fund Audited Revenues and Expenditures for Fiscal Years 1999-00 through 2019-20
($ in millions)

Fiscal Year	Total Revenues[(1)]	Total Expenditures[(2)]	Difference
1999-00	$ 5,076.21	$ 5,124.65	$ (48.44)
2000-01	5,686.88	5,680.87	6.01
2001-02	5,782.00	5,931.96	(149.96)
2002-03	6,090.76	6,094.08	(3.32)
2003-04	5,881.69	6,136.75	(255.06)
2004-05	6,461.93	6,436.35	25.58
2005-06	6,572.70	6,487.75	84.95
2006-07	6,994.08	6,733.36	260.72
2007-08	6,954.29	6,992.29	(38.00)
2008-09	6,764.50	6,671.80	92.70
2009-10	6,302.12	6,389.17	(87.05)
2010-11	6,428.93	6,193.37	235.56
2011-12	5,919.59	5,998.31	(78.72)
2012-13	5,722.96	5,955.05	(232.09)
2013-14	5,896.35	5,788.82	107.53
2014-15	6,452.84	6,333.28	119.56
2015-16	7,213.53	6,723.15	490.38
2016-17	7,292.27	6,837.31	454.96
2017-18	7,308.08	7,062.45	245.63
2018-19	7,788.71	7,582.63	206.08
2019-20	7,613.72	7,781.09	(167.37)

(1) Includes Other Financing Sources.
(2) Includes Other Financing Uses.
Sources: Audited Annual Financial Report for fiscal years 1999-00 through 2019-20.

District Interim Financial Reports. A State law adopted in 1991 (known as "A.B. 1200") imposed financial reporting requirements on school districts and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et. seq*.), each school district is required to file two interim certifications with the county superintendent of schools (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent of schools reviews the certification and issues either a positive, negative or qualified certification. In the past five years, the District has received a qualified certification for its first and second interim reports for fiscal years 2015-16 and 2016-17, its first interim report for fiscal year 2017-18, and its first and second interim reports for fiscal year 2018-19.

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

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

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

Second Interim Financial Report for Fiscal Year 2020-21. The District submitted the Fiscal Year 2020-21 Second Interim Report to LACOE with a positive certification. Based on the Fiscal Year 2020-21 Second Interim Report, the District expects to meet its financial commitments and satisfy the 5% Minimum Reserve Threshold and the 1% statutory reserve requirement for fiscal years 2020-21, 2021-22 and 2022-23. The Fiscal Year 2020-21 Second Interim Report estimates an unrestricted General Fund ending balance of $2,371.6 million of which the unrestricted/unassigned General Fund ending balance is $1,248.1 million for fiscal year 2020-21; such unrestricted/unassigned General Fund ending balance is $255.0 million greater than the unrestricted/unassigned General Fund ending balance estimate in the Fiscal Year 2020-21 First Interim Report.

The changes in revenues reflected in the multi-year projections from the Fiscal Year 2020-21 First Interim Report to the Fiscal Year 2020-21 Second Interim Report are mostly due to increases in the LCFF and special education revenues based on the Proposed 2021-22 State Budget. The changes in expenditures reflected in the multi-year projections from the Fiscal Year 2020-21 First Interim Report to the Fiscal Year 2020-21 Second Interim Report are largely attributable to lower subsidy amounts in the Early Education Fund and Cafeteria Fund.

As reflected in the Fiscal Year 2020-21 Second Interim Report, the District continues to be challenged with a structural deficit due to projected expenditures exceeding projected revenues. The Fiscal Year 2020-21 Second Interim Report projects deficits in the unrestricted General Fund of $170.4 million and $427.5 million, respectively, for fiscal years 2021-22 and 2022-23. The Fiscal Year 2020-21 Second Interim Report also projects that enrollment will decline at an average annual rate of 2.7%, which contributes to the ongoing structural deficit. Such enrollment declines do not impact revenues in fiscal years 2020-21 or 2021-22 due to the hold-harmless provision included in the 2020-21 State Budget. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget*" for further information. Although the Proposed 2021-22 State Budget does not include an extension of the ADA hold-harmless provision in fiscal year 2021-22, the District will retain the ability to receive their apportionment based on the higher of their fiscal year 2019-20 or fiscal year 2020-21 ADA in accordance with the LCFF. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *Proposed 2021-22 State Budget*" and "– Local Control Funding Formula."

For more information on the cost projections relating to the COVID-19 pandemic, including costs associated with reopening District schools, described in the Fiscal Year 2020-21 Second Interim Report, see "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak*."

LACOE's Review of Fiscal Year 2020-21 Second Interim Report. In its April 2021 letter to the District, LACOE concurred with the District's positive certification on the Fiscal Year 2020-21 Second Interim Report. LACOE noted that the District's projected operating deficits in fiscal year 2021-22 of $170 million and in fiscal year 2022-23 of $427 million, comprise 3.45% and 8.65%, respectively, of the District's unrestricted general fund projected expenditures and other financing uses for such fiscal years. According to LACOE's review of the Fiscal Year 2020-21 Second Interim Report, as confirmed by the District, such projected operating deficits are primarily due to declining enrollment, increased CalSTRS and CalPERS contributions, and increased contributions to restricted programs. LACOE requested that the District continue to monitor its cash flow projections monthly and submit updated cash flow projections with the District's adopted budget for fiscal year 2021-22, which is due to LACOE by July 1, 2021.

District Budget and Interim Financial Estimates. The following Table A-6 sets forth budgeted revenues and expenditures and projected year-end amounts, including projected and year-end General Fund Balances, as reported in the Fiscal Year 2020-21 Revised Budget and the Fiscal Year 2020-21 Second Interim Report.

TABLE A-6

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Summary of Fund Balances, Revenues and Expenditures
Fiscal Year 2020-21
($ in millions)

	Fiscal Year 2020-21 Revised Budget (August 2020)	Fiscal Year 2020-21 Second Interim Report (March 2021)[1]
Beginning Balance	$1,866.7	$2,105.6
Revenues	8,212.1	8,250.2
Expenditures	8,452.7	8,165.1
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources and Uses	(240.6)	85.1
Other Financings Sources/Uses	286.6	230.3
Ending Balance	$1,912.7	$2,421.0

(1) Reflects the District's unaudited actuals for fiscal year 2020-21 for the period from July 1, 2020 through January 31, 2021 and projections for the period from February 1, 2021 through June 30, 2021.
Sources: Los Angeles Unified School District Fiscal Year 2020-21 Revised Budget; Fiscal Year 2020-21 Second Interim Report.

Employees and Labor Relations

General. The District has twelve bargaining units with existing contracts. The largest bargaining unit among the District's employees is United Teachers Los Angeles ("UTLA"), which is comprised of, among other employees, teachers, counselors, advisers, nurses, psychologists, and social workers. In addition, certain employees are not represented by a formal bargaining unit (the "District Represented Employees"). The following Table A-7 sets forth the number of members of each bargaining unit as of April 1, 2021, and the expiration dates of the existing or successor labor agreements with each of the District's employee bargaining units.

TABLE A-7

LOS ANGELES UNIFIED SCHOOL DISTRICT
Employee Bargaining Units and Contract Expiration Dates
As of April 1, 2021

Employee Bargaining Unit	Members	Contract Expiration Date (June 30)
Associated Administrators of Los Angeles ("AALA") (Certificated)	2,636	2020[2]
Unit A (School Police)	305	2020[2]
Unit B (Instructional Aides)	12,353	2020[2]
Unit C (Operations – Support Services)	7,772	2020[2]
Unit D (Office – Technical and Business Services)	3,912	2020[2]
Unit E (Skilled Crafts)	1,394	2020[2]
Unit F (Teacher Assistants)	3,071	2020[2]
Unit G (Playground Aides)	6,812	2020[2]
Unit H (Sergeants and Lieutenants)	60	2020[2]
Unit J (Classified Management)	337	2021
Unit S (Classified Supervisors)	3,167	2020[2]
United Teachers Los Angeles	34,567	2022
District Represented Employees[1]	565	N/A

(1) District-represented employees include employees that are not represented by a union due to their designation as management, confidential or unrepresented employees. Does not include unrepresented seasonal employees.
(2) The District and the applicable bargaining unit are operating under the terms of the expired contract until a new contract is negotiated with such bargaining unit.

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

Negotiations Regarding Labor Contracts. The collective bargaining agreement between UTLA and the District was approved by the District Board in January 2019 (the "UTLA Agreement"). As a result of the UTLA Agreement, the District has budgeted a total ongoing increase in employee compensation costs of $319 million in fiscal year 2020-21. Under the UTLA Agreement, UTLA has the option to reopen negotiations regarding salary in fiscal years 2020-21 and 2021-22. For fiscal year 2020-21, UTLA requested a 4% salary increase for their members, salary increases and differentials for specified classes, reduction of special education class sizes, and reduction of caseloads for certain classes. Such reopener negotiations for fiscal year 2020-21 have been paused due to the COVID-19 pandemic. The District and UTLA have since reached several agreements relating to the continuity of compensation and benefits and working conditions for distance learning and hybrid (in-person) instruction in light of the current COVID-19 pandemic.

SEIU Local 99 (Units B, C, F and G) reached a three-year agreement (the "SEIU Agreement") with the District in May 2018. The SEIU Agreement provides for an economic reopener in fiscal year 2019-20. SEIU proposed a 5% wage increase for the fiscal year 2019-20 economic reopener. Negotiations regarding the fiscal year 2019-20 economic reopener have been paused due to the COVID-19 pandemic. Separately, the District and SEIU reached an agreement relating to the continuity of compensation and benefits, differential pay for physically reporting to a worksite ($3.50/hour) through the return to a hybrid instruction model (which concludes April 26, 2021 given the transition to hybrid (in-person) instruction), and working conditions for distance learning in light of the current COVID-19 pandemic. On September 14, 2020, the District received SEIU's initial proposal for a successor agreement. Bargaining is expected to begin in spring 2021.

AALA (Certificated Administrators) reached a three-year agreement (the "AALA Agreement") with the District in July 2018. The AALA Agreement has a reopener on one (1) non-economic article in fiscal year 2018-19 year and three (3) articles in fiscal year 2019-20. Separately, the District and AALA reached agreement on the continuity of compensation and benefits for employees and details of working conditions for distance learning in light of the current COVID-19 pandemic.

CSEA (Unit D – Professional and Technical Services) and the District reached an agreement on the continuity of compensation and benefits for employees and details of working conditions for distance learning in light of the current COVID-19 pandemic. The District expects that CSEA will begin successor negotiations soon. Separately, the District and CSEA reached an agreement relating to the continuity of compensation and benefits, differential pay for physically reporting to a worksite ($3.50/hour) through the return to a hybrid instruction model (which concludes April 26, 2021 given the transition to hybrid (in-person) instruction), and working conditions for distance learning in light of the current COVID-19 pandemic.

Teamsters (Unit S – Classified Supervisors) reached a three-year agreement (the "Teamsters Agreement") with the District in September 2018. The Teamsters Agreement contains a wage reopener in fiscal year 2019-20 and a language reopener for two (2) contract articles. The District and the Teamsters reached an agreement on the fiscal year 2019-20 reopener with respect to salary, hours of work, and tuition reimbursement. Separately, the District and the Teamsters reached an agreement relating to the continuity of compensation and benefits, differential pay for physically reporting to a worksite ($3.50/hour) through students return to a hybrid instruction model (which concludes April 26, 2021 given the transition to hybrid (in-person) instruction), and working conditions for distance learning in light of the current COVID-19 pandemic. The Teamsters have submitted their initial proposals for a successor agreement, which will be presented at an upcoming District Board meeting.

LASPA (Unit A – School Police) reached a three-year agreement (the "LASPA Agreement") with the District, which was approved by the District Board in March 2019. LASPA has requested to reopen in accordance with the fiscal year 2019-20 reopener, which is limited to two (2) contract articles. LASPA has proposed a 7.5% increase in base salary effective July 1, 2019 and each July 1st of the following 3 years. Reopener negotiations are currently on hold. Separately, the District and LASPA have a side letter in place regarding differential pay for physically reporting to a worksite ($3.50/hour) through the return to a hybrid instruction model (which concludes April 26, 2021 given the transition to hybrid (in-person) instruction).

LASPMA (Unit H – School Police Management) reached a three-year agreement (the "LASPMA Agreement") in January 2019, which was approved by the District Board in March 2019. Negotiations regarding a successor agreement are currently on hold. Separately, the District and LASPMA have a side letter in place regarding differential pay for physically reporting to a worksite ($3.50/hour) through the return to a hybrid instruction model (which concludes April 26, 2021 given the transition to hybrid (in-person) instruction). In light of the District's recent cuts to the school police budget for fiscal year 2020-21, LASPMA and the District concluded negotiations regarding the effects of such cuts by offering continued health benefits for one year and a delayed effective date of July 1, 2021 for such cuts.

Trades (Unit E) concluded successor negotiations with the District and reached an agreement (the "Trades Agreement"), which was approved by the District Board in March 2019. The Trades Agreement contains a limited reopener for those bargaining unit members who did not receive an adjustment for economic inequities for fiscal year 2019-20. Trades has indicated that they will begin successor negotiations soon. Separately, the District and Trades have an agreement in place regarding differential pay for physically reporting to a worksite ($3.50/hour) through the return to a hybrid instruction model (which concludes April 26, 2021 given the transition to hybrid (in-person) instruction).

AALA (Unit J – Classified Managers) concluded successor negotiations with the District and reached an agreement (the "AALA Unit J Agreement"), which was approved by the District Board in April 2019. The AALA Unit J Agreement provides a reopener on one (1) non-economic article in fiscal year 2020-21 year and three (3) articles in fiscal year 2019-20. The District and AALA reached agreement on the continuity of compensation and benefits for employees and details of working conditions for distance learning in light of the current COVID-19 pandemic.

Health and Welfare Agreement. The District initially entered into a three-year agreement with all of its bargaining units on health and welfare benefits (the "Health and Welfare Agreement") for calendar years 2018 through 2020. In January 2021, the District and its bargaining units agreed, through the Health Benefits Committee, on a one-year extension of the Health and Welfare Agreement through December 31, 2021. The Health and Welfare Agreement provides $1.1 billion annually for health and welfare benefits (the same funding level that was in place for calendar year 2017) and provides resources for health care coverage to continue in the same manner for current employees and retirees without increasing costs. Under the Health and Welfare Agreement, any amounts in excess of $100 million in the health care reserves in the current calendar year will, at the District's discretion, be transferred to the District's General Fund or used to offset the District's contribution levels for future years. As of June 30, 2020, there was $345.0 million in health care reserves. In accordance with the Health and Welfare Agreement, the District transferred $227 million to the District's General Fund in February 2021.

Reduction in Force and Release Notices. In general, pursuant to Sections 44949 and 44951 of the Education Code, the District must give written notice to a certificated employee no later than March 15 if such certificated employee is to be released or reassigned for the ensuing school year. Further, pursuant to Section 44955.5 of the Education Code, the District Board has the authority to terminate the services of certificated employees between the period commencing five days after the enactment of the annual State Budget Act and August 15 of the fiscal year to which the State Budget Act applies if the District's LCFF apportionment per unit of ADA has not increased by at least 2% for such fiscal year; however, in connection with the 2020-21 State Budget, the State Legislature amended Section 44955.5 of the Education Code to be inoperative for fiscal year 2020-21 in light of the COVID-19 pandemic and one-time funding provided to school districts to mitigate effects of the COVID-19 pandemic.

In order to provide flexibility in the event budget reductions are necessary in a given fiscal year, the District Board may approve the use of Reduction in Force and Release Notices for a portion of its certificated employees. On March 9, 2021, the District Board authorized Reduction in Force and Release Notices for all certificated contract level management and senior management employees of the classified service with expiring contracts and all non-school based administrators in specified positions informing them that they may be released or reassigned for fiscal year 2021-22, and authorizing staff to send subsequent notices by June 30, 2021, to employees, or at least 45 days in advance of their expiring contract, or as specified. In accordance with Section 44955.5 of the Education Code, as amended by the 2020-21 State Budget, no certificated employees were terminated as a result of insufficient LCFF funding during fiscal year 2020-21. In fiscal year 2021-22, however, certificated may be terminated in accordance with Section 44955.5 of the Education Code.

In general, pursuant to Section 45117 of the Education Code, classified employees may be released with 60 days' notice of layoff following action by the District Board. When classified employees are laid off at the end of a school year due to the expiration of categorical funding, notice must be given on or before April 29 of such fiscal year. However, pursuant to SB 98, which was adopted in connection with the 2020-21 State Budget for fiscal year 2020-21, the governing board of a school district, county office of education, community college district, or joint powers authority is prohibited from implementing layoffs or releases of any permanent or probationary classified employees who hold classifications in, or are assigned to positions in, nutrition, transportation, or custodial services.

On June 30, 2020, the District Board authorized notices of layoff to certain classified personnel. Classified employees scheduled for layoff with permanent status were provided with the required sixty-day notice. The layoffs were implemented September 1, 2020. The few notices provided to classified personnel assigned to nutrition, transportation, or custodial services were retracted in accordance with SB 98.

Retirement Systems

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

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

The following Table A-8 sets forth the District's aggregate contributions to CalSTRS, CalPERS and PARS, inclusive of employee contributions to CalPERS paid by the District, for fiscal years 2016-17 through 2019-20 and the budgeted contribution for fiscal year 2020-21 and these contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2016-17 through 2020-21. See Table A-9 "Annual Regular CalSTRS Contributions," Table A-11 "Annual CalPERS Regular Contributions" and Table A-14 "Annual PARS Contribution." See also the District's financial statements for fiscal year 2019-20 contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

TABLE A-8

LOS ANGELES UNIFIED SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS, CalPERS and PARS
Fiscal Years 2016-17 through 2020-21
($ in millions)

Fiscal Year	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2016-17	$520.8	5.91%
2017-18	591.4	6.19
2018-19	708.6	7.05
2019-20	755.3	7.35
2020-21[2]	823.7	7.30

(1) Reflects data for all District Funds, including the District's General Fund. Excludes on-behalf payments from the State to CalSTRS and CalPERS.
(2) Budgeted.

Sources: Audited Annual Financial Report for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Revised Budget; and the District for the percentage of Total Governmental Funds Expenditures.

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

Member benefits are determined pursuant to the Education Code and are generally based on a member's age, final compensation and years of credited service. Members are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to $400 per month. Members hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Benefits include a 2% cost of living increase (computed on a simple, non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit. See "– *California Public Employees' Pension Reform Act of 2013*" herein and Note 9 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

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

The State is not an employer (with certain limited exceptions) in any of the CalSTRS programs but contributes to the DB Plan and a supplemental benefits maintenance account pursuant to provisions of the Education Code. For fiscal year 2019-20, the State contributed 7.828% of members' annual earnings to the DB Plan and an additional 2.5% of member earnings into the CalSTRS supplemental benefit maintenance account, which is used to maintain the purchasing power of benefits.

The District's employer contribution rate for fiscal year 2020-21 is expected to be approximately 16.15% of covered payroll, as a result of the 2020-21 State Budget, which redirects $2.3 billion originally appropriated in the fiscal year 2019-20 State Budget for long-term unfunded liabilities and applies it instead to further reduce employer contribution rates in fiscal years 2020-21 and 2021-22. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget*" herein. The District's employer contribution rate is inclusive of the employer base contribution of 8.25% of payroll provided by the Education Code. Pursuant to the Education Code, the District's employer contribution rate increased by 1.85% of covered payroll annually beginning July 1, 2015 and was to increase to 19.10% of covered payroll in fiscal year 2020-21. However, to provide immediate and long-term relief to school districts facing rising pension costs, both the fiscal year 2019-20 State Budget and the 2020-21 State Budget have included funding to buy down employer contribution rates.

The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 60 members) was 10.25% for fiscal years 2016-17 through 2019-20 and will remain 10.25% for fiscal year 2020-21. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 62 members) was 9.205% for fiscal years 2016-17 and 2017-18, 10.205% for fiscal years 2018-19 and 2019-20, and will remain 10.205% for fiscal year 2020-21. The State Teachers Retirement Board is authorized to modify the percentages paid by employers and employees for fiscal year 2021-22 and each fiscal year thereafter in order to eliminate CalSTRS' unfunded liability by June 30, 2046 based upon actuarial recommendations. See "*– Pension Accounting and Financial Reporting Standards*" and "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves" herein.

The following Table A-9 sets forth the District's regular annual contributions to CalSTRS for fiscal years 2016-17 through 2019-20 and the budgeted contribution for fiscal year 2020-21 and these contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2016-17 through 2020-21. The District has always paid all required CalSTRS annual contributions. As of June 30, 2020, 35,945 District employees were members of CalSTRS.

TABLE A-9

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual Regular CalSTRS Contributions
Fiscal Years 2016-17 through 2020-21
($ in millions)

Fiscal Year	CalSTRS Employer Rate	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2016-17	12.58%	$358.1	4.06%
2017-18	14.43	407.2	4.26
2018-19	16.28	483.2	4.81
2019-20	17.10	509.0	4.95
2020-21[2]	16.15	545.5	4.84

(1) Reflects data for all District Funds, including the District's General Fund. Excludes on-behalf payments from the State to CalSTRS.
(2) Budgeted. Reflects the State's buy down of employer contribution rates. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget.*"

Sources: Audited Annual Financial Report for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Revised Budget; and the District for the percentage of Total Governmental Funds Expenditures.

The State Teachers' Retirement Board is authorized to modify the percentages paid by employers and employees beginning fiscal year 2021-22 to eliminate CalSTRS' unfunded liability by June 30, 2046, based upon actuarial recommendations. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate the CalSTRS unfunded liability. The District cannot predict the impact of the outbreak of COVID-19 on investment earnings and employer contribution rates. See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula

– *Infectious Disease Outbreak.*" The State Teachers Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year. The State Teachers Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability. The District is unable to predict what the amount of pension liabilities will be beyond the fiscal years set forth in AB 1469 or the amount the District will be required to pay for pension related costs, as these amounts are subject to future rate actions taken by CalSTRS. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not significantly increase in the future above levels currently approved under State law.

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

Based on the CalSTRS Actuarial Valuation dated as of June 30, 2019 (the "2019 CalSTRS Actuarial Valuation"), CalSTRS continues to make progress toward fully funding the system by June 30, 2046. The 2019 CalSTRS Actuarial Valuation reflects that the funded ratio increased from 64.0% in 2018 ($107.2 billion unfunded actuarial obligation) to 66.0% in 2019 ($105.7 billion unfunded actuarial obligation). According to the 2019 CalSTRS Actuarial Valuation, the funded ratio increased by 2.0% during the past year and has decreased by approximately 12% over the past 10 years. As described in the 2019 CalSTRS Actuarial Valuation, the additional State contribution and the return on the actuarial value of assets (7.7%) that exceeded the assumed return (7%) were the primary causes of the increase in the funded ratio from the prior year valuation.

The actuarial assumptions set forth in the 2019 CalSTRS Actuarial Valuation use the "Entry Age Normal Actuarial Cost Method" and, among other things, an assumed 7.00% investment rate of return, 3.00% interest on member accounts, projected 3.50% wage growth, projected 2.75% inflation, and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. The actuarial assumptions and methods used in the 2019 CalSTRS Actuarial Valuation were based on the CalSTRS 2020 Experience Analysis adopted by the Teacher's Retirement Board in January 2020. CalSTRS' unfunded liability will vary from time to time depending upon actuarial assumptions, actual rates of return on investment, salary scales and levels of contribution.

The CalSTRS Comprehensive Annual Financial Report for fiscal year 2019-20 (the "2019-20 CalSTRS CAFR") states that during fiscal year 2019-20, CalSTRS included 37,112 covered employees of the District in its State Teachers Retirement Program and 3,340 covered employees of the District in its tax-deferred defined contribution plans under Sections 403(b) and 457 of the Internal Revenue Code (the "Pension2 Program"). Accordingly, covered employees of the District represented approximately 8.01% and 12.71% of covered employees in the State Teacher's Retirement Program and Pension2 Program, respectively.

The UAAL and funded status of the CalSTRS pension fund as of June 30 of fiscal years ended June 30, 2015 through June 30, 2019 are set forth in the following Table A-10. The fair market value of the CalSTRS pension fund as of June 30, 2018 and June 30, 2019 was approximately $211.4 billion and $225.5 billion, respectively, based on total system assets less amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account Reserve. The individual funding progress for the District and the District's proportionate share of CalSTRS' net pension liability is set forth in the District's audited financial statements. See "– *Pension Accounting and Financial Reporting Standards*" herein and APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

TABLE A-10

Actuarial Value of CalSTRS Defined Benefit Program
Valuation Dates June 30, 2015 through June 30, 2019
($ in billions)

Valuation Date (June 30)	Actuarial Obligation	Actuarial Value of Assets [1]	Market Value of Assets	Unfunded Actuarial Obligation	Funded Ratio (Actuarial Value)	Funded Ratio (Fair Market Value)
2015	$241.753	$165.553	$180.633	$76.2	68.5%	70.0%
2016	266.704	169.976	177.914	96.7	63.7	61.9
2017	286.950	179.689	197.718	107.3	62.6	63.9
2018	297.603	190.451	211.367	107.2	64.0	65.7
2019	310.719	205.016	225.466	105.7	66.0	67.0

[1] Actuarial Value of Assets and Fair Market Value of Assets does not include amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account Reserve which was approximately $11.51 billion as of June 30, 2015, $12.80 billion as of June 30, 2016, $14.24 billion as of June 30, 2017, $15.76 billion as of June 30, 2018, and $17.38 billion as of June 30, 2019.

Sources: California State Teachers' Retirement System Defined Benefit Program Actuarial Valuations as of June 30, 2015 through June 30, 2019.

District Proportionate Share. As of June 30, 2020, the District's proportionate share of CalSTRS' net pension liability was approximately $5.0 billion, based on a discount rate of 7.10%. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the fiscal year 2018-19 employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and non-employer contributing entities. At June 30, 2019, the District's proportion rate was 5.382%. The District's proportionate share of the CalSTRS net pension liability was projected to be approximately $2.9 billion if the discount rate was increased to 8.1% and approximately $7.2 billion if the discount rate was decreased to 6.1%. See Note 9(b) of the District's financial statements in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

California Public Employees' Retirement System. CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. CalPERS is operated on a Statewide basis and, based on publicly available information, has significant unfunded liabilities. CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS CAFR and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Official Statement. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law and are generally based on a member's age, final compensation, and years of credited service. For a description of member benefits for both the Safety Plan and Miscellaneous Plan of the District administered by CalPERS, see Note 9(a) set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

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

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of a global pandemic, including the outbreak of COVID-19, on investment earnings and school district contributions. See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak*" for more information about the impact of COVID-19. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 7.00% in fiscal year 2019-20. School districts are required to contribute to CalPERS at an actuarially determined rate, which was 18.062% of eligible salary expenditures for fiscal year 2018-19 and originally 20.733% and 22.68% for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State's buydown of employer contribution rates in fiscal year 2019-20. Similarly, the 2020-21 State Budget allocates funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to an estimated 20.70% and 22.84%, respectively. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget.*" For a description of employer and member contribution rates, see Note 9(a) set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

The following Table A-11 sets forth the District's employer contribution rates, regular annual contributions, inclusive of employee contributions paid by the District to CalPERS for fiscal years 2016-17 through 2019-20 and the budgeted contribution for fiscal year 2020-21 and these contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2016-17 through 2020-21. The District has always paid all required CalPERS annual contributions. As of June 30, 2020, 27,154 District employees were members of CalPERS.

TABLE A-11

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual CalPERS Regular Contributions
Fiscal Years 2016-17 through 2020-21
($ in millions)

Fiscal Year	CalPERS Employer Rate (Miscellaneous)	CalPERS Employer Rate (Safety)	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2016-17	13.888%	34.384%	$155.9	1.77%
2017-18	15.531	33.138	177.4	1.92
2018-19	18.062	36.949	218.3	2.17
2019-20	19.721	43.059	239.1	2.33
2020-21[2]	20.700	45.440	271.3	2.41

(1) Reflects data for all District Funds, including the District's General Fund.
(2) Budgeted. As of the Fiscal Year 2020-21 Second Interim Report, the District projects that the CalPERS Employer Rate for the Safety Plan will increase from 45.440% to 47.268%. Also, reflects the State's buy down of employer contribution rates. See "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget.*"

Sources: Audited Annual Financial Report for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Revised Budget; the District for the percentage of Total Governmental Funds Expenditures.

Actuarial Valuation. Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a 15-year period with experience gains and losses spread over a rolling 30-year period. On December 21, 2016, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the CalPERS Schools Pool Actuarial Valuation as of June 30, 2017. The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution. See Table A-12 – "Actuarial Value of Schools Portion of CalPERS – Historical Funding Status" herein.

The actuarial funding method used in the CalPERS Schools Pool Actuarial Valuation as of June 30, 2019 (the "2019 CalPERS Schools Pool Actuarial Valuation") is the "Entry Age Normal Cost Method." The 2019 CalPERS Schools Pool Actuarial Valuation assumes, among other things, projected inflation of 2.50% and projected payroll growth of 2.75% compounded annually. The 2019 CalPERS Schools Pool Actuarial Valuation reflects a discount rate of 7.00% compounded annually (net of administrative expenses) as of June 30, 2019 (reduced from 7.25% in the prior valuation as of June 30, 2018). The overall payroll growth was reduced from 2.875% as of June 30, 2018. The UAAL and funded status of the Schools portion of CalPERS as of June 30 of fiscal years ended June 30, 2015 through June 30, 2019 are set forth in the following Table A-12.

TABLE A-12

Actuarial Value of Schools Portion of CalPERS
Historical Funding Status
Valuation Dates June 30, 2015 through June 30, 2019
($ in millions)

Valuation Date (June 30)	Actuarial Accrued Liabilities	Market Value of Assets (MVA)	Funded Status (MVA)	Unfunded Liabilities/ (Surplus) (MVA)	Projected Payroll for Determining Contributions	Unfunded Liability/ (Surplus) as a % of Payroll
2015	$73,325	$56,814	77.5%	$16,511	$12,098	136.5%
2016	77,544	55,785	71.9	21,759	13,022	167.1
2017	84,416	60,865	72.1	23,551	13,683	172.1
2018	92,071	64,846	70.4	27,225	14,234	191.3
2019	99,528	68,177	68.5	31,351	14,844	211.2

Source: CalPERS Schools Pool Actuarial Valuation as of June 30, 2019.

District Proportionate Share. As of June 30, 2020, the District reported a net pension liability of $2.4 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured by CalPERS as of June 30, 2019, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by CalPERS pursuant to an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on the fiscal year 2018-19 employer contributions calculated by CalPERS. As of June 30, 2018, the District's proportion of the CalPERS net pension liability was approximately 8.09%. See "*– Pension Accounting and Financial Reporting Standards*" herein and Note 9(a) to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

Safety Plan Actuarial Valuation; Net Pension Liability. The CalPERS Safety Plan of the Los Angeles Unified School District (Employer # 3614620780) Annual Valuation Report as of June 30, 2019 uses the "Entry Age Normal Cost Method" as the actuarial funding method and assumes, among other things, a 7.0% investment rate of return (net of administrative expenses), projected annual salary increases based on category, entry age, and duration of service, projected inflation of 2.50% and projected payroll growth of 2.75%. In June 2019, the District amended its CalPERS Safety Plan to include certain survivor continuance benefits for members of such plan in accordance with the District's labor agreements with LASPA and LASPMA. Such survivor continuance benefits are reflected in the Annual Valuation Report as of June 30, 2019. The UAAL and funded status of the District's Safety Plan, which is an individual component of CalPERS, as of June 30 of fiscal years ended June 30, 2015 through June 30, 2019, are set forth in the following Table A-13. As of June 30, 2020, the District's net pension liability under the CalPERS Safety plan is $108.9 million.

TABLE A-13

CalPERS Actuarial Value of LAUSD Safety Plan[1]
Historical Funding Status
Valuation Dates June 30, 2015 through June 30, 2019
($ in millions)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets[2]	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2015	$340.9	$253.1	$87.8	74.3%	$30.9
2016	365.9	252.2	113.7	68.9	32.3
2017	387.4	279.7	107.7	72.2	32.5
2018	414.6	301.3	113.3	72.7	32.2
2019	438.7	320.7	118.0	73.1	33.7

(1) Reflects information relating to the District's Safety Plan and does not include information relating to the Miscellaneous Plan. Actuarial information relating to the historical funding status of the District's Miscellaneous Plan is not available from CalPERS as a separate report but is incorporated in the combined schools portion of CalPERS' pension fund as set forth in Table A-12 above.

(2) CalPERS no longer uses an actuarial value of assets and only uses the market value of assets.

Source: CalPERS Safety Plan of the Los Angeles Unified School District (Employer # 3614620780) Annual Valuation Report as of June 30, 2019.

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

The following Table A-14 sets forth the District's annual contributions to PARS for fiscal years 2016-17 through 2019-20 and the budgeted annual contribution to PARS for fiscal year 2020-21, and the contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2016-17 through 2020-21. As of June 30, 2020, 15,529 active District employees were members of PARS.

TABLE A-14

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual PARS Contribution
Fiscal Years 2016-17 through 2020-21
($ in millions)

Fiscal Year	District Contributions[1][2]	District Contribution as Percentage of Total Governmental Funds Expenditures
2016-17	$6.8	0.08%
2017-18	6.8	0.07
2018-19	7.1	0.07
2019-20	7.2	0.07
2020-21[3]	6.9	0.06

(1) Reflects payments to PARS for pension costs associated with the District's regular and specially funded programs.
(2) Includes amounts related to prior years' PARS contributions.
(3) Budgeted.

Sources: Audited Annual Financial Report for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Revised Budget; and the District for the percentage of Total Governmental Funds Expenditures.

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

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

In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits for PEPRA Employees. Further, PEPRA permits certain public employers who have offered a lower defined benefit retirement plan before January 1, 2013 to continue to offer such plan to PEPRA Employees. However, if a public employer adopts a new defined benefit plan on or after January 1, 2013, such plan will be subject to PEPRA requirements unless, among other things, its retirement system's chief actuary and retirement board certify that the new plan is not riskier or costlier to the public employer than the defined benefit formula required under PEPRA.

Pension Accounting and Financial Reporting Standards. In 2012, the Governmental Accounting Standards Board issued Governmental Accounting Standards Board Statement No. 68 –

“Accounting And Financial Reporting For Pensions” (“GASB 68”), which revises and establishes new financial reporting requirements for most public employers, such as the District, that provide pension benefits to their employees. GASB 68, among other things, requires public employers providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and provides greater guidance on measuring the annual costs of pension benefits, including thorough guidelines on projecting benefit payments, use of discount rates and use of the “entry age” actuarial cost allocation method. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. GASB 68 became effective for the financial statements of plan employers, including the District’s financial statements, commencing the fiscal year ended June 30, 2015.

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

Other Postemployment Benefits

General. In addition to employee health care costs, the District provides post-employment health care benefits (“OPEB”) in accordance with collective bargaining agreements and the health benefits agreement. The District’s OPEB consists of post-employment benefits for health, prescription drug, dental, and vision coverage for retirees and their dependents. As of June 30, 2020, there were approximately 38,377 retirees and 61,041 active employees who meet the eligibility requirements for these benefits. Historically, the District has funded these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year. Beginning in fiscal year 2013-14, the District’s policy, subject to District Board approval, is to prefund a portion of its OPEB costs for employees, retirees and their beneficiaries by allocating funds for the express purpose of funding future other postemployment benefit costs to the extent possible. See “– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves” herein. The District Board approved the creation of the OPEB Trust Fund in May 2014. As of June 30, 2020, the District has contributed approximately $339 million to the OPEB Trust Fund, inclusive of the District’s contributions of $60 million in July 2014, $30 million in September 2014, $45 million in September 2015, $6 million in March 2016, $78 million in October 2016 and $120 million in October 2017. The District did not contribute to the OPEB Trust Fund in fiscal years 2018-19 or 2019-20 and currently does not expect to contribute to the OPEB Trust Fund in fiscal year 2020-21. In a March 2021 Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2020 measurement date for fiscal year 2020-21 (the “2020 Actuarial Valuation”), Aon Hewitt indicated that based on the District’s current funding policy, projected cash flows, and the assumed asset return, the assets in the OPEB Trust Fund are projected to be depleted in 2028 if such assets were drawn upon to pay benefits as they come due without the District funding such benefits on a pay-as-you-go basis.

The following Table A-15 sets forth the District’s funding of other postemployment benefits for fiscal years 2016-17 through 2019-20, the budgeted contribution for fiscal year 2020-21, and the contributions as a percentage of the District’s Total Governmental Funds expenditures for fiscal years 2016-17 through 2020-21. In addition, Table A-15 sets forth the District’s contribution to the OPEB Trust for fiscal years 2016-17 through 2020-21.

TABLE A-15

LOS ANGELES UNIFIED SCHOOL DISTRICT
Expenditures for Other Postemployment Benefits
Fiscal Years 2016-17 through 2020-21
($ in millions)

Fiscal Year	Pay-as-You-Go Amount	OPEB Trust Fund Contribution(2)	Total Amount	Expenditure as Percentage of Total Governmental Funds Expenditures
2016-17	$264.8	$78.0	$342.8	3.89%
2017-18	275.8	120.0	395.8	4.14
2018-19	287.0	0.0	287.0	2.86
2019-20	221.2	0.0	221.2	2.17
2020-21(1)	285.0	0.0	285.0	2.53

(1) Budgeted.
(2) As of June 30, 2020, the District has contributed approximately $339 million to the OPEB Trust Fund, inclusive of the District's contributions of $60 million in July 2014, $30 million in September 2014, $45 million in September 2015, and $6 million in March 2016, which were prior to fiscal year 2016-17.

Sources: Audited Annual Financial Reports for fiscal years 2016-17 through 2019-20; Fiscal Year 2020-21 Revised Budget; and the District for the percentage of Total Governmental Funds Expenditures.

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

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

Changes in OPEB Liability. Effective January 1, 2019, the District implemented a less costly healthcare plan, the Anthem Preferred PPO (50 state Medicare Advantage Plan) (the "Anthem PPO"), which replaced the United HealthCare Group Medicare Advantage Plan and the Anthem Blue Cross Medicare (EPO) plan. The implementation of the Anthem PPO together with certain updated actuarial assumptions resulted in a significant reduction in the District's net OPEB liability from $14.97 billion as of June 30, 2018 (prior to the Anthem PPO implementation) to $11.18 billion as of June 30, 2019 (after the Anthem PPO implementation) to $8.58 billion as of June 30, 2020 (based on further revised actuarial assumptions). However, the District's net OPEB liability as of June 30, 2021 is increasing to $11.06 billion as a result of certain changes in actuarial assumptions described in more detail below. See "– *2020 Actuarial Valuation*" below for more information.

2019 Actuarial Valuation. The District's net OPEB liability of $8.58 billion at June 30, 2020 is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The District's OPEB liability as of fiscal year June 30, 2020 is based on the actuarial assumptions and plan provisions in the Actuarial Valuation Report Postretirement Health Benefits as of June 30, 2019 (the "2019 Actuarial Valuation"), prepared for the District by Aon Hewitt. The 2019 Actuarial Valuation was updated to reflect the following actuarial assumptions:

- Accounting Method: "Entry Age Normal Cost" method
- Inflation: 2.50% per annum
- Expected Long-Term Return on Assets: 7.59%
- Municipal Bond Rate: 3.51% based on the *Bond Buyer* General Obligation Bond 20-Bond Municipal Bond Index
- Discount Rate: 3.60%
- Payroll Growth: 2.75% per annum

2020 Actuarial Valuation. The 2020 Actuarial Report reflects updated financial information for fiscal year 2020-21 and is based on the census data, actuarial assumptions, and plan provisions used in the 2019 Actuarial Valuation with the following changes:

- Assets: $425,988,386 as of June 30, 2020 measurement date
- Municipal Bond Rate: 2.21% as of June 30, 2020, based on the *Bond Buyer* General Obligation Bond 20-Bond Municipal Bond Index
- Expected Long-Term Return on Assets: 7.30% as of June 30, 2020, based on District's revised expectations for certain asset allocations
- Discount Rate: 2.30% as of June 30, 2020, after reassessment based on updated assets and municipal bond rate as of June 30, 2020

Most notable of such changes in assumptions in the 2020 Actuarial Valuation is the 130-basis point decrease in the discount rate that increases the value of liabilities by more than 20% for fiscal year 2020-21, increases the unfunded liability for fiscal year 2020-21, and increases the expenses for fiscal years 2020-21 and 2021-22. As a result, the District's net OPEB liability increases to $11.06 billion as of June 30, 2021. After evaluating data for the period of January through June 2020 provided by the District, Aon Hewitt determined that there was no significant impact to the District's OPEB plan as a result of the COVID-19 pandemic to justify changes to demographic, healthcare claims, medical trend, mortality or other behavioral assumptions.

Table A-16 below shows the impact of the changes to the actuarial assumptions in the 2020 Actuarial Report on the District's Net OPEB Liability for the fiscal year ending June 30, 2021 compared to fiscal year June 30, 2020 that was based on the 2019 Actuarial Valuation.

TABLE A-16

LOS ANGELES UNIFIED SCHOOL DISTRICT
NET OPEB LIABILITY
As of June 30, 2020 and June 30, 2021
($ in billions)

	Fiscal Year Ending June 30, 2020	Fiscal Year Ending June 30, 2021
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving payment	$ 3.075	$3.424
(b) Active Participants	5.915	8.065
(c) Total	8.990	11.489
(2) Plan Fiduciary Net Position	0.412	0.426
(3) Net OPEB Liability	8.578	11.063
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	4.58%	3.71%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	$0.221	TBD

Source: 2020 Actuarial Valuation.

The District cannot predict the impact future changes in actuarial assumptions and health care costs and providers will have on the District's net OPEB liability.

For more information on the District's OPEB plan, OPEB liability and assumptions contained in the 2019 Actuarial Valuation, see Note 9 to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020" attached hereto.

Risk Management and Litigation

General. The District maintains various excess property, casualty and fidelity insurance programs, which are self-insured, with varying self-insured retentions. The District's excess property coverage is provided currently through its membership in the Public Entity Property Insurance Program ("PEPIP"), an insurance pool comprised of certain cities, counties and school districts. The District maintains excess property insurance on all District facilities under a combination of self-insurance retentions and varying sublimits through the excess insurance policies of PEPIP. The current self-insured retention for fire loss damage for excess property coverage is $1,000,000 per occurrence and the aggregate policy limit is $500 million. The District maintains what it considers to be adequate reserves to cover losses within the self-insurance retention. District General Fund resources are used to pay for property loss insurance and uninsured repairs for property damage. In addition to the above excess property policies, the District purchases a separate boiler and machinery policy with $100 million in occurrence limits and a Fidelity crime coverage with $10 million in occurrence limits.

Excess property insurance is maintained through a combination of excess policies with an occurrence limit of $1 billion. General liability insurance currently provides $35 million coverage above a $5 million self-insurance retention. Except as set forth below, no settlements exceeded insurance coverage in the last five fiscal years ended June 30, 2020. The District maintains reserves that it believes are adequate to cover losses within the self-insured retention.

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

The District believes that the amounts currently reserved for potential liabilities attributable to claims of molestation, brain injury and sexual misconduct are adequate. See "– *Sexual Misconduct Cases*" herein. The District will increase the expenditures projected in its budget and interim financial reports if necessary and only to the extent that the District's liabilities exceed the amount budgeted for self-insurance or current excess liability coverage. The District expects that such an increase will occur if claims relating to brain injury or sexual misconduct by former and suspended District employees exceed the amount reserved for settlements and monetary damages to date. See "– *Sexual Misconduct Cases*" herein. Such liabilities could decrease the District's net position as of June 30, 2020 from the amount set forth in the District's financial statements for fiscal year 2019-20. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

Liabilities for loss and loss adjustment expenses under each of the District's insurance programs include the accumulation of estimates for losses reported prior to the balance sheet date, estimates of losses incurred but not reported and estimates of expenses for investigating and adjusting reported and unreported losses. Such liabilities are estimates of the future expected settlements and are based upon analysis of historical patterns of the number of incurred claims and their values. The District believes that, given the inherent variability in any such estimates, the aggregate liabilities are within a reasonable range of adequacy. Individual reserves are continually monitored and reviewed, and, as settlements are made or reserves adjusted, differences are reflected in current operations. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

Workers' Compensation. The District is self-insured for its Workers' Compensation Program. A separate fund is used to account for amounts set aside to pay claims incurred and related expenditures under the Workers' Compensation Program. The amount to be deposited in the Workers' Compensation Fund is established with information from an independent actuary. The District maintains at a minimum the actuarially required deposit in its Workers' Compensation Fund in accordance with its policy. See "– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein. The District's "Actuarial Study of Workers' Compensation Program" as of December 31, 2018 recommended a minimum funding level of $119.05 million for fiscal year 2019-20. As of June 30, 2020, the total revenues in the District's Workers' Compensation Fund (operating revenues and nonoperating revenues) was $133.20 million, which exceeded the recommended minimum funding level.

Additionally, the District's actuarially determined total liability for the Workers' Compensation Program is fully funded in accordance with its policy. The District's "Actuarial Study of Workers' Compensation Program" as of December 31, 2019 reflected total expected losses of $476.47 million as of June 30, 2020 plus an additional amount of $29.33 million in estimated outstanding unallocated loss adjustment expenses (at a 1.5% interest rate) to create a total liability of $505.8 million as of June 30,

2020. The District fully funded such liability with approximately $577.33 million in cash available in the Workers' Compensation Fund as of June 30, 2020.

The District's "Actuarial Study of Workers' Compensation Program" as of December 31, 2019, recommends a minimum funding level of $121.45 million for fiscal year 2020-21. The District's most recent actuarial report regarding its workers' compensation program, the "Actuarial Study of Workers' Compensation Program" as of December 31, 2020, recommends a minimum funding level of $119.77 million for fiscal year 2021-22 and $121.43 million for fiscal year 2022-23. Such actuarial report also notes that the COVID-19 pandemic resulted in the closure of many physical campuses, which in turn reduced the District's exposure to workers' compensation claims. However, California Executive Order N-62-20 provided employees testing positive for COVID-19 a rebuttable presumption for compensability. As a result, the projected losses for fiscal years 2019-20 and 2020-21 are subject to more uncertainty than usual. The following Table A-17 sets forth the actuary's recommended minimum funding levels for workers' compensation set forth in the actuarial report as of December 31, 2018, December 31, 2019, and the most recent actuarial report covering the period as of December 31, 2020.

TABLE A-17

LOS ANGELES UNIFIED SCHOOL DISTRICT
Recommended Minimum Funding Levels
Workers' Compensation
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	Present Value of Projected Ultimate Losses (Discounted at 1.5%)	Budgeted Expenses for Claims Handling and Administration	Recommended Minimum Funding Level
2019-20	$ 99.35	$19.70	$119.05
2020-21	101.15	20.30	121.45
2021-22	102.20	17.57	119.77
2022-23	103.33	18.10	121.43
2023-24	104.15	18.60	122.75

Source: Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2018 for fiscal year 2019-20; Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2019 for fiscal year 2020-21; Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2020 for fiscal years 2021-22 thru 2023-24.

The following Table A-18 sets forth information on changes in the Workers Compensation Program's liabilities from fiscal years 2015-16 through 2019-20. The District uses separate funds to account for amounts set aside to pay claims incurred and related expenditures under the respective insurance programs. See "– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein and Note 10 in the audited financial statements for fiscal year 2019-20 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2020."

TABLE A-18

LOS ANGELES UNIFIED SCHOOL DISTRICT
Workers' Compensation Claims Paid
Fiscal Years 2015-16 through 2019-20
($ in millions)

Fiscal Year	Liability: Beginning of fiscal year	Current Year Claims and Changes in Estimates	Claims Paid	Liability: End of fiscal year
2015-16	$484.1	$110.8	$(102.5)	$492.4
2016-17	492.4	104.4	(101.1)	495.6
2017-18	495.6	67.6	(107.9)	455.4
2018-19	455.4	85.1	(97.9)	442.7
2019-20	442.7	124.5	(87.2)	480.0

Sources: Los Angeles Unified School District Comprehensive Annual Financial Reports for fiscal year 2015-16; Audited Annual Financial Report for fiscal years 2016-17 through 2019-20.

Pollution Legal Liability Policy. The District purchased a pollution legal liability ("PLL") policy through Ironshore Insurance Company with coverage of $10.0 million per incident and $10.0 million in aggregate, effective April 17, 2019 to April 17, 2022. In March 2006, the District filed a lawsuit in Los Angeles County Superior Court against its former insurance carrier American International Group's ("AIG") companies alleging that AIG committed acts of bad faith for failure to honor claims incurred during the PLL policy period. Pursuant to a settlement agreement by and between the District and AIG, AIG is required to pay to the District $78.75 million from fiscal year 2011-12 to fiscal year 2021-22, of which approximately $70.25 million has been paid to District as of June 30, 2020.

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

Litigation Regarding Insurance Providers. In September 2015, the District filed a lawsuit entitled *Los Angeles Unified School District v. ACE et al.* (the "Miramonte Coverage Action"), in Los Angeles County Superior Court seeking more than $200 million in damages from twenty-seven of the District's current and former insurance providers who failed to fund the defense and reimburse the District for settlement amounts paid by the District in connection with claims by hundreds of students and parents alleging that negligent hiring, supervision, and retention of former teachers Mark Berndt and Martin Springer at Miramonte Elementary School resulted in sexual abuse of the students. In April 2017, the District filed a second lawsuit in Los Angeles County Superior Court entitled *Los Angeles Unified School District vs. AIU Insurance Company, et. al.* (the "Telfair Coverage Action"), seeking more than $40 million in damages from eight of the District's current and former insurance providers in connection with the lawsuits filed against the District alleging that negligence of its employees in hiring, retaining, and supervising Paul Chapel resulted in sexual abuse of approximately twenty students at Telfair

Elementary School. In August 2017, the District filed a third lawsuit in Los Angeles County Superior Court entitled *Los Angeles Unified School District v. Allied World et al.* (the “De La Torre Coverage Action”), seeking more than $60 million in damages from seven of the District’s current and former insurance providers who failed to fund the defense and reimburse the District for settlement amounts paid by the District in connection with claims by over twenty students and their parents alleging that negligent hiring, supervision, and retention of former teacher Robert Pimentel at De La Torre Elementary School resulted in sexual abuse of the students. The District has not been reimbursed by any of the defendants for amounts expended in conjunction with resolving the underlying sexual abuse litigation described in this section. While no insurer agreed to pay any of the District’s defense costs before the coverage actions were filed, rulings obtained in the Miramonte Coverage Action have forced AIG to reimburse the District for over $21 million in defense costs. Further, the District has alleged that the insurance providers have not only breached their respective insurance obligations owed to the District in connection with underlying litigation, but also breached the implied covenant of good faith and fair dealing. The District and the insurers continue to discuss terms for a mediation of all three coverage cases. A bench trial limited to one insurance policy in the Miramonte Coverage Action recently concluded and the parties are awaiting a final judgment.

On November 4, 2020, the District filed two new lawsuits against its insurers, *LAUSD v. Starr Indemnity & Liability Co., et al.* and *LAUSD v. Ins. Co. of the State of Pennsylvania, et al.*, in which it is seeking more than $25 million and $8 million, respectively, in settlement reimbursements plus defense costs relating to underlying litigation involving the alleged abuse of multiple students at Franklin High School and Cahuenga High School. The District cannot predict the final outcome of or remedy imposed by any court with respect to these complaints or the amounts, if any, by which any of the insurance providers will reimburse the District for settlements in the underlying litigation matters.

Wrongful Death Cases. In August 2014, the parents of a deceased Garfield High School student filed a lawsuit seeking unspecified damages, which alleged negligence and liability of the District and District personnel in the drowning and eventual death of their son while attending a school-sponsored, off-campus excursion at a County-operated park. The District and District personnel were dismissed from the case brought by plaintiffs following a successful motion for summary judgment. As the prevailing party, the District obtained a costs order against plaintiffs of $45,554.86, which the District Court affirmed after plaintiffs filed a motion to re-tax. However, the plaintiffs have appealed the judgment in favor of the District to the Ninth Circuit, and the appeal is currently pending. Plaintiffs filed their opening brief on October 30, 2020. The District filed its respondent’s brief in March 2021. The plaintiffs entered into a $2.125 million settlement agreement with the County in November 2019. The County previously filed a cross-complaint against the District alleging the District’s failure to honor an earlier indemnification agreement and subsequent obligation to reimburse the County for legal expenses and settlement costs. Through a combination of dispositive motions and settlements, the County’s cross-complaint against the District and certain District employees has been dismissed with prejudice, and there will be no appeal of that outcome. The District paid no money to the County.

In March 2019, the parents of a deceased Dodson Middle School student filed a lawsuit seeking unspecified damages, which alleged insufficient supervision and life-saving measures were taken by District employees, leading to the collapse and eventual death of their son while running laps during a physical education class. The student’s death was subsequently found to have been caused by a previously-undiagnosed congenital coronary artery defect. In May 2019, all parties filed a joint stipulation to strike a portion of the complaint and dismiss Dodson Middle School as a defendant because the school is not a legal entity separate from the District. Trial is currently scheduled to commence in May 2021. The District expects its motion for summary judgment to be heard on or about April 30, 2021.

In June 2020, the father of a deceased North Hollywood High School student filed a lawsuit in federal district court seeking unspecified damages, which alleged (1) negligence, (2) negligent supervision, hiring, and retention, (3) violation of 42 U.S.C.S. 12131, (4) violation of 29 U.S.C.S. 794, and (5) wrongful death, for the student's off-campus death by suicide in the after-school hours of February 7, 2019. Discovery is ongoing and Plaintiff's deposition is being scheduled. The matter is set for trial to commence in June 2021.

In August 2020, the mother of a Normandie Avenue Elementary School student filed a lawsuit seeking unspecified damages in excess of $1,000,000 against the District and others for the alleged wrongful death of her son on December 26, 2019, after he died from injuries sustained while at a District employee's home. The death was later ruled a homicide. Discovery in this matter is ongoing and trial is scheduled to commence in late February 2022.

COVID-19 Distance Learning Lawsuits. On September 24, 2020, a class action lawsuit was filed on behalf of nine named plaintiffs in Los Angeles County Superior Court asserting that the District's instructional plan in response to the COVID-19 pandemic has denied plaintiffs' children their basic education rights under the California Constitution. The complaint alleges that the District's distance learning approach is inadequate in that it has allegedly reduced instructional and professional development time, eliminated student assessments, failed to provide adequate access to technology, and failed to reengage students who did not participate in online learning in the spring of 2020 after the closure of school facilities due to the COVID-19 pandemic. The operative first amended complaint asserts various causes of action for injunctive and declaratory relief, including claims for alleged violations of statutory and Constitutional rights and claims of discrimination and disparate treatment. On April 9, 2021, the District's motion to strike certain allegations in the complaint with respect to individualized education program services was granted, but its demurrer to the first amended complaint was overruled. The District is evaluating its options for proceeding in light of the Court's recent decisions.

COVID-19 In-Person Instruction Lawsuits. In April 2021, three lawsuits have been filed in Los Angeles Superior Court alleging that the District has violated state constitutional and statutory requirements by not reopening schools for in-person instruction to the greatest extent possible. The District has not yet been served in these matters and is evaluating its options for responding to each of them.

COVID-19 Employee Vaccinations Lawsuit. On March 17, 2021, a group of seven District employees filed a lawsuit in the U.S. District Court for the Central District of California, seeking declaratory and injunctive relief against the District and certain District officials with respect to the District's alleged policy mandating that employees be administered COVID-19 vaccinations for which the United States Food and Drug Administration has granted Emergency Use Authorization. Although the District has provided access to such vaccines for its employees, it has not mandated vaccinations. The District has informally requested that the lawsuit be dismissed on that basis, and if necessary, the District anticipates filing a motion to dismiss after the District-associated defendants have been served.

Sexual Misconduct Cases. The District is occasionally subject to claims relating to the sexual misconduct of District personnel. There are currently threatened and pending claims against the District brought on behalf of minor students as a result of alleged sexual misconduct by District personnel. The District is in various stages of litigation relating to such pending claims and cannot predict the outcome and effects of such claims or provide any assurances that such claims will not be successful. The damages requested by the plaintiffs in the various pending sexual misconduct cases are substantial, but vary significantly, in at least one instance exceeding $100 million. However, the District cannot predict any final award of damages or settlement amounts. The District also cannot predict the damages sought by any threatened litigation.

In the *Miramonte* sexual abuse litigation, involving Mark Berndt, in which there have previously been approximately $180 million in settlements with more than 200 plaintiffs, there are currently three active cases with 11 student plaintiffs. In 2013, Berndt pleaded no contest to 23 felony counts of lewd acts on children and was sentenced to 25 years in prison. The earliest filed of the three active cases, *Jane Doe BT v. LAUSD*, is set to start trial in May 2021. On November 11, 2020, a group of nine plaintiffs filed a case against the District alleging that they were sexually abused by Berndt, and the District has filed a motion to strike the treble damages sought therein, which is set to be heard in May 2021. Plaintiff's counsel in that matter has advised the District that two additional plaintiffs will be filing separate complaints alleging abuse by Berndt in April 2021. On January 28, 2021, another plaintiff, John J.J. Doe, filed a complaint against the District alleging that he was abused by Berndt. The District has filed a motion to strike the treble damages sought in such complaint, which is scheduled to be heard in October 2021.

On May 11, 2020, a group of twenty-one plaintiffs filed a complaint against the District, Birmingham Community Charter High School ("BCCHS"), and Grace Brethren Church of Simi Valley alleging that they were sexually abused by Daniel Silva, their former lacrosse coach at BCCHS. In May 2019, following a jury trial, Silva was found guilty on twenty-five criminal counts, including sixteen counts of child molestation, six counts of child battery, two counts of lewd conduct upon a child, and one count of false imprisonment. Plaintiffs allege that students from District school Daniel Pearl Magnet High School were permitted to participate in sports team at the adjacent, independently operated BCCHS. The plaintiffs include one District student and the complaint includes an allegation that "numerous female students from [District school] Daniel Pearl participated on [BCCHS's] lacrosse team and were victimized by Silva." Plaintiffs are seeking an unspecified amount of damages and are pursuing discovery in an attempt to add additional plaintiffs and include the District within the allegations being pursued by the twenty BCCHS students.

Assembly Bill 218 and Related Claims. Pursuant to Assembly Bill 218 ("AB 218"), which became effective on January 1, 2020, certain changes have been made to the claim prerequisites, available damages and the applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the District. AB 218 may impact the District's potential liability exposure because it (1) extends the statute of limitations periods for claims of childhood sexual assault, (2) does away altogether with the Tort Claims Act's presentation requirements for claims involving childhood sexual assault under which many claims were found to be late, (3) revives certain claims for which applicable statute of limitations periods have otherwise already expired (if brought within three years of January 1, 2020), and (4) provides for treble damages against a defendant, including a local public entity, who is found to have covered up the sexual assault of a minor. Pursuant to AB 218, a plaintiff now has twenty-two years from the age of majority or five years after the plaintiff discovered or reasonably should have discovered psychological injury or illness occurring after the age of majority caused by the alleged childhood sexual assault to bring an action, with certain actions being barred from commencement after the plaintiff's fortieth birthday. While the District continues to evaluate the impact of AB 218 and expects at least some increased exposure to sexual assault claims, the District does not have sufficient information to determine the extent to which it will see an increase in exposure to sexual assault claims.

The District has received and could receive additional complaints seeking declaratory, injunctive, and monetary relief, including treble damages, relating to allegations of misconduct by current and former employees. The District's potential liabilities could exceed the amounts which are currently recognized and the probable amount of contingent liabilities for which the District has set aside reserves based upon an independent third-party actuarial analysis. The Fiscal Year 2020-21 Second Interim Report reflects additional amounts to cover legal costs and potential settlements. However, the District cannot predict whether any plaintiffs in any pending complaints will prevail, and if so, how any final court decision or settlement agreement with respect to any lawsuit may affect the financial status, policies or operations of the District, as the nature of any court's remedy and the responses thereto are unknown at the present time. The costs of any final court decision or settlement agreement could be substantial and materially greater than the amounts proposed under the pending settlement agreements. However, the District does not expect any decision or change in law to adversely affect the ability of the District to pay the principal of and interest on the Refunding Bonds as and when due.

District Debt

General Obligation Bonds. From July 1997 through March 2003, the District issued the entire amount of $2,400,000,000 general obligation bonds authorized pursuant to Proposition BB approved by voters on April 8, 1997 (the "Proposition BB Authorization"). From May 2003 to May 2010, the District issued the entire amount of $3,350,000,000 general obligation bonds pursuant to Measure K approved by voters on November 5, 2002 (the "Measure K Authorization"). A $3,870,000,000 general obligation bond authorization was approved by the voters on March 2, 2004 (the "Measure R Authorization"). The District has issued $3,746,010,000 aggregate principal amount of Measure R general obligation bonds. A $3,985,000,000 general obligation bond authorization was approved by the voters on November 8, 2005 (the "Measure Y Authorization"). The District has issued $3,914,850,000 of aggregate principal amount of Measure Y general obligation bonds. A $7,000,000,000 general obligation bond authorization was approved by voters on November 4, 2008 (the "Measure Q Authorization"). The District has issued $3,650,955,000 of aggregate principal amount of Measure Q general obligation bonds. A $7,000,000,000 general obligation bond authorization was approved by the voters on November 3, 2020 (the "Measure RR Authorization"). Currently, the District has not issued any bonds under the Measure RR Authorization.

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

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

TABLE A-19

LOS ANGELES UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee
(As of April 1, 2021)

Member	Community Group Represented
Rachel Greene, Chair	Tenth District Parent Teacher Student Association
Bevin Ashenmiller, Vice Chair	LAUSD Student Parent
Chris Hannan, Secretary	Los Angeles County Federation of Labor AFL-CIO
Margaret Fuentes, Executive Member	LAUSD Student Parent
Araceli Sandoval-Gonzalez, Executive Member	Early Education Coalition
Tracy Bartley	Thirty-First District Parent Teacher Student Association
Neelura Bell	California Charter School Association
Jeffrey Fischbach	California Tax Reform Association
Melanie Freeland	American Institute of Architects
Greg Good	Los Angeles City Mayor's Office
Karen Krygier	Los Angeles City Controller's Office
Dolores Sobalvarro	American Association of Retired Persons
Alvin Trotter, Jr.	Los Angeles Area Chamber of Commerce
Roger Uy	Associated General Contractors of California
Guy Zelenski	Los Angeles County Auditor-Controller's Office
Celia Ayala	Early Education Coalition (Alternate)
Clarence Monteclaro	Tenth District Parent Teacher Student Association (Alternate)
Connie Yee	Los Angeles County Auditor-Controller's Office (Alternate)

The following Table A-20, Table A-21, Table A-22, Table A-23 and Table A-24 set forth the outstanding series of general obligation bonds and the amount outstanding as of April 1, 2021, under the Proposition BB, Measure K, Measure R, Measure Y and Measure Q Authorizations, respectively. Since no bonds have been issued under the Measure RR Authorization and the full authorization remains, Measure RR is not reflected in the tables below. Further, the tables below do not reflect the refunding of the Prior Bonds with proceeds of the Refunding Bonds or the issuance of the Refunding Bonds. For more information, see "PLAN OF REFUNDING" in the forepart of this Official Statement.

TABLE A-20

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

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of April 1, 2021	Date of Issue
2011 Refunding Bonds, Series A-1[1]	$ 206,735	$ 81,140	November 1, 2011
2014 Refunding Bonds, Series A[1]	196,850	39,990	June 26, 2014
2015 Refunding Bonds, Series A[1]	326,045	218,260	May 28, 2015
2016 Refunding Bonds, Series A[1]	202,420	167,945	April 5, 2016
2017 Refunding Bonds, Series A[1]	139,265	113,455	May 25, 2017
TOTAL	$1,071,315	$620,790	

[1] Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Proposition BB Authorization are not counted against the Proposition BB Authorization of $2.4 billion.
Source: Los Angeles Unified School District.

TABLE A-21

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

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of April 1, 2021	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 200,000	$ 200,000	October 15, 2009
2011 Refunding Bonds, Series A-2[1]	201,070	138,680	November 1, 2011
2012 Refunding Bonds, Series A[1]	59,190	46,370	May 8, 2012
2014 Refunding Bonds, Series B[1]	323,170	126,165	June 26, 2014
2016 Refunding Bonds, Series B[1]	227,535	224,920	September 15, 2016
2017 Refunding Bonds, Series A[1]	941,565	921,240	May 25, 2017
2019 Refunding Bonds, Series A[1]	153,285	142,765	May 29, 2019
2020 Refunding Bonds, Series A[1]	112,350	112,350	October 6, 2020
TOTAL	$2,218,165	$1,912,490	

[1] Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure K Authorization, are not counted against the Measure K Authorization of $3.35 billion.
Source: Los Angeles Unified School District.

TABLE A-22

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

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of April 1, 2021	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 363,005	$ 363,005	October 15, 2009
Series RY Bonds (2010) (Federally Taxable Build America Bonds)	477,630	477,630	March 4, 2010
2012 Refunding Bonds, Series A[(1)]	95,840	33,595	May 8, 2012
2014 Refunding Bonds, Series C[(1)]	948,795	767,245	June 26, 2014
2016 Refunding Bonds, Series A[(1)]	56,475	33,870	April 5, 2016
2016 Refunding Bonds, Series B[(1)]	176,455	176,455	September 15, 2016
2019 Refunding Bonds, Series A[(1)]	349,350	316,820	May 29, 2019
Series RYQ Bonds (2020)	36,000	31,650	April 30, 2020
2020 Refunding Bonds, Series A[(1)]	113,150	113,150	October 6, 2020
TOTAL	$2,616,700	$2,313,420	

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

Source: Los Angeles Unified School District.

TABLE A-23

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

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of April 1, 2021	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 806,795	$ 806,795	October 15, 2009
Series H Bonds (2009) (Qualified School Construction Bonds)	318,800	318,800[(2)]	October 15, 2009
Series RY Bonds (2010) (Federally Taxable Build America Bonds)	772,955	772,955	March 4, 2010
Series J Bonds (2010) (Qualified School Construction Bonds)	290,195	290,195[(3)]	May 6, 2010
2014 Refunding Bonds, Series D[(1)]	153,385	115,040	June 26, 2014
2016 Refunding Bonds, Series A[(1)]	92,465	65,650	April 5, 2016
2016 Refunding Bonds, Series B[(1)]	96,865	96,865	September 15, 2016
Series M-1 Bonds (2018)	117,005	111,265	March 8, 2018
2019 Refunding Bonds, Series A[(1)]	91,970	85,710	May 29, 2019
Series RYQ Bonds (2020)	182,000	160,010	April 30, 2020
2020 Refunding Bonds, Series A[(1)]	76,500	76,500	October 6, 2020
TOTAL	$2,998,935	$2,899,785	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure Y Authorization, are not counted against Measure Y Authorization of $3.985 billion.

(2) Includes the set-aside deposits totaling $69.760 million for fiscal years 2019-20 and 2020-21.

(3) Includes the set-aside deposits totaling $85.110 million for fiscal years 2018-19 through 2020-21.

Source: Los Angeles Unified School District.

TABLE A-24

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

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of April 1, 2021	Date of Issue
Series A Bonds (2016)	$ 648,955	$ 582,395	April 5, 2016
Series B-1 Bonds (2018)	1,085,440	1,034,935	March 8, 2018
Series RYQ Bonds (2020)	724,940	637,340	April 30, 2020
Series C Bonds (2020)	1,057,060	907,190	November 10, 2020
TOTAL	$3,516,395	$3,161,860	

Source: Los Angeles Unified School District.

Certificates of Participation. As of April 1, 2021, the District had outstanding lease obligations issued in the form of COPs in the aggregate principal amount of approximately $130.97 million. The District estimates that the aggregate payment of principal and interest evidenced by COPs will be approximately $168.41 million until the final maturity thereof. The District's lease obligations are not subject to acceleration in the event of a default thereof. The following Table A-25 sets forth the District's lease obligations paid from the District General Fund with respect to its outstanding COPs as of April 1, 2021.

TABLE A-25

LOS ANGELES UNIFIED SCHOOL DISTRICT
Certificates of Participation Lease Obligations Debt Service Schedule[(1)]
(as of April 1, 2021)
($ in thousands)

Fiscal Year Ending (June 30)	Paid From General Fund[(2)(3)]
2022	$16,374
2023	16,298
2024	15,560
2025	14,971
2026	15,171
2027	15,152
2028	15,136
2029	15,096
2030	13,330
2031	13,300
2032	13,270
2033	1,590
2034	1,586
2035	1,578
Total[(3)]	$168,412

(1) The lease payments reflect the net obligations of the District due to the defeasance of certain COPs.
(2) The District expects to pay all or a portion of the final debt service payments evidenced by such series of COPs from funds on deposit in the related debt service reserve fund.
(3) Total may not equal sum of component parts due to rounding.
Source: Los Angeles Unified School District.

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

Pursuant to the Bipartisan Budget Act of 2013 which was signed into law in December 2013, the District's Direct Pay Bonds are subject to the full amount of sequestration budget cuts and will have their planned federal payments reduced until the federal fiscal year ending September 30, 2023. The federal subsidy for the Direct Pay Bonds for the federal fiscal year ending September 30, 2020 was reduced by 5.9% and will be reduced by 5.7% for the federal fiscal year ended September 30, 2021. During the federal fiscal year ending September 30, 2020, the sequester resulted in a reduction in the aggregate amount of approximately $4.35 million with respect to the refundable credits for the Series KRY Bonds (2009), Series RY Bonds (2010) and Series J Bonds. During the federal fiscal year ending September 30, 2021, the District expects that the sequester will result in a reduction in the aggregate amount of approximately $4.20 million with respect to the refundable credits for the Series KRY Bonds (2009), Series RY Bonds (2010) and Series J Bonds. The District's Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds are payable from and secured by *ad valorem* property taxes which are to be assessed in amounts sufficient to pay principal of and interest on the Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds when due. The County has levied and will continue to levy *ad valorem* property taxes in an amount sufficient to pay principal of and interest on the Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds when due.

Future Financings

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

Pursuant to the Education Code, the District's bonding capacity for general obligation bonds may not exceed 2.5% of taxable property valuation in the District as shown by the last equalized assessment roll of the County. The taxable property valuation in the District for fiscal year 2020-21 is approximately $787.68 billion, which results in a total current bonding capacity of approximately $19.69 billion. The District's available capacity for the issuance of new general obligation bonds is approximately $8.63 billion (taking into account current outstanding debt before the issuance of the Refunding Bonds and not accounting for the refunding of the Prior Bonds). The fiscal year 2020-21 assessed valuation of property within the District's boundaries of approximately $787.68 billion reflects an increase of 6.53% from fiscal year 2019-20. See "SECURITY AND SOURCE OF PAYMENT FOR THE REFUNDING BONDS – Assessed Valuation of Property Within the District" in the forepart of this Official Statement and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the State Constitution" herein.

The District has approximately $123,990,000 authorized and unissued general obligation bond authorization remaining under the Measure R Authorization. The District has approximately $70,150,000 authorized and unissued general obligation bond authorization remaining under the Measure Y Authorization. The District has approximately $3,349,045,000 authorized and unissued general obligation bond authorization remaining under the Measure Q Authorization. The District has approximately $7,000,000,000 authorized and unissued general obligation bond authorization remaining under the Measure RR Authorization. The District may issue additional general obligation bonds or general obligation refunding bonds in the future depending upon project needs and market conditions.

As provided in the text of each of the ballots of Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR the District Board does not guarantee that the respective bonds authorized and issued under the Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR Authorizations will provide sufficient funds to allow completion of all potential projects listed in connection with said measures.

***Lease Financings**.* The District may finance capital projects through the execution and delivery of certificates of participation or other obligations secured by general fund lease payments from time to time. See "– District Financial Policies and Related Practices – *Debt Management Policy*" herein.

***Tax and Revenue Anticipation Notes**.* The District has not issued and does not expect to issue tax and revenue anticipation notes in fiscal year 2020-21. However, the District may issue tax and revenue anticipation notes in fiscal year 2021-22 depending on State and federal funding, deferrals, and the ongoing impacts of the COVID-19 pandemic. The District cannot predict the full impact of the COVID-19 pandemic or changes in the economy on the District's finances for the current or subsequent fiscal years at this time.

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

Constitutionally Required Funding of Education

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

Article XIIIA of the State Constitution

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

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

Legislation Implementing Article XIIIA

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

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

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

Article XIIIB of the State Constitution

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

The Proposed 2021-22 State Budget currently projects that the State's appropriations limit (referred to as the "Gann Limit") will be exceeded for the second time since its passage in 1979. The Gann Limit is currently projected to be exceeded by approximately $102 million. As a result, any funds above the Gann Limit are constitutionally required to be allocated evenly between school districts and a tax refund. For more information on the Gann Limit under the Proposed 2021-22 State Budget, see "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *Proposed 2021-22 State Budget*" herein.

The District Board adopted the annual appropriation limit for fiscal year 2020-21 of approximately $3.91 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs. For fiscal year 2019-20, the appropriations subject to limitation totaled approximately $3.87 billion.

Article XIIIC and Article XIIID of the State Constitution

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

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

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

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

Proposition 98

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

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

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

The 2019-20 State Budget includes an estimated Proposition 98 minimum guarantee for fiscal year 2020-21 of $70.9 billion, which is a decrease in funding of $6.8 billion from fiscal year 2019-20. The reduction in Proposition 98 funding will result in per pupil spending of $10,654 in fiscal year 2020-21, a $1,339 reduction from fiscal year 2019-20. For further information concerning the impact of State Budgets on Proposition 98 funding, see "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2020-21 State Budget*" herein.

The Proposed 2021-22 State Budget includes $85.8 billion of Proposition 98 resources for K-12 schools and community colleges, which represents an increase of $14.9 billion above the level funded in the 2020-21 State Budget and the highest-ever level of funding for K-14 schools. The Proposition 98 funding levels for fiscal year 2019-20 and 2020-21 increased from the 2020-21 State Budget amounts by $1.9 billion and $11.9 billion, respectively, due almost exclusively to increased State general fund revenues in such fiscal years. Total K-12 per-pupil expenditures from all sources are projected to be $18,837 in fiscal year 2020-21 and $18,000 in fiscal year 2021-22 (the decrease between the level of per-pupil expenditures in fiscal year 2020-21 and fiscal year 2021-22 is reflective of the significant allocation of one-time federal funds in fiscal year 2020-21). For more information on the Proposition 98 minimum guarantee under the Proposed 2021-22 State Budget, see "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *Proposed 2021-22 State Budget*" herein.

Proposition 39

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

Proposition 1A

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

Proposition 22

Proposition 22, which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State general fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "– Proposition 1A" herein. In addition, Proposition 22 generally eliminated the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increased school and community college district's share of property tax revenues, prohibited the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibited the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO stated that Proposition 22 would prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. However, the California Supreme Court, in *California Redevelopment Association v. Matosantos*, held that the dissolution provisions set forth in Assembly Bill No. 26 of the First Extraordinary Session (2011) were constitutional and permitted the State to allocate revenues that would have been directed to the redevelopment agencies to make pass-through payments (*i.e.*, payments that such entities would have received under prior law) to local agencies and to successor agencies for retirement of the debts and certain administrative costs of the redevelopment agencies.

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

Proposition 30

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

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

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

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

Proposition 2

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

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

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

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

The District, which has an ADA greater than 400,000, is required to maintain a reserve for economic uncertainty in an amount equal to 1.00% of its general fund expenditures and other financing uses.

The Proposed 2021-22 State Budget projects that a $747 million deposit into the Proposition 98 Rainy Day Fund (Public School System Stabilization Account) will be required in fiscal year 2020-21, and a $2.2 billion deposit will be required in fiscal year 2021-22. The balance of approximately $3 billion in fiscal year 2021-22 triggers school district reserve caps beginning in fiscal year 2022-23. For more information on the Proposed 2021-22 State Budget, see "STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *Proposed 2021-22 State Budget*" herein.

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

State School Facilities Bonds

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

Proposition 47. The Class Size Reduction Kindergarten – University Public Education Facilities Bond Act of 2002 appeared on the November 5, 2002 ballot as Proposition 47 ("Proposition 47") and was approved by State voters. Proposition 47 authorized the sale and issuance of $13.05 billion in general obligation bonds by the State to fund construction and renovation of K-12 school facilities ($11.4 billion) and higher education facilities ($1.65 billion). Proposition 47 includes $6.35 billion for acquisition of land and new construction of K-12 school facilities. Of this amount, $2.9 billion is set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002. The balance of $3.45 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. To be eligible for bond proceeds under Proposition 47, K-12 school districts are required to pay 50% of the costs for land acquisition and new construction with local revenues. In addition, Proposition 47 provided that up to $100 million of the $3.45 billion would be allocated for charter school facilities. Proposition 47 provides up to $3.3 billion for reconstruction or modernization of existing K-12 school facilities. Of this amount, $1.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002 and the balance of $1.4 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 40% of the costs for reconstruction or modernization with local revenues. Proposition 47 provides a total of $1.7 billion to K-12 school districts which are considered critically overcrowded, specifically to schools that have a large number of pupils relative to the size of the school site. In addition, $50 million will be available to fund joint-use projects. Proposition 47 also includes $1.65 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in the State's public higher education systems. As of April 1, 2021, the District has received approximately $949.2 million in funds attributable to Proposition 47.

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

Proposition 55 (2004) makes $2.25 billion available for the reconstruction or modernization of existing public school facilities. School districts would be required to pay 40% of project costs from local resources. Proposition 55 (2004) directs a total of $2.44 billion to school districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 55 (2004) also makes a total of $50 million available to fund joint-use projects. Proposition 55 (2004) includes $2.3 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. The measure allocates $690 million to the University of California and California State University and $920 million to community colleges in the State. The Governor and the State Legislature select specific projects to be funded by the bond proceeds. As of April 1, 2021, the District has received approximately $2.3 billion in funds attributable to Proposition 55 (2004).

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

Proposition 1D makes $3.3 billion available for the reconstruction or modernization of existing public school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 1D directs a total of $1.0 billion to school districts with schools that are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 1D also makes a total of $29 million available to fund joint-use projects. Proposition 1D includes $3.1 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for California's public higher education systems. Pursuant to Proposition 1D, the Governor and the State Legislature select specific projects to be funded by the bond proceeds. As of April 1, 2021, the District has received approximately $823.1 million in funds attributable to Proposition 1D.

Proposition 51. The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 was approved by State voters at the November 8, 2016 ballot as Proposition 51 ("Proposition 51"). Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State to fund new construction of school facilities ($3 billion), school facilities for charter schools ($500 million), modernization of school facilities ($3 billion), facilities for career technical education programs ($500 million), and acquisition, construction, renovation, and equipping of community college facilities ($2 billion). Proceeds of bonds issued by the State for K-12 under Proposition 51 are required to be deposited in the 2016 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. As of April 1, 2021, the District has received approximately $132.0 million in funds attributable to Proposition 51.

Future Initiatives

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

REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The District is located in the City of Los Angeles and portions of the County of Los Angeles. The following economic and demographic information pertains to the City of Los Angeles (the "City") and the County of Los Angeles (the "County"). The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors. For more information on the impact of the COVID-19 pandemic, see "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Infectious Disease Outbreak.*"

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

Population

The following Table A-26 sets forth the estimates of the population of the City, the County and the State in calendar years 2016 through 2020.

TABLE A-26

POPULATION ESTIMATES
2016 through 2020

Year (as of January 1)	City of Los Angeles	County of Los Angeles	State of California
2016	3,972,008	10,158,196	39,131,307
2017	4,001,642	10,193,753	39,398,702
2018	4,019,818	10,209,676	39,586,646
2019	4,013,170	10,184,378	39,695,376
2020	4,010,684	10,172,951	39,782,870

Source: Department of Finance Demographic Research Unit.

Income

The following Table A-27 sets forth the median household income for the City, the County, the State and the United States for calendar years 2015 through 2019.

TABLE A-27

Median Household Income[1]
2015 through 2019

Year	City of Los Angeles	County of Los Angeles	State of California	United States
2015	$52,024	$59,134	$64,500	$55,775
2016	54,432	61,338	67,739	57,617
2017	60,197	65,006	71,513	61,423
2018	62,474	68,093	75,277	61,937
2019	67,418	72,797	80,440	65,712

(1) Estimated. In inflation-adjusted dollars.
Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

The following Table A-28 sets forth the distribution of income by certain income groupings per household for the City, the County, the State and the United States for calendar year 2019.

TABLE A-28

Income Groupings 2019[1]
(Percent of Households)

Income Per Household	City of Los Angeles	County of Los Angeles	State of California	United States
$24,999 & Under	20.0%	17.2%	15.1%	18.1%
$25,000-49,999	18.4	17.8	16.7	20.3
$50,000 & Over	61.5	65.1	68.3	61.6

(1) Estimated. In inflation-adjusted dollars. Data may not add up due to rounding.
Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

Employment

The District is within the Los Angeles-Long Beach Primary Metropolitan Statistical Area Labor Market (Los Angeles County). The following Table A-29 sets forth wage and salary employment in the County from calendar years 2016 through 2020.

TABLE A-29

LABOR FORCE AND EMPLOYMENT IN THE COUNTY OF LOS ANGELES[(1)]
2016 THROUGH 2020

	2016	2017	2018	2019	2020
Civilian Labor Force	5,018,900	5,088,900	5,094,300	5,122,800	4,921,500
Employment	4,751,200	4,843,700	4,857,300	4,888,600	4,291,700
Unemployment	267,700	245,200	237,000	234,300	629,800
Unemployment Rate	5.3%	4.8%	4.7%	4.6%	12.8%
Wage and Salary Employment					
Farm	5,300	5,700	4,600	4,400	4,400
Mining and Logging	2,400	2,000	1,900	1,900	1,700
Construction	134,000	138,700	146,300	149,800	145,500
Manufacturing	362,000	350,400	342,600	340,700	313,800
Trade, Transportation and Utilities	835,600	845,700	851,600	851,400	787,300
Information	229,400	214,900	216,400	217,900	185,800
Financial Activities	219,800	221,600	223,200	223,500	211,500
Professional and Business Services	603,000	612,100	630,400	643,900	593,300
Educational and Health Services	769,900	797,400	817,900	839,900	820,900
Leisure and Hospitality	510,000	524,600	536,500	547,200	394,400
Other Services	153,300	155,700	158,800	158,400	127,000
Government	576,700	586,100	590,600	586,900	565,600
Total[(1)]	4,401,400	4,454,900	4,520,700	4,565,800	4,151,000

(1) Totals may not equal sum of component parts due to rounding.
Source: California Employment Development Department, Labor Market Information Division.

The following Table A-30 sets forth taxable sales in the County for the calendar years 2016 through 2020.

TABLE A-30

County of Los Angeles
Taxable Transactions[1]
2016 through 2020
($ in thousands)

Type of Business	2016	2017	2018	2019	2020[2]
Motor Vehicle and Parts Dealers	$ 18,502,763	$ 18,564,128	$ 18,935,861	$ 18,954,470	$ 13,368,873
Home Furnishings and Appliance Stores	7,842,401	7,608,635	7,536,953	7,308,501	4,602,672
Building Materials and Garden Equipment and Supplies Dealers	7,688,704	8,033,660	8,446,279	8,698,495	7,098,397
Food and Beverage Stores	6,696,653	6,922,448	7,106,527	7,255,360	5,631,424
Gasoline Stations	10,137,302	10,962,033	12,553,326	12,491,790	6,131,716
Clothing and Clothing Accessories Stores	11,413,847	11,554,496	12,258,410	12,536,982	6,094,629
General Merchandise Stores	10,904,814	11,249,712	12,583,909	12,910,844	8,309,706
Food Services and Drinking Places	22,002,191	23,198,676	24,016,431	25,097,944	12,653,089
Other Retail Group	14,808,367	15,186,560	15,707,358	17,190,290	16,930,202
Total Retail and Food Services	$109,997,043	$113,280,347	$119,145,054	$122,444,678	$80,820,708
All Other Outlets	$ 44,211,290	$ 45,979,009	$ 46,878,742	$ 49,868,925	$ 31,819,557
TOTAL ALL OUTLETS	$154,208,333	$159,259,356	$166,023,796	$172,313,603	$112,640,265

(1) Totals may not equal sum of component parts due to rounding.
(2) Values reflect third quarter of 2020.
Source: California Department of Tax and Fee Administration, Taxable Sales in California.

Leading County Employers

The economic base of the County is diverse with no one sector being dominant. Some of the leading activities include government (including education), business/professional management services (including engineering), health services (including training and research), tourism, distribution, and entertainment. The following Table A-31 sets forth the major employers in the County for fiscal year 2019-20.

TABLE A-31

County of Los Angeles
Major Employers[(1)]
2020

Employer	Product/Service	Employees
Los Angeles County	Government	113,207
Los Angeles Unified School District	Education	77,928
University of California, Los Angeles	Education	50,957
U.S. Government – Federal Executive Board	Government	50,000
Kaiser Permanente Southern California	Nonprofit health plan	41,349
City of Los Angeles	Government	34,172
State of California	Government	30,370
University of Southern California	Private university	22,164
Target Corp.	Retailer	20,000
Northrop Grumman Corp.	Systems and products in aerospace, electronics and information systems	18,000
Ralphs/Food 4 Less (Kroger Co. division)	Grocery retailer	15,532
Cedars-Sinai	Health system	15,302
Amazon	Online retailer	15,000
Allied Universal	Provider of security services and technology solutions	14,480
Providence	Health care	14,094
Walt Disney Co.	Media and entertainment	12,750
Long Beach Unified School District	Education	11,867
UPS	Logistics, transportation and freight	11,643
NBCUniversal	Media and entertainment	11,500
Home Depot	Home improvement retailer	11,200
AT&T Inc.	Telecommunications, DirecTV, cable, satellite and television provider	11,000
Albertsons Cos.	Retail grocer	10,000
Los Angeles County Metropolitan Transportation Authority	Transportation	9,978
Los Angeles Department of Water & Power	Energy	9,400
Mt. San Antonio Community College District	Education	8,857
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,463
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	8,000
Wells Fargo & Co.	Diversified financial services	7,613
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,500
Bank of America Corp.	Banking and financial services	7,500
FedEx Corp.	Shipping and logistics	7,000
Los Angeles Community College District	Education	6,874
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	6,730
Children's Hospital Los Angeles	Nonprofit freestanding children's hospital	6,400
Raytheon Intelligence and Space	Advanced sensors, training, cyber and software solutions	6,316
Dignity Health	Health care	6,000
Space Exploration Technologies Corp.	Rockets and spacecraft	6,000
Costco Wholesale	Membership chain of warehouse stores	5,578
City of Long Beach	Government	5,500
SoCalGas	Natural gas utility	5,400

[(1)] The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several additional companies may have qualified for this list, but failed to submit information or do not break out local employment data.

Source: "2020 Book of Lists," Los Angeles Business Journal, August 31, 2020.

Construction

The following Table A-32 sets forth the valuation of permits for new residential buildings and the number of new single-family and multi-family dwelling units in the City for the years 2016 through 2020.

TABLE A-32

City of Los Angeles
Permit Valuations and Units of Construction[1]
2016 to 2020
($ in thousands)

Year	New Residential Valuation	New Single Family Dwelling Units	New Multi-Family Dwelling Units	Total New Units
2016	$3,733,909	1,857	11,468	13,325
2017	4,351,195	2,476	11,971	14,447
2018	4,655,644	2,792	13,915	16,707
2019	3,726,652	2,623	11,291	13,914
2020[2]	3,235,640	1,887	10,448	12,335

(1) Total may not equal sum of component parts due to rounding.
(2) Values reflect preliminary 2020 data.
Source: California Homebuilding Foundation | Construction Industry Research Board.

The following Table A-33 sets forth the lending activity, home prices and sales, recorded notices of default, unsold new housing and vacancy rates of properties within the County from 2016 through 2020.

TABLE A-33

County of Los Angeles
Real Estate and Construction Indicators
2016 to 2020

Indicator	2016	2017	2018	2019	2020
Construction Lending[1]	$11,979	$13,619	$20,419	$14,193	$9,247
Residential Purchase Lending[1]	$53,362	$53,764	$48,203	$56,480	$73,010
New & Existing Median Home Prices	$521,558	$561,335	$598,387	$614,080	$674,927
New & Existing Home Sales	81,061	82,318	75,086	73,548	71,474
Notices of Default Recorded	13,802	11,402	9,726	9,821	4,858
Unsold New Housing (at year-end)	1,217	1,186[3]	--[3]	--[3]	--[3]
Office Market Vacancy Rates[2]	14.3%	14.4%	14.4%	14.0%	15.1%
Industrial Market Vacancy Rates[2]	0.9%	1.0%	1.4%	1.2%	1.9%

(1) Dollars in millions.
(2) Average of quarterly data.
(3) Data only available as of the end of First Quarter 2017.
Source: Real Estate Research Council of Southern California – Fourth Quarter 2020 (2016-2020)

The following Table A-34 sets forth information with respect to building permits and building valuations in the County from 2016 through 2020.

TABLE A-34

County of Los Angeles
Building Permits and Valuations[1]
2016 to 2020

	2016	2017	2018	2019	2020[2]
Residential Building Permits (Units)					
New Residential Permits					
Single Family	4,654	5,456	6,070	5,738	6,194
Multi-Family	15,685	17,023	17,152	15,884	14,056
Total Residential Building Permits	20,339	22,479	23,222	21,622	20,250
Building Valuations ($ in millions)					
Residential Building Valuations					
Single Family	$2,127	$2,353	$2,277	$1,967	$1,874
Multi-Family	2,815	3,258	3,223	2,961	2,790
Alterations and Additions	1,602	1,758	1,941	1,626	1,014
Residential Building Valuations Subtotal	$6,544	$7,368	$7,441	$6,554	$5,677
Non-Residential Building Valuations					
New Industrial Buildings	-	$135	$101	$64	$32
Office Buildings	$377	496	500	475	242
Store & Other Mercantile	547	791	817	1,338	897
Hotels and Motels	314	84	203	203	232
Industrial Buildings	139	135	101	64	32
Alterations and Additions	2,853	3,143	2,796	3,404	1,237
Amusement and Recreation	30	195	853	32	2
Parking Garages	263	239	320	231	103
Service Stations and Repair Garages	13	6	2	1	72
Other	723	948	1,102	840	691
Non-Residential Building Valuations Subtotal	$ 5,259	$6,038	$6,694	$6,590	$3,508
Total Building Valuations	$11,804	$13,406	$14,135	$13,144	$9,185

(1) Totals may not equal sum of component parts due to rounding.
(2) Values reflect preliminary 2020 data.
Sources: California Homebuilding Foundation (2016) | Construction Industry Research Board (2017-2020).

GLOSSARY OF CERTAIN TERMS AND ABBREVIATIONS

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

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

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

"BSA" means the Budget Stabilization Account.

"CAFR" means comprehensive annual financial report.

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

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

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

"CDE" means the California Department of Education.

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

"Common Core" means Common Core State Standards.

"COPS" means certificates of participation.

"COVID-19" means Coronavirus Disease 2019.

"CSEA" means California School Employees Association.

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

"FRPM" means free or reduced-price meal.

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

"ISMP" means the Information Security Management Program.

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

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

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

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

"LCAP" means the Local Control and Accountability Plan.

"LCFF" means the Local Control Funding Formula.

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

"LI" means students classified as foster youth.

"MPP" means minimum proportionality percentage.

"OCIP" means owner controlled insurance program.

"OPEB" means Other Post-Employment Benefits.

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

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

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

"PERB" means the Public Employee Relations Board.

"PLL" means pollution legal liability.

"SEIU" means Service Employees International Union.

"SFEU" means the Special Fund for Economic Uncertainties.

"SUP" means School Upgrade Program.

"UAAL" means unfunded actuarial accrued liability.

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

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APPENDIX B

AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT
FOR FISCAL YEAR ENDED JUNE 30, 2020

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LOS ANGELES UNIFIED SCHOOL DISTRICT

AUDITED ANNUAL

FINANCIAL REPORT

FOR FISCAL YEAR ENDED JUNE 30, 2020

2019-2020

LOS ANGELES, CA

LOS ANGELES UNIFIED SCHOOL DISTRICT
LOS ANGELES, CALIFORNIA

AUDITED ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2020

MR. AUSTIN BEUTNER
SUPERINTENDENT OF SCHOOLS

MS. MEGAN K. REILLY
DEPUTY SUPERINTENDENT, BUSINESS SERVICES & OPERATIONS
(EFFECTIVE JULY 8, 2019)

MR. DAVID D. HART
CHIEF FINANCIAL OFFICER
(EFFECTIVE JANUARY 6, 2020)

MR. V. LUIS BUENDIA
INTERIM CHIEF FINANCIAL OFFICER
(SEPTEMBER 3, 2019 – JANUARY 5, 2020)

MR. SCOTT S. PRICE, PH.D.
CHIEF FINANCIAL OFFICER
(JULY 3, 2017 – AUGUST 31, 2019)

MS. JOY MAYOR
INTERIM CONTROLLER
(OCTOBER 16, 2019 – JANUARY 5, 2020 & APRIL 8, 2020 – JANUARY 22, 2021)

PREPARED BY
ACCOUNTING AND DISBURSEMENTS DIVISION

333 S. BEAUDRY AVENUE
LOS ANGELES, CALIFORNIA 90017

LOS ANGELES UNIFIED SCHOOL DISTRICT
Audited Annual Financial Report
Year Ended June 30, 2020

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LOS ANGELES UNIFIED SCHOOL DISTRICT

AUSTIN BEUTNER
Superintendent of Schools

MEGAN K. REILLY
Deputy Superintendent

DAVID D. HART
Chief Financial Officer

V. LUIS BUENDIA
Deputy Chief Financial Officer

March 24, 2021

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

Dear Board Members:

The Audited Annual Financial Report of the Los Angeles Unified School District (District), for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The report also includes a "State and Federal Compliance Information" section, which is designed to meet the reporting requirements of the Office of the California State Controller, the U.S. General Accounting Office, the U.S. Office of Management and Budget, and the Single Audit Act Amendments of 1996.

Independent Audit

EC §41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the District's income by source of funds and expenditures by object and program. The District's contract auditor for 2019-20 is Simpson & Simpson, CPAs. The independent auditor's report on the basic financial statements is presented in the Financial Section of this report on page 1.

Management Discussion and Analysis (MD&A)

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

Profile of the Los Angeles Unified School District

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

As of June 30, 2020, the District operated 440 elementary schools, 79 middle/junior high schools, 92 senior high schools, 54 options schools, 25 multi-level schools, 14 special education schools, 61 magnet schools and

231 magnet centers, 1 community adult school, 6 regional occupational centers, 4 skills centers, 86 early education centers, 4 infant centers, and 19 primary school centers. The District is governed by a seven-member Board of Education elected by voters within the District to serve alternating five-year terms. These terms were extended to five years for members elected in 2015 and thereafter. As of June 30, 2020, the District employed 36,270 certificated, 29,605 classified, and 14,077 unclassified employees. Enrollment as of September 2019 was 474,375 students in K-12 schools, 30,093 students in adult schools and centers, and 11,851 students in early education centers.

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

Economic Condition and Outlook

The outbreak of the respiratory disease caused by COVID-19 has been declared a pandemic by the World Health Organization. Since the March 16, 2020 national lockdown, the Federal, State and Local governments have been in action to cushion the impact and set the stage for a lasting recovery.

The UCLA Anderson December 2020 Forecast reports a robust economy to begin in Spring 2021. The forecast is hopeful for an economic recovery from the current recession based on the assumption that mass vaccinations would provide a new, productive normalcy for many industries and allow the population's ability to safely return to work. Economic growth is anticipated at 1.8% for the first quarter of 2021 and at a much stronger pace of 6% for the second quarter of 2021, and should remain above 3% well into 2023. On the labor market, the Anderson Forecast is expecting the nation's unemployment rate to remain above 5% through 2021 and eventually falling to 4% by 2023. California forecast is an average unemployment rate of 6.9% in 2021, 5.2% in 2022, and 4.4% in 2023. The table below shows the monthly unemployment rates in 2020 in comparison to the pre-pandemic year of 2019 for both the Nation and California.

Month	U.S. 2019	U.S. 2020	California 2019	California 2020
January	4.0%	3.5%	4.3%	4.2%
February	3.8%	3.5%	4.3%	4.3%
March	3.8%	4.4%	4.2%	4.5%
April	3.7%	14.8%	4.2%	16.0%
May	3.7%	13.3%	4.1%	15.6%
June	3.6%	11.1%	4.0%	14.1%
July	3.6%	10.2%	4.0%	13.2%
August	3.7%	8.4%	3.9%	12.3%
September	3.5%	7.8%	3.9%	10.6%
October	3.6%	6.9%	3.9%	9.8%
November	3.6%	6.7%	3.9%	8.7%
December	3.6%	6.7%	3.9%	9.3%

Source: Bureau of Labor Statistics – Labor Force Statistics from the Current Population Survey

Currently, the Proposition 98 minimum guarantee is determined by Test 1 which requires the state to provide 38% of the General Fund revenues on K-14 education. Proposition 98 amended the California Constitution to mandate a minimum level of education spending commonly known as the minimum guarantee and sets forth three main tests for calculating the minimum guarantee. Since Test 1 links the school funding to the State's General Fund revenue, changes in the state's economic activity or condition directly impacts the Proposition 98 minimum guarantee. On January 8, 2021, Governor Newsom unveiled the 2021-22 State Proposed Budget. Proposition 98 minimum guarantee remained at Test 1 and received a total increased funding of $19.1 billion, with K-12 receiving $17.3 billion of the funding. This is reflective of a revenue windfall from an economy that recovered sooner than anticipated. However, the risks to the economic outlook and revenue forecast remain a caveat. The health crisis is still ongoing, more Californians are still receiving unemployment benefits, and jobs lost to the pandemic had not been fully recovered. In addition, the State is anticipating a structural deficit of $7.6 billion in 2022-23 and to further grow to over $11 billion by 2024-25 as expenditures are projected to grow faster than revenues.

Superintendent's Strategic Plan

The Strategic Plan represents L.A. Unified's commitment to 100% graduation. This will be achieved through excellence, high expectations and continuous learning. The plan also outlines fundamental strategy, the essential elements of effective learning environments, objectives and key initiatives. The plan is intended to cultivate common understanding and coherence, and to empower all stakeholders to take action toward creating a district of graduates. It provides the prioritized framework from which L.A. Unified will work.

In its relentless pursuit to educate, graduate and inspire its diverse student population, L.A. Unified must make certain that it has access to the highest caliber staff and services available. It must also guarantee that families are actively and meaningfully involved. Each and every person plays an important role in meeting the academic, social-emotional and physical needs of L.A. Unified students.

Financial Information

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

School districts in California are required by 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.

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

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

Financial Results

In 2019-20, the Statement of Changes in Net Position shows that the District's Net Position slightly decreased by $0.2 billion during the year. The Unrestricted Net Position, which is negative, declined by $0.3 billion from -$16.0 billion to -$16.4 billion. The negative Unrestricted Net Position is largely the result of net other postemployment (OPEB) liability and net pension liability for various retirement plans. The noted decline is primarily attributable to the District's net pension liability, which continue to increase as the District's proportionate share of the unfunded liability rises.

Audit Results

The District received an Unmodified financial audit. An unmodified or "clean" opinion is issued when the auditor is able to state that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles (GAAP). For the federal compliance audit, eight (8) programs received an Unmodified audit opinion and one (1) program was Qualified. The District received an Unmodified state compliance audit.

There were 12 audit findings in 2019-20 as there were in 2018-19. The amount of questioned costs increased from $616,263 to $1,415,434, primarily due to an oversight in earmarking requirements. Despite the increase in audit questioned cost, the District continues to remain fully committed to strong compliance with Federal and State guidelines, as evidenced by a relatively stable number of audit findings. The District will continue to work with schools and offices to focus on resolving these areas of internal control and compliance issues.

Acknowledgments

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

Respectfully submitted,

Austin Beutner
Superintendent of Schools

Prepared by:

Joy Mayor
Deputy Controller

V. Luis Buendia
Deputy Chief Financial Officer

David D. Hart
Chief Financial Officer

BOARD OF EDUCATION

Kelly Gonez, President
Board District 6

Dr. George J. McKenna III
Board District 1

Mónica García
Board District 2

Scott Schmerelson
Board District 3

Nick Melvoin
Board District 4

Jackie Goldberg
Board District 5

Tanya Ortiz Franklin
Board District 7

PRINCIPAL SCHOOL DISTRICT OFFICIALS

Austin Beutner
Superintendent of Schools

Megan K. Reilly
Deputy Superintendent, Business Services & Operations
(Effective July 8, 2019)

David D. Hart
Chief Financial Officer
(Effective January 6, 2020)

V. Luis Buendia
Interim Chief Financial Officer
(September 3, 2019 – January 5, 2020)

Dr. Scott S. Price
Chief Financial Officer
(July 3, 2017 – August 31, 2019)

Joy Mayor
Interim Controller
(October 16, 2019 – January 5, 2020 & April 8, 2020 – January 22, 2021)

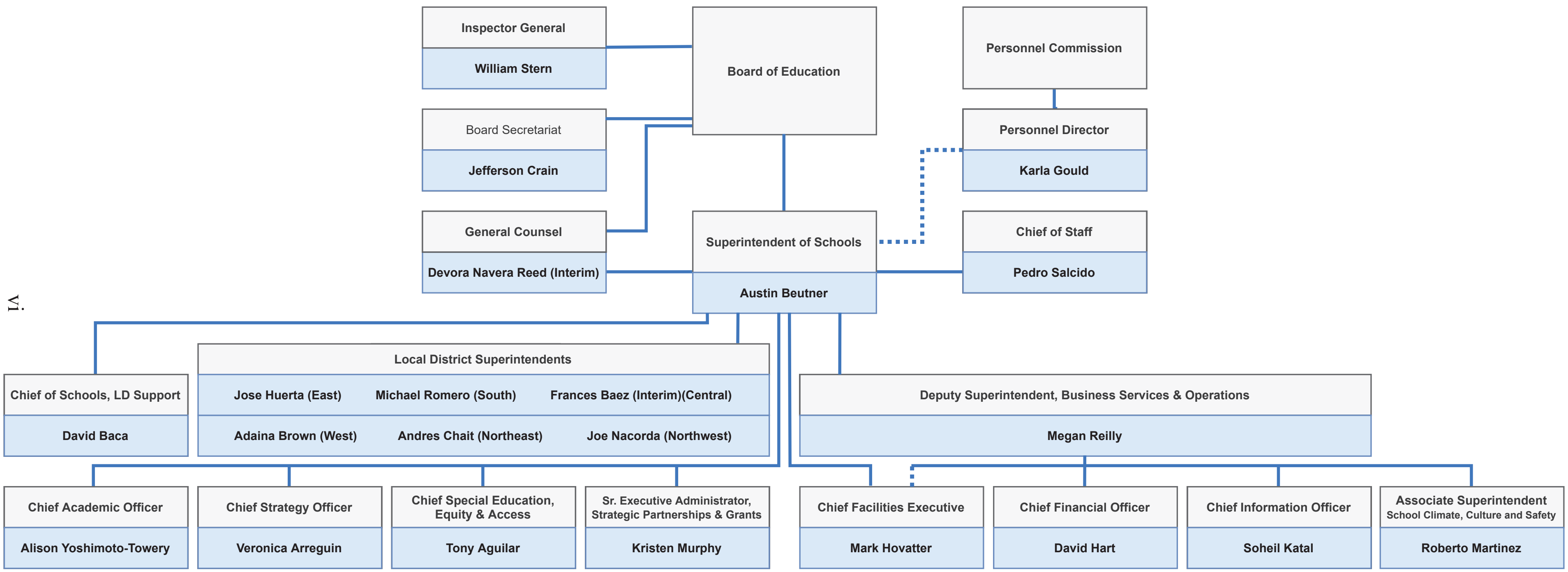
LOCAL DISTRICT OFFICIALS
as of December 1, 2020

	Local District Superintendent	Administrator of Instruction	Administrator of Operations	Administrator of Parent & Community Engagement	Administrator of Special Education
Northeast:	Andres E. Chait	Sandra Gephart Fontana	Jose Razo	Patrizia Puccio	Alesha Haase
Northwest:	Joseph Nacorda	Dr. Margaret Kim Pia Sadaqatmal	Debra Bryant	Gonsalo Garay	Lisa Kendrick
South:	Michael Romero	Alma Kimura (Interim) John K. Vladovic	Peter Hastings	Deborah Siriwardene	Jennifer McConn
East:	Jose Huerta	Lourdes Ramirez-Ortiz	Sergio Franco	Elsa Tinoco	Janet Montoya
West:	Dr. Adaina Brown	Karen Mercado Salvador Rodriguez	Dr. Douglas Meza	Dr. Traci Calhoun	Annmarie Serrano
Central:	Frances Baez (Interim)	Julie Gonzalez Andre Spicer	Miguel Saenz	Theresa Arreguin	Yolanda Bueno

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Chart

2019-2020



As of March 2021

FINANCIAL SECTION

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER
633 WEST 5TH STREET, SUITE 3320
LOS ANGELES, CA 90071
(213) 736-6664 TELEPHONE
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www.simpsonandsimpsoncpas.com

Independent Auditor's Report

To The Honorable Board of Education
Los Angeles Unified School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of California Code of Regulations (CCR), Title 5, Education, Section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 13 and the required supplementary information on pages 75 to 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the supplementary information, and the state and federal compliance information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 80 to 109, 117 to 124, and 130, and the schedule of expenditures of federal awards and related notes on pages 131-134, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the supplementary information on pages 111 to 116 and 125 to 129 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
March 24, 2021

As management of the Los Angeles Unified School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020.

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

Financial Highlights

- The liabilities plus deferred inflows of resources of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year by $10.5 billion (net position). This amount includes $16.4 billion deficit in unrestricted net position resulting primarily from the net pension liability for various retirement plans totaling $7.4 billion and the net other postemployment benefits (OPEB) liability totaling $8.6 billion.
- The District's total net position decreased by $0.2 billion from the prior year primarily due to a higher net increase in liabilities and deferred inflow of resources compared to the net increase in assets and deferred outflows of resources. The District's net pension liabilities continue to rise.
- Long-term liabilities increased by $0.6 billion primarily due to the issuance of General Obligation Bonds.
- As of the close of the 2020 fiscal year, the District's governmental funds reported combined ending fund balances of $4.8 billion, an increase of $0.2 billion from the fiscal year ended June 30, 2019.
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was $1.8 billion, or 23.6% of total General Fund expenditures.

Overview of the Basic Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 20 individual governmental funds. In the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances, separate columns are presented for General Fund, District Bonds Fund, Bond Interest and Redemption Fund, and all other funds. Individual account data for all other nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 16 and 18 of this report.

Proprietary funds. The District maintains Internal Service Funds as the only type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses internal service funds to account for Health and Welfare Benefits, Workers' Compensation Self-Insurance, and Liability Self-Insurance. Because all of these services benefit governmental functions, they have been included within governmental activities in the government-wide financial statements.

It is the District's practice to record estimated claim liabilities at the present value of the claims, in conformity with the accrual basis of accounting, for all its internal service funds.

The proprietary fund financial statements can be found on pages 21-23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on pages 24-25 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-73 of this report.

Combining and individual fund schedules and statements. Combining schedules and statements consisting of the budget to actual comparisons for District Bonds Fund, Bond Interest and Redemption Fund, the individual accounts within the nonmajor governmental funds, the internal service funds and the fiduciary funds are presented immediately following the required supplementary information. Combining and individual fund schedules and statements can be found on pages 80-109 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $10.5 billion at the close of the most recent year.

The District's net position reflects its investments in capital assets ($4.5 billion) (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position ($1.4 billion) represents resources that are subject to external restrictions on how they may be used. The majority of this pertains to capital projects funds, primarily the County School Facilities Bonds Fund and Bond Interest and Redemption Fund. The remaining negative balance in unrestricted net position (-$16.4 billion) resulted primarily from the net pension liability for various retirement plans totaling $7.5 billion and the net OPEB liability totaling $8.6 billion.

At the end of the 2020 fiscal year, the District is able to report positive balances in all categories of net position except for unrestricted net position.

The $0.4 billion increase in net capital assets primarily relates to costs incurred for school construction and modernization projects throughout the District which is higher compared to the recognition of depreciation expense.

Long-term liabilities increased by $0.6 billion primarily due to the issuance of General Obligation Bonds.

Summary Statements of Net Position (in thousands)

As of June 30, 2020 and 2019:

	Governmental Activities	
	2020	**2019**
Current Assets	$ 7,090,689	$ 6,614,272
Capital Assets, net	14,890,022	14,521,361
Total Assets	21,980,711	21,135,633
Deferred Outflows of Resources	2,529,761	2,878,171
Current Liabilities	1,251,049	1,067,507
Long-term Liabilities	12,377,635	11,805,604
Net Pension Liability	7,446,273	6,996,258
Net Other Postemployment Benefits Liability	8,578,152	11,180,799
Total Liabilities	29,653,109	31,050,168
Deferred Inflows of Resources	5,385,932	3,296,938
Net Position:		
Net investment in capital assets	4,450,448	4,442,209
Restricted for:		
Debt service	944,632	720,972
Program activities	452,801	548,143
Unrestricted	(16,376,450)	(16,044,626)
Total Net Position	$ (10,528,569)	$ (10,333,302)

Summary Statements of Changes in Net Position (in thousands)

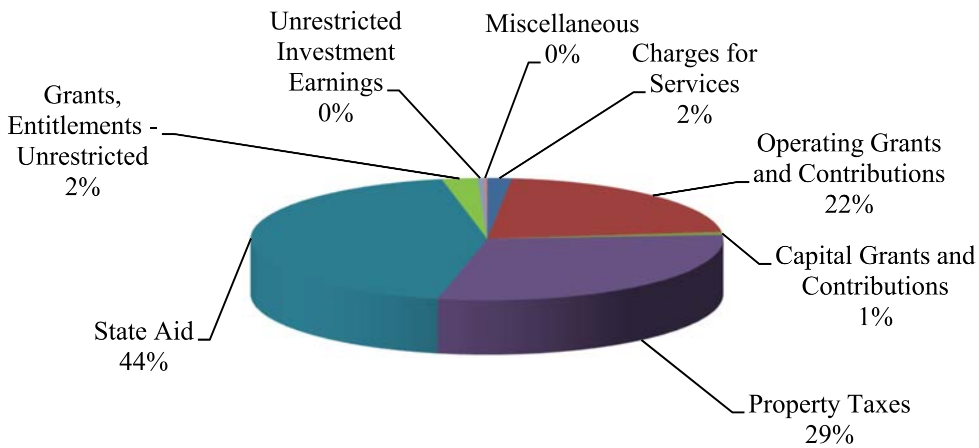
Year ended June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues:		
Charges for services	$ 152,432	$ 170,963
Operating grants and contributions	1,958,995	2,024,728
Capital grants and contributions	78,582	59,665
Total Program Revenues	2,190,009	2,255,356
General Revenues:		
Property taxes levied for general purposes	1,679,311	1,636,956
Property taxes levied for debt service	960,402	880,988
Property taxes levied for community redevelopment	38,758	36,856
State aid not restricted to specific purpose	3,974,319	4,020,702
Grants, entitlements, and contributions not restricted to specific programs	221,640	241,481
Unrestricted investment earnings	34,632	43,501
Miscellaneous	25,729	88,938
Total General Revenues	6,934,791	6,949,422
Total Revenues	9,124,800	9,204,778
Expenses:		
Instruction	4,559,696	2,470,641
Support Services:		
Support services – students	493,093	244,374
Support services – instructional staff	616,598	351,137
Support services – general administration	130,274	63,613
Support services – school administration	537,280	258,220
Support services – business	273,679	154,490
Operation and maintenance of plant services	795,422	455,189
Student transportation services	197,902	120,340
Data processing services	61,805	33,604
Operation of noninstructional services	522,532	327,121
Facilities acquisition and construction services	143,576	109,706
Other uses	5,584	4,916
Interest expense	398,179	420,863
Depreciation – unallocated	584,447	655,465
Total Expenses	9,320,067	5,669,679
Changes in Net Position	(195,267)	3,535,099
Net Position – Beginning of Year	(10,333,302)	(13,868,401)
Net Position – End of Year	$ (10,528,569)	$ (10,333,302)

The District's net position decreased by $0.2 billion from the prior year. This is primarily due to a higher net increase in liabilities and deferred inflow of resources compared to the net increase in assets and deferred outflows of resources. The District's net pension liabilities continue to rise.

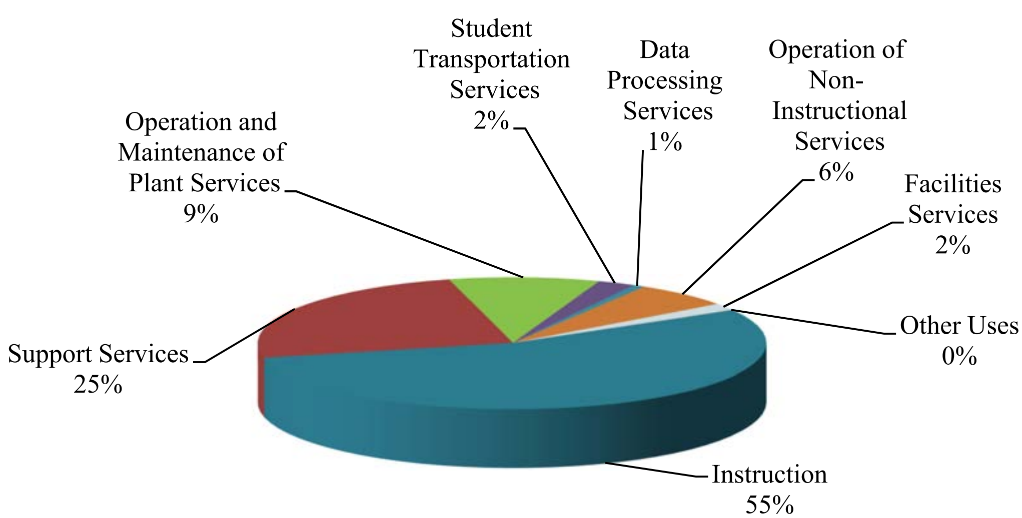
The following graph shows that state aid, property taxes, and operating grants and contributions are the main revenue sources of the District.

Revenues by Source
Year Ended June 30, 2020



The following graph shows that instruction and support services are the main expenses of the District.

Expenses
Year Ended June 30, 2020



Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to facilitate compliance with finance-related requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. Committed, assigned, and unassigned balances comprise the unrestricted fund balances and may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $4.8 billion, an increase of $0.2 billion in comparison with the prior year. Approximately 86.2% of this total combined ending fund balance consists of the assigned fund balance totaling $1.3 billion (26.6%) and nonspendable and restricted fund balances totaling $2.8 billion (59.6%), which can only be spent for specific purposes because of laws and regulations or grantor restrictions. The remaining $0.7 billion (13.8%) of this total combined ending fund balance constitutes committed fund balance totaling $0.09 billion (1.8%), which represents commitment for ongoing salary increases of District employees, and unassigned fund balance totaling $0.6 billion (12.0%), which includes spendable amounts not contained in the other classifications.

The General Fund is the primary operating fund of the District. At the end of the 2020 fiscal year, the unassigned fund balance of the General Fund was $0.6 billion, while the total fund balance is $2.0 billion. The fund balance of the District's General Fund decreased by $0.2 billion during the current fiscal year. This is primarily attributable to the overall net increase in COVID-19 pandemic spending by the District while corresponding federal funding came in the following fiscal year.

Other changes in fund balances in the governmental funds are detailed as follows (in thousands):

			Other Governmental Funds			
	District Bonds	Bond Interest and Redemption	Special Revenue	Debt Service	Other Capital Projects	Total
Fund Balance, June 30, 2020:						
Nonspendable						
Revolving cash and imprest funds	$ 492	$ —	$ 16,841	$ —	$ —	$ 16,841
Inventories	—	—	—	—	—	—
Prepaids	—	—	—	—	—	—
Restricted	1,062,525	1,042,805	114,898	35,150	435,096	585,144
Assigned	—	—	7,452	—	13,357	20,809
Total	1,063,017	1,042,805	139,191	35,150	448,453	622,794
Fund Balance, July 1, 2019	917,293	849,158	123,278	33,980	476,585	633,843
Increase (decrease) in fund balance	$ 145,724	$ 193,647	$ 15,913	$ 1,170	$ (28,132)	$ (11,049)

The fund balance increased during the current year for the District Bonds due to the issuance of new General Obligation Bonds offset by increase in spending for school construction, modernization projects, and renovation. The increase of $193.6 million in Bond Interest and Redemption was attributable to the increase in property tax levy for local bond debt service. Special Revenue also increased primarily due to Cafeteria Fund and Adult Fund in which overall spending is lower compared to revenue earned during the year.

The decrease of $0.03 billion for the Capital Projects is primarily due to spending on projects in the County School Facilities Bonds combined with project cost transfers out to other funds. Debt Service increased slightly due to lower debt service fees paid during the year compared to revenue inflow.

Proprietary funds. The District's proprietary funds provide the same type of information found in the government-wide financial statements.

At the end of the year, the District's proprietary funds have an unrestricted net position of $0.5 billion. The net increase of $36.2 million in the current year is primarily attributed to a net operating income in the Health and Welfare Benefits Fund. The net increase is mainly due to larger contribution to the fund coupled with interest income earned and offset by lower expenditures because of the District's implementation of a more cost-effective health care plan including participation on health care cost discounts.

General Fund Budgetary Highlights

Los Angeles Unified School District closely monitors and reviews its revenue and expenditure data to ensure that a sufficient ending balance is maintained. This monitoring and review occurs from the development of the budgeted data through the State-mandated first and second interim financial reports, and at year end, utilizing the actual revenue and expenditure data.

Modified Final Budget vs. Original Final Budget

The District's Original Final Budget is based on assumptions from the State's May Revision Budget, while the Modified Final Budget is based not only on the State's Enacted Budget but also on all other known State budgetary changes and changes to the District's priority of program implementations and/or planned expenditures since the Original Final Budget. Differences between the 2019-20 General Fund Original Final Budget and the Modified Final Budget, resulted in a higher budgeted ending balance by $0.2 billion, from $1.5 billion to $1.7 billion. Adjustments to the Original Final Budget were an increase in beginning balance by $0.2 billion, an increase in budgeted revenues and financing sources by $0.2 billion, and an increase in budgeted expenditures and other financing uses by $0.2 billion.

The increase in beginning balance by $0.2 billion was to reflect the actual ending balance as of June 30, 2019 as opposed to the estimated June 30, 2019 ending balance. The net increase in budgeted revenues and other financing sources of $0.2 billion was mostly due to the receipt of Special Education Preschool Funding of $0.07 billion, higher grant recognition of $0.06 billion, and an increase in LCFF revenue of $0.06 billion.

The increase in estimated expenditures and other financing uses of $0.2 billion was mostly attributable to budget changes to implement higher grant expenditure authority of $0.07 billion and to reflect the increase in carryover amount of $0.1 billion.

Actual vs. Modified Final Budget

The very slight difference in the beginning balance between the Actual and the Modified Final Budget is due to audit adjustments. The favorable variance of $0.01 billion in revenues and other financing sources between the Actual and Modified Final Budget was mostly due to an increased funding on State's on-behalf contribution to California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) but almost offset by a lower recognition of multi-year grants which are budgeted based on entitlement but recorded as revenue to the extent of actual expenditures incurred.

The favorable variance of $0.3 billion in expenditures and other financing uses between the Actual and the Modified Final Budget was mostly from school carryover accounts. The unspent portion of these school accounts will be carried over into the next fiscal year to pay for future obligations. The largest decreases in expenditures were mainly in Books and Supplies ($0.1 billion) and Certificated Salaries ($0.1 billion).

Differences between the Actual and Modified Final Budget resulted in a higher ending balance by $0.3 billion, from $1.7 billion to $2.0 billion.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2020 amounts to $14.9 billion (net of accumulated depreciation), 2.54% increase from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment, and construction in progress, net of any related accumulated depreciation. The increase is primarily due to comprehensive modernization projects, various Americans with Disabilities Act (ADA) improvement, telecommunication and technology modernization, and seismic, heating, ventilation, and air conditioning (HVAC) projects at school sites.

Summary of capital assets (net of accumulated depreciation) is as follows (in thousands):

	Governmental Activities	
	2020	2019
Sites	$ 3,100,133	$ 3,099,629
Improvement of sites	279,301	239,385
Buildings and improvements	9,598,504	9,576,623
Equipment	379,507	314,114
Construction in progress	1,532,577	1,291,610
Total	$ 14,890,022	$ 14,521,361

Additional information on the District's capital assets can be found in Note 7 on pages 40-41 of this report.

Long-term obligations. At the end of the current fiscal year, the District had total long-term obligations of $28.4 billion. Of this amount, $11.4 billion is comprised of debt to be repaid by voter-approved property taxes and not by the General Fund of the District.

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Summary of long-term obligations is as follows (in thousands):

	Governmental Activities	
	2020	2019
General Obligation Bonds	$ 11,408,196	$ 10,891,318
Certificates of Participation (COPs)	168,430	185,554
Capital Lease Obligations	186	499
Children's Center Facilities Revolving Loan	80	159
Liability for Compensated Absences	90,595	77,117
Liability for Other Employee Benefits	39,552	45,660
Self-insurance Claims	670,596	603,002
Net Pension Liability	7,446,273	6,996,258
Other Postemployment Benefits (OPEB)	8,578,152	11,180,799
Arbitrage Payable	–	2,295
Total	$ 28,402,060	$ 29,982,661

The District's total long-term obligations decreased by $1.6 billion (5.3%) during the current fiscal year. The decrease was primarily due to the District's implementation of a more cost-effective health care plan. In addition, certificates of participation decreased as a result of debt service payments.

Long-Term Credit Ratings

Below are the District's long-term credit ratings as of June 30, 2020 from rating agencies that carry ratings on all or some of the District's outstanding GO bonds and COPs:

1. Moody's Investors Service (Moody's) rated the District's GO bonds and COPs as "Aa3" and "A2", respectively, with a Stable Outlook.
2. Fitch Ratings (Fitch) rated the District's GO bonds as "AA+" with a Negative Outlook. Fitch also provided an Indicative Default Rating of "A-" with a Negative Outlook.
3. Standard & Poor's (S&P) rated the District's GO bonds and COPs as "A+" and "A", respectively, with a Negative Outlook.
4. Kroll Bond Rating Agency (KBRA) rated the District's GO bonds as "AAA" with a Stable Outlook.

Prior to 2008, the District purchased municipal bond insurance and/or reserve surety bond policies at the time of issuance for some of its COPs and bonds. Moody's, S&P and Fitch assigned insured ratings of "Aaa", "AAA" and "AAA", respectively, on said COPs and bonds at the time of issuance. Subsequent to February 1, 2008, the rating agencies downgraded the ratings of certain bond insurers, including all of those who had issued bond insurance policies and/or surety bonds on these District issues.

State statutes limit the issuance of general obligation bond debt by a unified school district if the outstanding general obligation bonds are more than 2.5% of its total taxable property. The debt limitation for the District as of June 30, 2020 is $18.5 billion, which is in excess of the District's outstanding general obligation bond debt.

Additional information on the District's long-term obligations can be found in Notes 11 and 12 on pages 64-68 of this report.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. This report is available on the District's website, under the Office of the Chief Financial Officer homepage (https://achieve.lausd.net/Page/1679). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, Los Angeles Unified School District, P.O. Box 513307-1307, Los Angeles, California 90051-1307.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2020
(in thousands)

	Governmental Activities
Assets:	
Cash in county treasury, in banks, and on hand	$ 5,768,236
Cash held by trustee	120,251
Property taxes receivable	94,544
Accounts receivable, net	969,991
Accrued interest receivable	14,758
Prepaids	61,720
Inventories	42,328
Accounts receivable, non current	15,826
Other assets	3,035
Capital assets:	
Sites	3,100,133
Improvement of sites	764,587
Buildings and improvements	16,675,727
Equipment	2,399,101
Construction in progress	1,532,577
Less accumulated depreciation	(9,582,103)
Total Capital Assets, Net of Depreciation	14,890,022
Total Assets	21,980,711
Deferred Outflows of Resources	2,529,761
Liabilities:	
Vouchers and accounts payable	269,235
Contracts payable	131,353
Accrued payroll	311,821
Accrued interest	254,338
Other payables	262,745
Unearned revenue	21,557
Long-term liabilities:	
Portion due within one year	886,997
Portion due after one year	11,490,638
Net pension liability	7,446,273
Net other postemployment benefits liability	8,578,152
Total Liabilities	29,653,109
Deferred Inflows of Resources	5,385,932
Net Position:	
Net investment in capital assets	4,450,448
Restricted for:	
Debt service	944,632
Program activities	452,801
Unrestricted	(16,376,450)
Total Net Position	$ (10,528,569)

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2020
(in thousands)

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 4,559,696	$ 23,700	$ 904,294	$ —	$ (3,631,702)
Support services – students	493,093	1,499	169,053	—	(322,541)
Support services – instructional staff	616,598	387	224,239	—	(391,972)
Support services – general administration	130,274	—	531	—	(129,743)
Support services – school administration	537,280	—	84,617	—	(452,663)
Support services – business	273,679	8,628	60,599	—	(204,452)
Operation and maintenance of plant services	795,422	34,376	41,445	—	(719,601)
Student transportation services	197,902	—	1,481	—	(196,421)
Data processing services	61,805	—	519	—	(61,286)
Operation of non-instructional services	522,532	6,778	427,026	—	(88,728)
Facilities acquisition and construction services*	143,576	77,064	43,610	8,585	(14,317)
Other Uses	5,584	—	—	—	(5,584)
Interest expense	398,179	—	1,581	69,997	(326,601)
Depreciation – unallocated**	584,447	—	—	—	(584,447)
Total Governmental Activities	$ 9,320,067	$ 152,432	$ 1,958,995	$ 78,582	(7,130,058)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,679,311
Property taxes, levied for debt service					960,402
Property taxes, levied for community redevelopment					38,758
State aid not restricted to specific purpose					3,974,319
Grants, entitlements, and contributions not restricted to specific programs					221,640
Unrestricted investment earnings					34,632
Miscellaneous					25,729
Total General Revenues					6,934,791
Change in Net Position					(195,267)
Net Position – Beginning of Year					(10,333,302)
Net Position – End of Year					$ (10,528,569)

* This amount represents expenses incurred in connection with activities related to capital projects that are not otherwise capitalized and included as part of capital assets (for example, project manager fees).

** This amount excludes the depreciation that is included in the direct expenses of the various programs.

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2020
(in thousands)

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Total Governmental
Assets:					
Cash in county treasury, in banks, and on hand	$ 1,928,839	$ 1,219,688	$ 954,545	$ 548,182	$ 4,651,254
Cash held by trustee	—	—	88,260	31,991	120,251
Taxes receivable	—	—	94,544	—	94,544
Accounts receivable – net	834,443	—	26,471	66,206	927,120
Accrued interest receivable	7,097	2,818	—	1,660	11,575
Prepaids	9,233	223	—	41	9,497
Inventories	25,542	—	—	16,786	42,328
Total Assets	2,805,154	1,222,729	1,163,820	664,866	5,856,569
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	$ 2,805,154	$ 1,222,729	$ 1,163,820	$ 664,866	$ 5,856,569
Liabilities and Fund Balances:					
Vouchers and accounts payable	$ 201,934	$ 45,877	$ —	$ 12,911	$ 260,722
Contracts payable	19,605	105,458	—	6,289	131,352
Accrued payroll	300,472	3,781	—	11,911	316,164
Other payables	215,051	4,596	—	8,022	227,669
Unearned revenue	18,618	—	—	2,939	21,557
Total Liabilities	755,680	159,712	—	42,072	957,464
Deferred Inflows of Resources:					
Property taxes	—	—	94,544	—	94,544
Build America Bond Subsidy	—	—	26,471	—	26,471
Total Deferred Inflows of Resources	—	—	121,015	—	121,015
Fund Balances:					
Nonspendable	37,672	492	—	16,841	55,005
Restricted	103,850	1,062,525	1,042,805	—	2,209,180
Restricted, reported in:					
Special revenue funds	—	—	—	114,898	114,898
Debt service funds	—	—	—	35,150	35,150
Capital projects funds	—	—	—	435,096	435,096
Committed	87,626	—	—	—	87,626
Assigned	1,248,900	—	—	—	1,248,900
Assigned, reported in:					
Special revenue funds	—	—	—	7,452	7,452
Capital projects funds	—	—	—	13,357	13,357
Unassigned:					
Reserved for economic uncertainties	79,000	—	—	—	79,000
Unassigned	492,426	—	—	—	492,426
Total Fund Balances	2,049,474	1,063,017	1,042,805	622,794	4,778,090
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,805,154	$ 1,222,729	$ 1,163,820	$ 664,866	$ 5,856,569

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020
(in thousands)

Total Fund Balances – Governmental Funds	$ 4,778,090
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is $24,472,125 and the accumulated depreciation is $9,582,103.	14,890,022
Property taxes receivable will be collected this year, but are not available soon enough to pay the current period's expenditures and therefore are unearned in the funds.	94,544
Federal subsidies for debt service expenditures are recognized in the governmental funds only when the corresponding interest expenditure is recognized.	26,471
Receivables that will be collected in the following year and thereafter are not available soon enough to pay the current period's expenditures and therefore are not reported in the governmental funds.	20,237
An internal service fund is used by the District's management to charge the costs of health and welfare, workers' compensation and liability self-insurance premiums and claims to the individual funds. The assets and liabilities of the internal service funds are included in the governmental activities.	474,959
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(11,956,301)
Deferred outflow/inflow of resources – refunding charges are not reported in the governmental funds.	73,982
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(6,228,649)
Net other postemployment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(12,701,924)
Total Net Position – Governmental Activities	$ (10,528,569)

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020
(in thousands)

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Total Governmental
Revenues:					
Local Control Funding Formula sources	$ 5,653,439	$ —	$ —	$ —	$ 5,653,439
Federal revenues	631,100	—	42,819	347,974	1,021,893
Other state revenues	1,136,974	—	3,459	269,321	1,409,754
Other local revenues	170,057	15,057	947,445	160,369	1,292,928
Total Revenues	7,591,570	15,057	993,723	777,664	9,378,014
Expenditures:					
Current:					
Certificated salaries	2,998,935	—	—	101,626	3,100,561
Classified salaries	1,077,639	49,920	—	179,951	1,307,510
Employee benefits	2,300,856	24,447	—	191,007	2,516,310
Books and supplies	267,033	1,658	—	170,803	439,494
Services and other operating expenditures	975,028	23,290	—	(10,858)	987,460
Capital outlay	128,109	740,428	—	109,652	978,189
Debt service – principal	313	—	425,380	16,194	441,887
Debt service – bond issuance cost	—	—	1,102	—	1,102
Debt service – bond, COPs, and capital leases interest	12	—	495,247	8,305	503,564
Other outgo	5,584	—	—	—	5,584
Transfers of indirect costs – interfund	(23,223)	—	—	23,223	—
Total Expenditures	7,730,286	839,743	921,729	789,903	10,281,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,716)	(824,686)	71,994	(12,239)	(903,647)
Other Financing Sources (Uses):					
Transfers in	22,145	161,003	—	52,702	235,850
Transfers out	(50,805)	(133,533)	—	(51,512)	(235,850)
Premium on bonds issued	—	—	121,653	—	121,653
Proceeds from sale of bonds	—	942,940	—	—	942,940
Total Other Financing Sources (Uses)	(28,660)	970,410	121,653	1,190	1,064,593
Net Changes in Fund Balances	(167,376)	145,724	193,647	(11,049)	160,946
Fund Balances, July 1, 2019	2,216,850	917,293	849,158	633,843	4,617,144
Fund Balances, June 30, 2020	$ 2,049,474	$ 1,063,017	$ 1,042,805	$ 622,794	$ 4,778,090

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
Year Ended June 30, 2020
(in thousands)

Net Changes in Fund Balances – Governmental Funds	$ 160,946
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	368,660
Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.	(501,053)
Premiums, discounts, and refunding charges are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.	(6,497)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered “available” revenues for this year.	18,146
In the statement of activities, compensated absences and other retirement benefits are measured by the amounts the employees earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(6,686)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of financial resources. In the statement of activities, however, interest expense is recognized as interest accrues, regardless of when it is due.	(7,844)
Some expenses, including legal settlements and rebatable arbitrage, are recognized in the government wide statements as soon as the underlying event has occurred but not until due and payable in the governmental funds.	2,295
An internal service fund is used by the District's management to charge the costs of health and welfare, workers’ compensation and liability self-insurance premiums and claims to the individual funds. The net revenue of the internal service fund is reported with governmental activities.	36,230
Legal settlement gains are recognized in the government wide statements as soon as the underlying event has occurred but not until collected in the governmental funds.	7,472
Federal subsidies for debt interest payments are recognized in the government wide statement as soon as it is earned. In the governmental funds, it is recorded when the corresponding interest expenditure is recognized.	18,542
Adoption of GASB 68 recognizes actuarial pension expense in the government wide statements and reclassifies actual pension contribution in the current year as deferred outflow of resources.	(473,355)
Adoption of GASB 75 recognizes actuarial OPEB expense in the government wide statements and reclassifies actual pension contribution in the current year as deferred outflow of resources.	187,877
Change in Net Position of Governmental Activities	$ (195,267)

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2020
(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Local Control Funding Formula sources	$ 5,587,377	$ 5,644,322	$ 5,653,439	$ 9,117
Federal revenues	767,793	793,113	631,100	(162,013)
Other state revenues	873,459	962,989	1,136,974	173,985
Other local revenues	142,358	160,029	170,057	10,028
Total Revenues	7,370,987	7,560,453	7,591,570	31,117
Expenditures:				
Current:				
Certificated salaries	3,008,716	3,106,802	2,998,935	107,867
Classified salaries	986,127	1,078,436	1,077,639	797
Employee benefits	2,172,597	2,301,115	2,300,856	259
Books and supplies	698,549	405,454	267,033	138,421
Services and other operating expenditures	862,023	1,021,855	975,028	46,827
Capital outlay	101,376	132,367	128,109	4,258
Debt service – principal	441	375	313	62
Debt service – bond, COPs, and capital leases interest	48	48	12	36
Other outgo	7,653	7,660	5,584	2,076
Transfers of indirect costs – interfund	(27,278)	(26,203)	(23,223)	(2,980)
Total Expenditures	7,810,252	8,027,909	7,730,286	297,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	(439,265)	(467,456)	(138,716)	328,740
Other Financing Sources (Uses):				
Transfers in	20,000	38,781	22,145	(16,636)
Transfers out	(56,453)	(61,482)	(50,805)	10,677
Total Other Financing Sources (Uses)	(36,453)	(22,701)	(28,660)	(5,959)
Net Changes in Fund Balances	(475,718)	(490,157)	(167,376)	322,781
Fund Balances, July 1, 2019	2,010,833	2,216,835	2,216,850	15
Fund Balances, June 30, 2020	$ 1,535,115	$ 1,726,678	$ 2,049,474	$ 322,796

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
Governmental Activities – Internal Service Funds
June 30, 2020
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	$ 1,116,982
Accounts receivable – net	38,460
Accrued interest and dividends receivable	3,185
Prepaids	52,220
Other assets	3,035
Total Assets	1,213,882
Deferred Outflows of Resources	3,171
Liabilities:	
Current:	
Vouchers and accounts payable	8,513
Accrued payroll	732
Other payables	35,076
Estimated liability for self-insurance claims	186,428
Total Current Liabilities	230,749
Noncurrent:	
Estimated liability for self-insurance claims	484,168
Net other postemployment benefits liability	10,359
Net pension liability	10,868
Total Noncurrent Liabilities	505,395
Total Liabilities	736,144
Deferred Inflows of Resources	5,950
Total Net Position – Unrestricted	$ 474,959

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2020
(in thousands)

Operating Revenues:	
In-District premiums	$ 1,312,114
Others	226
Total Operating Revenues	1,312,340
Operating Expenses:	
Certificated salaries	176
Classified salaries	5,252
Employee benefits	(5,930)
Supplies	270
Premiums and claims expenses	1,274,912
Claims administration	18,422
Other contracted services	1,295
Total Operating Expenses	1,294,397
Operating Income	17,943
Nonoperating Revenues (Expenses):	
Investment income	18,343
Miscellaneous expense	(56)
Total Nonoperating Revenues	18,287
Changes in Net Position	36,230
Total Net Position, July 1, 2019	438,729
Total Net Position, June 30, 2020	$ 474,959

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2020
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	$ (8,561)
Cash payments for goods and services	(1,231,681)
Receipts from assessment to other funds	1,312,114
Receipts from other operating revenue	226
Net Cash Provided by Operating Activities	72,098
Cash Flows from Investing Activities:	
Earnings on investments	20,786
Net Cash Provided by Investing Activities	20,786
Net Increase in Cash and Cash Equivalents	92,884
Cash and Cash Equivalents, July 1	1,024,098
Cash and Cash Equivalents, June 30	$ 1,116,982
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income	$ 17,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Net decrease in pension and other postemployment benefits expense from actuarial valuation	(8,892)
Change in Assets: Decrease (Increase)	
Accounts receivable	(9,183)
Prepaids	(1,463)
Other assets	2,009
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	3,147
Accrued payroll	(171)
Other payables	1,115
Estimated liability for self-insurance claims – current	(12,739)
Estimated liability for self-insurance claims – noncurrent	80,332
Total Adjustments	54,155
Net Cash Provided by Operating Activities	$ 72,098

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Position
Fiduciary Funds
June 30, 2020
(in thousands)

	Other Postemployment Benefits (OPEB) Trust Fund	Agency Funds
Assets:		
Cash in county treasury, in banks, and on hand	$ —	$ 196,558
Cash held by trustee	425,988	—
Total Assets	$ 425,988	$ 196,558
Liabilities:		
Other payables	$ —	$ 196,558
Total Liabilities	$ —	$ 196,558
Net Position:		
Restricted for other postemployment benefits	$ 425,988	

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2020
(in thousands)

	Other Postemployment Benefits (OPEB) Trust Fund
Additions:	
In-District contributions	$ —
Other local revenues	14,712
Total Additions	14,712
Deductions:	
Administrative expenses	354
Total Deductions	354
Change in net position	14,358
Total Net Position, July 1, 2019	411,630
Total Net Position, June 30, 2020	$ 425,988

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The Los Angeles Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The following summary of the more significant accounting policies of the District is provided to assist the reader in interpreting the basic financial statements presented in this section. These policies, as presented, should be viewed as an integral part of the accompanying basic financial statements.

(a) Reporting Entity

The District is primarily responsible for all activities related to K-12 public education in most of the western section of Los Angeles County, State of California. The governing authority, as designated by the State Legislature, consists of seven elected officials who together constitute the Board of Education (Board). Those organizations, functions, and activities (component units) for which the Board has accountability comprise the District's reporting entity.

The District's Audited Annual Financial Report includes all funds of the District and its component units with the exception of the fiscally independent charter schools, which are required to submit audited financial statements individually to the State, and the Auxiliary Services Trust Fund, which is not significant in relation to District operations. This fund was established in 1935 to receive and disburse funds for insurance premiums on student body activities and property, "all city" athletic and musical events, and grants restricted for student-related activities. The District has certain oversight responsibilities for these operations but there is no financial interdependency between the financial activities of the District and the fiscally independent charter schools or the Auxiliary Services Trust Fund.

Blended Component Units

The LAUSD Financing Corporation and the LAUSD Administration Building Finance Corporation (the Corporations) were formed in 2000 and 2001, respectively, to finance properties leased by the District. The Corporations have a financial and operational relationship which meets the reporting entity definition criteria of GASB for inclusion of the Corporations as blended component units of the District. These Corporations are nonprofit public benefit corporations and they were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. The District currently occupies all completed Corporation facilities under lease purchase agreements. At the end of the lease terms, or pursuant to relevant transaction documents with the District, or upon dissolution of the Corporations, title to all Corporations property passes to the District.

On July 1, 2014, the District entered into a joint venture agreement with Los Angeles Trust for Children's Health as the original participant to form Los Angeles Unified School District Risk Management Authority (LAUSDRMA). LAUSDRMA was formed to permit the participants to jointly exercise their common powers to self-insure, pool, and jointly fund and purchase insurance, and to establish insurance programs for a variety of risks. This joint venture also meets GASB's reporting definition criteria of a blended component unit. Detailed information about LAUSDRMA's Financial Statements is available in a separately issued financial report. Copies of the said report may be obtained by written request to General Manager/Secretary, LAUSDRMA, 333 S. Beaudry Avenue, 28th Floor, Los Angeles, CA 90017.

(b) Government-wide and Fund Financial Statements

The District's basic financial statements consist of fund financial statements and government-wide statements which are intended to provide an overall viewpoint of the District's finances. The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all nonfiduciary District funds excluding the effect of interfund activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by fees and service charges. The District does not conduct any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements on pages 16 and 18. Nonmajor funds are aggregated in a single column.

(c) Measurement Focus and Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and trust funds. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. The agency funds report only assets and liabilities and therefore have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. Application of the "susceptibility to accrual" criteria requires consideration of the materiality of the item in question and due regard for the practicality of accrual, as well as consistency in application.

Federal revenues and State apportionments and allowances are determined to be available and measurable when entitlement occurs or related eligible expenditures are incurred. Secured and unsecured property taxes related to debt service and community redevelopment purposes that are estimated to be collectible and receivable within 60 days of the current period are recorded as revenue. Investment income is accrued when earned. All other revenues are not considered susceptible to accrual.

(Continued)

Expenditures for the governmental funds are generally recognized when the related fund liability is incurred, except debt service expenditures and expenditures related to compensated absences which are recognized when payment is due.

(d) Financial Statement Presentation

The District's audited annual financial report includes the following:

- Management's Discussion and Analysis is a narrative introduction and analytical overview of the District's financial activities as required by GASB Statement No. 34. This narrative overview is in a format similar to that in the private sector's corporate annual reports.
- Government-wide financial statements are prepared using full accrual accounting for all of the District's activities. Therefore, current assets and liabilities, deferred outflow and inflow of resources, capital and other long-term assets, and long-term liabilities are included in the financial statements.
- Statement of net position displays the financial position of the District including all capital assets and related accumulated depreciation, long-term liabilities, and net pension and other postemployment benefits (OPEB) liabilities.
- Statement of activities focuses on the cost of functions and programs and the effect of these on the District's net position. This financial report is also prepared using the full accrual basis and includes depreciation expense.

(e) Fund Accounting

The District's accounting system is organized and operated on the basis of funds. Fund Accounting emphasizes accountability rather than profitability. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A description of the activities of the various funds is provided below:

Major Governmental Funds

The District has the following major governmental funds for the fiscal year 2019-20:

General Fund – The General Fund is used to account for all financial resources relating to educational activities and the general business operations of the District, including educational programs funded by other governmental agencies. The General Fund consists of unrestricted and restricted funds.

District Bonds Fund – This category represents the total of the following building accounts: Building Account – Bond Proceeds (Proposition BB), established to account for bond proceeds received as a result of the passage of such proposition in Election of 1997; Building Account – Measure K, established to account for bond proceeds received by the passage of such measure in Election of 2002; Building Account – Measure R, established to account for bond proceeds received by the passage of such measure in Election of 2004; Building Account – Measure Y, established to account for bond proceeds received by the passage of such measure in Election of 2005; and Building Account – Measure Q, established to account for bond proceeds received by the passage of such measure in Election of 2008.

Bond Interest and Redemption Fund – This Debt Service Fund is used to account for the payment of principal and interest on the general obligation bond issues (Proposition BB, Measure K, Measure R, Measure Y, and Measure Q). Revenues are derived from ad valorem taxes levied upon all taxable property in the District.

Other Governmental Funds

The District has the following nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose (other than debt service or capital projects) of the individual funds. The District maintains the following Special Revenue Funds: Adult Education, Child Development, and Cafeteria.

Debt Service Funds – Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the repayment of general long-term debt principal and interest. The District maintains the following nonmajor Debt Service Funds: Tax Override and Capital Services. The Bond Interest and Redemption Fund is reported separately as a major fund in fiscal year 2019-20.

Capital Projects Funds – Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and equipment other than those financed by the General and Special Revenue Funds. The District maintains the following nonmajor Capital Projects Funds: Building, Capital Facilities Account, State School Building Lease-Purchase, County School Facilities Bonds, Special Reserve – Community Redevelopment Agency, Special Reserve, Special Reserve – FEMA – Earthquake, and Special Reserve – FEMA – Hazard Mitigation. The District Bonds Fund (BB Bonds, Measure K, Measure R, Measure Y, and Measure Q) is reported separately as a major fund in fiscal year 2019-20.

Proprietary Funds

The District has the following Proprietary Funds:

Internal Service Funds – Internal Service Funds are used to account for all financial resources intended to provide self-insurance services to other operating funds of the District on a cost-reimbursement basis. The District maintains the following Internal Service Funds: Health and Welfare Benefits, Workers' Compensation Self-Insurance, and Liability Self-Insurance. The Health and Welfare Benefits Fund was established to pay for claims, administrative costs, insurance premiums, and related expenditures; the Workers' Compensation Self-Insurance Fund and the Liability Self-Insurance Fund were established to pay for claims, excess insurance coverage, administrative costs, and related expenditures.

Under the full accrual basis of accounting that is generally accepted for Internal Service Funds, total estimated liabilities for self-insurance are recorded based on estimated claims liabilities, including the estimated liability for incurred but not reported claims. For the Workers' Compensation Self-Insurance and Liability Self-Insurance Funds, the estimates are determined by applying an appropriate discount rate to estimated future claim payments. No discount is applied to estimated Health and Welfare Benefits Fund claims because they are generally paid within a short period of time after the claims are filed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other operating funds for self-insurance services. Operating expenses include the cost of services including insurance premiums, claims, and administrative costs. All revenues and expenses not meeting this definition are nonoperating revenues and expenses.

Fiduciary Funds

The District has the following Fiduciary Funds:

Agency Funds – Agency Funds are used to report resources held by the reporting government in a purely custodial capacity. Accordingly, all assets reported are offset by a liability to the party on whose behalf they are held. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments. The District maintains the following agency funds:

Attendance Incentive Reserve Fund – The Attendance Incentive Reserve Fund is used to account for 50% of funds from salary savings as a result of reduced costs of absenteeism of the United Teachers of Los Angeles (UTLA) represented employees.

Student Body Fund – The Student Body Fund is used to account for cash held by the District on behalf of student bodies at various school sites.

Payroll Agency Fund – The Payroll Agency Fund is used to account for cash held by the District consisting of state and federal income taxes, social security taxes, retirement deductions and other amounts withheld from the payroll checks of employees, from which a legal or contractual obligation exists to remit monies to a third party.

Pension (and Other Employee Benefit) Trust Fund – The Pension (and Other Employee Benefit) Trust Fund is used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The District maintains one type of pension trust fund:

Other Postemployment Benefits (OPEB) Trust Fund – The OPEB Trust Fund accounts for all financial resources used to provide health and welfare benefits to District retirees in accordance with collective bargaining unit agreements and Board rules. These are non-pension benefits that the District has committed to its employees as future compensation for services already rendered.

(f) Budgetary Control and Encumbrances

School districts in California are required by Education Code Section 41010 to follow the *California School Accounting Manual* in preparing reports to the State. The District utilizes a single-adoption budget schedule that requires Final Budget adoption by the State-mandated July 1 deadline. The District is allowed to modify its adopted budget within 45 days of the passage of the State budget. In addition, the District revises the budget during the year to give consideration to unanticipated revenues and expenditures (see Note 4 – Budgetary Appropriation Amendments).

In accordance with the District's Board policy, management has the authority to make routine transfers of budget appropriations among major categories within a fund. Routine budget transfers are summarized and periodically reported to the Board for ratification. Nonroutine transfers may not be processed without prior Board approval.

During the year, several supplementary appropriations were necessary. The original and final revised budgets are presented in the financial statements. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds.

Formal budgetary integration is employed as a management control device during the year for all budgeted funds. The District employs budgetary control by minor (sub) object and by individual program accounts. Expenditures may not legally exceed budgeted appropriations by major object level as follows: Certificated Salaries, Classified Salaries, Employee Benefits, Books and Supplies, Services and Other Operating Expenditures, Capital Outlay, Other Outgo, and Other Financing Uses.

The District utilizes an encumbrance system for all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or liabilities are incurred. All encumbrances expire at June 30. Appropriation authority lapses at the end of the fiscal year.

(g) Cash and Investments

Cash includes amounts in demand deposits with the Los Angeles County Treasury and various financial institutions, imprest funds for schools and offices, and cafeteria change funds. The District maintains some cash deposits with various banking institutions for collection clearing, check clearing, or revolving fund purposes. The District also maintains deposit accounts held by various trustees for the acquisition or construction of capital assets, for the repayment of long-term debts, and for the payment of other postemployment benefits.

In accordance with State Education Code Section 41001, the District deposits virtually all of its cash with the Treasurer of the County of Los Angeles. The District's deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which the County Treasurer manages for investment purposes. Earnings from the pooled investments are allocated to participating funds based on average investment in the pool during the allocation period.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made. All District investments are stated at fair value based on quoted market prices.

(h) Short-term Interfund Receivables/Payables

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

(i) Inventories

Inventories consist of expendable materials and supplies held for consumption, which are valued at cost, using the average-cost method. Inventories are recorded as expenditures when shipped to schools and offices. Balances of inventory accounts are offset by corresponding reservations of fund balance, which indicate that these amounts are not available for appropriation and expenditure.

(j) Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of $5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives. A full month's depreciation is applied on the date the asset is placed in service.

Assets	Years
Buildings	50
Portable buildings	20
Building improvements	20
Improvement of sites	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Reprographics equipment	10
Broadcasting equipment	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

(k) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2020.

(l) Compensated Absences

All vacation leaves are accrued in the government-wide statements when they are incurred. A liability is reported in the governmental funds only for vested or accumulated vacation leave of employees who have separated from the District as of June 30 and whose vacation benefits are payable within 60 days from the end of the fiscal year. The District, as a practice, does not accrue a liability for unused sick leave since accumulated sick leave is not a vested benefit. Employees who retire after January 1, 1999 who are members of the Public Employees' Retirement System (PERS) may use accumulated sick leave to increase their service years in the calculation of retirement benefits.

In 1995, pursuant to the District/UTLA Agreement (Article XIV, Section 1.2), the District agreed to compensate eligible employees for furlough days taken during the 1992-93 fiscal year to be paid in a lump-sum bonus upon retirement. The amount of bonus corresponds to the percentage that the employee's compensation was reduced in the 1992-93 school year based on the employee's salary band for that year. Liability is accrued in the government-wide statements for all unpaid balances. A liability is reported in the governmental funds only for employees who have separated from the District as of June 30.

(m) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) pension plans and additions to/deductions from CalSTRS and CalPERS pension plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred. Gains and losses on refunding related to bonds redeemed by proceeds from the issuance of new bonds are reported as either deferred inflows of resources or deferred outflows of resources and are amortized as an adjustment to interest expense using the effective-interest method over the shorter of the life of the new bonds or the remaining term of the bonds refunded.

In the fund financial statements, debt issuances including any related premiums or discounts as well as issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(Continued)

(o) Local Control Funding Formula (LCFF) Sources/Property Taxes/Education Protection Account (EPA)

LCFF sources are the basic financial support for District activities. The District's LCFF is received from a combination of local property taxes, EPA, and state apportionments. For the fiscal year 2019-20, the District received $1.4 billion of local property taxes, $0.4 billion of EPA, and $3.9 billion of State aid.

Implementation of the LCFF began in fiscal year 2013-14 with a projected eight-year transition period. For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in fiscal year 2012-13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. As of 2019-20, the LCFF is funded at target for the District. Funding is calculated based on data reported by each LEA including pupil attendance, local revenue, and other demographic factors, in accordance with the LCFF. Allocations are made through the Principal Apportionment system.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately on October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as LCFF sources by the District.

Another funding component to the total LCFF is the Education Protection Account (EPA). The EPA provides LEAs with general purpose state aid funding pursuant to Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. Proposition 30 temporarily increases the state's sales tax rate for all taxpayers until the end of 2016 and the personal income tax rates for upper-income taxpayers until the end of 2018. Proposition 55 was passed on November 8, 2016, extending the temporary personal income tax increases enacted in 2012 by 12 years. A portion of the revenues generated by the measure's temporary tax increases is deposited into the EPA which is used to support increased school funding.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue and EPA entitlement. The balance is paid from the State General Fund, and is known as the State Apportionment. As a result, a receivable has not been recorded for the related property taxes in the General Fund as any receivable is offset by a payable on the state apportionment.

(p) Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses in the accompanying basic financial statements. Actual results may differ from those estimates.

(2) Tax and Revenue Anticipation Notes

Tax and Revenue Anticipation Notes (TRANs) are short-term debt instruments used to finance temporary cash flow deficits attributable to the uneven receipt of property taxes and other revenues during the fiscal year.

The District did not have any TRANs issuance in fiscal year 2019-20.

(3) Reconciliation of Government-wide and Fund Financial Statements

(a) Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds." The details of the $11,956,301 difference are as follows (in thousands):

Bonds payable	$ (11,408,196)
Certificates of Participation (COPs)	(168,430)
Capital lease obligations	(186)
Children Center Facilities Revolving loan	(80)
Liability for compensated absences	(88,082)
Liability for other employee benefits	(36,989)
Accrued interest	(254,338)
Adjustment to reduce *total fund balances – governmental funds* to arrive at *net position – governmental activities*	$ (11,956,301)

(b) Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *total net changes in fund balances – governmental funds* and *changes in net position of governmental activities* as reported in the accompanying government-wide statement of activities. One element of that reconciliation explains that "Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense." Moreover, in the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold. The details of this $368,660 difference are as follows (in thousands):

Capital related expenditures	$	978,189
Cost of the capital assets sold		(40)
Depreciation expense		(609,489)
Net adjustment to decrease net changes in *total fund balances – governmental funds* to arrive at *changes in net position – governmental activities*	$	368,660

Another element of that reconciliation states that "Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position." The details of this $501,053 difference are as follows (in thousands):

Debt issued or incurred:		
General Obligation Bonds	$	(942,940)
Principal repayments:		
General Obligation Bonds		425,380
Certificates of Participation		16,115
Children Center Facilities Loan		79
Capital Leases Obligations		313
Net adjustment to increase net changes in *total fund balances – governmental funds* to arrive at *changes in net position – governmental activities*	$	(501,053)

(4) Budgetary Appropriation Amendments

During the fiscal year, modifications were necessary to increase appropriations for expenditures and other financing uses for the General Fund by $222.7 million.

(5) Cash and Investments

Cash and investments as of June 30, 2020 are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:		
Cash and investments	$	5,768,236
Cash and investments held by trustee		120,251
Subtotal		5,888,487
Fiduciary funds:		
Cash and investments		196,558
Cash and investments held by trustee		425,988
Total cash and investments	$	6,511,033

(Continued)

Cash and investments as of June 30, 2020 consist of the following (in thousands):

Cash on hand (cafeteria change funds)	$	25
Deposits with financial institutions and Los Angeles County Pool		6,511,008
Total cash and investments	$	6,511,033

Deposits with financial institutions include cash in the Los Angeles County Pooled Surplus Investment Fund ($5,768.2 million), cash held by fiscal agents or trustees ($120.3 million), cash deposited with various other financial institutions for imprest funds of schools and offices ($196.6 million), and cash deposited with trustee for other postemployment benefits ($426.0 million).

School districts are required by Education Code Section 41001 to deposit their funds with the county treasury. Cash in county treasury refers to the fair value of the District's share of the Los Angeles County (County) Pooled Surplus Investment (PSI) Fund.

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the website at http://ttax.co.la.ca.us/. The table below identifies some of the investment types permitted in the investment policy:

	Authorized Investment Type	Maximum Maturity	Maximum Total Par Value	Maximum Par Value per Issuer
A.	Obligations of the U.S. government, its agencies and instrumentalities	None	None	None
B.	Approved Municipal Obligations	5 to 30 years	10% of PSI portfolio	None
C.	Asset-Backed Securities with highest ratings	5 years	20% of PSI portfolio	with credit rating limits
D.	Bankers' Acceptances Domestic and Foreign	180 days	40% of PSI portfolio	with credit rating limits
E.	Negotiable Certificates of Deposits – Domestic	3 years	30% of PSI portfolio	with credit rating limits
	Negotiable Certificates of Deposits – Euro	1 year	10% of PSI portfolio	with credit rating limits
F.	Corporate and Depository Notes	3 years	30% of PSI portfolio	with credit rating limits
G.	Floating Rate Notes	7 years	10% of PSI portfolio	with credit rating limits
H.	Commercial Paper of "prime" quality of the highest ranking or of the highest letter or number ranking as provided for by a nationally recognized statistical-rating organization (NRSRO)	270 days	40% of PSI portfolio	Lesser of 10% of PSI portfolio or credit rating limits
I.	Shares of Beneficial Interest	None	15% of PSI portfolio with no more than 10% in any one fund	None
J.	Repurchase Agreement	30 days	$1 billion	$500 million/dealer
K.	Reverse Repurchase Agreement	1 year	$500 million	$250 million/broker
L.	Forwards, Futures and Options	90 days	$100 million	$50 million/counterparty
M.	Interest-Rate Swaps in conjunction with approved bonds and limited to highest credit rating categories	None	None	None
N.	Securities Lending Agreement	180 days	20% of base portfolio value (combined total value of reverse repurchase agreements and securities lending)	None
O.	Supranationals in accordance with Gov. Code 53601(q)	5 years	30% of PSI portfolio	with credit rating limits

Interest-rate risk is the risk involved with fluctuations of interest rates that may adversely affect the fair value of the investments. The County's investment guidelines target the weighted average maturity of its portfolio to a range between 1.0 and 2.0 years. As of June 30, 2020, 68.41% of district funds in the County PSI Fund does not exceed one year. In addition, variable-rate notes that comprised 0.12% of the County PSI Fund and other investments portfolio are tied to periodic coupon resets eliminating interest-rate risk by repricing back to par value at each reset date.

Credit risk means the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, as measured by assignment of a rating by a nationally recognized statistical rating organization. This County's investment guidelines establish minimum acceptable credit ratings issued by any three nationally recognized statistical rating organizations. For short term and long term debt issuers, the rating must be no less than A-1 from Standard & Poor's (S&P), P-1 from Moody's Investors Service (Moody's), or F1 from Fitch Ratings (Fitch). The County PSI Fund is not rated.

Concentration of credit risk means the risk of loss attributed to the magnitude of an investment in a single issuer. For District funds in the County pool, the County's investment policy has concentration limits that provide sufficient diversification. As of June 30, 2020, the County did not exceed these limitations.

Custodial credit risk for deposits is the risk that in the event of failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Cash in the County Treasury is not exposed to custodial credit risk since all County deposits are either covered by federal depository insurance or collateralized with securities held by the County. Deposits other than those with the County are also covered by federal depository insurance or collateralized at the rate of 110% of the deposits, although the collateral may not be held specifically in the District's name.

For COPs debt proceeds held by trustees, these may be placed in permitted investments outlined in the provisions of the trust agreements, as follows:

A. Direct obligations of the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by specified federal agencies and backed by full or non-full faith and credit of USA;
B. Money market mutual funds registered under Federal Investment Company Act of 1940 and Federal Securities Act of 1933 and subject to credit rating limits;
C. Certificates of deposit and other forms of deposit with collateralization, fully insured by FDIC and subject to issuers' credit rating limits;
D. Investment agreements and commercial papers subject to credit rating limits;
E. Bonds or notes issued by any state or municipality and pre-refunded municipal bonds, subject to credit rating limits;
F. Federal funds, bank deposits or bankers' acceptances with full FDIC insurance or subject to credit rating limits;
G. Repurchase agreements subject to specified criteria and credit rating limits; and
H. Los Angeles County Investment Pool.

(6) Accounts Receivable, net

Receivables by Fund at June 30, 2020 consist of the following (in thousands):

	General	Bond Interest and Redemption	Other Governmental	Internal Service Funds	Total
Accrued grants and entitlements	$ 801,870	$ —	$ 58,488	$ —	$ 860,358
Other	32,573	26,471	7,718	38,460	105,222
Total Accounts Receivable, Net	$ 834,443	$ 26,471	$ 66,206	$ 38,460	$ 965,580

(7) Capital Assets

A summary of changes in capital asset activities as follows (in thousands):

	Balance, June 30, 2019	Increases	Decreases	Balance, June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Sites	$ 3,099,629	$ 504	$ —	$ 3,100,133
Construction in progress	1,291,610	970,976	(730,009)	1,532,577
Total capital assets, not being depreciated	4,391,239	971,480	(730,009)	4,632,710
Capital assets, being depreciated:				
Improvement of sites	701,353	63,234	—	764,587
Buildings and improvements	16,156,932	518,795	—	16,675,727
Equipment	2,248,496	154,689	(4,084)	2,399,101
Total capital assets, being depreciated	19,106,781	736,718	(4,084)	19,839,415
Less accumulated depreciation for:				
Improvement of sites	(461,968)	(23,318)	—	(485,286)
Buildings and improvements	(6,580,309)	(496,914)	—	(7,077,223)
Equipment	(1,934,382)	(89,257)	4,045	(2,019,594)
Total accumulated depreciation	(8,976,659)	(609,489)	4,045	(9,582,103)
Total capital assets, being depreciated, net	10,130,122	127,229	(39)	10,257,312
Governmental activities capital assets, net	$ 14,521,361	$ 1,098,709	$ (730,048)	$ 14,890,022

Depreciation expense was charged to the following functions (in thousands):

Governmental activities:		
Instruction	$	6,315
Support services – students		114
Support services – instructional staff		1,040
Support services – general administration		127
Support services – school administration		105
Support services – business		2,794
Operation and maintenance of plant services		6,105
Student transportation services		5,306
Data processing services		1,588
Operation of noninstructional services		1,548
Facilities Acquisition and construction		584,447
Total depreciation expense – governmental activities	$	609,489

(8) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2020 are comprised of the following (in thousands):

	Deferred Outflows		Deferred Inflows	
Debt refunding charges	$	86,741	$	12,810
Pension contributions subsequent to measurement date		748,142		–
OPEB contributions subsequent to measurement date		221,166		–
Difference in contribution		21,914		230
Unamortized differences between projected and actual earnings on plan investments		275,750		472,256
Unamortized differences between expected and actual experience		184,682		1,149,931
Unamortized differences arising from changes of assumptions		727,806		3,359,394
Unamortized differences arising from change in proportion of net pension liability		199,397		324,577
Unamortized differences arising from change in proportion of deferred outflow		64,163		–
Unamortized differences arising from change in proportion of deferred inflow		–		66,734
Total	$	2,529,761	$	5,385,932

(9) Retirement, Termination and Other Postemployment Benefit Plans

The District provides a number of benefits to its employees including retirement, termination, and postemployment health care benefits.

Retirement Plans

Qualified District employees are covered under either multiple-employer defined benefit retirement plans maintained by agencies of the State of California, or a multiple-employer defined contribution retirement benefit plan administered under a Trust. The retirement plans maintained by the State are 1) the California Public Employees' Retirement System (CalPERS), 2) the California State Teachers' Retirement System (CalSTRS), and 3) the Public Agency Retirement (PARS) which is administered under a Trust. In general, certificated employees are members of CalSTRS and classified employees are members of CalPERS. Part-time, seasonal, temporary and other employees who are not members of CalPERS or CalSTRS are members of PARS.

The District's total net pension liability at June 30, 2020 is summarized in the following table (in thousands):

CalPERS – Safety Plan	$	108,933
CalPERS – Miscellaneous Plan		2,356,549
CalSTRS		4,980,791
Total	$	7,446,273

(a) California Public Employees' Retirement System (CalPERS)

Safety Plan

Plan Description and Benefits Provided

The District contributes to an agent multiple-employer plan for Safety, the Public Employees' Retirement Fund (PERF) – Safety Plan, a defined benefit pension plan administered by CalPERS. The plan provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions are established by state statutes, as legislatively amended, within the California Public Employees' Retirement Law.

The Safety Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Safety	
Hiring date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: minimum	50	57
Monthly benefit, as a % of eligible compensation	3.0%	2.70%
Required employee contribution rates	9.00%	13.25%
Required employer contribution rates	43.059%	43.059%

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Safety Plan:

	Safety
Inactive employees or beneficiaries currently receiving the benefits	451
Inactive employees entitled to, but not yet receiving benefits	167
Active employees	343
Total	961

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2020, the contributions to the Safety Plan amounted to $14.6 million.

Net Pension Liability

The District's net pension liability for the Safety Plan of $108.9 million at June 30, 2020 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Safety Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Safety Plan is shown below.

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table [1]	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

[1] The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Discount Rate

The discount rate used to measure the total pension liability of the Safety Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

	Safety		
Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 [a]	Real Return Years 11+ [b]
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	—	0.77	1.81
Private equity	8.00	6.30	7.23
Real estate	13.00	3.75	4.93
Liquidity	1.00	—	(0.92)
Total	100.00%		

[a] An expected inflation of 2.00% used for this period.

[b] An expected inflation of 2.92% used for this period.

Changes in the Net Pension Liability

The changes in the net pension liability for the Safety Plan are as follows (in thousands):

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	$ 408,330	$ 301,057	$ 107,273
Changes recognized for the measurement period:			
Service cost	10,054	–	10,054
Interest on the total pension liability	28,862	–	28,862
Differences between expected and actual experience	(1,660)	–	(1,660)
Changes of assumptions	–	–	–
Plan to plan resource movement	–	(307)	307
Contributions from the employer	–	12,751	(12,751)
Contributions from employees	–	3,505	(3,505)
Net investment income	–	19,861	(19,861)
Benefit payments, including refunds of employee contributions	(16,060)	(16,060)	–
Other miscellaneous	–	1	(1)
Administrative expense	–	(215)	215
Net changes	21,196	19,536	1,660
Balance at June 30, 2020	$ 429,526	$ 320,593	$ 108,933

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the District's net pension liability for the Safety plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (in thousands):

	Safety		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's net pension liability	$ 170,194	$ 108,933	$ 58,741

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2020, the District recognized pension expense of $19.8 million for the Safety Plan. As of June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to pensions (Safety Plan) as follows (in thousands):

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ 9,217	$ 6,676
Differences between expected and actual experience	2,414	3,155
Net difference between projected and actual earnings on pension plan investments	—	1,777
District contributions subsequent to the measurement date	14,611	—
Total	$ 26,242	$ 11,608

The amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense.

The $14.6 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

Year ended June 30	Safety Deferred Outflows (Inflows) of Resources
2021	$ 4,341
2022	(1,662)
2023	(2,860)
2024	204

Payable to the Pension Plan

The District's contribution for all members to the Safety Plan for the fiscal year ended June 30, 2020 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2020.

Miscellaneous Plan

Plan Description and Benefits Provided

The District contributes to a cost-sharing multiple-employer plan, the Public Employees' Retirement Fund (PERF) Miscellaneous Plan, a defined benefit pension plan administered by CalPERS. The plan provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
Hiring date	January 1, 2013	January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50	52
Monthly benefit, as a % of eligible compensation	1.10%	1.00%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	19.721%	19.721%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2020, the contributions to the Miscellaneous Plan amounted to $224.5 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a net pension liability of $2.4 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2019, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on the 2018-19 fiscal year employer contributions calculated by CalPERS. At June 30, 2019, the District's proportion rate was 8.085812%.

For the year ended June 30, 2020, the District recognized pension expense of $499.3 million for the Miscellaneous Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (Miscellaneous Plan) from the following sources (in thousands):

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 170,173	$ —
Difference between projected and actual earnings on pension plan investments	91,487	111,337
Change of assumption	112,667	—
Change in NPL proportion	19,497	25,153
Change in proportion of deferred outflow	9,862	—
Change in proportion of deferred inflow	—	11,810
Difference in contribution	1,390	230
District contributions subsequent to the measurement date	224,546	—
Total	$ 629,622	$ 148,530

The $224.5 million reported as deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	Miscellaneous
Year ended June 30	Deferred Outflows (Inflows) of Resources
2021	$ 190,465
2022	27,785
2023	29,345
2024	8,951

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table (1)	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale of of 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement dates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Discount Rate

The discount rate used to measure the total pension liability of the Miscellaneous Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

	Miscellaneous		
Asset Class	Assumed Target Allocation	Real Return Years 1 - 10 [(a)]	Real Return Years 11+ [(b)]
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	—	0.77	1.81
Private equity	8.00	6.30	7.23
Real estate	13.00	3.75	4.93
Liquidity	1.00	—	(0.92)
Total	100.00%		

[(a)] An expected inflation of 2.00% used for this period.

[(b)] An expected inflation of 2.92% used for this period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Miscellaneous plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (in thousands):

	Miscellaneous		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's proportionate share of the net pension liability	$ 3,396,811	$ 2,356,549	$ 1,493,580

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Payable to the Pension Plan

The District's contribution for all members to the Miscellaneous Plan for the fiscal year ended June 30, 2020 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2020.

(b) California State Teachers' Retirement System (CalSTRS)

Plan Description and Benefits Provided

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan and a tax-deferred supplemental program established and administered by the State Teachers' Retirement Law (Section 22000 et seq.) of the California Education Code. The Teachers' Retirement Fund (TRF) is a defined benefit pension plan under the CalSTRS. The State of California is a nonemployer contributor to the TRF.

The Plan provides defined retirement benefits based on members' final compensation, age, and years of credited service. In addition, the retirement program provides benefits to members upon disability and to survivors upon the death of eligible members. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalSTRS	
Hiring date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50-55 (30 years of service credit)	55 (5 years of service credit)
Monthly benefit, as a % of eligible compensation	1.1% - 2.4%	1.16% - 2.4%
Required employee contribution rates	10.25%	10.205%
Required employer contribution rates	17.10%	17.10%

Contributions

The District is required to contribute based on an actuarially determined rate using the entry age normal actuarial cost method. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board (Board). Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers'

Retirement Law. Both the member and employer contributions are set as a percentage of employees' earnings.

Assembly Bill (AB 1469) enacted in Chapter 47, Statutes of 2014 is projected to fully fund the CalSTRS Defined Benefit (DB) Program in 32 years through shared contribution among CalSTRS members, employers and the State of California. Contribution increases will be phased in over several years with the first increases taking effect on July 1, 2014. Member contribution increases will be phased in over the next three years and increase by an additional 2.25% of payroll for CalSTRS 2% at 60 members and an additional 1.205% for CalSTRS 2% at 62 members. Effective July 1, 2020, the Board cannot adjust the employer rate by more than 1% in a fiscal year, and the increase to the contribution rate above the 8.25% base contribution rate cannot exceed 12% for a maximum of 20.25%. The Board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The Board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018-19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts for fiscal years 2019-20 and 2020-21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

For the year ended June 30, 2020, the contributions to the CalSTRS' TRF amounted to $509.0 million.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported a net pension liability of $5.0 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 2018-19 fiscal year employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and nonemployer contributing entities. At June 30, 2019, the District's proportion rate was 5.382%.

For the year ended June 30, 2020, the District recognized pension expense of $403.3 million. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	CalSTRS Deferred Outflows of Resources	CalSTRS Deferred Inflows of Resources
Difference between expected and actual experience	$ 12,095	$ 139,881
Difference between projected and actual earnings	179,402	353,598
Change of assumption	605,922	—
Change in NPL proportion	179,900	299,424
Change in proportion of deferred outflow	54,301	—
Change in proportion of deferred inflow	—	54,924
Difference in contribution	20,524	—
District contributions subsequent to the measurement date	508,985	—
Total	$ 1,561,129	$ 847,827

The $509.0 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

Year ended June 30	CalSTRS Deferred Outflows (Inflows) of Resources
2021	$ 73,076
2022	(61,719)
2023	49,287
2024	131,861
2025	(1,729)
2026	13,541

Actuarial Methods and Assumptions

The total pension liability for the CalSTRS' TRF was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Post-retirement benefit increases	2.00% simple for defined benefit (annually) maintain 85% purchasing power level for defined benefit not applicable for Defined Benefit Supplement

*Net of investment expenses, but gross of administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability of the CalSTRS' TRF was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions and benefit payments and administrative expenses occur mid year. Based on those assumptions, the CalSTRS' TRF fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance-PCA) as inputs to the process. The actuarial investment rate of return assumption was adopted by the Board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

	CalSTRS	
Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global equity	47.00 %	4.75 %
Private equity	13.00	6.25
Real estate	13.00	3.55
Inflation sensitive	4.00	3.25
Fixed income	12.00	1.25
Risk mitigating strategies	9.00	1.75
Cash/liquidity	2.00	(0.35)
	100.00 %	

* 20-year average

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2019. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate (in thousands):

	CalSTRS		
	1.00% Decrease (6.10%)	Current Discount Rate (7.10%)	1.00% Increase (8.10%)
District's proportionate share of the net pension liability	$ 7,238,144	$ 4,980,791	$ 2,889,542

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report. Copies of the CalSTRS annual financial report may be obtained from California State Teachers' Retirement System, P.O. Box 15275, Sacramento, CA 95851-0275.

Payable to the Pension Plan

The District's contribution for all members to the CalSTRS' TRF for the fiscal year ended June 30, 2020 was in accordance with the required contribution rate calculated by the CalSTRS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2020.

(c) Public Agency Retirement System (PARS)

Plan Description

The Omnibus Budget Reconciliation Act of 1990 requires state and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security. These employees are primarily part-time, seasonal, and temporary employees (PSTs). This Act also requires that contributions for PSTs be vested immediately and permits any split of the minimum contributions between employee and employer.

On July 1, 1992, the District joined the PARS, a multiple-employer retirement trust established by a coalition of public employers. The plan covers the District's part-time, seasonal, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. As of June 30, 2020, there are 47,023 District employees covered under PARS.

Benefit terms and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

The minimum total contribution is 7.50% of employees' salaries, of which the District and the employees contribute 3.75% each. For the year ended June 30, 2020, the District recognized pension expense of $7.2 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2020, 2019, and 2018 were in accordance with the required contributions.

Employees are vested 100% in both employer and employee contributions from the date of membership. When separated from employment, all employees can choose to receive their funds in lump sum or leave it on deposit until the mandatory age of 70 ½ when they must get a distribution.

Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District contributes to an agent multiple-employer plan. The plan provides other postemployment health care benefits in accordance with collective bargaining unit agreements and Board rules. Certificated and classified employees who retire from the District receiving a CalSTRS/CalPERS retirement allowance (for either age or disability) may be eligible to continue coverage under the District-sponsored hospital/medical, dental, and vision plans which cover both active and retired members and their eligible dependents. The following are the eligibility requirements:

a. Those hired prior to March 11, 1984 must have served a minimum of five consecutive qualifying years immediately prior to retirement.

b. Those hired from March 11, 1984 through June 30, 1987 must have served a minimum of 10 consecutive qualifying years immediately prior to retirement.

c. Those hired from July 1, 1987 through May 31, 1992 must have served a minimum of 15 consecutive qualifying years immediately prior to retirement, or served 10 consecutive qualifying years immediately prior to retirement plus an additional previous 10 years which are not consecutive.

d. Those hired from June 1, 1992 through February 28, 2007 must have at least 80 years combined total of qualifying service and age. For those employees that have a break in service, this must include 10 consecutive years immediately prior to retirement.

e. Those hired from March 1, 2007 through March 31, 2009 must have at least 80 years combined total of qualifying service and age. In addition, the employee must have 15 consecutive years of qualifying service immediately prior to retirement.

f. Those hired on or after April 1, 2009, except School Police, must have at least 85 years combined total of qualifying service and age. In addition, the employee must have a minimum of 25 consecutive years of qualifying service immediately prior to retirement.

g. School Police (sworn personnel) hired on or after April 1, 2009 must have at least 80 years combined total of qualifying service and age. In addition, the employee must have a minimum of 20 consecutive years of qualifying service immediately prior to retirement.

h. Associated Administrators of Los Angeles (AALA) Certificated employees, Service Employees International Union (SEIU) hired on or after July 1, 2018, and California School Employees Association (CSEA) members hired on or after September 1, 2018 must have at least 87 years combined total of qualifying service and age. In addition, the employee must have a minimum of 30 consecutive years of qualifying service immediately prior to retirement.

Qualifying years of service consist of school years in which an employee was in “paid status” for at least 100 full-time days and eligible for District-sponsored health care benefits.

To receive retiree medical benefits, an individual must:

a. Be enrolled in active medical benefits at the date of retirement.

b. Retire in accordance with the eligibility rules of the applicable retirement system (CalSTRS or CalPERS).

c. Receive a monthly pension payment from the state retirement system (CalSTRS or CalPERS).

d. Comply with the Medicare requirements of the District plans. Lack of Medicare does not impact dental or vision coverage.

Eligible dependents are also covered for the life of the retiree. Upon the retiree's death, eligible dependents may continue coverage under the plan but will generally have to pay 100% of premium and plan costs.

Employees Covered

As of June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	61,041
Inactive employees or beneficiaries currently receiving benefits	38,320
Inactive employees entitled to, but not yet receiving benefits	57
Total	99,418

Contributions

The District's contribution obligation for the fiscal year for the health and welfare benefits of District personnel, including the cost of term life insurance coverage and employee assistance for active employees and coverage under health plans for dependents and retirees, generally is subject to an aggregate contribution limit. Determination of this fiscal year contribution obligation limit occurs through discussions with the relevant collective bargaining units and recommendation by the District-wide Health and Welfare Committee, and is subject to approval by the Board of Education.

Moreover, the District established in fiscal year 2013-14 an irrevocable other postemployment benefits (OPEB) trust with CalPERS – California Employers' Retiree Benefit Trust (CERBT) to address its fiscal obligation in relation to its OPEB liability. Contributions to the OPEB trust will be calculated annually and are governed by the District's Budget and Finance Policy wherein such contributions will be subject to maintaining an Unrestricted General Fund balance of 5.00% of the unrestricted revenue.

Detailed information about the CERBT is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

For fiscal year 2019-20, the District contributed a total of $221.2 million to the OPEB Plan.

Net OPEB Liability

The District's net OPEB liability of $8.6 billion at June 30, 2020 is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. All information provided is based on the census data, actuarial assumptions, and plan provisions used in the June 30, 2019 actuarial valuation report (dated February 2020). The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost
Discount rate	3.60%
Payroll growth	2.75% per annum
Salary increases	1997-2015 CalPERS Experience Study
Investment rate of return	7.59%
Mortality rate	Based on the Pub-2010 headcount-weighted tables for general employees, teachers and safety employees, with generational future improvement scale MP-2019
Pre-retirement turnover[1]	Turnover rates used in the most recent CalSTRS valuation and developed in the 1997-2015 CalPERS Experience Study, as applicable.
Healthcare trend rate	Non-Medicare Advantage Plans Pre-65 [7.33% - 4.50%]; Post 65 [9.24% - 4.50%] Medicare Advantage Plans Post 65 Kaiser [8.71% - 4.50%]; Anthem PPO [9.68% - 4.50%]; Health Net/Anthem EPO [8.71% - 4.50%] Dental & Vision - 5.00%

(1)The Experience Study reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes of Assumptions

During the measurement period ended June 30, 2019, the following assumptions were changed from the prior valuation:

1. Discount rate was decreased from 3.9% to 3.6% as of July 1, 2019.
2. Healthcare trends – details of the changes are shown in the Annual Health Inflation section.
3. Mortality base rates were updated to the Pub-2010 headcount-weighted tables for respective employee groups.
4. The mortality improvement was updated from scale MP-2017 to MP-2019.
5. Turnover rates, retirement rates, and salary scale were also updated per the most recent CalSTRS experience study.
6. Expected claims were updated to reflect actual 2019 and 2020 premium rates.
7. The effect of the ACA excise tax and the health insurer fee was removed due to the repeal enacted in December 2019.
8. The post-65 election rates were updated to reflect actual experience after the implementation of the Anthem Preferred PPO (50 State Medicare Advantage Plan).

Discount Rate

The discount rate is based on a single equivalent rate that reflects a blend of expected return on assets during the period such that assets are projected to be sufficient to pay benefits of current participants; and 20-year municipal bond yields/index for periods beyond the depletion of the assets.

Based on the District's current funding policy, projected cash flows, and the assumed asset return, the plan assets are projected to be depleted in 2030. This results in a single equivalent rate of 3.6% as of July 1, 2019, which reflects the assumed asset return until asset depletion and municipal bond rates thereafter. The municipal bond rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index and the rate was 3.51% as of July 1, 2019.

The long-term expected rate of return on OPEB plan investments was based on CalPERS' expected return for California Employers' Retirement Benefit Trust Strategy 1.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset class	Assumed asset allocation	Long-Term Geometic Expected Real Rate of Return [a]	Real return years 11+ [b]
Global equity	59.00%	4.80%	5.98%
Global debt securities	25.00	1.10	2.62
Inflation assets	5.00	0.25	1.46
REITs	8.00	3.20	5.00
Commodities	3.00	1.50	2.87
Total	100.00%		

[a] An expected inflation of 2.00% used for this period.

[b] An expected inflation of 2.92% used for this period.

Changes in the OPEB Liability

The changes in the net OPEB liability for the plan are as follows (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning Balance, June 30, 2019	$ 11,568,650	$ 387,851	$ 11,180,799
Changes recognized for the fiscal year			
Service cost	380,844	—	380,844
Interest on the total OPEB liability	460,486	—	460,486
Changes of benefit terms	(1)	—	(1)
Changes of assumptions	(1,965,158)	—	(1,965,158)
Differences between expected and actual experience	(1,167,998)	—	(1,167,998)
Benefit payments	(287,040)	(287,040)	—
Contributions – employer	—	287,040	(287,040)
Net investment income	—	23,970	(23,970)
Other expenses – administrative expense	—	(190)	190
Net changes	(2,578,867)	23,780	(2,602,647)
Ending Balance, June 30, 2020	$ 8,989,783	$ 411,631	$ 8,578,152

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2020 (in thousands):

	1.00% Decrease (2.60%)	Current Discount Rate (3.60%)	1.00% Increase (4.60%)
Net OPEB liability	$ 10,090,043	$ 8,578,152	$ 7,357,345

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2020 (in thousands):

	1.00% Decrease	Trend Rate	1.00% Increase
Net OPEB liability	$ 7,130,745	$ 8,578,152	$ 10,458,919

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized a decrease in OPEB expense of $195.0 million. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings on OPEB plan investments	$ —	$ 683
Changes of assumptions	—	3,352,718
Difference between expected and actual experience	—	1,006,895
District contributions subsequent to the measurement date	221,166	—
Total	$ 221,166	$ 4,360,296

The table below lists the amortization bases included in the deferred outflows/inflows as of June 30, 2020 (in thousands):

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
6/30/2019	Liability (gain)/loss	7.25	6.25	$ (1,167,998)	$ (1,006,895)	$ (161,103)
6/30/2019	Asset (gain)/loss	5.00	4.00	4,258	3,406	852
6/30/2019	Assumptions	7.25	6.25	(1,965,158)	(1,694,102)	(271,056)
6/30/2018	Asset (gain)/loss	5.00	3.00	(1,759)	(1,055)	(352)
6/30/2018	Assumptions	7.33	5.33	(580,167)	(421,867)	(79,150)
6/30/2017	Asset (gain)/loss	5.00	2.00	(7,587)	(3,035)	(1,517)
6/30/2017	Assumptions	7.50	4.50	(2,061,247)	(1,236,748)	(274,833)
	Total charges				$ (4,360,296)	$ (787,159)

The $221.2 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows (in thousands):

Year ended June 30	Deferred Outflows (Inflows) of Resources
2021	$ (787,160)
2022	(787,159)
2023	(785,642)
2024	(785,290)
2025	(648,726)
Thereafter	(566,319)

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illness or injury to employees; and natural disasters. The District has established several self-insurance funds (Internal Service Funds) as follows: the Workers' Compensation Self-Insurance Fund, the Liability Self-Insurance Fund, and the Health and Welfare Benefits Fund. These funds account for the uninsured risk of loss and pay for insurance premiums, management fees, and related expenses. The District is self-insured for its Workers' Compensation Insurance Program and partially self-insured for the Health and Welfare and Liability Insurance Programs. Premium payments to Health Maintenance Organizations for medical benefits and to outside carriers for vision services, dental services, and optional life insurance are paid out of the Health and Welfare Benefits Fund.

Excess insurance has been purchased for physical property loss damages, which currently provides $1 billion limit above a $500,000 self-insurance retention. Excess insurance has been purchased for general liability, which currently provides $35 million limit above a $5 million self-insurance retention. No settlements exceeded insurance coverage in the last five fiscal years that ended June 30, 2020.

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 $100 million have been underwritten by seven 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 million.

Liabilities for loss and loss adjustment expenses under school operations workers' compensation and general liability are based on the estimated present value of the ultimate cost of settling the claims including the accumulation of estimates for losses reported prior to the balance sheet date, estimates of losses incurred but not reported, and estimates of expenses for investigating and adjusting reported and unreported losses. Such liabilities are estimates of the future expected settlements and are based upon analysis of historical patterns of the number of incurred claims and their values. Individual reserves are continuously monitored and reviewed and as settlements are made, or reserves adjusted, differences are reflected in current operations.

As of June 30, 2020, the amount of the total claims liabilities recorded for health and welfare, workers' compensation, and liability self-insurance was $670.6 million. Changes in the reported liabilities since July 1, 2018 are summarized as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2019-2020				
Health and welfare benefits	$ 22,009	$ 214,708	$ (216,793)	$ 19,924
Workers' compensation self-insurance	442,654	124,537	(87,199)	479,992
Liability self-insurance	138,339	100,307	(67,966)	170,680
Total	$ 603,002	$ 439,552	$ (371,958)	$ 670,596
2018-2019				
Health and welfare benefits	$ 25,798	$ 249,371	$ (253,160)	$ 22,009
Workers' compensation self-insurance	455,406	85,111	(97,863)	442,654
Liability self-insurance	139,944	39,440	(41,045)	138,339
Total	$ 621,148	$ 373,922	$ (392,068)	$ 603,002

(11) Certificates of Participation, Long-Term Capital Leases, and Operating Leases

The District has entered into Certificates of Participation (COPs) for the acquisition of the new administration building, warehouse, school sites, relocatable classroom buildings, furniture and equipment; modernization, rehabilitation and repair of certain facilities; replacement of the legacy financial and procurement systems; and automation of certain business processes. The COPs outstanding as of June 30, 2020 are as follows (in thousands):

COP Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2020	Interest Rates to Maturity Min	Interest Rates to Maturity Max	Final Maturity
2005 Qualified Zone Academy Bonds	12/13/2005	$ 10,000	$ 10,000	N/A	N/A	2020
2010B-1 Federally Taxable Direct Pay Build America Bonds, Capital Projects I	12/21/2010	21,615	21,615	7.663 (a)	8.525 (a)	2035
2010B-2 Tax-Exempt, Captial Projects I	12/21/2010	61,730	7,430	5.000	5.750	2020
2012A Refunding Headquarters Building Projects	6/12/2012	87,845	40,900	3.750	5.000	2031
2012B Refunding Headquarters Building Projects	6/12/2012	72,345	69,565	2.375	5.000	2031
2013A Refunding Lease	6/24/2013	24,780	14,920	2.290	2.290	2028
			$ 164,430 *			

* The total amount shown above excludes net unamortized premium of $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.

In prior years, the District defeased certain sinking fund payments for its 2005 Certificates of Participation (Qualified Zone Academy Bonds) by placing proceeds of general obligation bonds, interest earnings on all said deposits, and interest earnings on forward delivery agreements into the sinking fund account held by the trustee to provide for the payment of the 2005 Certificates of Participation (Qualified Zone Academy Bonds) at maturity. While the District's financial statements indicate that the full principal amount of the

2005 Certificates of Participation (Qualified Zone Academy Bonds) are outstanding as of June 30, 2020, a total of $9.8 million of accumulated sinking fund payments have been made, which reflects the portion of the COPs that are considered economically defeased.

Other Leasing Arrangements

The District has entered into various lease agreements ranging from four to five years to finance the acquisition of office equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease payments (principal plus interest) and the net present value of these minimum lease payments (principal only) are detailed in Note 12 – Long-Term Obligations.

The District's operating leases consist of various leased facilities. The leased facilities have varying terms ranging from two years to 80 years. Some leases are month to month and year to year. The leases expire over the next 63 years subject to renewal option provisions.

The total expenditure for all operating leases amounted to $7.3 million in fiscal year 2019-20. The future minimum commitments for noncancelable operating lease of the District as of June 30, 2020 are as follows (in thousands):

Fiscal year ending	Amount
2021	$ 6,619
2022	5,295
2023	3,425
2024	2,900
2025	2,992
2026-2030	14,983
2031-2035	17,812
2036-2040	21,541
2041-2045	12,612
2046-2050	13,944
2051-2055	16,296
2055-2060	19,197
2061-2065	22,809
2066-2070	27,341
2071-2075	33,075
2076-2080	40,384
2081-2085	22,304
	$ 283,529

(12) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2020 (in thousands):

	Balance, July 1, 2019	Additions	Deductions	Other Changes**	Balance, June 30, 2020	Due Within One Year	Interest Expense
General Obligation Bonds*	$ 10,891,318	$ 942,940	$ 425,380	$ (682)	$ 11,408,196	$ 665,466	$ 389,043
Certificates of Participation (Note 11)*	185,554	–	16,115	(1,009)	168,430	27,671	7,190
Capital lease obligations	499	–	313	–	186	93	12
Children center facilities revolving loan	159	–	79	–	80	80	–
Liability for compensated absences	77,117	81,530	68,052	–	90,595	3,151	–
Liability for other employee benefits	45,660	–	6,108	–	39,552	4,108	–
Self-Insurance claims (Note 10)	603,002	439,552	371,958	–	670,596	186,428	–
Arbitrage payable	2,295	–	2,295	–	–	–	–
Total	$ 11,805,604	$ 1,464,022	$ 890,300	$ (1,691)	$ 12,377,635	$ 886,997	$ 396,245

* The amounts shown above include unamortized premiums and discounts.

** Premium on bonds and premium and discount amortization.

Future annual payments on long-term debt obligations are as follows (in thousands):

Year Ending June 30	General Obligation Bonds		Capital Lease Obligations/ Certificates of Participation		Other Loans	Total	
	Principal	Interest	Principal	Interest	Principal	Principal	Interest
2021	$ 545,175	$ 511,278	$ 26,923	$ 7,502	$ 80	$ 572,178	$ 518,780
2022	501,995	500,479	10,778	6,836	—	512,773	507,315
2023	515,580	475,704	11,142	6,306	—	526,722	482,010
2024	531,510	450,113	10,898	5,773	—	542,408	455,886
2025	542,250	423,573	10,800	5,248	—	553,050	428,821
2026-2030	3,283,055	1,639,834	61,090	17,587	—	3,344,145	1,657,421
2031-2035	3,363,545	819,671	30,960	3,782	—	3,394,505	823,453
2036-2040	684,525	228,365	2,025	83	—	686,550	228,448
2041-2045	656,375	62,093	—	—	—	656,375	62,093
	$ 10,624,010	$ 5,111,110	$ 164,616	$ 53,117	$ 80	$ 10,788,706	$ 5,164,227

The General Obligation (GO) Bonds outstanding balance as of June 30, 2020 consists of the following (in thousands):

Bond Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2020		Interest Rates to Maturity Min	Max	Final Maturity
KRY (2009-BAB) [a]	10/15/2009	$ 1,369,800	$ 1,369,800		5.750%	5.755%	2034
Election of 2005, H (2009)	10/15/2009	318,800	318,800		1.540	1.540	2025
KRY (2010-TE)	3/4/2010	478,575	384,380		4.000	5.250	2034
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	104,795		4.000	5.000	2024
2011A-2 Refunding	11/1/2011	201,070	141,880		4.000	5.000	2023
2012A Refunding	5/8/2012	156,000	95,760		2.000	5.000	2028
2014A Refunding	6/26/2014	196,850	58,580		5.000	5.000	2022
2014B Refunding	6/26/2014	323,170	150,940		5.000	5.000	2026
2014C Refunding	6/26/2014	948,795	821,985		2.000	5.000	2031
2014D Refunding	6/26/2014	153,385	130,045		5.000	5.000	2030
2015A Refunding	5/28/2015	326,045	269,400		5.000	5.000	2025
Election of 2008, A (2016)	4/5/2016	648,955	600,270		3.000	5.000	2040
2016A Refunding	4/5/2016	577,400	403,410		3.000	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	1,034,695		2.000	5.000	2027
Election of 2005, Series M-1 (2018)	3/8/2018	117,005	114,165		3.000	5.250	2042
Election of 2008, Series B-1 (2018)	3/8/2018	1,085,440	1,060,780		4.000	5.250	2042
2019A Refunding	5/29/2019	594,605	582,365		3.000	5.000	2034
Series RYQ (2020)	4/30/2020	942,940	942,940		2.375	5.000	2044
			$ 10,624,010	*			

* The total amount shown above excludes unamortized premium and discount of $784.2 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 $88.26 million representing $32.04 million for Election of 2005, H (2009) (Tax Credit Bonds) and $56.22 million for Election of 2005, J-1 and J-2 (2010) (Federally Taxable Direct Subsidy Bonds).

(c) Issued as qualified school construction bonds, a taxable bond program in which the federal government initially subsidized interest as if such bonds bore interest at the applicable federal rate for such bonds of 5.72% per annum.

On April 23, 2020, the District issued $942.94 million of new money 2020 General Obligation Bonds, Series RYQ (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) during challenging capital market conditions as a result of COVID-19. The Bonds were sold via negotiated sale with ratings of “AA+” from Fitch and “Aa3” from Moody’s. Under the current phase of the District’s capital program, the bond proceeds will be used to modernize, build, and repair school facilities to improve student health, safety, and educational quality.

The Children Center Facilities revolving loan represents loan proceeds from the State Child Development Revolving Fund for the purchase of relocatable buildings, sites and site improvements for child care facilities. The loan, which does not incur interest charges, must be repaid in 10 equal installments commencing on July 1, 2012 and each year thereafter until July 1, 2021.

The arbitrage payable balance reflects amounts due to the United States Treasury in order to comply with Internal Revenue Code Section 148(f). When the District issues tax-exempt debt, Internal Revenue Service (IRS) regulations limit the yield that the District can earn on the bond proceeds. If the District earns an amount in excess of the bond yield and does not qualify for a spending exception, the District must remit the excess earnings to the United States Treasury. Payments equal to 90% of the calculated excess earnings are due on each fifth anniversary of a bond's issuance date. When a bond issue is retired, all of the remaining excess earnings must be remitted. As of June 30, 2020, there was no positive arbitrage rebate or yield restriction liability accrued. In February 2020, a final payment for $2.3 million was made to IRS for the General Obligation Bonds, Election of 2004, Series J (2014) and Election of 2005, Series K (2014).

Debt Liquidation

Payments on the General Obligation Bonds and Certificates of Participation are made through the debt service funds. The employee benefits liability for retirement bonus are all paid out of the General Fund, while the compensated absences portion are liquidated from different governmental funds and proprietary funds. In fiscal year 2020, approximately 93% of compensated absences has been paid by the General Fund, 6% by the District Bonds Fund, and 1% by the proprietary funds.

The self-insurance claims and other postemployment benefits are generally liquidated through the internal service funds, which finance the payment of those claims and benefits by charging user funds. The General Fund assumes 100% of liability self-insurance claims. For workers' compensation and health benefit claims, including retiree health benefits, the General Fund currently bears approximately 89% of the cost, while the Cafeteria Fund carries 6%; no other individual fund is charged more than 3% of the total amount.

(13) Interfund Transfers

Interfund transfers are eliminated on the government-wide statement of activities but are reported on the fund financial statements. These consist of transfers for exchange of services or reimbursement of expenditures. In addition, interfund transactions are also made to move revenue collected in one fund to another fund where the resources are spent or accounted for, in accordance with budgetary authorization through which resources are to be expended. Transfers between funds for the year ended June 30, 2020 were as follows (in thousands):

From	To	Purpose	Amount
General Fund	Adult Education Fund	Transfer of balance	$ 690
General Fund	Child Development Fund	Child development support	21,754
General Fund	Cafeteria Fund	Reimbursement of expenditures	1,023
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	3,095
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	1
General Fund	Capital Services Fund	Debt service	24,242
Building Fund – Measure R	General Fund	Reimbursement of capital expenditures	53
Building Fund – Measure R	Building Fund – Measure Y	Reimbursement of capital expenditures	5
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	29,991
Building Fund – Measure R	County School Facilities – Prop 47	Reimbursement of capital expenditures	539
Building Fund – Bond Proceeds	Building Fund – Measure R	Reimbursement of capital expenditures	534
Building Fund – Bond Proceeds	County School Facilities – Prop 47	Reimbursement of capital expenditures	252
Building Fund – Measure K	Building Fund – Measure Y	Reimbursement of capital expenditures	2
Building Fund – Measure K	Building Fund – Measure Q	Reimbursement of capital expenditures	6,315
Building Fund – Measure K	County School Facilities – Prop 47	Reimbursement of capital expenditures	19
Building Fund – Measure Y	General Fund	Reimbursement of capital expenditures	93
Building Fund – Measure Y	Building Fund – Measure R	Reimbursement of capital expenditures	49
Building Fund – Measure Y	Building Fund – Measure K	Reimbursement of capital expenditures	2
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	89,162
Building Fund – Measure Y	County School Facilities – Prop 47	Reimbursement of capital expenditures	271
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	1,871
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	35
Building Fund – Measure Q	Building Fund – Bond Proceeds	Reimbursement of capital expenditures	1
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	601
Building Fund – Measure Q	Building Fund – Measure Y	Reimbursement of capital expenditures	559
Building Fund – Measure Q	County School Facilities – Prop 47	Reimbursement of capital expenditures	51
Building Fund – Measure Q	Capital Facilities Fund	Reimbursement of capital expenditures	3,030
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	98
Capital Facilities Fund	Building Fund – Measure K	Reimbursement of capital expenditures	443
Capital Facilities Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	9,662
State School Bld Lease Purchase	Building Fund – Measure K	Reimbursement of capital expenditures	12
County School Facilities – Prop 47	Building Fund – Measure R	Reimbursement of capital expenditures	2,426
County School Facilities – Prop 47	Building Fund – Bond Proceeds	Reimbursement of capital expenditures	371
County School Facilities – Prop 47	Building Fund – Measure K	Reimbursement of capital expenditures	11,126
County School Facilities – Prop 47	Building Fund – Measure Y	Reimbursement of capital expenditures	2,112
County School Facilities – Prop 47	Building Fund - Measure Q	Reimbursement of capital expenditures	2,458
County School Facilities – Prop 47	Capital Facilities Fund	Reimbursement of capital expenditures	54
Special Reserve Fund – CRA	General Fund	Reimbursement of capital expenditures	20,000
Special Reserve Fund	General Fund	Reimbursement of capital expenditures	127
Special Reserve Fund	Building Fund – Measure R	Reimbursement of capital expenditures	478
Special Reserve Fund	Building Fund – Measure K	Reimbursement of capital expenditures	218
Special Reserve Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	632
Special Reserve Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	713
Special Reserve Fund	County School Facilities – Prop 47	Reimbursement of capital expenditures	660
Special Reserve Fund	Capital Facilities Fund	Reimbursement of capital expenditures	9
Special Reserve Fund	Capital Services Fund	Debt service	11
Total			$ 235,850

(14) Fund Equity

The following is a summary of nonspendable, restricted, assigned, and unassigned fund balances at June 30, 2020 (in thousands):

	General	District Bonds	Bond Interest and Redemption	Other Governmental
Nonspendable:				
Revolving cash and impress funds	$ 2,897	$ 269	$ —	$ 14
Inventories	25,542	—	—	16,786
Prepaids	9,233	223	—	41
Total Nonspendable Balances	37,672	492	—	16,841
Restricted for:				
Child Nutrition: School Programs	—	—	—	100,163
Medi-Cal Billing Options	1,421	—	—	—
FEMA Public Assistance Funds	132	—	—	1,602
California Clean Energy Jobs Act	38,734	—	—	—
School Mental Health Medi-Cal Rehabilitation	5,630	—	—	—
Medi-Cal Electronic Health Record Incentive	90	—	—	—
Special Education	3,386	—	—	—
Special Education: Early Education Individuals with Exceptional Needs (Infant Program)	226	—	—	—
Classified Employee Professional Development Block Grant	3,979	—	—	—
SB 117 Covid-19 LEA Response Funds	7,934	—	—	—
Low Performance Students Block Grant	10,094	—	—	—
State School Facilities Projects	—	—	—	113,355
Employment Training Panel-Regional Occupational Centers and Programs	1,100	—	—	—
Census 2020 MOU	1,040	—	—	—
Ongoing and Major Maintenance Account	24,703	—	—	—
Prop 84 Stormwater Grant Reimbursement	—	—	—	5
CDE Grant Olive Vista Middle School	—	—	—	4
California Public Assistance & Reimbursement	—	—	—	851
California Disaster Assistance Act	—	—	—	35
Drought Response Outreach Program for Schools Grant	—	—	—	24
Division of State Architect Certification/Close out	—	—	—	1,723
B.E.S.T. Behavior – Special Education	131	—	—	—
KLCS – Capital Improvements	1,663	—	—	—
Clean Cities Grant	86	—	—	—
Cognitive Behavioral Intervention Therapy	96	—	—	—
JADE Continuing Education Learning	70	—	—	—
DWP Pilot Efficiency Activities	2,942	—	—	—
Prop K Maintenance Grant	308	—	—	—
LA CARE-CHDP	85	—	—	—
Adult Education Block Grant Program	—	—	—	14,371
Calworks	—	—	—	364
Debt Service Reserve	—	—	1,042,805	—
District Bonds	—	1,062,525	—	—
Capital Projects	—	—	—	352,647
Total Restricted Balances	103,850	1,062,525	1,042,805	585,144
Committed to:				
Ongoing program needs	87,626	—	—	—
Assigned to:				
Subsequent year expenditures	1,248,900	—	—	20,809
Unassigned:				
Reserved for economic uncertainties	79,000	—	—	—
Unassigned	492,426	—	—	—
Total Fund Balances	$ 2,049,474	$ 1,063,017	$1,042,805	$ 622,794

Nonspendable fund balances represent amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances represent amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balances represent amounts that can be used only for specific purposes determined by a formal action of the governing board through the adoption of a resolution. The governing board is the highest level of decision-making authority for the District. These committed amounts cannot be used for any other purpose unless the governing board removes or changes the specific use through formal action. Governing board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30. The amount which will be committed can be determined subsequently but prior to the release of the District's financial statements.

Assigned fund balances represent amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District's adopted policy delegates the authority to assign amounts for specific purposes to the Superintendent, or designated executive committee.

Unassigned fund balances represent all other spendable amounts.

General Fund is the only fund that reports a positive unassigned fund balance, as it is not appropriate to report a positive unassigned fund balance in other governmental funds except where expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes. In such case, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first, before the unassigned amounts.

Minimum Fund Balance Policy

As part of the Budget and Finance Policy, the governing board has adopted a minimum fund balance policy for the General Fund in order to avoid the need for service level reductions in the event that an economic downturn causes revenues to be substantially lower than what was budgeted. The policy requires the District to maintain a reserve for economic uncertainty consisting of unassigned amounts equal to at least 1% of total General Fund expenditures and other financing uses. In the event that the District must expend all or part of this reserve, the District will identify and implement a budgetary plan to replenish this reserve the following year. This reserve may be adjusted based on changes to legal requirement.

It is also a policy that the total General Fund balance be maintained at a minimum level of 5% of total General Fund expenditures and Other Financing Uses. In the event that the General Fund balance falls below this level, all one-time monies will be set-aside until the 5% minimum reserve threshold is met. In addition, other recommendations may be developed to restore reserve balances.

(Continued)

(15) 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. 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 schools, and to change existing instructional programs, pupil integration methods, and employment and administration procedures. In many proceedings, monetary damages are sought including, for example, claims for retroactive pay and benefits and future pay and benefits. Based on the opinion of counsel, management believes that the ultimate outcome of such lawsuits will not have a material effect on the District's financial condition.

(b) Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement will not be material to the financial statements.

(c) Construction Contracts

The District has entered into various contracts for the construction of facilities throughout the campuses. During fiscal year 2019-20 the District entered into approximately 59 contracts with a combined value of $476.1 million. The durations of the contracts range from 45 days to five years.

(16) Subsequent Events

In September 2020, Standard & Poor Global Ratings revised its Outlook to Stable from Negative and affirmed its "A+" long term rating on the District's outstanding GO bonds that it rates. S&P also affirmed its "A" rating on the District's outstanding COPs.

On October 6, 2020, the District issued $302.0 million of 2020 General Obligation Refunding Bonds, Series A *(*Dedicated Unlimited *Ad Valorem* Property Tax Bonds*)* to refund the outstanding General Obligation Bonds, Series KRY (2010) with an outstanding par amount of $379.7 million. The Refunding Bonds received ratings of "AA+", "AAA", and "Aa3" from Fitch, KBRA, and Moody's, respectively. The refunding generated net present value savings of $124.1 million or 32.7% of the refunded bonds.

On October 27, 2020, the District issued $28.4 million of Refunding Certificates of Participation, 2020 Series A. The Refunding COPs proceeds, together with other available funds, were used to refund the 2010 Series B-1 and B-2 COPs and prepay a lease that was executed in 2013. The Refunding COPs received a rating of "A2" from Moody's and the portion of the Refunding COPs that were insured by the Build America Mutual Assurance Corporation ("BAM") were rated "AA" from S&P. The refunding resulted in net present value savings of $7.7 million or 18.1% of the refunded COPs.

On November 10, 2020, the District issued $1.057 billion of new money General Obligation Bonds, Measure Q, Series C (2020) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds). The Bonds were rated “AA+” from Fitch, “AAA” from KBRA and “Aa3” from Moody’s. The Bonds were issued to finance school modernization and IT projects.

REQUIRED SUPPLEMENTARY INFORMATION

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios*
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

	2017-2018	2018-2019	2019-2020
Total OPEB Liability			
Service cost	$ 634,089	$ 523,203	$ 380,844
Interest on the total OPEB liability	490,582	561,040	460,486
Differences between expected and actual experience	—	—	(1,167,998)
Changes of benefit terms	—	(3,842,546)	(1)
Changes in assumptions	(2,061,247)	(580,166)	(1,965,158)
Benefit payments	(264,763)	(305,521)	(287,040)
Net change in total OPEB liability	(1,201,339)	(3,643,990)	(2,578,867)
Total OPEB liability – beginning	16,413,979	15,212,640	11,568,650
Total OPEB liability – ending (a)	$ 15,212,640	$ 11,568,650	$ 8,989,783
Plan fiduciary net position			
Contributions – employer	$ 342,763	$ 425,521	$ 287,040
Net investment income	20,995	23,893	23,970
Benefit payments	(264,763)	(305,521)	(287,040)
Administrative expense	(103)	(172)	(190)
Net change in plan fiduciary net position	98,892	143,721	23,780
Plan fiduciary net position – beginning	145,238	244,130	387,851
Plan fiduciary net position – ending (b)	244,130	387,851	411,631
Net OPEB liability – ending (a) - (b)	$ 14,968,510	$ 11,180,799	$ 8,578,152
Plan fiduciary net position as a percentage of the total OPEB liability	1.60%	3.35%	4.58%
Covered – employee payroll	$ 3,905,000	$ 3,728,000	$ 4,062,000
Net OPEB liability as percentage of covered – employee payroll	383.32%	299.91%	211.18%

* Fiscal year 2017-18 was the first year of implementation, therefore only three years are shown.

Schedule of Contributions
For the Year Ended June 30, 2020

Not applicable – Funding is not based on actuarially determined contributions and contributions are neither statutorily or contractually established.

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Total Pension Liability						
Service cost	$ 8,284	$ 8,240	$ 8,861	$ 10,331	$ 10,073	$ 10,054
Interest on total pension liability	22,121	23,128	25,394	26,815	27,428	28,862
Differences between expected and actual experience	—	(4,558)	11,191	(1,831)	(2,039)	(1,660)
Changes in assumptions	—	(5,860)	—	23,771	(11,622)	—
Changes in benefits	—	—	—	—	—	—
Benefit payments, including refunds of employee contributions	(12,325)	(12,853)	(13,653)	(14,041)	(15,498)	(16,060)
Net change in total pension liability	18,080	8,097	31,793	45,045	8,342	21,196
Total pension liability – beginning	296,973	315,053	323,150	354,943	399,988	408,330
Total pension liability – ending (a)	315,053	323,150	354,943	399,988	408,330	429,526
Plan fiduciary net position						
Contributions – employer	8,341	9,347	8,701	9,711	10,746	12,751
Contributions – employee	2,717	2,825	3,064	3,352	3,291	3,505
Net investment income (net of administrative expenses)	37,066	5,185	1,196	28,500	22,418	19,647
Benefit payments	(12,325)	(12,853)	(13,653)	(14,041)	(15,498)	(16,060)
Plan to plan resource movement	—	1	(3)	(15)	(176)	(307)
Net change in plan fiduciary net position	35,799	4,505	(695)	27,507	20,781	19,536
Plan fiduciary net position – beginning	213,160	248,959	253,464	252,769	280,276	301,057
Plan fiduciary net position – ending (b)	248,959	253,464	252,769	280,276	301,057	320,593
Net pension liability – ending (a) - (b)	$ 66,094	$ 69,686	$ 102,174	$ 119,712	$ 107,273	$ 108,933
Plan fiduciary net position as a percentage of the total pension liability	79.02%	78.44%	71.21%	70.07%	73.73%	74.64%
Covered – employee payroll	$ 26,213	$ 27,384	$ 31,786	$ 33,239	$ 33,381	$ 33,097
Net pension liability as percentage of covered – employee payroll	252.14%	254.48%	321.45%	360.16%	321.36%	329.14%

* Fiscal year 2014-15 was the first year of implementation, therefore only six years are shown.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Contributions *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Actuarially determined contribution	$ 9,342	$ 10,397	$ 11,392	$ 11,057	$ 12,992	$ 14,611
Contributions in relation to the actuarially determined contributions	(9,342)	(10,397)	(11,392)	(11,057)	(12,992)	(14,611)
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered – employee payroll	$ 39,837	$ 42,476	$ 43,788	$ 43,799	$ 46,849	$ 45,139
Contributions as a percentage of covered – employee payroll	23.45%	24.48%	26.02%	25.24%	27.73%	32.37%

Notes to Schedule:
The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset valuation method	15 Year Smoothed Market	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.63% compounded annually
Salary increases	Varies by entry age and service	3.3% to 14.2% depending on age, service and type of employment	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.0%	3.0%	3.0%	3.0%	3.0%	2.9%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation.	7.5%	7.5%	7.5%	7.5%	7.25%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using scale AA published by the Society of Actuaries. There is no margin for future mortality improvement beyond the valuation date.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only six years are shown.

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

1. Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
District's proportion of the net pension liability (asset)	9.3936%	8.7047%	8.3405%	8.15065%	7.96783%	8.085812%
District's proportionate share of the net pension liability (asset)	$ 1,066,402	$ 1,283,081	$ 1,647,254	$ 1,945,775	$ 2,124,474	$ 2,356,549
District's covered-employee payroll	$ 839,116	$ 1,016,759	$ 1,078,634	$ 1,108,784	$ 1,116,870	$ 1,228,585
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	127.09%	126.19%	152.72%	175.49%	190.22%	191.81%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%

2. Schedule of District Contributions

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Contractually required contribution District contributions	$ 113,398	$ 119,193	$ 144,467	$ 166,342	$ 205,346	$ 224,546
Contributions in relation to the contractually required contribution	113,398	119,193	144,467	166,342	205,346	224,546
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
District's covered-employee payroll	1,016,759	1,078,634	1,108,784	1,116,870	1,228,585	1,221,081
Contributions as a percentage of covered-employee payroll	11.15%	11.05%	13.03%	14.89%	16.71%	18.39%

Notes to Schedule:
The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	20-year period	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.
Asset valuation method	Actuarial value of Assets	Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.63%
Salary increases	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
Investment rate of return	7.50%	7.50%	7.50%	7.50%	7.15%	7.15%
Retirement age	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
Mortality	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only six years are shown.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan
California State Teachers' Retirement System (CalSTRS)
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

1. Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
District's proportion of the net pension liability (asset)	5.7380%	5.9320%	5.5890%	5.3050%	5.1840%	5.3820%
District's proportionate share of the net pension liability (asset)	$ 3,353,000	$ 3,993,660	$ 4,520,439	$ 4,906,064	$ 4,764,511	$ 4,980,791
District's covered-employee payroll	$ 2,585,154	$ 2,771,643	$ 2,834,892	$ 2,865,305	$ 2,833,461	$ 3,052,549
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129.70%	144.09%	159.46%	171.22%	168.15%	163.17%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

2. Schedule of District Contributions

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Contractually required contribution District contributions	$ 245,474	$ 302,716	$ 358,073	$ 407,198	$ 483,163	$ 508,985
Contributions in relation to the contractually required contribution	245,474	302,716	358,073	407,198	483,163	508,985
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
District's covered-employee payroll	2,771,643	2,834,892	2,865,305	2,833,461	3,052,549	2,825,924
Contributions as a percentage of covered-employee payroll	8.86%	10.68%	12.50%	14.37%	15.83%	18.01%

Notes to Schedule:
The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	30 years	32 years	31 years	30 years	29 years	28 years
Asset valuation method	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
Inflation	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%
Salary increases	3.75%	3.75%	3.75%	3.50%	3.50%	3.50%
Investment rate of return	7.50%	7.50%	7.50%	7.25%	7.10%	7.10%
Retirement age	Experience Tables	Experience Tables	Experience Tables	Experience Tables	Experience Tables	Experience Tables
Mortality	RP-2000 Series Table	RP-2000 Series Table	RP-2000 Series Table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table

* Fiscal year 2014-15 was the first year of implementation, therefore only six years are shown.

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
District Bonds Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2020
(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
Revenues:				
Other local revenues	$ 15,628	$ 16,090	$ 15,057	$ (1,033)
Total Revenues	15,628	16,090	15,057	(1,033)
Expenditures:				
Current:				
Classified salaries	113,315	82,632	49,920	32,712
Employee benefits	56,490	63,447	24,447	39,000
Books and supplies	14,142	40,377	1,658	38,719
Services and other operating expenditures	73,458	58,952	23,290	35,662
Capital outlay	520,566	745,733	740,428	5,305
Total Expenditures	777,971	991,141	839,743	151,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	(762,343)	(975,051)	(824,686)	150,365
Other Financing Sources (Uses):				
Transfers in	—	157,954	161,003	3,049
Transfers out	—	(150,169)	(133,533)	16,636
Proceeds from sale of bonds	1,134,150	1,170,942	942,940	(228,002)
Total Other Financing Sources (Uses)	1,134,150	1,178,727	970,410	(208,317)
Net Changes in Fund Balances	371,807	203,676	145,724	(57,952)
Fund Balances, July 1, 2019	1,055,539	917,293	917,293	—
Fund Balances, June 30, 2020	$ 1,427,346	$ 1,120,969	$ 1,063,017	$ (57,952)

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Bond Interest and Redemption Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2020
(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
Revenues:				
Federal revenues	$ —	$ —	$ 42,819	$ 42,819
Other state revenues	—	—	3,459	3,459
Other local revenues	843,375	843,375	947,445	104,070
Total Revenues	843,375	843,375	993,723	150,348
Expenditures:				
Debt service – principal	349,846	425,846	425,380	466
Debt service – bond issuance cost	—	1,102	1,102	—
Debt service – bond, COPs, and capital leases interest	493,529	496,529	495,247	1,282
Total Expenditures	843,375	923,477	921,729	1,748
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(80,102)	71,994	152,096
Other Financing Sources (Uses):				
Premium on bonds issued	—	—	121,653	121,653
Total Other Financing Sources	—	—	121,653	121,653
Net Changes in Fund Balances	—	(80,102)	193,647	273,749
Fund Balances, July 1, 2019	699,179	849,158	849,158	—
Fund Balances, June 30, 2020	$ 699,179	$ 769,056	$ 1,042,805	$ 273,749

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

The Adult Education Fund is used to account for resources committed to the operation of Community Adult Schools including educational programs funded by other government agencies. This Fund was established as authorized by State Education Code Section 42238. Revenues are primarily derived from State apportionments, federal subventions, investment income, and adult education fees.

The Child Development Fund is used to account for resources committed to the operation of the District's child development programs. Revenues are primarily derived from federal and state grants and apportionments, early education center fees, and investment income.

The Cafeteria Fund is used to account for resources designated for the operation of the District's food services programs. Revenues are primarily derived from federal and state subsidies, food sales, and investment income. Since the primary source of revenues is from federal and state subsidies rather than food sales, this fund is classified as a Special Revenue Fund rather than as an Enterprise Fund.

Debt Service Funds

The Tax Override Fund is used to account for the accumulation of resources from ad valorem tax levies for the repayment of State School Building Aid Fund apportionments. The loan was paid in full in May 2010.

The Capital Services Fund is used to account for the accumulation of resources for the repayment of principal and interest on Certificates of Participation and long-term capital lease agreements. Revenues are derived primarily from operating transfers from user funds and investment income.

Capital Projects Funds

The Building Fund is used to account for revenue from rentals and leases of real property and other resources designated for facility expansion.

The Capital Facilities Account Fund was established on January 1, 1987 in accordance with Section 53080 of the California Government Code and is used to account for resources received from fees levied upon new residential, commercial, or industrial development projects within the District's boundaries in order to obtain funds for the construction or acquisition of school facilities to relieve overcrowding.

The State School Building Lease – Purchase Fund is used to account for State apportionments received in accordance with State Education Code Sections 17700-17780. Projects are funded by the State subject to appropriation of funds in the State Budget. The District may be required to transfer to this fund any available monies from other funds as the District's contribution to a particular project.

The County School Facilities Bonds Fund is used to account for apportionments received from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), and the 2006 State School Facilities Fund (Proposition 1D).

The Special Reserve Fund – Community Redevelopment Agency is used to account for reimbursements of tax increment revenues from certain community redevelopment agencies based on agreements between the District and the agencies. These reimbursements are to be used for capital projects within the respective redevelopment areas covered in the agreements.

The Special Reserve Fund is used to account for District resources designated for capital outlay purposes such as land purchases, ground improvements, facilities construction and improvements, new acquisitions, and related expenditures.

The Special Reserve Fund – FEMA – Earthquake is used to account for funds received from the Federal Emergency Management Agency (FEMA) for capital outlay projects resulting from the January 17, 1994 Northridge Earthquake.

The Special Reserve Fund – FEMA – Hazard Mitigation was established on April 15, 1996 to account for funds received from FEMA and for the 25% District-matching funds for the retrofit/replacement of pendant lighting and suspended ceilings in selected buildings at schools, offices, and children's centers.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020
(in thousands)

	Special Revenue			
Assets:	**Adult Education**	**Child Development**	**Cafeteria**	**Total**
Cash in county treasury, in banks, and on hand	$ 9,651	$ 4,829	$ 70,682	$ 85,162
Cash held by trustee	—	—	—	—
Accounts receivable – net	17,620	2,254	39,236	59,110
Accrued interest receivable	25	10	205	240
Prepaids	—	—	41	41
Inventories	—	—	16,786	16,786
Total Assets	27,296	7,093	126,950	161,339
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	$ 27,296	$ 7,093	$ 126,950	$ 161,339
Liabilities and Fund Balances:				
Vouchers and accounts payable	$ 1,376	$ 1,987	$ 5,654	$ 9,017
Contracts payable	105	—	—	105
Accrued payroll	3,733	4,827	3,293	11,853
Other payables	8	9	60	77
Unearned revenue	40	103	953	1,096
Total Liabilities	5,262	6,926	9,960	22,148
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	14	—	16,827	16,841
Restricted	14,735	—	100,163	114,898
Assigned	7,285	167	—	7,452
Total Fund Balances	22,034	167	116,990	139,191
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 27,296	$ 7,093	$ 126,950	$ 161,339

See accompanying independent auditors' report.

Debt Service		
Tax Override	**Capital Services**	**Total**
$ 415	$ 3,053	$ 3,468
—	31,671	31,671
—	—	—
1	10	11
—	—	—
—	—	—
416	34,734	35,150
—	—	—
$ 416	$ 34,734	$ 35,150
$ —	$ —	$ —
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
416	34,734	35,150
—	—	—
416	34,734	35,150
$ 416	$ 34,734	$ 35,150

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2020
(in thousands)

				Capital
Assets:	Building	Capital Facilities Account	State School Building Lease – Purchase	County School Facilities Bonds
Cash in county treasury, in banks, and on hand	$ 10,906	$ 151,066	$ 12,182	$ 109,703
Cash held by trustee	—	—	—	—
Accounts receivable – net	—	7,096	—	—
Accrued interest receivable	32	455	36	345
Prepaids	—	—	—	—
Inventories	—	—	—	—
Total Assets	10,938	158,617	12,218	110,048
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	$ 10,938	$ 158,617	$ 12,218	$ 110,048
Liabilities and Fund Balances:				
Vouchers and accounts payable	$ —	$ 2,603	$ 133	$ 708
Contracts payable	—	3,029	174	1,663
Accrued payroll	—	28	—	3
Other payables	—	1,619	5,784	446
Unearned revenue	—	—	—	—
Total Liabilities	—	7,279	6,091	2,820
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	151,338	6,127	107,228
Assigned	10,938	—	—	—
Total Fund Balances	10,938	151,338	6,127	107,228
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,938	$ 158,617	$ 12,218	$ 110,048

See accompanying independent auditors’ report.

Projects					
Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
$ 90,890	$ 79,144	$ 3,457	$ 2,204	$ 459,552	$ 548,182
—	320	—	—	320	31,991
—	—	—	—	7,096	66,206
298	226	10	7	1,409	1,660
—	—	—	—	—	41
—	—	—	—	—	16,786
91,188	79,690	3,467	2,211	468,377	664,866
—	—	—	—	—	—
$ 91,188	$ 79,690	$ 3,467	$ 2,211	$ 468,377	$ 664,866
$ 99	$ 351	$ —	$ —	$ 3,894	$ 12,911
—	1,318	—	—	6,184	6,289
11	16	—	—	58	11,911
—	96	—	—	7,945	8,022
—	1,843	—	—	1,843	2,939
110	3,624	—	—	19,924	42,072
—	—	—	—	—	—
—	—	—	—	—	16,841
91,078	76,066	3,259	—	435,096	585,144
—	—	208	2,211	13,357	20,809
91,078	76,066	3,467	2,211	448,453	622,794
$ 91,188	$ 79,690	$ 3,467	$ 2,211	$ 468,377	$ 664,866

LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2020
(in thousands)

	Special Revenue			
	Adult Education	**Child Development**	**Cafeteria**	**Total**
Revenues:				
Federal revenues	$ 18,755	$ 2,825	$ 323,223	$ 344,803
Other state revenues	106,623	137,563	16,803	260,989
Other local revenues	3,170	2,405	22,600	28,175
Total Revenues	128,548	142,793	362,626	633,967
Expenditures:				
Current:				
Certificated salaries	57,344	44,282	—	101,626
Classified salaries	15,374	52,136	105,863	173,373
Employee benefits	34,463	55,525	97,343	187,331
Books and supplies	4,789	3,033	161,506	169,328
Services and other operating expenditures	5,478	3,016	(23,396)	(14,902)
Capital outlay	1,462	—	—	1,462
Debt service – principal	—	79	—	79
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Transfers of indirect costs – interfund	3,957	6,552	12,714	23,223
Total Expenditures	122,867	164,623	354,030	641,520
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,681	(21,830)	8,596	(7,553)
Other Financing Sources (Uses):				
Transfers in	689	21,754	1,023	23,466
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	689	21,754	1,023	23,466
Net Changes in Fund Balances	6,370	(76)	9,619	15,913
Fund Balances, July 1, 2019	15,664	243	107,371	123,278
Fund Balances, June 30, 2020	$ 22,034	$ 167	$ 116,990	$ 139,191

See accompanying independent auditor's report.

Debt Service		
Tax Override	**Capital Services**	**Total**
$ —	$ 579	$ 579
—	—	—
7	751	758
7	1,330	1,337
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	16,115	16,115
—	8,305	8,305
—	—	—
—	24,420	24,420
7	(23,090)	(23,083)
—	24,253	24,253
—	—	—
—	24,253	24,253
7	1,163	1,170
409	33,571	33,980
$ 416	$ 34,734	$ 35,150

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
Year Ended June 30, 2020
(in thousands)

				Capital
	Building	**Capital Facilities Account**	**State School Building Lease – Purchase**	**County School Facilities Bonds**
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	6,161
Other local revenues	615	79,941	205	2,219
Total Revenues	615	79,941	205	8,380
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	685	3	235
Employee benefits	—	339	1	128
Books and supplies	—	25	5	794
Services and other operating expenditures	—	1,370	—	235
Capital outlay	—	76,345	—	22,876
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	—	78,764	9	24,268
Excess (Deficiency) of Revenues Over (Under) Expenditures	615	1,177	196	(15,888)
Other Financing Sources (Uses):				
Transfers in	—	3,094	—	1,791
Transfers out	—	(10,104)	(12)	(18,548)
Total Other Financing Sources (Uses)	—	(7,010)	(12)	(16,757)
Net Changes in Fund Balances	615	(5,833)	184	(32,645)
Fund Balances, July 1, 2019	10,323	157,171	5,943	139,873
Fund Balances, June 30, 2020	$ 10,938	$ 151,338	$ 6,127	$ 107,228

See accompanying independent auditor’s report.

Projects: Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
$ —	$ 2,592	$ —	$ —	$ 2,592	$ 347,974
—	2,171	—	—	8,332	269,321
40,235	8,126	58	37	131,436	160,369
40,235	12,889	58	37	142,360	777,664
—	—	—	—	—	101,626
4,322	1,333	—	—	6,578	179,951
2,591	617	—	—	3,676	191,007
395	256	—	—	1,475	170,803
211	2,228	—	—	4,044	(10,858)
—	8,939	30	—	108,190	109,652
—	—	—	—	—	16,194
—	—	—	—	—	8,305
—	—	—	—	—	23,223
7,519	13,373	30	—	123,963	789,903
32,716	(484)	28	37	18,397	(12,239)
—	98	—	—	4,983	52,702
(20,000)	(2,848)	—	—	(51,512)	(51,512)
(20,000)	(2,750)	—	—	(46,529)	1,190
12,716	(3,234)	28	37	(28,132)	(11,049)
78,362	79,300	3,439	2,174	476,585	633,843
$ 91,078	$ 76,066	$ 3,467	$ 2,211	$ 448,453	$ 622,794

LOS ANGELES UNIFIED SCHOOL DISTRICT
Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2020
(in thousands)

	Adult Education			
	Budget			**Variance with Final Budget – Favorable**
	Original	**Final**	**Actual**	**(Unfavorable)**
Revenues:				
Federal revenues	$ 15,614	$ 19,419	$ 18,755	$ (664)
Other state revenues	111,531	111,816	106,623	(5,193)
Other local revenues	4,248	4,011	3,170	(841)
Total Revenues	131,393	135,246	128,548	(6,698)
Expenditures:				
Current:				
Certificated salaries	55,968	60,155	57,344	2,811
Classified salaries	15,245	17,072	15,374	1,698
Employee benefits	41,101	42,802	34,463	8,339
Books and supplies	26,921	16,768	4,789	11,979
Services and other operating expenditures	4,230	6,639	5,478	1,161
Capital outlay	—	3,643	1,462	2,181
Debt Service – principal	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	4,625	4,504	3,957	547
Total Expenditures	148,090	151,583	122,867	28,716
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,697)	(16,337)	5,681	22,018
Other Financing Sources (Uses):				
Transfers in	—	690	689	(1)
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	—	690	689	(1)
Net Changes in Fund Balances	(16,697)	(15,647)	6,370	22,017
Fund Balances, July 1, 2019	16,708	15,664	15,664	—
Fund Balances, June 30, 2020	$ 11	$ 17	$ 22,034	$ 22,017

See accompanying independent auditor's report.

Child Development				Cafeteria			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ 4,792	$ 4,896	$ 2,825	$ (2,071)	$ 374,606	$ 366,710	$ 323,223	$ (43,487)
137,393	137,493	137,563	70	25,100	24,946	16,803	(8,143)
2,443	2,826	2,405	(421)	10,189	10,540	22,600	12,060
144,628	145,215	142,793	(2,422)	409,895	402,196	362,626	(39,570)
43,396	45,980	44,282	1,698	—	—	—	—
54,519	55,312	52,136	3,176	113,616	110,917	105,863	5,054
62,553	63,350	55,525	7,825	97,987	99,586	97,343	2,243
4,359	4,501	3,033	1,468	187,370	163,502	161,506	1,996
3,417	3,611	3,016	595	3,924	3,845	(23,396)	27,241
—	—	—	—	77	—	—	—
238	238	79	159	—	—	—	—
—	—	—	—	—	—	—	—
6,659	6,715	6,552	163	15,994	14,984	12,714	2,270
175,141	179,707	164,623	15,084	418,968	392,834	354,030	38,804
(30,513)	(34,492)	(21,830)	12,662	(9,073)	9,362	8,596	(766)
30,427	34,407	21,754	(12,653)	1,059	1,373	1,023	(350)
—	—	—	—	—	—	—	—
30,427	34,407	21,754	(12,653)	1,059	1,373	1,023	(350)
(86)	(85)	(76)	9	(8,014)	10,735	9,619	(1,116)
245	243	243	—	96,304	107,371	107,371	—
$ 159	$ 158	$ 167	$ 9	$ 88,290	$ 118,106	$ 116,990	$ (1,116)

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Special Revenue Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)
Year Ended June 30, 2020
(in thousands)

	Total			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ 395,012	$ 391,025	$ 344,803	$ (46,222)
Other state revenues	274,024	274,255	260,989	(13,266)
Other local revenues	16,880	17,377	28,175	10,798
Total Revenues	685,916	682,657	633,967	(48,690)
Expenditures:				
Current:				
Certificated salaries	99,364	106,135	101,626	4,509
Classified salaries	183,380	183,301	173,373	9,928
Employee benefits	201,641	205,738	187,331	18,407
Books and supplies	218,650	184,771	169,328	15,443
Services and other operating expenditures	11,571	14,095	(14,902)	28,997
Capital outlay	77	3,643	1,462	2,181
Debt Service – principal	238	238	79	159
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	27,278	26,203	23,223	2,980
Total Expenditures	742,199	724,124	641,520	82,604
Excess (Deficiency) of Revenues Over (Under) Expenditures	(56,283)	(41,467)	(7,553)	33,914
Other Financing Sources (Uses):				
Transfers in	31,486	36,470	23,466	(13,004)
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	31,486	36,470	23,466	(13,004)
Net Changes in Fund Balances	(24,797)	(4,997)	15,913	20,910
Fund Balances, July 1, 2019	113,257	123,278	123,278	—
Fund Balances, June 30, 2020	$ 88,460	$ 118,281	$ 139,191	$ 20,910

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2020
(in thousands)

	Tax Override			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other local revenues	—	—	7	7
Total Revenues	—	—	7	7
Expenditures:				
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Total Expenditures	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	7	7
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Total Other Financing Sources	—	—	—	—
Net Changes in Fund Balances	—	—	7	7
Fund Balances, July 1, 2019	409	409	409	—
Fund Balances, June 30, 2020	$ 409	$ 409	$ 416	$ 7

See accompanying independent auditor's report.

	Capital Services				Total			
	Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
	$ 576	$ 578	$ 579	$ 1	$ 576	$ 578	$ 579	$ 1
	777	777	751	(26)	777	777	758	(19)
	1,353	1,355	1,330	(25)	1,353	1,355	1,337	(18)
	16,115	16,115	16,115	—	16,115	16,115	16,115	—
	9,684	9,688	8,305	1,383	9,684	9,688	8,305	1,383
	25,799	25,803	24,420	1,383	25,799	25,803	24,420	1,383
	(24,446)	(24,448)	(23,090)	1,358	(24,446)	(24,448)	(23,083)	1,365
	24,989	24,990	24,253	(737)	24,989	24,990	24,253	(737)
	24,989	24,990	24,253	(737)	24,989	24,990	24,253	(737)
	543	542	1,163	621	543	542	1,170	628
	33,556	33,571	33,571	—	33,965	33,980	33,980	—
	$ 34,099	$ 34,113	$ 34,734	$ 621	$ 34,508	$ 34,522	$ 35,150	$ 628

LOS ANGELES UNIFIED SCHOOL DISTRICT
Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2020
(in thousands)

	Building			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	1,024	1,024	615	(409)
Total Revenues	1,024	1,024	615	(409)
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	—	2,239	—	2,239
Total Expenditures	—	2,239	—	2,239
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,024	(1,215)	615	1,830
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	1,024	(1,215)	615	1,830
Fund Balances, July 1, 2019	10,557	10,323	10,323	—
Fund Balances, June 30, 2020	$ 11,581	$ 9,108	$ 10,938	$ 1,830

See accompanying independent auditor's report.

Capital Facilities Account				State School Building Lease – Purchase			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
82,900	82,900	79,941	(2,959)	—	—	205	205
82,900	82,900	79,941	(2,959)	—	—	205	205
542	1,288	685	603	—	3	3	—
248	615	339	276	—	1	1	—
34	709	25	684	—	5	5	—
1,370	76,102	1,370	74,732	—	14	—	14
206,700	145,694	76,345	69,349	5,943	5,908	—	5,908
208,894	224,408	78,764	145,644	5,943	5,931	9	5,922
(125,994)	(141,508)	1,177	142,685	(5,943)	(5,931)	196	6,127
—	3,094	3,094	—	—	—	—	—
—	(10,104)	(10,104)	—	—	(12)	(12)	—
—	—	—	—	—	—	—	—
—	(7,010)	(7,010)	—	—	(12)	(12)	—
(125,994)	(148,518)	(5,833)	142,685	(5,943)	(5,943)	184	6,127
134,647	157,171	157,171	—	5,943	5,943	5,943	—
$ 8,653	$ 8,653	$ 151,338	$ 142,685	$ —	$ —	$ 6,127	$ 6,127

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)
Year Ended June 30, 2020
(in thousands)

	County School Facilities Bonds			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	5,307	5,307	6,161	854
Other local revenues	3,040	3,040	2,219	(821)
Total Revenues	8,347	8,347	8,380	33
Expenditures:				
Current:				
Classified salaries	—	4,340	235	4,105
Employee benefits	—	2,094	128	1,966
Books and supplies	—	6,240	794	5,446
Services and other operating expenditures	2,000	16,096	235	15,861
Capital outlay	120,372	102,693	22,876	79,817
Total Expenditures	122,372	131,463	24,268	107,195
Excess (Deficiency) of Revenues Over (Under) Expenditures	(114,025)	(123,116)	(15,888)	107,228
Other Financing Sources (Uses):				
Transfers in	—	1,791	1,791	—
Transfers out	—	(18,548)	(18,548)	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	—	(16,757)	(16,757)	—
Net Changes in Fund Balances	(114,025)	(139,873)	(32,645)	107,228
Fund Balances, July 1, 2019	114,025	139,873	139,873	—
Fund Balances, June 30, 2020	$ —	$ —	$ 107,228	$ 107,228

See accompanying independent auditors' report.

Special Reserve – Community Redevelopment Agency				Special Reserve			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ 6,285	$ 6,285	$ 2,592	$ (3,693)
—	—	—	—	2,179	2,267	2,171	(96)
37,028	37,029	40,235	3,206	13,775	14,930	8,126	(6,804)
37,028	37,029	40,235	3,206	22,239	23,482	12,889	(10,593)
266	5,647	4,322	1,325	—	2,055	1,333	722
111	3,471	2,591	880	—	933	617	316
218	463	395	68	400	482	256	226
128	223	211	12	2,700	9,380	2,228	7,152
1,918	58	—	58	54,144	10,858	8,939	1,919
2,641	9,862	7,519	2,343	57,244	23,708	13,373	10,335
34,387	27,167	32,716	5,549	(35,005)	(226)	(484)	(258)
—	—	—	—	—	98	98	—
(20,000)	(20,000)	(20,000)	—	(22)	(2,863)	(2,848)	15
—	—	—	—	—	—	—	—
(20,000)	(20,000)	(20,000)	—	(22)	(2,765)	(2,750)	15
14,387	7,167	12,716	5,549	(35,027)	(2,991)	(3,234)	(243)
77,342	78,362	78,362	—	111,336	79,300	79,300	—
$ 91,729	$ 85,529	$ 91,078	$ 5,549	$ 76,309	$ 76,309	$ 76,066	$ (243)

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Capital Projects Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)
Year Ended June 30, 2020
(in thousands)

	Special Reserve – FEMA – Earthquake			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	58	58
Total Revenues	—	—	58	58
Expenditures:				
Current:				
Classified salaries	—	11	—	11
Employee benefits	—	6	—	6
Books and supplies	—	—	—	—
Services and other operating expenditures	—	15	—	15
Capital outlay	1,623	1,649	30	1,619
Total Expenditures	1,623	1,681	30	1,651
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,623)	(1,681)	28	1,709
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	(1,623)	(1,681)	28	1,709
Fund Balances, July 1, 2019	3,451	3,439	3,439	—
Fund Balances, June 30, 2020	$ 1,828	$ 1,758	$ 3,467	$ 1,709

See accompanying independent auditors' report.

Special Reserve – FEMA – Hazard Mitigation				Total			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ 6,285	$ 6,285	$ 2,592	$ (3,693)
—	—	—	—	7,486	7,574	8,332	758
—	—	37	37	137,767	138,923	131,436	(7,487)
—	—	37	37	151,538	152,782	142,360	(10,422)
—	—	—	—	808	13,344	6,578	6,766
—	—	—	—	359	7,120	3,676	3,444
—	—	—	—	652	7,899	1,475	6,424
—	—	—	—	6,198	101,830	4,044	97,786
—	—	—	—	390,700	269,099	108,190	160,909
—	—	—	—	398,717	399,292	123,963	275,329
—	—	37	37	(247,179)	(246,510)	18,397	264,907
—	—	—	—	—	4,983	4,983	—
—	—	—	—	(20,022)	(51,527)	(51,512)	15
—	—	—	—	—	—	—	—
—	—	—	—	(20,022)	(46,544)	(46,529)	15
—	—	37	37	(267,201)	(293,054)	(28,132)	264,922
2,173	2,174	2,174	—	459,474	476,585	476,585	—
$ 2,173	$ 2,174	$ 2,211	$ 37	$ 192,273	$ 183,531	$ 448,453	$ 264,922

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds

The Health and Welfare Benefits Fund was established pursuant to Education Code 39602 to pay for claims, administrative costs, insurance premiums, and related expenditures for the District's Health and Welfare Benefits program. Medical and dental claims for the self-insured portion of the Fund are administered by outside claims administrators. Premium payments to health maintenance organizations for medical benefits and to outside carriers for vision services, dental services, and optional life insurance are also paid out of this Fund.

The Workers' Compensation Self-Insurance Fund was established pursuant to Education Code 39602 to pay for claims, excess insurance coverage, administrative costs, and related expenditures. Workers' compensation claims are administered for the District by an outside claims administrator.

The Liability Self-Insurance Fund was established pursuant to Education Code 39602 to pay claims, excess insurance coverage, administrative costs and related expenditures, and to provide funds for insurance deductible amounts. Liability claims are administered for the District by an outside claims administrator.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Net Position
June 30, 2020
(in thousands)

Assets:	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Cash in county treasury, in banks, and on hand	$ 360,870	$ 577,332	$ 178,780	$ 1,116,982
Accounts receivable – net	38,460	—	—	38,460
Accrued interest and dividends receivable	1,251	1,705	229	3,185
Prepaids	52,220	—	—	52,220
Other assets	3,035	—	—	3,035
Total Assets	455,836	579,037	179,009	1,213,882
Deferred Outflows of Resources	933	1,567	671	3,171
Liabilities:				
Current:				
Vouchers and accounts payable	694	2,263	5,556	8,513
Accrued payroll	269	161	302	732
Other payables	35,042	—	34	35,076
Estimated liability for self-insurance claims	19,924	103,776	62,728	186,428
Total Current Liabilities	55,929	106,200	68,620	230,749
Noncurrent:				
Estimated liability for self-insurance claims	—	376,216	107,952	484,168
Net other postemployment benefits liability	2,068	6,545	1,746	10,359
Net pension liability	3,165	5,425	2,278	10,868
Total Noncurrent Liabilities	5,233	388,186	111,976	505,395
Total Liabilities	61,162	494,386	180,596	736,144
Deferred Inflows of Resources	2,131	2,465	1,354	5,950
Total Net Position – Unrestricted	$ 393,476	$ 83,753	$ (2,270)	$ 474,959

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2020
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Operating Revenues:				
In-District premiums	$ 1,076,170	$ 123,746	$ 112,198	$ 1,312,114
Others	226	—	—	226
Total Operating Revenues	1,076,396	123,746	112,198	1,312,340
Operating Expenses:				
Certificated salaries	—	—	176	176
Classified salaries	2,297	1,279	1,676	5,252
Employee benefits	(2,932)	(1,274)	(1,724)	(5,930)
Supplies	224	27	19	270
Premiums and claims expenses	1,039,496	124,537	110,879	1,274,912
Claims administration	3,317	14,651	454	18,422
Other contracted services	914	376	5	1,295
Total Operating Expenses	1,043,316	139,596	111,485	1,294,397
Operating Income (Loss)	33,080	(15,850)	713	17,943
Nonoperating Revenues (Expenses):				
Investment income	6,944	9,513	1,886	18,343
Miscellaneous expense	—	(56)	—	(56)
Total Nonoperating Revenues	6,944	9,457	1,886	18,287
Income (Loss) before Transfers	40,024	(6,393)	2,599	36,230
Changes in Net Position	40,024	(6,393)	2,599	36,230
Total Net Position, July 1, 2019	353,452	90,146	(4,869)	438,729
Total Net Position, June 30, 2020	$ 393,476	$ 83,753	$ (2,270)	$ 474,959

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2020
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	$ (3,560)	$ (2,309)	$ (2,692)	$ (8,561)
Cash payments for goods and services	(1,054,700)	(101,887)	(75,094)	(1,231,681)
Receipts from assessment to other funds	1,076,170	123,746	112,198	1,312,114
Other operating revenue	226	—	—	226
Net Cash Provided by Operating Activities	18,136	19,550	34,412	72,098
Cash Flows from Investing Activities:				
Earnings on investments	7,936	10,700	2,150	20,786
Net Cash Provided by Investing Activities	7,936	10,700	2,150	20,786
Net Increase in Cash and Cash Equivalents	26,072	30,250	36,562	92,884
Cash and Cash Equivalents, July 1	334,798	547,082	142,218	1,024,098
Cash and Cash Equivalents, June 30	$ 360,870	$ 577,332	$ 178,780	$ 1,116,982
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 33,080	$ (15,850)	$ 713	$ 17,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Net increase (decrease) in pension and other postemployment benefits expense from actuarial valuation	(4,221)	(2,074)	(2,597)	(8,892)
Change in Assets: Decrease (Increase)				
Accounts receivable	(9,183)	—	—	(9,183)
Prepaids	(1,463)	—	—	(1,463)
Other assets	2,009	—	—	2,009
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	(1,147)	366	3,928	3,147
Accrued payroll	24	(230)	35	(171)
Other payables	1,122	—	(7)	1,115
Estimated liability for self-insurance claims – current	(2,085)	6,890	(17,544)	(12,739)
Estimated liability for self-insurance claims – noncurrent	—	30,448	49,884	80,332
Total Adjustments	(14,944)	35,400	33,699	54,155
Net Cash Provided by Operating Activities	$ 18,136	$ 19,550	$ 34,412	$ 72,098

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT • STUDENTS AT THE CENTER •

Agency Funds

The Attendance Incentive Reserve Fund was established on November 21, 1994 to account for 50% of the salary savings from substitute teachers' accounts resulting from reduced costs of absenteeism of UTLA represented employees. The intent was to reward regular attendance of teachers in order to improve the instructional program. The accumulated savings in the account plus interest earnings is disbursed in a lump-sum distribution as participants retire or terminate employment with the District. In June 2017, all remaining amounts in the fund were distributed to members in accordance with a side letter agreement with UTLA. There has been no fiscal activity in the fund in fiscal year 2019-20.

The Student Body Fund was established to account for cash held by the District on behalf of the student bodies at various school sites.

The Payroll Agency Fund was established to account for cash held by the District consisting of state and federal income taxes, social security taxes, retirement deductions and other amounts withheld from the payroll checks of employees, from which a legal or contractual obligation exists to remit monies to a third party.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Fiduciary Funds – Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2020
(in thousands)

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Payroll Agency Fund				
Assets				
Cash in county treasury, in banks, and on hand	$ 123,595	$ 7,632,779	$ 7,590,284	$ 166,090
Total Assets	$ 123,595	$ 7,632,779	$ 7,590,284	$ 166,090
Liabilities				
Other payables	$ 123,595	$ 7,632,779	$ 7,590,284	$ 166,090
Total Liabilities	$ 123,595	$ 7,632,779	$ 7,590,284	$ 166,090
Student Body Fund				
Assets				
Cash in county treasury, in banks, and on hand	$ 29,135	$ 40,731	$ 39,398	$ 30,468
Total Assets	$ 29,135	$ 40,731	$ 39,398	$ 30,468
Liabilities				
Other payables	$ 29,135	$ 40,731	$ 39,398	$ 30,468
Total Liabilities	$ 29,135	$ 40,731	$ 39,398	$ 30,468
Total Agency Funds				
Assets				
Cash in county treasury, in banks, and on hand	$ 152,730	$ 7,673,510	$ 7,629,682	$ 196,558
Total Assets	$ 152,730	$ 7,673,510	$ 7,629,682	$ 196,558
Liabilities				
Other payables	$ 152,730	$ 7,673,510	$ 7,629,682	$ 196,558
Total Liabilities	$ 152,730	$ 7,673,510	$ 7,629,682	$ 196,558

See accompanying independent auditor’s report.

SUPPLEMENTARY INFORMATION

LOS ANGELES UNIFIED SCHOOL DISTRICT
Assessed Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Secured*	Unsecured*	Total Assessed Value	Total District Tax Rates	Increase (Decrease) Over Preceding Year Amount	Rate	Total A.D.A.**	Assessed Value per Unit of A.D.A.
2010-2011	$ 442,092,473	$ 21,753,078	$ 463,845,551	1.186954	$ (11,131,740)	(2.34)	565,450 [a]	$ 820
2011-2012	447,830,204	21,265,021	469,095,225	1.168187	5,249,674	1.13	547,592 [a]	857
2012-2013	458,767,053	21,308,439	480,075,492	1.175606	10,980,267	2.34	534,345 [a]	898
2013-2014	482,043,584	21,634,336	503,677,920	1.146439	23,602,428	4.92	527,995 [b]	954
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	516,229	1,032
2015-2016	546,807,059	23,362,405	570,169,464	1.129709	37,235,257	6.99	503,367	1,133
2016-2017	581,473,213	24,495,794	605,969,007	1.131096	35,799,543	6.28	491,856	1,232
2017-2018	619,162,082	25,342,665	644,504,747	1.122192	38,535,740	6.36	478,591 [c]	1,347 [c]
2018-2019	665,355,078	27,377,547	692,732,625	1.123226	48,227,878	7.48	454,010 [cd]	1,526 [cd]
2019-2020	710,954,606	28,442,486	739,397,092	1.125520	46,664,467	6.74	454,908	1,625

* Source: Los Angeles County Auditor-Controller "Taxpayers' Guide." Taxes which constitute a lien on real property are referred to as "secured". Almost all real property taxes are secured. Most personal property taxes are "unsecured." Some taxes on personal property may also be secured to the real property of the assessee, upon request and subject to certain conditions.

** Source: A.D.A. – Average Daily Attendance, Annual Report

[a] Adult and Summer School programs were not collected due to changes made by Education Code Section 42605. Districts were not required to operate the program or follow program requirements. Revenue for these years were based on the same relative proportion that the District received for these programs in fiscal year 2007-08.

[b] Starting 2013-14, Local Control Funding Formula (LCFF) replaced the previous K-12 finance system with a new funding formula which is composed of uniform base grants by grade span (K-3, 4-6, 7-8, 9-12).

[c] Adjustments were due to CDE's approval of LAUSD's requests for credit for material decrease in attendance due to emergency conditions. Approvals were received late 2019 and early 2020.

[d] Adjustments were due to an audit finding and the correction of Nonpublic Schools (NPS) average daily attendance.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Current Year and Nine Years Ago
(in thousands)

	2020			2011		
Rank	**Property Owner**	**Assessed Valuation**	**% of Total (1)**	**Property Owner**	**Assessed Valuation**	**% of Total (2)**
1	Douglas Emmett LLC	$ 2,902,632	0.41%	Douglas Emmett Realty Funds	$ 2,455,202	0.56%
2	Universal Studios LLC	2,388,499	0.34	Universal Studios LLC	1,304,545	0.30
3	Essex Portfolio LP	1,759,218	0.25	Anheuser Busch Inc.	815,695	0.18
4	Century City Mall LLC	1,058,775	0.15	One Hundred Towers LLC	579,803	0.13
5	FSP South Flower Street	936,124	0.13	Donald T. Sterling	571,150	0.13
6	Rochelle H. Sterling	856,794	0.12	Tishman Speyer Archstone Smith	517,308	0.12
7	SM 10000 Property LLC	816,425	0.11	Casden Park La Brea	460,552	0.10
8	Hanjin International Corp.	767,924	0.11	Paramount Pictures Corp.	460,510	0.10
9	Anheuser Busch Commercial	744,562	0.10	Century City Mall LLC	456,150	0.10
10	Greenland LA Metropolis	742,134	0.10	Taubman-Beverly Center	455,335	0.10
11	One Hundred Towers LLC	665,585	0.09	Duesenberg Investment Company	442,176	0.10
12	Trizec 333 LA LLC	653,812	0.09	Rreef America REIT II Corp.	433,477	0.10
13	Maguire Partners 355 S. Grand LLC	611,449	0.09	Trizec 333 LA LLC	383,700	0.09
14	BRE HH Property Owner LLC	606,553	0.09	Next Century Associates LLC	381,769	0.09
15	Tishman Speyer Archstone Smith	584,583	0.08	Twentieth Century Fox Film Corp.	376,035	0.09
16	Olympic and Georgia Partners LLC	570,275	0.08	BP West Coast Products LLC	351,145	0.08
17	LA Live Properties LLC	547,123	0.08	1999 Stars LLC	347,687	0.08
18	Maguire Properties 555 W. Fifth	536,341	0.08	Deustsche Bank National Trust Company	334,970	0.08
19	Paramount Pictures Corp.	535,378	0.08	AP Properties Ltd.	331,003	0.07
20	CJDB LLC, Lessor	526,892	0.07	Olympic and Georgia Partners LLC	327,967	0.07
		$ 18,811,078	2.65%		$ 11,786,179	2.67%

(1) 2019-20 Local Secured Assessed Valuation: $710,826,231

(2) 2010-11 Local Secured Assessed Valuation: $441,967,669

Source: California Municipal Statistics, Inc.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Total Tax Levy	ERAF Funds [1]	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections [2]	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010-2011	$ 1,711,575	$ 29,419	$ 1,602,345	92.04%	$ 102,970	$ 1,705,315	97.95%
2011-2012	1,663,061	(3,533)	1,520,001	91.59	97,842	1,617,843	97.49
2012-2013	1,731,129	114,465	1,798,032	97.42	132,847	1,930,879	104.62
2013-2014	1,652,164	26,846	1,684,486	100.33	29,409	1,713,895	102.08
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19
2015-2016	1,799,477	171,532	1,959,111	99.40	31,529	1,990,640	101.00
2016-2017	1,904,567	232,966	2,107,292	98.59	25,977	2,133,269	99.80
2017-2018	1,985,501	255,167	2,184,304	97.48	49,404	2,233,708	99.69
2018-2019	2,134,918	234,519	2,347,069	99.06	61,128	2,408,197	101.64
2019-2020	2,305,773	216,281	2,467,267	97.83	40,975	2,508,242	99.45

(1) Educational Revenue Augmentation Funds (ERAF) are added to tax levies received by the District.

(2) Includes prior years' delinquencies. The Auditor-Controller has determined that they cannot provide delinquent tax information by levy year.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Annual Report
Last Ten Fiscal Years
(Unaudited)

	2010-2011	2011-2012	2012-2013
Elementary:			
Kindergarten	43,364	43,737	42,093
Grades 1-3	130,846	127,081	120,880
Grades 4-6	124,800	119,257	111,082
Grades 7-8	78,704	73,733	68,461
Special Education	19,250	18,522	17,966
County Special Education	1	1	1
Opportunity Schools	7	8	8
Home or Hospital	127	107	118
Community Day Schools	85	94	103
County Community Schools	11	15	8
Total Elementary	397,195	382,555	360,720
Secondary:			
Regular Classes	143,979	135,549	129,037
Special Education	11,252	10,709	10,513
County Special Education	—	1	—
Compulsory Continuation Education	3,507	3,602	3,623
Opportunity Schools	494	506	492
Home or Hospital	98	101	101
Community Day Schools	911	933	852
County Community Schools	148	137	175
Total Secondary	160,389	151,538	144,793
Block grant funded fiscally affiliated charters	7,866	13,499	28,832
Total Block Grant Funded Fiscally Affiliated Charters	7,866	13,499	28,832
Total Average Daily Attendance	565,450	547,592	534,345

See accompanying independent auditor's report and notes to supplementary information. (Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Annual Report (Continued)
Last Ten Fiscal Years
(Unaudited)

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
District:							
Kindergarten-Grade 3	168,252.87	163,499.69	158,998.06	155,262.38	149,197.07 [a]	141,934.03 [b]	139,031.27
Grades 4-6	114,524.59	112,259.91	111,544.08	109,051.67	107,018.53 [a]	100,538.16 [b]	99,037.56
Grades 7-8	71,438.68	68,537.63	65,595.68	64,118.24	62,336.66 [a]	60,529.29 [b]	60,142.80
Grades 9-12	133,466.36	131,352.82	127,103.24	121,861.09	119,450.52 [a]	111,755.74 [b]	115,393.98
Total District	487,682.50	475,650.05	463,241.06	450,293.38	438,002.78	414,757.22	413,605.61
County:							
Kindergarten-Grade 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grades 4-6	1.23	1.38	1.23	0.00	0.00	0.00	0.00
Grades 7-8	7.85	5.12	3.18	2.71	2.42	3.70	2.14
Grades 9-12	670.05	628.23	489.84	417.13	354.29	339.53	359.98
Total County	679.13	634.73	494.25	419.84	356.71	343.23	362.12
Affiliated Charter Schools:							
Kindergarten-Grade 3	16,012.86	15,913.38	15,866.33	15,792.20	15,305.84 [a]	13,313.03 [a]	13,473.52
Grades 4-6	10,393.49	10,505.83	10,545.58	10,552.33	10,481.51 [a]	9,222.72 [a]	9,714.50
Grades 7-8	5,758.33	6,070.36	6,000.47	6,037.96	5,923.43 [a]	5,770.32 [a]	6,925.51
Grades 9-12	7,468.47	7,454.27	7,219.75	8,760.14	8,521.18 [a]	10,603.83 [a]	10,826.92
Total Affiliated Charter Schools	39,633.15	39,943.84	39,632.13	41,142.63	40,231.96	38,909.90	40,940.45
Total Average Daily Attendance	527,994.78	516,228.62	503,367.44	491,855.85	478,591.45	454,010.35	454,908.18

Note: Starting 2013-14, Local Control Funding Formula (LCFF) replaced the previous K-12 finance system with a new funding formula which is composed of uniform base grants by grade span (K-3, 4-6, 7-8, 9-12).

[a] Adjustments were due to CDE's approval of LAUSD's requests for credit for material decrease in attendance due to emergency conditions. Approvals were received late 2019 and early 2020.

[b] Adjustments were due to an audit finding and the correction of Nonpublic Schools (NPS) average daily attendance.

See accompanying independent auditor's report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Organization Structure
Year Ended June 30, 2020
(Unaudited)

Geographical Location: The Los Angeles Unified School District is a political subdivision of the State of California. It is located in the western section of Los Angeles County and includes most of the City of Los Angeles, all the Cities of Cudahy, Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon, and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Calabasas, Carson, Commerce, Culver City, Hawthorne, Inglewood, Long Beach, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Santa Clarita, South Gate, and Torrance, in addition to considerable unincorporated territories devoted to homes and industry.

Geographical Area: 710 square miles

Administrative Offices: 333 South Beaudry Avenue, Los Angeles, CA 90017

Form of Government: The District is governed by a seven-member Board of Education elected by voters within the district to serve alternating five-year terms. The term was extended in 2015 by Charter Amendment 2.

Name	Board District	Expiration of Term
Kelly Gonez, President	6	December 11, 2022
George McKenna	1	December 16, 2024
Mónica García	2	December 11, 2022
Scott Schmerelson	3	December 16, 2024
Nick Melvoin	4	December 11, 2022
Jackie Goldberg	5	December 16, 2024
Tanya Ortiz Franklin	7	December 16, 2024

Name	Title
Austin Beutner	Superintendent of Schools
Megan Reilly	Deputy Superintendent, Business Services and Operations
David Baca	Chief of Schools, Local District Support
Roberto Martinez	Associate Superintendent, School Climate, Culture and Safety
Alison Yoshimoto-Towery	Chief Academic Officer
Veronica Arreguin	Chief Strategy Officer
Tony Aguilar	Chief Special Education, Equity and Access
Kristen Murphy	Sr Executive Administrator, Strategic Partnerships and Grants
Mark Hovatter	Chief Facilities Executive
David Hart	Chief Financial Officer
Luis Buendia	Deputy Chief Financial Officer
Soheil Katal	Chief Information Officer
Devora Navera Reed	General Counsel, Interim
Karla Gould	Personnel Director

Date of Establishment: 1854 as the Common Schools for the City of Los Angeles and became a unified school district in 1960.

Fiscal Year: July 1 – June 30

Number of Schools:

(As of October)	2016-2017	2017-2018	2018-2019	2019-2020
Elementary Schools	449	448	445	440
Middle/Junior High Schools	82	82	81	79
Senior High Schools	95	94	94	92
Options Schools	54	54	54	54
Special Education Schools	14	14	14	14
Magnet Schools	47	49	54	61
Magnet Centers	168	177	203	231
Community Adult Schools	2	2	2	1
Regional Occupational Centers	6	6	6	6
Skills Centers	3	3	3	4
Early Education Centers	86	86	86	86
Infant Centers	4	4	4	4
Primary School Centers	19	19	19	19
Multi-level Schools	24	25	24	25
Total Schools and Centers	1,053	1,063	1,089	1,116
Independent Charter Schools	225	224	225	226

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2020

	Second Period Report	Annual Report	Audited Second Period Report	Audited Annual Report
District				
Kindergarten-Grade 3	139,031.24	139,031.27	139,028.43 *	139,028.46 *
Grades 4-6	99,037.12	99,037.56	99,037.12	99,037.56
Grades 7-8	60,139.99	60,142.80	60,139.99	60,142.80
Grades 9-12	115,355.75	115,393.98	115,355.75	115,393.98
Total District	413,564.10	413,605.61	413,561.29	413,602.80
County				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	0.00	0.00	0.00	0.00
Grades 7-8	1.70	2.14	1.70	2.14
Grades 9-12	344.61	359.98	344.61	359.98
Total County	346.31	362.12	346.31	362.12
Affiliated Charter Schools				
Kindergarten-Grade 3	13,473.52	13,473.52	13,473.52	13,473.52
Grades 4-6	9,714.51	9,714.50	9,714.51	9,714.50
Grades 7-8	6,925.51	6,925.51	6,925.51	6,925.51
Grades 9-12	10,826.89	10,826.92	10,826.89	10,826.92
Total Affiliated Charter Schools	40,940.43	40,940.45	40,940.43	40,940.45
Total Average Daily Attendance	454,850.84	454,908.18	454,848.03	454,905.37

* Adjustments based on audit finding S-2020-003.

See accompanying independent auditor’s report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance – Affiliated Charter Schools
Year Ended June 30, 2020

	Name of Affiliated Charter School	CDS Code	TK/K to Grade 3 ADA			
			Total		Classroom-based	
			Second Period Report	Annual Report	Second Period Report	Annual Report
1	Alfred B. Nobel Charter Middle School	19 64733 6061543	0.00	0.00	0.00	0.00
2	Beckford Charter for Enriched Studies	19 64733 6015986	374.01	374.01	374.01	374.01
3	Calabash Charter Academy	19 64733 6016240	278.89	278.89	278.89	278.89
4	Calvert Charter for Enriched Studies	19 64733 6016265	232.34	232.34	232.14	232.14
5	Canyon Charter Elementary School	19 64733 6016323	260.25	260.25	260.25	260.25
6	Carpenter Community Charter School	19 64733 6016356	647.30	647.30	647.09	647.09
7	Castlebay Lane Charter School	19 64733 6071435	429.38	429.38	429.38	429.38
8	Chatsworth Charter High School	19 64733 1931708	0.00	0.00	0.00	0.00
9	Colfax Charter Elementary School	19 64733 6016562	422.44	422.44	421.80	421.80
10	Community Magnet Charter Elementary School	19 64733 6094726	269.50	269.50	269.50	269.50
11	Dearborn Elementary Charter Academy	19 64733 6016729	360.70	360.70	360.70	360.70
12	Dixie Canyon Community Charter School	19 64733 6016778	523.14	523.14	523.14	523.14
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	444.92	444.92	444.92	444.92
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	286.73	286.73	286.73	286.73
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	159.36	159.36	159.36	159.36
17	Encino Charter Elementary School	19 64733 6016935	386.17	386.17	386.17	386.17
18	Gaspar de Portola Charter Middle	19 64733 6061584	0.00	0.00	0.00	0.00
19	George Ellery Hale Charter Academy	19 64733 6061477	0.00	0.00	0.00	0.00
20	Grover Cleveland Charter High School	19 64733 1931864	0.00	0.00	0.00	0.00
21	Hamlin Charter Academy	19 64733 6017438	240.11	240.11	240.11	240.11
22	Haynes Charter For Enriched Studies	19 64733 6017529	274.66	274.66	274.66	274.66
23	Hesby Oaks Leadership Charter	19 64733 0112060	207.38	207.38	207.38	207.38
24	Justice Street Academy Charter School	19 64733 6017693	283.96	283.96	283.95	283.95
25	Kenter Canyon Elementary Charter	19 64733 6017701	360.33	360.33	359.43	359.43
26	Knollwood Preparatory Academy	19 64733 6017743	274.64	274.64	274.64	274.64
27	Lockhurst Drive Charter Elementary	19 64733 6017891	329.19	329.19	329.19	329.19
28	Marquez Charter School	19 64733 6018063	300.09	300.09	300.09	300.09
29	Nestle Avenue Charter School	19 64733 6018287	339.40	339.40	339.40	339.40
30	Open Charter Magnet School	19 64733 6097927	257.10	257.10	257.10	257.10
31	Palisades Charter Elementary	19 64733 6018634	313.16	313.16	313.16	313.16
32	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
33	Plainview Academic Charter Academy	19 64733 6018725	166.32	166.32	166.32	166.32
34	Pomelo Community Charter School	19 64733 6018774	405.17	405.17	405.17	405.17
35	Reseda Charter High School	19 64733 1937226	0.00	0.00	0.00	0.00
36	Riverside Drive Charter School	19 64733 6018923	335.03	335.03	335.03	335.03
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	19 64733 6058150	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	424.08	424.08	424.08	424.08
39	Sherman Oaks Elementary Charter School	19 64733 6019186	517.41	517.41	517.41	517.41
40	Superior Street Elementary	19 64733 6019392	309.41	309.41	309.41	309.41
41	Sylmar Charter High School	19 64733 1938554	0.00	0.00	0.00	0.00
42	Taft Charter High School	19 64733 1938612	0.00	0.00	0.00	0.00
43	Topanga Elementary Charter School	19 64733 6019525	179.84	179.84	178.26	178.26
44	Topeka Charter School For Advanced Studies	19 64733 6019533	364.84	364.84	364.84	364.84
45	University High School Charter	19 64733 1938885	0.00	0.00	0.00	0.00
46	Van Gogh Charter School	19 64733 6019673	289.61	289.61	289.61	289.61
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	471.68	471.68	471.68	471.68
48	Westwood Charter Elementary School	19 64733 6019939	540.12	540.12	539.44	539.44
49	Wilbur Charter For Enriched Academics	19 64733 6019954	412.67	412.67	412.67	412.67
50	Woodlake Elementary Community Charter	19 64733 6020036	389.96	389.96	389.71	389.71
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	412.23	412.23	411.97	411.97
	Total Affiliated Charter Schools Average Daily Attendance		13,473.52	13,473.52	13,468.79	13,468.79

See accompanying independent auditor's report and notes to supplementary information.

Grades 4-6 ADA				Grades 7-8 ADA			
Total		Classroom-based		Total		Classroom-based	
Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report
697.84	697.84	697.84	697.84	1,526.87	1,526.87	1,526.87	1,526.87
191.16	191.16	191.16	191.16	0.00	0.00	0.00	0.00
134.89	134.89	134.89	134.89	0.00	0.00	0.00	0.00
109.34	109.34	109.29	109.29	0.00	0.00	0.00	0.00
129.56	129.56	129.56	129.56	0.00	0.00	0.00	0.00
310.49	310.49	310.49	310.49	0.00	0.00	0.00	0.00
250.12	250.12	250.12	250.12	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
200.82	200.82	200.72	200.72	0.00	0.00	0.00	0.00
175.51	175.51	175.51	175.51	0.00	0.00	0.00	0.00
128.81	128.81	128.81	128.81	0.00	0.00	0.00	0.00
200.09	200.09	200.09	200.09	0.00	0.00	0.00	0.00
169.91	169.91	169.91	169.91	0.00	0.00	0.00	0.00
150.90	150.90	150.90	150.90	0.00	0.00	0.00	0.00
169.13	169.13	169.13	169.13	353.72	353.72	353.72	353.72
78.47	78.47	78.47	78.47	0.00	0.00	0.00	0.00
185.50	185.50	185.50	185.50	0.00	0.00	0.00	0.00
560.42	560.42	560.42	560.42	1,093.50	1,093.50	1093.50	1093.50
677.27	677.27	677.27	677.27	1,378.33	1,378.33	1,378.33	1,378.33
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75.13	75.13	75.13	75.13	0.00	0.00	0.00	0.00
123.69	123.69	123.69	123.69	0.00	0.00	0.00	0.00
186.33	186.33	186.33	186.33	124.42	124.42	124.42	124.42
113.61	113.61	113.60	113.60	0.00	0.00	0.00	0.00
178.43	178.43	178.28	178.28	0.00	0.00	0.00	0.00
120.19	120.19	120.19	120.19	0.00	0.00	0.00	0.00
128.19	128.19	128.19	128.19	0.00	0.00	0.00	0.00
171.13	171.13	171.13	171.13	0.00	0.00	0.00	0.00
162.52	162.52	162.52	162.52	0.00	0.00	0.00	0.00
129.90	129.90	129.90	129.90	0.00	0.00	0.00	0.00
163.84	163.84	163.84	163.84	0.00	0.00	0.00	0.00
608.30	608.29	608.30	608.29	1,358.96	1,358.96	1,358.96	1,358.96
102.61	102.61	102.61	102.61	0.00	0.00	0.00	0.00
181.85	181.85	181.85	181.85	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
152.46	152.46	152.46	152.46	0.00	0.00	0.00	0.00
543.61	543.61	543.61	543.61	1,089.71	1,089.71	1,089.71	1,089.71
164.76	164.76	164.76	164.76	0.00	0.00	0.00	0.00
215.17	215.17	215.17	215.17	0.00	0.00	0.00	0.00
139.34	139.34	139.34	139.34	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
91.67	91.67	91.34	91.34	0.00	0.00	0.00	0.00
180.70	180.70	180.70	180.70	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
148.61	148.61	148.61	148.61	0.00	0.00	0.00	0.00
303.93	303.93	303.93	303.93	0.00	0.00	0.00	0.00
259.57	259.57	259.41	259.41	0.00	0.00	0.00	0.00
179.83	179.83	179.83	179.83	0.00	0.00	0.00	0.00
163.17	163.17	163.06	163.06	0.00	0.00	0.00	0.00
205.74	205.74	205.64	205.64	0.00	0.00	0.00	0.00
9,714.51	9,714.50	9,713.50	9,713.49	6,925.51	6,925.51	6,925.51	6,925.51

(Continued)

			Grades 9-12 ADA			
			Total		Classroom-based	
	Name of Affiliated Charter School	CDS Code	Second Period Report	Annual Report	Second Period Report	Annual Report
1	Alfred B. Nobel Charter Middle School	19 64733 6061543	0.00	0.00	0.00	0.00
2	Beckford Charter for Enriched Studies	19 64733 6015986	0.00	0.00	0.00	0.00
3	Calabash Charter Academy	19 64733 6016240	0.00	0.00	0.00	0.00
4	Calvert Charter for Enriched Studies	19 64733 6016265	0.00	0.00	0.00	0.00
5	Canyon Charter Elementary School	19 64733 6016323	0.00	0.00	0.00	0.00
6	Carpenter Community Charter School	19 64733 6016356	0.00	0.00	0.00	0.00
7	Castlebay Lane Charter School	19 64733 6071435	0.00	0.00	0.00	0.00
8	Chatsworth Charter High School	19 64733 1931708	1,536.49	1,536.49	1,536.49	1,536.49
9	Colfax Charter Elementary School	19 64733 6016562	0.00	0.00	0.00	0.00
10	Community Magnet Charter Elementary School	19 64733 6094726	0.00	0.00	0.00	0.00
11	Dearborn Elementary Charter Academy	19 64733 6016729	0.00	0.00	0.00	0.00
12	Dixie Canyon Community Charter School	19 64733 6016778	0.00	0.00	0.00	0.00
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	0.00	0.00	0.00	0.00
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	0.00	0.00	0.00	0.00
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	0.00	0.00	0.00	0.00
17	Encino Charter Elementary School	19 64733 6016935	0.00	0.00	0.00	0.00
18	Gaspar de Portola Charter Middle	19 64733 6061584	0.00	0.00	0.00	0.00
19	George Ellery Hale Charter Academy	19 64733 6061477	0.00	0.00	0.00	0.00
20	Grover Cleveland Charter High School	19 64733 1931864	2,889.75	2,889.76	2,889.75	2,889.76
21	Hamlin Charter Academy	19 64733 6017438	0.00	0.00	0.00	0.00
22	Haynes Charter For Enriched Studies	19 64733 6017529	0.00	0.00	0.00	0.00
23	Hesby Oaks Leadership Charter	19 64733 0112060	0.00	0.00	0.00	0.00
24	Justice Street Academy Charter School	19 64733 6017693	0.00	0.00	0.00	0.00
25	Kenter Canyon Elementary Charter	19 64733 6017701	0.00	0.00	0.00	0.00
26	Knollwood Preparatory Academy	19 64733 6017743	0.00	0.00	0.00	0.00
27	Lockhurst Drive Charter Elementary	19 64733 6017891	0.00	0.00	0.00	0.00
28	Marquez Charter School	19 64733 6018063	0.00	0.00	0.00	0.00
29	Nestle Avenue Charter School	19 64733 6018287	0.00	0.00	0.00	0.00
30	Open Charter Magnet School	19 64733 6097927	0.00	0.00	0.00	0.00
31	Palisades Charter Elementary	19 64733 6018634	0.00	0.00	0.00	0.00
32	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
33	Plainview Academic Charter Academy	19 64733 6018725	0.00	0.00	0.00	0.00
34	Pomelo Community Charter School	19 64733 6018774	0.00	0.00	0.00	0.00
35	Reseda Charter High School	19 64733 1937226	1,281.58	1,281.59	1,281.58	1,281.59
36	Riverside Drive Charter School	19 64733 6018923	0.00	0.00	0.00	0.00
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	19 64733 6058150	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	0.00	0.00	0.00	0.00
39	Sherman Oaks Elementary Charter School	19 64733 6019186	0.00	0.00	0.00	0.00
40	Superior Street Elementary	19 64733 6019392	0.00	0.00	0.00	0.00
41	Sylmar Charter High School	19 64733 1938554	1,459.94	1,459.95	1,459.94	1,459.95
42	Taft Charter High School	19 64733 1938612	2,236.08	2,236.08	2,236.08	2,236.08
43	Topanga Elementary Charter School	19 64733 6019525	0.00	0.00	0.00	0.00
44	Topeka Charter School For Advanced Studies	19 64733 6019533	0.00	0.00	0.00	0.00
45	University High School Charter	19 64733 1938885	1,423.05	1,423.05	1,423.05	1,423.05
46	Van Gogh Charter School	19 64733 6019673	0.00	0.00	0.00	0.00
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	0.00	0.00	0.00	0.00
48	Westwood Charter Elementary School	19 64733 6019939	0.00	0.00	0.00	0.00
49	Wilbur Charter For Enriched Academics	19 64733 6019954	0.00	0.00	0.00	0.00
50	Woodlake Elementary Community Charter	19 64733 6020036	0.00	0.00	0.00	0.00
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	0.00	0.00	0.00	0.00
	Total Affiliated Charter Schools Average Daily Attendance		10,826.89	10,826.92	10,826.89	10,826.92

See accompanying independent auditor’s report and notes to supplementary information.

Totals			
Total ADA		Classroom-based ADA	
Second Period Report	Annual Report	Second Period Report	Annual Report
2,224.71	2,224.71	2,224.71	2,224.71
565.17	565.17	565.17	565.17
413.78	413.78	413.78	413.78
341.68	341.68	341.43	341.43
389.81	389.81	389.81	389.81
957.79	957.79	957.58	957.58
679.50	679.50	679.50	679.50
1,536.49	1,536.49	1,536.49	1,536.49
623.26	623.26	622.52	622.52
445.01	445.01	445.01	445.01
489.51	489.51	489.51	489.51
723.23	723.23	723.23	723.23
614.83	614.83	614.83	614.83
437.63	437.63	437.63	437.63
522.85	522.85	522.85	522.85
237.83	237.83	237.83	237.83
571.67	571.67	571.67	571.67
1,653.92	1,653.92	1,653.92	1,653.92
2,055.60	2,055.60	2,055.60	2,055.60
2,889.75	2,889.76	2,889.75	2,889.76
315.24	315.24	315.24	315.24
398.35	398.35	398.35	398.35
518.13	518.13	518.13	518.13
397.57	397.57	397.55	397.55
538.76	538.76	537.71	537.71
394.83	394.83	394.83	394.83
457.38	457.38	457.38	457.38
471.22	471.22	471.22	471.22
501.92	501.92	501.92	501.92
387.00	387.00	387.00	387.00
477.00	477.00	477.00	477.00
1,967.26	1,967.25	1,967.26	1,967.25
268.93	268.93	268.93	268.93
587.02	587.02	587.02	587.02
1,281.58	1,281.59	1,281.58	1,281.59
487.49	487.49	487.49	487.49
1,633.32	1,633.32	1,633.32	1,633.32
588.84	588.84	588.84	588.84
732.58	732.58	732.58	732.58
448.75	448.75	448.75	448.75
1,459.94	1,459.95	1,459.94	1,459.95
2,236.08	2,236.08	2,236.08	2,236.08
271.51	271.51	269.60	269.60
545.54	545.54	545.54	545.54
1,423.05	1,423.05	1,423.05	1,423.05
438.22	438.22	438.22	438.22
775.61	775.61	775.61	775.61
799.69	799.69	798.85	798.85
592.50	592.50	592.50	592.50
553.13	553.13	552.77	552.77
617.97	617.97	617.61	617.61
40,940.43	40,940.45	40,934.69	40,934.71

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time Offered
Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirements	2019-20 Actual Minutes Offered (3)	Number of Days Traditional Calendar (3)	Complied with Instructional Minutes and Days Provisions
Kindergarten	36,000	36,000	180	Yes
Grades 1 to 3	50,400	55,100	180	Yes
Grades 4 to 6 (1)	54,000	55,100	180	Yes
Grades 7 to 8 (2)	54,000	62,160 or 65,300	180	Yes
Grades 9 to 12	64,800	65,300	180	Yes

(1) Elementary schools only.

(2) Middle schools with grade configurations 6-8 approved for common planning time have at least 62,160 annual instructional minutes. Middle schools with grade configurations 6-8 not approved for common planning time have at least 65,300 annual instructional minutes.

(3) The minutes and days offered are based on a full school year. However, due to COVID-19, all District schools were closed from March 16, 2020 through the end of the school year. Depending on the school calendar, COVID-19 closure days ranged from 48 to 59 days, with majority of schools being closed for 58 days.

Notes:

1. With credit for COVID-19 closure days, all charter schools included in this audit report offered at least 175 instructional days.
2. Request for Allowance of Attendance Due to Emergency Conditions (Form J-13A) were submitted in March 2021 for three elementary charter schools to obtain credit for instructional time for the days and minutes lost due to emergency closure days.

See accompanying independent auditor's report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
Year Ended June 30, 2020
(Dollars in thousands)

	2020-2021 Budgeted	2019-2020 Actual	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
General Fund:					
Revenues	$ 8,212,120	$ 7,591,570	$ 7,732,610	$ 7,268,645	$ 7,176,151
Other Financing Sources	345,000	22,145	56,100	39,431	116,118
Total Revenues and Other Financing Sources	8,557,120	7,613,715	7,788,710	7,308,076	7,292,269
Expenditures	8,452,738	7,730,286	7,542,236	7,007,852	6,758,572
Other Financing Uses	58,372	50,805	40,397	54,594	78,735
Total Expenditures and Other Financing Uses	8,511,110	7,781,091	7,582,633	7,062,446	6,837,307
Change in Fund Balance	46,010	(167,376)	206,077	245,630	454,962
Beginning Fund Balance	1,866,686	2,216,850	2,010,773	1,765,143	1,310,181
Ending Fund Balance	$ 1,912,696	$ 2,049,474	$ 2,216,850	$ 2,010,773	$ 1,765,143
Available Reserves*	$ 1,261,963	$ 571,426	$ 984,235	$ 790,056	$ 794,680
Unassigned Reserve for Economic Uncertainties	$ 85,211	$ 79,000	$ 75,618	$ 75,381	$ 73,411
Unassigned Fund Balance	$ 1,176,752	$ 492,426	$ 908,617	$ 714,675	$ 721,269
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	14.83%	7.34%	12.98%	11.19%	11.62%
Total Long-Term Debt	$ 28,674,395	$ 28,402,060	$ 29,982,661	$ 34,273,411	$ 25,330,454
Average Daily Attendance (ADA) at P-2	454,546	454,852	451,551	478,350	490,598

The General Fund has maintained a positive ending fund balance for the past four fiscal years presented in this schedule.

For a district this size, the State has recommended available reserves to be at least 1% of total General Fund expenditures and other financing uses. The District has been able to meet these requirements for the past four fiscal years.

* Available reserves consist of all unassigned fund balances and unassigned reserve for economic uncertainties.

See accompanying independent auditor’s report and notes to supplementary information.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule to Reconcile the Annual Financial Budget Report (SACS)
with Audited Financial Statements
Year Ended June 30, 2020
(in thousands)

	General Fund	District Bonds	Bond Interest and Redemption	Other Governmental *
June 30, 2020 Unaudited Actual Financial Reports				
Fund Balances	$ 2,105,571	$ 1,090,570	$ 1,069,276	$ 624,349
Adjustments:				
To adjust additional Local Control Funding Formula revenue	1,531	—	—	—
To adjust federal subsidy revenue	—	—	(26,471)	—
To adjust expenditure accruals	(57,628)	(27,553)	—	(1,555)
June 30, 2020 Audited Financial Statement				
Fund Balances	$ 2,049,474	$ 1,063,017	$ 1,042,805	$ 622,794

* The adjustment in the Other Governmental includes the following funds:

County School Facilities Fund	$ 294
Special Reserve	664
Capital Facilities Fund	597
Total Other Governmental Funds	$ 1,555

There were no adjustments to fund balances for funds not presented above.

See accompanying independent auditor's report and notes to supplementary information.

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
1	Alfred B. Nobel Charter Middle School	1480	19 64733 6061543	x		Yes
2	Beckford Charter for Enriched Studies	1344	19 64733 6015986	x		Yes
3	Calabash Charter Academy	1345	19 64733 6016240	x		Yes
4	Calvert Charter for Enriched Studies	1585	19 64733 6016265	x		Yes
5	Canyon Charter Elementary School	0226	19 64733 6016323	x		Yes
6	Carpenter Community Charter School	1235	19 64733 6016356	x		Yes
7	Castlebay Lane Charter School	1477	19 64733 6071435	x		Yes
8	Chatsworth Charter High School	1581	19 64733 1931708	x		Yes
9	Colfax Charter Elementary School	1041	19 64733 6016562	x		Yes
10	Community Magnet Charter Elementary School	0957	19 64733 6094726	x		Yes
11	Dearborn Elementary Charter Academy	1481	19 64733 6016729	x		Yes
12	Dixie Canyon Community Charter School	1469	19 64733 6016778	x		Yes
13	Dr. Theodore T. Alexander Jr. Science Center	0604	19 64733 0102491	x		Yes
14	El Oro Way Charter For Enriched Studies	1466	19 64733 6016869	x		Yes
15	Emerson Community Charter School	1688	19 64733 6057988	x		Yes
16	Enadia Way Technology Charter	1474	19 64733 0117036	x		Yes
17	Encino Charter Elementary School	1471	19 64733 6016935	x		Yes
18	Gaspar de Portola Charter Middle	2074	19 64733 6061584	x		Yes
19	George Ellery Hale Charter Academy	1346	19 64733 6061477	x		Yes
20	Grover Cleveland Charter High School	1571	19 64733 1931864	x		Yes
21	Hamlin Charter Academy	1472	19 64733 6017438	x		Yes
22	Haynes Charter For Enriched Studies	1470	19 64733 6017529	x		Yes
23	Hesby Oaks Leadership Charter	1468	19 64733 0112060	x		Yes
24	Justice Street Academy Charter School	1487	19 64733 6017693	x		Yes
25	Kenter Canyon Elementary Charter	0227	19 64733 6017701	x		Yes
26	Knollwood Preparatory Academy	1486	19 64733 6017743	x		Yes
27	Lockhurst Drive Charter Elementary	1478	19 64733 6017891	x		Yes
28	Marquez Charter School	0228	19 64733 6018063	x		Yes
29	Nestle Avenue Charter School	1465	19 64733 6018287	x		Yes
30	Open Charter Magnet School	0012	19 64733 6097927	x		Yes
31	Palisades Charter Elementary	0229	19 64733 6018634	x		Yes
32	Paul Revere Charter Middle	0225	19 64733 6058267	x		Yes
33	Plainview Academic Charter Academy	1435	19 64733 6018725	x		Yes
34	Pomelo Community Charter School	1347	19 64733 6018774	x		Yes
35	Reseda Charter High School	2005	19 64733 1937226	x		Yes
36	Riverside Drive Charter School	1362	19 64733 6018923	x		Yes
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	1473	19 64733 6058150	x		Yes
38	Serrania Avenue Charter School for Enriched Studies	1484	19 64733 6019111	x		Yes
39	Sherman Oaks Elementary Charter School	1348	19 64733 6019186	x		Yes
40	Superior Street Elementary	1476	19 64733 6019392	x		Yes
41	Sylmar Charter High School	1834	19 64733 1938554	x		Yes
42	Taft Charter High School	1580	19 64733 1938612	x		Yes
43	Topanga Elementary Charter School	0230	19 64733 6019525	x		Yes
44	Topeka Charter School For Advanced Studies	1475	19 64733 6019533	x		Yes
45	University High School Charter	2006	19 64733 1938885	x		Yes
46	Van Gogh Charter School	1479	19 64733 6019673	x		Yes
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	1349	19 64733 6019855	x		Yes
48	Westwood Charter Elementary School	0031	19 64733 6019939	x		Yes
49	Wilbur Charter For Enriched Academics	1482	19 64733 6019954	x		Yes
50	Woodlake Elementary Community Charter	1483	19 64733 6020036	x		Yes
51	Woodland Hills Elementary Charter For Enriched Studies	1485	19 64733 6020044	x		Yes

See accompanying independent auditor's report and notes to supplementary information. (Continued)

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
52	Academia Moderna	1101	19 64733 0120097		x	No
53	Academic Performance Excellence Academy (APEX)	1459	19 64733 0117077		x	No
54	Academy of Media Arts	2038	19 64733 0139055		x	No
55	Accelerated	0045	19 64733 6112536		x	No
56	Accelerated Charter Elementary School (ACES)	0539	19 64733 0100743		x	No
57	Alain Leroy Locke College Preparatory Academy	1050	19 64733 0118588		x	No
58	Alliance Alice M. Baxter College–Ready High	1460	19 64733 0127217		x	No
59	Alliance Cindy and Bill Simon Technology Academy High School	1161	19 64733 0121285		x	No
60	Alliance College–Ready Middle Academy 4	1096	19 64733 0120030		x	No
61	Alliance College–Ready Middle Academy 5	1097	19 64733 0120048		x	No
62	Alliance College–Ready Middle Academy 8	1531	19 64733 0128033		x	No
63	Alliance College–Ready Middle Academy 12	1533	19 64733 0128058		x	No
64	Alliance Collins Family College–Ready High School	0718	19 64733 0108936		x	No
65	Alliance Dr. Olga Mohan High School	0790	19 64733 0111500		x	No
66	Alliance Gertz–Ressler Richard Merkin 6–12 Complex	0645	19 64733 0106864		x	No
67	Alliance Jack H. Skirball Middle School	0779	19 64733 0111518		x	No
68	Alliance Judy Ivie Burton Technology Academy High	0714	19 64733 0108894		x	No
69	Alliance Kory Hunter Middle School	1532	19 64733 0128041		x	No
70	Alliance Leichtman–Levine Family Foundation Environmental Science High	0929	19 64733 0117606		x	No
71	Alliance Marc & Eva Stern Math and Science, (California State University Los Angeles Campus)	0788	19 64733 0111658		x	No
72	Alliance Margaret M. Bloomfield Technology Academy High	1356	19 64733 0124941		x	No
73	Alliance Marine – Innovation and Technology 6–12 Complex	1738	19 64733 0132084		x	No
74	Alliance Morgan McKinzie High	0928	19 64733 0116509		x	No
75	Alliance Ouchi–O'Donovan 6–12 Complex	0784	19 64733 0111641		x	No
76	Alliance Patti and Peter Neuwirth Leadership Academy	0789	19 64733 0111492		x	No
77	Alliance Piera Barbaglia Shaheen Health Services Academy	0927	19 64733 0117598		x	No
78	Alliance Renee and Meyer Luskin Academy High School	1343	19 64733 0124891		x	No
79	Alliance Susan and Eric Smidt Technology High School	1163	19 64733 0123133		x	No
80	Alliance Ted K Tajima High	1164	19 64733 0123141		x	No
81	Alliance Tennenbaum Family Technology High School *	1162	19 64733 0121293		x	No
82	Alliance Virgil Roberts Leadership Academy	1530	19 64733 0128009		x	No
83	Anahuacalmecac International University Preparatory of North America	1685	19 64733 0132928		x	No
84	Animo College Preparatory Academy (Jordan Campus)	1342	19 64733 0124883		x	No
85	Animo Ellen Ochoa Charter Middle School	1286	19 64733 0123992		x	No
86	Animo Florence–Firestone Charter Middle	1794	19 64733 0134023		x	No
87	Animo Jackie Robinson High School	0793	19 64733 0111583		x	No
88	Animo James B. Taylor Charter Middle School	1287	19 64733 0124008		x	No
89	Animo Jefferson Charter Middle School	1216	19 64733 0122481		x	No
90	Animo Legacy Charter Middle School (Clay Campus) *	1288	19 64733 0124016		x	No
91	Animo Mae Jemison Charter Middle School	1624	19 64733 0129270		x	No
92	Animo Pat Brown High School	0649	19 64733 0106849		x	No
93	Animo Ralph Bunche Charter High School	0781	19 64733 0111575		x	No
94	Animo South Los Angeles Charter Senior High	0602	19 64733 0102434		x	No
95	Animo Venice Charter High School	0648	19 64733 0106831		x	No
96	Animo Watts College Preparatory Academy	0783	19 64733 0111625		x	No
97	Animo Westside Charter Middle School	1217	19 64733 0122499		x	No
98	Ararat Charter School	1156	19 64733 0121079		x	No
99	Arts in Action Community Charter School	1218	19 64733 0123158		x	No
100	Arts in Action Community Middle School	1806	19 64733 0134205		x	No
101	Aspire Centennial College Preparatory Academy	1436	19 64733 0126797		x	No
102	Aspire Firestone Academy *	1214	19 64733 0122622		x	No
103	Aspire Gateway Academy Charter *	1213	19 64733 0122614		x	No
104	Aspire Inskeep Academy Charter *	1332	19 64733 0124800		x	No
105	Aspire Juanita Tate Academy Charter *	1331	19 64733 0124792		x	No

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See accompanying independent auditor’s report and notes to supplementary information. (Continued)

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
106	Aspire Junior Collegiate Academy	1551	19 64733 0114884		x	No
107	Aspire Pacific Academy	1230	19 64733 0122721		x	No
108	Aspire Slauson Academy Charter *	1330	19 64733 0124784		x	No
109	Aspire Titan Academy	1550	19 64733 0120477		x	No
110	Bert Corona Charter High	1724	19 64733 0132126		x	No
111	Bert Corona Charter School	0654	19 64733 0106872		x	No
112	Birmingham Community Charter High School	1119	19 64733 1931047		x	No
113	Bright Star Secondary Charter Academy	0826	19 64733 0112508		x	No
114	California Collegiate Charter	1771	19 64733 0133884		x	No
115	Camino Nuevo Charter Academy (Burlington)	0293	19 64733 6117667		x	No
116	Camino Nuevo Charter Academy 2 (Kayne Siart)	1231	19 64733 0122861		x	No
117	Camino Nuevo Charter Academy 4 (Cisneros) *	1334	19 64733 0124826		x	No
118	Camino Nuevo Charter High School (Miramar)	0635	19 64733 0106435		x	No
119	Camino Nuevo Elementary School 3 (Eisner) *	1212	19 64733 0122564		x	No
120	Camino Nuevo High School 2 (Dalzell Lance)	1540	19 64733 0127910		x	No
121	CATCH Prep Charter High, Inc.	0570	19 64733 0101659		x	No
122	Center for Advanced Learning	0937	19 64733 0115139		x	No
123	Central City Value High School	0534	19 64733 0100800		x	No
124	Charter HS of Arts-Multimedia & Performing (CHAMPS)	0712	19 64733 0108878		x	No
125	CHIME Institute's Schwarzenegger Community School	0417	19 64733 6119531		x	No
126	Citizens of the World Charter School Hollywood	1200	19 64733 0122556		x	No
127	Citizens of the World Charter School Mar Vista	1414	19 64733 0126193		x	No
128	Citizens of the World Charter School Silver Lake	1413	19 64733 0126177		x	No
129	City Language Immersion Charter	1538	19 64733 0127886		x	No
130	Collegiate Charter High School of Los Angeles	1722	19 64733 0131821		x	No
131	Crete Academy	1854	19 64733 0135616		x	No
132	Crown Preparatory Academy	1187	19 64733 0121848		x	No
133	Discovery Charter Preparatory School 2	0949	19 64733 0115253		x	No
134	Downtown Value School	0448	19 64733 6119903		x	No
135	Ednovate – Brio College Prep	1843	19 64733 0135723		x	No
136	Ednovate – East College Prep	1702	19 64733 0132282		x	No
137	Ednovate – Esperanza College Prep	1842	19 64733 0135715		x	No
138	Ednovate – USC Hybrid High College Prep	1401	19 64733 0125864		x	No
139	El Camino Real Charter High School	1314	19 64733 1932623		x	No
140	Endeavor College Preparatory Charter School	1094	19 64733 0120014		x	No
141	Equitas Academy Charter	1093	19 64733 0119982		x	No
142	Equitas Academy 2 Charter	1402	19 64733 0126169		x	No
143	Equitas Academy 3 Charter	1669	19 64733 0129650		x	No
144	Equitas Academy 4	1785	19 64733 0133686		x	No
145	Equitas Academy 5	2040	19 64733 0139121		x	No
146	Everest Value School	1638	19 64733 0129858		x	No
147	Excelencia Charter Academy	1918	19 64733 0137554		x	No
148	Extera Public School	1300	19 64733 0124198		x	No
149	Extera Public School No. 2	1562	19 64733 0128132		x	No
150	Fenton Avenue Charter School	0030	19 64733 6017016		x	No
151	Fenton Charter Leadership Academy	1613	19 64733 0131722		x	No
152	Fenton Primary Center	0911	19 64733 0115048		x	No
153	Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics	1605	19 64733 0131466		x	No
154	Gabriella Charter	0713	19 64733 0108886		x	No
155	Gabriella Charter 2	1853	19 64733 0135509		x	No
156	Girls Athletic Leadership School Los Angeles	1791	19 64733 0133710		x	No
157	Global Education Academy	0934	19 64733 0114967		x	No
158	Global Education Academy 2	1641	19 64733 0129833		x	No
159	Goethe International Charter School	1036	19 64733 0117978		x	No
160	Granada Hills Charter High School	0572	19 64733 1933746		x	No

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See accompanying independent auditor's report and notes to supplementary information. (Continued)

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
161	High Tech Los Angeles High School	0537	19 64733 0100677		x	No
162	High Tech Los Angeles Middle School	1929	19 64733 0137471		x	No
163	ICEF Innovation Los Angeles Charter	1037	19 64733 0117952		x	No
164	ICEF View Park Preparatory Elementary School	0190	19 64733 6117048		x	No
165	ICEF View Park Preparatory High School	0543	19 64733 0101196		x	No
166	ICEF View Park Preparatory Middle School	0506	19 64733 6121081		x	No
167	ICEF Vista Elementary Academy	1039	19 64733 0117937		x	No
168	ICEF Vista Middle Academy	0953	19 64733 0115287		x	No
169	Ingenium Charter	1157	19 64733 0121137		x	No
170	Ingenium Charter Middle School	1536	19 64733 0127985		x	No
171	ISANA Cardinal Academy	1285	19 64733 0123984		x	No
172	ISANA Nascent Academy	0716	19 64733 0108910		x	No
173	ISANA Octavia Academy	1232	19 64733 0122655		x	No
174	ISANA Palmati Academy	1246	19 64733 0123166		x	No
175	Ivy Academia Charter School	0619	19 64733 0106351		x	No
176	Ivy Bound Academy Math, Science, and Technology Charter Middle 2	1570	19 64733 0128389		x	No
177	Ivy Bound Academy of Math, Science, and Technology Charter Middle	0936	19 64733 0115113		x	No
178	James Jordan Middle School	0734	19 64733 0109884		x	No
179	KIPP Academy of Innovation	1586	19 64733 0128512		x	No
180	KIPP Academy of Opportunity	0530	19 64733 0101444		x	No
181	KIPP Comienza Community Preparatory	1196	19 64733 0121707		x	No
182	KIPP Corazon Academy	1855	19 64733 0135517		x	No
183	KIPP Empower Academy	1195	19 64733 0121699		x	No
184	KIPP Ignite Academy	1720	19 64733 0131771		x	No
185	KIPP Iluminar Academy	1508	19 64733 0127670		x	No
186	KIPP Los Angeles College Preparatory	0531	19 64733 0100867		x	No
187	KIPP Philosophers Academy	1378	19 64733 0125609		x	No
188	KIPP Promesa Preparatory	1721	19 64733 0131797		x	No
189	KIPP Pueblo Unido	2041	19 64733 0139071		x	No
190	KIPP Raices Academy	1010	19 64733 0117903		x	No
191	KIPP Scholar Academy	1377	19 64733 0125625		x	No
192	KIPP Sol Academy	1379	19 64733 0125641		x	No
193	KIPP Vida Preparatory Academy	1587	19 64733 0129460		x	No
194	Larchmont Charter School	0717	19 64733 0108928		x	No
195	Learning by Design Charter	1959	19 64733 0137513		x	No
196	Libertas College Preparatory Charter	1711	19 64733 0131904		x	No
197	Los Angeles Academy of Arts & Enterprise Charter (LAAAE)	0675	19 64733 0110304		x	No
198	Los Angeles Leadership Academy	0461	19 64733 1996610		x	No
199	Los Angeles Leadership Primary Academy	1333	19 64733 0124818		x	No
200	Los Feliz Charter Middle School for the Arts	1960	19 64733 0137463		x	No
201	Los Feliz Charter School for the Arts	0827	19 64733 0112235		x	No
202	Magnolia Science Academy 4	0986	19 64733 0117622		x	No
203	Magnolia Science Academy 6	0988	19 64733 0117648		x	No
204	Magnolia Science Academy 7	0989	19 64733 0117655		x	No
205	Magnolia Science Academy Bell *	1236	19 64733 0122747		x	No
206	Math and Science College Preparatory	1412	19 64733 0126136		x	No
207	Matrix for Success Academy	1961	19 64733 0137562		x	No
208	Monsenor Oscar Romero Charter Middle	0931	19 64733 0114959		x	No
209	Montague Charter Academy for the Arts and Sciences	0115	19 64733 6018204		x	No
210	Multicultural Learning Center	0388	19 64733 6119044		x	No
211	N.E.W. Academy Canoga Park	0592	19 64733 0102483		x	No
212	N.E.W. Academy of Science and Arts	0521	19 64733 0100289		x	No
213	New Designs Charter School	0601	19 64733 0102541		x	No
214	New Designs Charter School – Watts	1120	19 64733 0120071		x	No
215	New Heights Charter School	0761	19 64733 0111211		x	No
216	New Horizons Charter Academy	1567	19 64733 0128371		x	No
217	New Los Angeles Charter School	0998	19 64733 0117614		x	No
218	New Los Angeles Elementary School	1788	19 64733 0133702		x	No
219	New Millennium Secondary School	1020	19 64733 0117911		x	No
220	New Village Girls Academy	0791	19 64733 0111484		x	No

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See accompanying independent auditor's report and notes to supplementary information. (Continued)

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
221	Ocean Charter School	0569	19 64733 0102335		x	No
222	Oscar De La Hoya Animo Charter High School	0581	19 64733 0101675		x	No
223	Our Community Charter School	0739	19 64733 0109934		x	No
224	Pacoima Charter Elementary	0583	19 64733 6018642		x	No
225	Palisades Charter High School	0037	19 64733 1995836		x	No
226	Para Los Ninos Charter Middle School	1007	19 64733 0117846		x	No
227	Para Los Ninos Charter School	0475	19 64733 6120489		x	No
228	Para Los Ninos – Evelyn Thurman Gratts Primary Center *	1215	19 64733 0122630		x	No
229	Port of Los Angeles High School	0542	19 64733 0107755		x	No
230	Prepa Tec – Los Angeles	1542	19 64733 0127936		x	No
231	Public Policy Charter	1703	19 64733 0131847		x	No
232	PUC CALS Charter Middle and Early College High School	0331	19 64733 0133298		x	No
233	PUC Community Charter Elementary	1657	19 64733 0129619		x	No
234	PUC Community Charter Middle and PUC Community Charter Early College High	0213	19 64733 6116750		x	No
235	PUC Early College Academy for Leaders and Scholars (ECALS) *	1354	19 64733 0124933		x	No
236	PUC Excel Charter Academy	0798	19 64733 0112201		x	No
237	PUC Inspire Charter Academy	1626	19 64733 0129593		x	No
238	PUC Lakeview Charter Academy	0603	19 64733 0102442		x	No
239	PUC Lakeview Charter High	1241	19 64733 0122606		x	No
240	PUC Milagro Charter	0600	19 64733 0102426		x	No
241	PUC Nueva Esperanza Charter Academy	1092	19 64733 0133280		x	No
242	PUC Triumph Charter Academy and PUC Triumph Charter High School	0797	19 64733 0133272		x	No
243	Puente Charter School (ELA Site)	0473	19 64733 6120471		x	No
244	Renaissance Arts Academy	0579	19 64733 0101683		x	No
245	Resolute Academy Charter	1642	19 64733 0131870		x	No
246	Rise Kohyang Elementary	1927	19 64733 0136994		x	No
247	Rise Kohyang High School	1786	19 64733 0133868		x	No
248	Rise Kohyang Middle	1315	19 64733 0124222		x	No
249	Santa Monica Boulevard Community Charter School	0446	19 64733 6019079		x	No
250	Scholarship Prep South Bay	2042	19 64733 0139097		x	No
251	Stella Elementary Academy	1866	19 64733 0137604		x	No
252	Stella Middle Charter Academy	0535	19 64733 0100669		x	No
253	STEM Prep Elementary	1925	19 64733 0136986		x	No
254	Synergy Charter Academy	0636	19 64733 0106427		x	No
255	Synergy Kinetic Academy *	1014	19 64733 0117895		x	No
256	Synergy Quantum Academy *	1299	19 64733 0124560		x	No
257	TEACH Academy of Technologies	1206	19 64733 0122242		x	No
258	TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School	2004	19 64733 0138305		x	No
259	TEACH Tech Charter High School	1658	19 64733 0129627		x	No
260	The City School	1710	19 64733 0134148		x	No
261	University Preparatory Value High	1723	19 64733 0132027		x	No
262	Valley Charter Elementary School	1237	19 64733 0122754		x	No
263	Valley Charter Middle School	1238	19 64733 0122838		x	No
264	Valley International Preparatory High	1926	19 64733 0137612		x	No
265	Valor Academy Elementary School	1787	19 64733 0133694		x	No
266	Valor Academy High School	1539	19 64733 0127894		x	No
267	Valor Academy Middle School	1095	19 64733 0120022		x	No
268	Vaughn Next Century Learning Center	0016	19 64733 6019715		x	No
269	Village Charter Academy	1639	19 64733 0129866		x	No
270	Vista Charter Middle School	1234	19 64733 0122739		x	No
271	Vista Horizon Global Academy	2043	19 64733 0139089		x	No
272	VOX Collegiate of Los Angeles	1917	19 64733 0137521		x	No
273	Wallis Annenberg High School	0538	19 64733 0100750		x	No
274	Watts Learning Center	0131	19 64733 6114912		x	No
275	Watts Learning Center Charter Middle School	1141	19 64733 0120527		x	No
276	WISH Academy High	1863	19 64733 0135632		x	No
277	WISH Community	1627	19 64733 0135921		x	No

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See accompanying independent auditor’s report and notes to supplementary information.

(1) Statistical Data

The statistical data presented on pages 111-113 offers multi-year trend information, and are provided to help the reader understand the District's significant local revenue sources as it relates to the District's overall financial health.

The average daily attendance historical data presented on pages 114-115 provides additional trending information for the basis by which most state and local revenues are received by the District.

(2) Purpose of Schedules

(a) Schedule of Average Daily Attendance

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

The schedule of average daily attendance for each of the District's affiliated charter schools is provided separately.

(b) Schedule of Instructional Time Offered

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

(c) Schedule of Financial Trends and Analysis

This schedule focuses on financial trends by displaying past years' data along with current budget information and evaluates the District's ability to continue as a going concern for a reasonable period of time.

(d) Reconciliation of Unaudited Actual Financial Reports with Audited Financial Statements

This schedule provides the information necessary to reconcile the differences between fund balances reported on the unaudited actual financial reports and the audited financial statements.

(e) Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, includes the charter school number, and indicates whether or not the charter school is included in the District's audit.

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:					
Passed through California Department of Education:					
Child Nutrition School Programs Breakfast	10.553	PCA13525/PCA13526		$ 78,183,753	
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524		126,239,100	
Child Nutrition School Programs Snack	10.555	PCA13755		2,185	
Donated Food Commodities	10.555	Not Available		20,905,310	
Child Nutrition Summer Food Services Program Operations	10.559	PCA13004		47,174,526	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA13006		6,405,222	
Subtotal Expenditures – Child Nutrition Cluster					$ 278,910,096
Child Nutrition Child Care Food Program Claims	10.558	PCA13529			39,661,434
Child Nutrition Child Care Food Program – Cash in Lieu of Commodities	10.558	PCA13534			2,405,003
Subtotal CFDA 10.558					42,066,437
Child Nutrition Team Nutrition Grants	10.574	PCA15332			5,904
Passed through California Department of Health Services:					
Forest Reserve	10.665	PCA10044		48,929	
Subtotal Expenditures – Forest Service Schools and Road Cluster					48,929
Subtotal Pass-Through Programs					321,031,366
Total U.S. Department of Agriculture					321,031,366
U.S. Department of Defense:					
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available			1,975,880
Startalk: Exploring Arabic Through Technology, Language Grant Program: STARTALK Whatsapp, let's connect!	12.900	H98230-19-1-0085			62,806
Subtotal Direct Programs					2,038,686
Total U.S. Department of Defense					2,038,686
U.S. Department of Housing and Urban Development:					
Passed through City of Carson:					
Carson Guidance – Community Development Block Grants (CDBG)	14.218	AGRMT DTD 07/02/2018		15,000	
Subtotal Expenditures – CDBG Entitlement Grants Cluster					15,000
Subtotal Pass-Through Program					15,000
Total U.S. Department of Housing and Urban Development					15,000
U.S. Department of Justice:					
Stop School Violence	16.839	2018-YS-BX-0008			66,622
Subtotal Direct Program					66,622
Total U.S. Department of Justice					66,622
U.S. Department of Labor:					
Youth Career Connect Program	17.274	YC-25413-14-60-A-6			96,846
Subtotal Direct Program					96,846
Passed through Employment Development Department:					
Employment Development Department Trade Act: Trade Adjustment Assistance (TAA)	17.245	Various			57,981
Passed through City of Los Angeles:					
Workforce Innovation and Opportunity Act (WIOA) – Worksource Educational Partnership – Adult	17.258	C-135950		85,299	
WIOA – Worksource Educational Partnership – Dislocated Workers	17.278	C-135950		72,020	
WIOA – T-1 Youth Source System	17.259	C-135497		1,002,212	
Passed through Para Los Ninos:					
WIOA – Youth	17.259	C-133552-L19		102,000	
Subtotal Expenditures – WIOA Cluster					1,261,531
Subtotal Pass-Through Programs					1,319,512
Total U.S. Department of Labor					1,416,358
U.S. Department of Transportation:					
Highway Planning and Construction: Active Transportation Program	20.205	ATPLNI-6508(001)		693,567	
Subtotal Expenditures – Highway Planning and Construction Cluster					693,567
Subtotal Direct Program					693,567
Total U.S. Department of Transportation					693,567

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Treasury:					
Passed through California Department of Education:					
COVID-19 − Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	PCA25516			171,018,881
Subtotal Pass-Through Programs					171,018,881
Total U.S. Department of Treasury					171,018,881
National Science Foundation:					
USC – Math for America Los Angeles	47.076	Not Available			77,919
Subtotal Direct Program					77,919
Total National Science Foundation					77,919
U.S. Department of Education:					
Indian Education	84.060	S060A190283			113,805
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP):					
GEAR-UP 4 LA (5)	84.334A	P334A190002			139,206
GEAR-UP 4 LA	84.334A	P334A110166/P334A140118	$ 774,230		2,067,825
GEAR-UP 4 LA	84.334A	P334A180080/P334A180081	2,525,007		7,752,058
Subtotal CFDA 84.334			3,299,237		9,959,089
Arts in Education – Professional Development for Arts Educator	84.351	U351C140064			86,705
Glider Lehman Institute of American History – A More Perfect Union	84.422B	Agreement dated 06/15/2018			69,573
Subtotal Direct Programs					10,229,172
Passed through California Department of Education:					
WIOA – Adult Basic Ed/ELA	84.002	PCA14508			9,086,684
WIOA – Ad Ed & Fam Lit/EL – Civics	84.002	PCA14109			4,288,277
WIOA – Adult Secondary Ed	84.002	PCA13978			3,400,093
Subtotal CFDA 84.002					16,775,054
Elementary and Secondary Education Act, Title I Part A. Basic	84.010	PCA14329			346,444,854
Elementary and Secondary Education Act, Title I Part D. Delinquent	84.010	PCA14357			562,204
Elementary and Secondary Education Act, Title I Part A. Neglected	84.010	PCA14329			863,420
Every Student Succeeds Act (ESSA) – Comprehensive Support & Improvement (CSI)	84.010	PCA15438			5,806,110
Subtotal CFDA 84.010					353,676,588
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	19-13379-64733-01		128,876,928	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	PCA10115		1,475,662	
Special Ed: IDEA Mental Health Allocation Plan	84.027	19-15197-64733-01		6,455,082	
IDEA Preschool Expansion Grant	84.173	19-13430-64733-01		6,474,017	
PreSchool Expansion – Staff Development	84.173	19-13431-64733-01		40,872	
Special Ed: IDEA – Embedded Instruction	84.173	19-13839-64733-01		100,000	
Special Ed: IDEA – Alternate Dispute Resolution, Part B – Sec 611	84.173	19-13007-64733-01		19,036	
Subtotal Expenditures – Special Education Cluster					143,441,597
Carl D. Perkins – Secondary Program, Sec131	84.048	PCA14894			5,922,066
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA14893			1,473,435
Subtotal CFDA 84.048					7,395,501
Special Ed-Grants for Infants and Families: Early Intervention Funds – Part C	84.181	19-23761-64733-01			1,178,111
Education for Homeless Children & Youth	84.196	PCA14332			242,682
Twenty-first Century Learning Centers	84.287	PCA14349	799,634		3,113,037
Twenty-first Century Learning Centers	84.287	PCA14535	12,698,186		14,332,118
Twenty-first Century Learning Centers	84.287	PCA14603	458,916		625,220
Twenty-first Century Learning Centers	84.287	PCA14604			2,734
Twenty-first Century Learning Centers	84.287	PCA14765	165,270		257,310
Subtotal CFDA 84.287			14,122,006		18,330,419
Title III, English Learner Student	84.365	PCA14346			11,140,953
Title III, Immigrant Student	84.365	PCA15146			2,342,178
Subtotal CFDA 84.365					13,483,131
National Professional Development Grant, Project Royal	84.365Z	15-4-81105-28357			82,446
ESSA Title II, Part A, Supporting Effective Instruction	84.367	PCA14341			22,926,364
School Improvement Grants	84.377	PCA15364			8,737,269
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424A	PCA15396			16,475,599
COVID-19 − Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	PCA15536			66,058,391

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
Passed through Los Angeles County Office of Education:					
Title I – Migrant Ed – Regular	84.011	PCA14326			759,593
Title I – Migrant Ed – Summer	84.011	PCA14326			144,591
Title I – Migrant Ed – School Readiness	84.011	PCA14326			29,478
Subtotal CFDA 84.011					933,662
Passed through State Department of Rehabilitation:					
Rehab – Transition Partnership Program/Trans Part-Greater LA	84.126	28903/EP1313027/29958/29956			1,436,414
California Career Innovation – Work Based Learning Initiative	84.421B	30834			61,571
Passed through American Institute for Research:					
Air Credit Recovery	84.305A	R305A170152			26,399
Passed through ABT Associates:					
CA PROMISE-(Promoting Readiness of Minor in Supplemental Income)	84.418	29139/30052			220
Passed through City of Los Angeles:					
Federal Performance Partners – Los Angeles P3	84.420	C-129242-2			13,708
Passed through Center for Collaborative Education:					
Principal Residency Network	84.363	MOU/4400003138			999
Subtotal Pass-Through Programs					671,276,125
Total U.S. Department of Education					681,505,297
U.S. Department of Health & Human Services:					
CDCP-School Based HIV/STD Prevention	93.079	5 NU87PS004357-02-00			312,646
Affordable Care Act (ACA): School Based Health Center	93.501	19C12CS32672			92,563
Subtotal Direct Programs					405,209
Passed through County of Los Angeles:					
ACA Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PH-003967			798,281
Child Health Outreach Initiative – Whole Person Care	93.994	PH-002507-15			82,749
Passed through City of Los Angeles:					
County Youth Jobs Program – CalWorks	93.558	C-134638		218,611	
Subtotal Expenditures – Temporary Assistance for Needy Families (TANF) Cluster					218,611
Passed through Department of Social Services:					
California Department of Social Services Refugee Program Bureau	93.566	RSIG18CA			5,017
Passed through California Department of Education:					
General Child Care Center – Block Grant	93.575	PCA15136		863,243	
General Child Care Center – Mandatory & Matching Fund	93.596	PCA13609		1,877,502	
Subtotal Expenditures – Child Care Development Fund Cluster					2,740,745
Passed through Baldwin Park USD:					
Early Head Start	93.600	MOU approved 11/13/2018		84,500	
Subtotal Expenditures – Head Start Cluster					84,500
Passed through Los Angeles County Office of Education:					
ARRA – State Grants to Promote Health Information Technology	93.719	Not Available			424
Medi-Cal Administrative Activities	93.778	C-18377:17:20		7,943,756	
Passed through County of Los Angeles:					
Child Health Outreach Initiative − Substance Abuse Prevention Care	93.778	PH-002507-15		66,940	
Subtotal Expenditures – Medicaid Cluster					8,010,696
Subtotal Pass-Through Programs					11,941,023
Total U.S. Department of Health & Human Services					12,346,232
Corporation for National and Community Service:					
Youth Service America Corporation	94.014	YSA-MLK DAY OF SVC/FAIN 19BI218082/FAIN19MK218080			505
Subtotal Direct Program					505
Total Corporation for National and Community Service					505
U.S. Department of Homeland Security:					
Passed through Governors Office of Emergency Services:					
Hazard Mitigation Grant Program – FEMA 1731-DR-CA-Manhattan	97.039	HMGP#1731-76-24			308
Subtotal Pass-Through Programs					308
Total U.S. Department of Homeland Security					308
Total Expenditures of Federal Awards			$ 17,421,243	$ 435,425,272	$1,190,210,741

(1) General

The accompanying schedule of expenditures of federal awards presents the expenditures of all federal financial assistance programs for the Los Angeles Unified School District (District). The District's reporting entity is defined in the notes to the District's basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, as described in Note 1 of the notes to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the District's basic financial statements but agrees in all material respects.

(3) Indirect Cost Rate

The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) Noncash Assistance

Included in the schedule of expenditures of federal awards is (CFDA No. 10.555) $20,905,310 of donated food commodities received from the U.S. Department of Agriculture, passed-through California Department of Education, during the year ended June 30, 2020.

OTHER INDEPENDENT AUDITOR REPORTS

SIMPSON & SIMPSON
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To The Honorable Board of Education
Los Angeles Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2021.

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 may exist that have not been identified.

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.

Simpson & Simpson

Los Angeles, California
March 24, 2021

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Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance for Each Major Federal Program

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Workforce Innovation and Opportunity Act –Adult Education–Basic Grants to States (CFDA 84.002)

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirement regarding CFDA 84.002 WIOA-Adult Basic Education as described in finding number F-2020-002 for Earmarking. Compliance with such requirement is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Workforce Innovation and Opportunity Act –Adult Education–Basic Grants to States (CFDA 84.002)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on WIOA-Adult Basic Education for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items F-2020-001 and F-2020-003. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items F-2020-001, F-2020-002, and F-2020-003 that we consider to be material weaknesses.

The District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
March 24, 2021

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Independent Auditor's Report on State Compliance

To The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance

We have audited the compliance of the **Los Angeles Unified School District** (the District), with the compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the Guide) for the year ended June 30, 2020. The District's programs are identified in the table below.

Management's Responsibility

Management is responsible for compliance with the requirements of the state laws and regulations applicable to each program.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the requirements described in the Guide based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in the California Code of Regulations (CCR), Title 5, section 19810. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred. An audit also includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the District's compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with state laws and regulations applicable to the following programs:

	Procedures performed
Attendance Accounting:	
Attendance Reporting	Yes
Independent Study	Yes
Continuation Education	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable*
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable**
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable***
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School Program	Yes
Before School Program	Yes
Proper Expenditures of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

	Procedures performed
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable****
Attendance for Charter Schools	Yes
Mode of Instruction for Charter Schools	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No*****
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	No*****
Annual Instructional Minutes - Classroom Based for Charter Schools	Yes
Charter School Facility Grant Program	Not applicable******

*	We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer early retirement incentive during fiscal year 2019-20.
**	We did not perform any procedures related to Juvenile Court Schools because the District does not offer this program.
***	The District's Board of Education did not elect to operate as a school District of Choice.
****	The District does not have any Independent Study-Course Based Programs; therefore, we did not perform any testing related to this requirement.
*****	The District's Average Daily Attendance generated from Nonclassroom-Based Instruction/Independent Study for Charter Schools fell under the materiality level stipulated in the Guide; therefore, we did not perform any testing related to this requirement.
******	The District's charter schools did not receive Charter School Facility Grant Program funding; therefore, we did not perform any testing related to this requirement.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its programs for the year-ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and questioned costs as items S-2020-001 through S-2020-009. Our opinion is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Simpson & Simpson

Los Angeles, California
March 24, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	None noted
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None noted
Noncompliance material to financial statements noted?	None noted

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	No

Identification of major programs and type of auditor's report issued on compliance for each major program:

CFDA #	Name of Federal Program	Opinion
12.unknown	Reserve Officer Training Corps Vitalization Act	Unmodified
	Department of Labor – WIOA Cluster:	Unmodified
17.258	WIOA Adult Program	
17.259	WIOA Youth Activities	
17.278	WIOA Dislocated Worker Formula Grants	
21.019	Department of the Treasury – COVID-19 - Coronavirus Relief Fund	Unmodified
84.002	Department of Education - Adult Education – Basic Grants to States	Qualified

84.010	Department of Education - Title I Grants to Local Educational Agencies	Unmodified
	Department of Education – Special Education Cluster:	Unmodified
84.027	Special Education Grants - to States (IDEA, Part B)	
84.173	Special Education - Preschool Grants (IDEA, Preschool)	
84.334	Department of Education - GEARUP	Unmodified
84.365	Department of Education – English Language Acquisition State Grants	Unmodified
84.425D	Department of Education – COVID-19 - Elementary and Secondary School Emergency Relief Fund	Unmodified

• Any audit findings disclosed which are required to be reported in accordance with 2 CFR 200.516:	Yes
• Dollar threshold used to distinguish between type A and type B programs:	$3,570,632
• Auditee qualified as low risk auditee	No

State Awards

Type of auditor's report issued on compliance for state programs: Unmodified

****

Section II – Findings Relating to the Basic Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards

None.

Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number:	**F-2020-001**
Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, and Award Number:	COVID-19 - Coronavirus Relief Fund, U.S. Department of Treasury, Passed through the California Department of Education, CFDA No. 21.019, PCA No. 25516 (Material Weakness) COVID-19 - Elementary and Secondary School Emergency Relief Fund, Department of Education, Passed through the California Department of Education, CFDA No. 84.425D, PCA No. 15536 (Material Weakness)
Compliance Requirement:	Activities Allowed or Unallowed/Allowable Costs and Cost Principles
State Audit Guide Finding Code:	30000 and 50000

Criteria

Coronavirus Relief Fund:

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use Fund payments for eligible expenses subject to the restrictions set forth in section 601(d) of the Social Security Act. Payments must be used to cover costs that are:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID–19;
2. Not accounted for in the governments' most recently approved budget as of March 27, 2020; and
3. Incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

Elementary and Secondary School Emergency Relief Fund:

2 CFR section 200.430(i), Standards for Documentation of Personnel Expenses, requires that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with the established accounting policies and practices of the non-Federal entity;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition

Coronavirus Relief Fund:

The District used a portion of the Coronavirus Relief Fund (CRF) to pay daily stipends of $100 to District employees who worked at various sites during the pandemic. As part of our compliance and internal control review over payroll expenditures, we selected a sample of payroll expenditures for daily stipends of $100 charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported.

In our sample of 60 payroll stipend expenditures, after review of the sign-in sheets at the sites, we noted that one (1) employee worked only one day but was paid for five days. We also noted that one (1) employee was paid for one day, even though she did not work at a site.

Total exceptions amounted to $600 of the $53,100 sampled from $23,062,035 of the total payroll stipend expenditures related.

The District also used a portion of the CRF to fund an extended summer school during the summer of 2020 in response to the school closures. As part of our compliance and internal control review over payroll expenditures, we selected a sample of payroll expenditures charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported.

In our sample of 40 payroll expenditures, after review of timesheets, we noted variances between hours reported on the timesheets and the hours recorded on SAP, the District's accounting system, for four (4) employees. For three (3) of the four (4) employees, the hours reported on the timesheets were greater than the hours recorded on SAP, leading to an understatement of payroll expenditures. For one (1) of the four (4) employees, the hours on the timesheets were less than the hours recorded on SAP, leading to an overstatement of payroll expenditures.

Total exceptions for understatement and overstatement amounted to $538 and $144, respectively, of the $52,482 sampled from $3,804,007 of the total payroll expenditures related to the summer school programs.

Our sample was a statistically valid sample.

Elementary and Secondary School Emergency Relief Fund:

The District used a portion of the Elementary and Secondary School Emergency Relief Fund (ESSER) to pay certain employees a differential pay of $5 per hour that the employee was authorized to physically report on site during the pandemic. As part of our compliance and internal control review over payroll expenditures, we selected a sample of payroll expenditures charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported.

In our sample of 60 payroll expenditures, we noted that three (3) employees provided timesheets, but the hours reported on the timesheets did not support the hours recorded on SAP.

Total exceptions amounted to $100 of the $28,092 sampled from the $11,193,182 of the total payroll expenditures related to the additional $5 per hour payments.

Our sample was a statistically valid sample.

Cause and Effect

The discrepancies between timesheets/sign-in sheets and SAP data seem to be due to clerical errors. The net effect is an overstatement of payroll expenditures.

Questioned Costs

Coronavirus Relief Fund: Total questioned cost: $206. $600 related to stipends. $144 overstated and $538 understated related to the summer school programs.

Elementary and Secondary School Emergency Relief Fund: $100.

Recommendation

We recommend that the District strengthen internal controls over payroll expenditures related to the CRF and ESSER.

Views of Responsible Officials and Corrective Action Plan, and Contact Information

In March 2020, at the beginning of school closures, the District was manually tracking the employee time at the various sites. In May 2020, a new system called Differential Payment Application/Stipend Payment Application was implemented to track the employee time.

The District is continuously communicating with stakeholders the importance of documentation and proper recording to improve its internal controls over payroll expenditures related to the spending of various COVID-19 funding resource. The District has also initiated the reconciliation process and anticipates to recoup the overpayments beginning July 2021.

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Name: Christina Rico
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Name: Timothy Rosnick
Title: Deputy Controller
Telephone: (213) 241-7989

Program Identification

Finding Reference Number:	**F-2020-002**
Federal Catalog of Domestic Assistance Number(s):	84.002
Federal Program Titles:	Adult Education – Basic Grants to States (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA Nos. 13978, 14508, and 14109
Compliance Requirement:	Earmarking
State Audit Guide Finding Code:	30000 and 50000

Criteria

Code of Federal Regulations Title 34, Subtitle B, Chapter IV, Part 463, Subpart C, Section 463.25:
Not more than five percent of a local grant to an eligible provider can be expended to administer a grant or contract under Title II. In cases where five percent is too restrictive to allow for administrative activities, the eligible agency may increase the amount that can be spent on local administration. In such cases, the eligible provider must negotiate with the eligible agency to determine an adequate level of funds to be used for non-instructional purposes.

Code of Federal Regulations Title 34, Subtitle B, Chapter IV, Part 463, Subpart C, Section 463.26:
An eligible provider receiving a grant or contract under this part may consider costs incurred in connection with the following activities to be administrative costs:

a) Planning;
b) Administration, including carrying out performance accountability requirements;
c) Professional development;
d) Providing adult education and literacy services in alignment with local workforce plans, including promoting co-enrollment in programs and activities under Title I, as appropriate; and
e) Carrying out the one-stop partner responsibilities described in §678.420, including contributing to the infrastructure costs of the one-stop delivery system.

Condition

During procedures performed to test the earmarking requirement, we noted that the District was granted a waiver of the 5 percent administrative cost limit and was instead approved for a 7.1 percent limit. We noted that the District accounts for such administrative expenditures using a separate program code in its SAP system. The expenditures recorded under those program codes did not exceed 7.1 percent of the total grant award.

However, during additional analysis over payroll costs, we identified the following positions, which appeared to be administrative functions, but whose salaries were not recorded under the administrative program codes.

Position	Salaries	Benefits	Total
Microcomputer Support Asst.	$148,166.93	$ 95,921.26	$ 244,088.19
Office Technician	$416,596.78	$314,501.17	$ 731,097.95
Senior Office Technician	$153,407.69	$110,351.84	$ 263,759.53
Total	$718,171.40	$520,774.27	$1,238,945.67

The District's Division of Adult and Career Education provided us with job duties for the above positions. The job duties for the Office Technician and Senior Office Technician positions include creating and printing labels and forms related to TOPS (Tracking of Programs and Students) Entry and CASAS (Comprehensive Adult Student Assessment Systems) assessment, scanning TOPS entry forms, maintaining the data collected, ordering CASAS forms, assessments, and other supplies, time reporting for professional development, and training new employees. The job duties for the Microcomputer Support Assistant position consisted of maintaining, configuring, and updating computers in computer labs used for learning, testing, and data collection. We noted that the TOPS Entry and CASAS assessments were part of the data collection and accountability requirements set forth by CDE. We concluded, based on 34 CFR 463.26, that the job duties described above were administrative activities and, as such, the above positions should be recorded and reported under administrative costs.

In addition, during procedures performed to test non-payroll expenditures, we discovered $18,878 of administrative costs that were transferred into the program expenditures but were not recorded as administrative costs.

The District reported $807,298 of administrative costs for the fiscal year 2019-2020. The maximum allowable administrative costs are $1,191,157, which is 7.1% of the $16,776,855 total grant award. The original cost charged to administrative, plus the administrative cost of $18,878 and the payroll costs of $1,238,946 related to the above positions, amounts to $2,065,121 for total costs related to administrative activities.

Cause and Effect

The condition appears to be caused by oversight, in which the District was not aware that activities related to carrying out performance accountability requirements should be considered administrative.

Questioned Costs

$2,065,121 – $1,191,157 = $873,964

Recommendation

We recommend that the District update its classifications of payroll costs to record the three positions in question as administrative costs. Also, we recommend that all transfers of cost are reviewed carefully and charged to the appropriate SAP program code to ensure the 7.1% administrative limit is not exceeded.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

The Workforce Innovation and Opportunity grant is a performance-based grant, large in scope and complexity. The Division of Adult and Career Education (DACE) has successfully improved student performance outcomes by directly providing teachers and students with instructional materials and comprehensive assistance. Because the above-mentioned staff were working directly with students, we did not include those salaries in our administrative costs. After consulting with the consultant at the California Department of Education, we understand that these positions should be included in our administrative costs. The planned corrective action effective for program year 2020-21 is as follows:

1) Fund the Microcomputer Support Assistant positions from the California Adult Education Program (CAEP) instead of WIOA.
2) Identify the Office Technician and Senior Office Technicians as part of the administrative costs.
3) WIOA will primarily fund teacher salaries to reduce the need to transfer costs. When the need to perform cost transfers does occur, fiscal staff will review with the program coordinator and staffing development advisor to approve necessary cost transfers.

In addition, beginning program year 2020-21, LA Unified had been granted permission by the California Department of Education to increase the administrative costs for the grant from 7% to 10%. This increase will allow LA Unified DACE to respond to changes in regulations for WIOA administrative costs, and to maintain administrative support in implementing the grant.

DACE was not aware that the clerical positions identified in the finding were considered administrative. Moving forward, DACE will identify positions that should be part of the administrative costs during WIOA budget development. This change will ensure that the division will not exceed the 10% allowable administrative costs.

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Program Identification

Finding Reference Number:	**F-2020-003**
Federal Catalog of Domestic Assistance Number(s):	84.010
Federal Program Titles:	Title I Grants to Local Education Agencies (LEAs) (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA No. 14329
Compliance Requirement:	Special Tests – Annual Report Card, High School Graduation Rate
State Audit Guide Finding Code:	30000 and 50000

Criteria

Annual Report Card, High School Graduation Rate

An SEA and its LEAs must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv). Additionally, SEAs and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate or rates) in adequate yearly progress (AYP) determinations. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of ESEA (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Section 8.3 of the LAUSD Attendance Manual states School staff shall document students who withdraw from the school. School staff shall follow Appendix J-2: Elementary School Withdrawal Symbols and Appendix J-3: Secondary School Withdrawal Symbols when recording withdrawal data.

Section XI.B of LAUSD REF-6554.3 states the Parent Assurance Letter (PAL) is the official form used to document withdrawal, transfer, and other student movement and that the form must be signed and submitted by the parent/guardian for student withdrawals.

Condition

We sampled 60 out of 159,656 students with leave codes in the school year 2018-19 My Integrated Student Information System (MiSiS) data file to verify that the leave code and reason code reported in MiSiS was properly supported. In our review of the documentation in comparison to the leave and reason code, we noted the following exceptions:

1. One (1) school provided documentation for one (1) student that did not support the leave code entered into MiSiS. However, the student later re-enrolled to LAUSD and matriculated.
2. Four (4) student files from two (2) schools did not have official written documentation to support withdrawals for students who transferred out of the District, which would have caused the students to be removed from the cohort in the calculation of the adjusted cohort graduation rate. The schools were only able to provide notes from phone conversations with parents or other family members. One (1) of the four (4) students later re-enrolled to LAUSD and is currently enrolled.
3. One (1) school was not able to provide any type of documentation for one (1) student file.

Our sample was a statistically valid sample.

Cause and Effect

1. The discrepancy in the leave code was caused by the school using the “L3” code (student transfers to a California public school outside LAUSD) when they did not have enough information to substantiate that code.
2. The notes from phone conversations with parents or other family members were used by the schools to determine the leave codes without obtaining official written documentation. However, the leave codes recorded in MiSiS were correct based on the notes.
3. The lack of any type of documentation from one school was caused by the limited access to files kept on school grounds due to the ongoing COVID-19 pandemic.

Inaccurate leave codes in MiSiS may lead to inaccurate data collected by CDE, which could lead to errors in the calculation of the graduation rate.

This finding is a repeat finding and has been reported previously for June 30, 2018 (F-2018-004) and June 30, 2019 (F-2019-002).

Questioned Costs

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control system to properly train and monitor the personnel who are assigned to maintain the accuracy of student records.

Recommendation

We recommend the District continue to strengthen its controls over enrollment/withdrawal status by providing adequate training/monitoring to ensure that student records on MiSiS are accurate and that necessary “official written documents” are maintained. We recommend that the training include the appropriate levels of written documentation required to be maintained for different situations under both ESSA guidance and CDE guidance.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

The following corrective actions will be taken:

Policy on enrollment/withdrawal verification procedures will continue to be reinforced with on-going communication with all stakeholders including principals, front office staff and Pupil Services and Attendance (PSA) Counselors.

- A *Schoology* group will facilitate ongoing communication, provide updates, reminders, and tools for schools on attendance and enrollment practices.
- Update training materials to emphasize the importance of enrollment/withdrawal procedures.
- Provide training to all PSA Administrators and Lead Counselors to discuss the best practices to reduce audit findings. Expected completion date is Spring 2021.
- Continue monthly meetings with Local District (LD) PSA Lead Counselors where best practices to support audit compliance will be addressed as an agenda item.
- Continue on-going collaboration and communication with the Organizational Excellence team who provide training and support to SAAs and Office Technicians located at school sites. This collaboration consists of consistent communication when there are updates to policy and training needs. Organizational Excellence supports in training in those areas that have been identified in our collaboration for needing additional support.
- Development of a new *Certify* rule for schools to follow up on all students that have been withdrawn to another LAUSD school, with a withdrawal reason code of L2, but do not show an enrollment in another LAUSD school for the school year. This will allow schools to follow up with students where families indicated they were staying within LAUSD but decided to go to another educational institution outside of our district. This gives schools the opportunity to identify the student's whereabouts and update the withdrawal codes and reasons as needed. This will help ensure accurate record keeping. Expected date of release is May 2021.

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Section IV – Findings and Questioned Costs Relating to State Awards

S-2020-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 75th Street Elementary
- Annalee Avenue Elementary
- Aragon Avenue Elementary
- Audubon Middle School
- Augustus F Hawkins High School – Community Health Advocates School
- Barton Hill Elementary
- Benjamin Banneker Career and Transition Center
- Bret Harte Preparatory Middle School
- Bryson Avenue Elementary
- Carson Senior High
- Cesar Chavez Elementary
- Chapman Elementary
- Edward R Roybal Learning Center
- Frank Lanterman High School
- George Washington Preparatory Senior High
- Liberty Boulevard Elementary
- Loren Miller Elementary
- Luther Burbank Arts/Technology/Community Magnet Middle School
- Manual Arts Senior High College Preparatory Magnet
- Marianna Avenue Elementary
- Miles Avenue Elementary
- Rancho Dominguez Preparatory School
- Samuel Gompers University Pathways Medical Magnet Academy Middle School
- Sierra Park Elementary
- Tweedy Elementary
- Victoria Avenue Elementary

Criteria

California Education Code, Section 46300(a) – In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

Condition, Cause and Effect

For our sample of one hundred thirty-seven (137) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3).* We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3).*

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls. We selected a sample of 189,722 days of attendance and 7,166 days of absences for testing and noted the following findings:

- **75th Street Elementary School** - Out of the 1,405 days of attendance and 105 days of absences sampled, we noted the following exceptions:
    - We identified four (4) teachers for which the school was unable to provide attendance rosters. As such, we were unable to perform procedures over the rosters and unable to determine the existence of questioned costs.
    - We identified one (1) teacher for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Annalee Avenue Elementary School** - Out of the 1,043 days of attendance and 50 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Aragon Avenue Elementary School** - Out of the 979 days of attendance and 37 days of absences sampled, we noted the following exception:
    - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Audubon Middle School -** Out of the 1,238 days of attendance and 70 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
  - We identified two (2) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Augustus F Hawkins Community Health Advocates Senior High School** - Out of the 748 days of attendance and 33 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
  - We identified one (1) teacher for which the school was unable to provide attendance rosters. As such, we were unable to perform procedures over the rosters and unable to determine the existence of questioned costs.
  - We identified one (1) teacher for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Barton Hill Elementary School -** Out of the 561 days of attendance and 22 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Benjamin Banneker Career and Transition Center** - Out of the 773 days of attendance and 62 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Bret Harte Preparatory Middle School** - Out of the 1,370 days of attendance and 54 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Bryson Avenue Elementary School -** Out of the 522 days of attendance and 20 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Carson Senior High School -** Out of the 1,499 days of attendance and 49 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Cesar Chavez Elementary School -** Out of the 1,935 days of attendance and 64 days of absences sampled, we noted the following exceptions:
  - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Chapman Elementary School -** Out of the 895 days of attendance and 29 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Edward R. Roybal Learning Center -** Out of the 1,313 days of attendance and 73 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Frank Lanterman Senior High School -** Out of the 126 days of attendance and 18 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **George Washington Preparatory Senior High School -** Out of the 379 days of attendance and 40 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of four (4) days, as evidenced by an absence note but were recorded as present in the SMASR.

- **Liberty Boulevard Elementary School** - Out of the 904 days of attendance and 86 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Loren Miller Elementary School** - Out of the 2,612 days of attendance and 83 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of five (5) days, as evidenced by an absence note but was recorded as present in the SMASR.
  - We identified one (1) absence note which was not dated. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Luther Burbank Arts/Technology/Community Magnet Middle School** - Out of the 1,229 days of attendance and 43 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Manual Arts College Preparatory Magnet Senior High School** - Out of the 1,284 days of attendance and 30 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Marianna Avenue Elementary School** - Out of the 1,610 days of attendance and 51 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Miles Avenue Elementary School** - Out of the 430 days of attendance and 24 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Rancho Dominguez Preparatory School** - Out of the 1,537 days of attendance and 19 days of absences sampled, we noted the following exceptions:
  - Four (4) students were absent for a total of four (4) days, as evidenced by the absence notes but were marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Samuel Gompers University Pathways Medical Magnet Academy Middle School** - Out of the 976 days of attendance and 32 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Sierra Park Elementary School** - Out of the 2,025 days of attendance and 80 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Tweedy Elementary School** - Out of the 626 days of attendance and 26 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
  - We identified one (1) teacher for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Victoria Avenue Elementary School** - Out of the 1,118 days of attendance and 35 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-001) but for different schools.

Questioned Costs

- Grades TK/K-3: 9 days/107 days = 0.08 ADA overstated * $11,247 = $900
- Grades 4-6: 3 days/107 days = 0.03 ADA overstated * $10,341 = $310
- Grades 7-8: 1 day/107 days = 0.01 ADA overstated * $10,647 = $106
- Grades 9-12: 12 days/107 days = 0.11 ADA overstated * $12,661 = $1,393

- Aragon Avenue Elementary School
  - Grades TK/K-3: 1 day overstated/107 days in single track school year
- Augustus F Hawkins Community Health Advocates Senior High School
  - Grades 9-12: 1 day overstated/107 days in single track school year
- Barton Hill Elementary School
  - Grades 4-6: 1 day overstated/107 days in single track school year
- Benjamin Banneker Career and Transition Center School
  - Grades 9-12: 1 day overstated/107 days in single track school year
- Carson Senior High School
  - Grades 9-12: 1 day overstated/107 days in single track school year
- Chapman Elementary
  - Grades 4-6: 1 day overstated/107 days in single track school year
- Edward R. Roybal Learning Center
  - Grades 9-12: 2 days overstated/107 days in single track school year
- Frank Lanterman Senior High School
  - Grades 9-12: 1 day overstated/106 days in single track school year
- George Washington Preparatory Senior High School
  - Grades 9-12: 4 days overstated/107 days in single track school year
- Liberty Boulevard Elementary School
  - Grades TK/K-3: 1 days overstated/107 days in single track school year
- Loren Miller Elementary School
  - Grades TK/K-3: 5 days overstated/107 days in single track school year
- Luther Burbank Arts/Technology/Community Magnet Middle School
  - Grades 7-8: 1 day overstated/107 days in single track school year
- Manual Arts College Preparatory Magnet Senior High School
  - Grades 9-12: 2 days overstated/107 days in single track school year
- Marianna Avenue Elementary School
  - Grades 4-6: 1 day overstated/107 days in single track school year
- Sierra Park Elementary School
  - Grades TK/K-3: 1 day overstated/107 days in single track school year
- Tweedy Elementary School
  - Grades TK/K-3: 1 day overstated/107 days in single track school year

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Views of Responsible Officials, Planned Corrective Action, and Contact Information

Student Health and Human Services (SHHS), Pupil Services will continue to provide elementary and secondary schools with updated policy and procedures regarding appropriate attendance monitoring and accuracy.

The following corrective actions have been taken:

- Increased collaboration with the Organizational Excellence team who provide training and support to School Administrative Assistants (SAA) and Office Technicians located at school sites. In February 2020, we participated in a School Business Services Panel for Administrative Assistants and Office Managers. We reiterated the policy surrounding absence verification and offered additional support by answering questions regarding attendance reporting practices. This School Business Services Panel was webcast for those who could not attend in person.
- Our attendance policy REF-6554.4, Attendance Monitoring and Accuracy (Section X), clearly states that, "schools should regularly generate the MiSiS Uncleared Absence report to identify students with uncleared absences and attempt to obtain verification for absences from parents/guardians." Essential Reports for Monitoring Attendance Taking and Accuracy (Attachment T) in the policy, reminds schools to generate the uncleared absence report on a weekly/monthly basis. The policy also states that an absence note for a partial day must indicate what part of the school day the student was absent. This policy update was last published in August 2019.
- Monthly meetings with Local District (LD) PSA Lead Counselors:
  - Review attendance practices including absence recording and required documentation for verification of absence.
  - Provide training tools (PowerPoint presentation) that reinforces the attendance policy and absence verification documentation required.
- The *Essential Tips to Support Policy and Meet Compliance* training which focuses on attendance and enrollment practices to help reduce common errors, was listed and offered through the Principals Resource Guide on the SHHS website.
- Updated our website (https://achieve.lausd.net/attendanceandenrollment) with a section titled *Essential Tips to Support Policy and Compliance* detailing tips and reminders on accurate attendance taking procedures and absence verification to comply with policy and meet compliance standards. Pupil Services has shared this link with all stakeholders to reinforce policy and help reduce common errors. Completion date was November 2020.

The following corrective actions will be taken:

Policy on attendance taking and absence verification procedures will continue to be reinforced with on-going communication with all stakeholders including principals, front office staff and Pupil Services and Attendance (PSA) Counselors.

- Create a Schoology group available for all LAUSD school staff to facilitate ongoing communication, provide updates, reminders and tools for schools, with a target completion date of Spring 2021.
- Update training materials to emphasize the importance of clearing absences in a timely manner through the MiSiS uncleared absence report, as referenced in policy, with a target completion date of Spring 2021.
- Provide training to all PSA Administrators and Lead Counselors to discuss the best practices to reduce audit findings, with a target completion date of Spring 2021.
- Create a form/template (one for elementary and one for secondary) that allows the school to indicate the time that student came/left (elementary) or period missed (secondary). Encourage the use of this form/template to avoid inconsistencies with recording partial day absence. This form can be attached to an absence note as a supplemental document to further clarify time missed from school. Target completion date is Spring 2021.
- Continue on-going collaboration and communication with the Organizational Excellence team who provide training and support to SAAs and Office Technicians located at school sites. This collaboration consists of consistent communication when there are updates to policy and training needs. Organizational Excellence supports in training in those areas that have been identified in our collaboration for needing additional support.

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S-2020-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Cheremoya Avenue Elementary
- Eagle Rock High School
- Elizabeth Learning Center
- Elizabeth Learning Center Dual Language Two-Way Immersion Arabic
- Heliotrope Avenue Elementary
- Hilda L Solis Learning Academy
- Hollenbeck Middle School
- Hubert Howe Bancroft Middle School
- Huntington Park Senior High
- James Madison Middle School
- Laurel Elementary
- Legacy Science, Technology, Engineering, Arts and Mathematics High School
- Los Angeles Academy Middle School
- Maywood Center for Enriched Studies Magnet
- Rancho Dominguez Preparatory School
- South Gate Middle School
- Utah Street Elementary
- Victoria Avenue Elementary
- William Jefferson Clinton Middle School

Criteria

California Education Code, Section 44203(d) - "Authorization" means the designation that appears on a credential, certificate, or permit that identifies the subjects and circumstances in which the holder of the credential, certificate, or permit may teach, or the services which the holder may render in the public schools of this state.

Section 44256 - Authorization for teaching credentials shall be of four basic kinds, as defined below:

(a) “Single subject instruction” means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools. The holder of a single subject teaching credential or a standard secondary credential or a special secondary teaching credential, as defined in this subdivision, who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 7 to 12, inclusive, other than the subject for which he or she is already certificated to teach, shall be eligible to have this subject appear on the credential as an authorization to teach this subject. The commission, by regulation, may require that evidence of additional competence is a condition for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the single subject credential on the basis of specialized needs. For purposes of this subdivision, a special secondary teaching credential means a special secondary teaching credential issued on the basis of at least a baccalaureate degree, a student teaching requirement, and 24 semester units of coursework in the subject specialty of the credential.

(b) "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education. The holder of a multiple subject teaching credential or a standard elementary credential who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 9 and below shall be eligible to have that subject appear on the credential as authorization to teach the subject in departmentalized classes in grades 9 and below. The governing board of a school district by resolution may authorize the holder of a multiple subject teaching credential or a standard elementary credential to teach any subject in departmentalized classes to a given class or group of pupils below grade 9, provided that the teacher has completed at least 12 semester units, or six upper division or graduate units, of coursework at an accredited institution in each subject to be taught. The authorization shall be with the teacher's consent. However, the commission, by regulation, may provide that evidence of additional competence is necessary for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the multiple subject credential on the basis of specialized needs.

(c) "Specialist instruction" means any specialty requiring advanced preparation or special competence, including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.

(d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or career technical courses which courses may be part of a program of trade, technical, or career technical education.

California Code of Regulations, Title 5, Section 80005(b)

The holder of a teaching credential based on a baccalaureate degree and a teacher preparation program, including student teaching or the equivalent, may be assigned, with his or her consent, to teach subject-matter classes which do not fall within or are not directly related to the broad subject areas listed in (a) if the employing agency has determined the teacher has the requisite knowledge and skills. Verification of this decision must be kept on file in the office of the employing agency for purposes of the monitoring of certificated assignments pursuant to Education Code Section 44258.9(b). Such courses may include, but are not limited to, life skills, conflict management, study skills, leadership, teen skills, and study hall. Service in such assignments is limited to the grade level authorized by the teaching credential.

Condition, Cause and Effect

During our procedures performed for each class sampled for attendance testing of regular and special day classes, adult education, and continuation, we reviewed the classroom teacher's credentials to determine if they possessed valid credentials, if their assigned teaching position was consistent with the authorization of their certification, and if the teachers held a valid English instruction certification in instances when the teacher taught a class in which more than 20% of the pupils were English learners.

We tested a total of 542 K-12 teachers and noted sixteen (16) exceptions for teachers who were assigned to teach in a position not consistent with the authorization of his/her certification, seven (7) exceptions for teachers who did not have written verification for teaching an elective, and one (1) teacher who was both assigned to teach in a position not consistent with the authorization of his/her certification and did not have written verification for teaching an elective:

- **Cheremoya Avenue Elementary** – one (1) 30-day substitute teacher was assigned to teach in a vacant assignment not consistent with the authorization of his/her certification. An appropriately credentialed substitute teacher should have been secured while a full-time teacher was hired.

- **Eagle Rock High School** – one (1) teacher did not have written verification for teaching an elective on file due to school site not including the elective in their authorization request.

- **Elizabeth LC DL Two-Way Immersion Arabic** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to not having a multiple subject teaching authorization. As of May of 2020, she has earned a preliminary multiple subject teaching credential.

- **Elizabeth Learning Center** – two (2) teachers had written verification for teaching an elective on file but were provided subsequent to our request.

- **Heliotrope Avenue Elementary** – one (1) 30-day substitute teacher was assigned to teach in a vacant assignment not consistent with the authorization of his/her certification. An appropriately credentialed substitute teacher should have been secured while a full-time teacher was hired.

- **Hilda L Solis Learning Academy** – one (1) teacher did not have written verification for teaching an elective on file due to school site not submitting the required form to the Human Resources (HR) Division.

- **Hollenbeck Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not submitting the required form to the HR.

- **Hubert Howe Bancroft Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not processing the required form or reassigning teacher to a schedule for which he was authorized.

- **Huntington Park Senior High School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not assigning appropriately. One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification and did not have written verification for teaching an elective on file due to school site not assigning appropriately and not submitting the needed form to HR.

- **James Madison Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not processing an authorization in the subject area of the assignment.

- **Laurel Elementary** – three (3) teachers were assigned to teach in a position not consistent with the authorization of his/her certification due to school site departmentalizing two multiple subject credentialed teachers and assigning a general education class to an education specialist credential holder.

- **Legacy Senior High Sci Tech Engineering Arts Math** – one (1) teacher did not have written verification for teaching an elective on file due to school site not submitting the appropriate form to authorize the certificated staff member.

- **Los Angeles Academy Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site departmentalizing a multiple subject credentialed teacher.

- **Maywood Center for Enriched Studies (MaCES) Magnet** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not submitting the required form in a timely manner to HR.

- **Rancho Dominguez Preparatory School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not submitting the required form to HR. One (1) teacher did not have written verification for teaching an elective on file due to school site not submitting the required form to HR.

- **South Gate Middle School** – one (1) 30-day substitute teacher was assigned to teach in a vacant assignment not consistent with the authorization of his/her certification. An appropriately credentialed substitute teacher should have been secured while a full-time teacher was hired.

- **Utah Street Elementary** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not requesting an added authorization.

- **Victoria Avenue Elementary** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not requesting an added authorization.

- **William Jefferson Clinton Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site departmentalizing a multiple subject credentialed teacher.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-002) but for different schools and teachers.

Questioned Costs

Not Applicable

Recommendation

We recommend that the schools and the District remediate the misassignments identified above. The District should train all schools on the MiSiS Assignment Monitoring Report. Additionally, we recommend the schools and the District strengthen internal controls to ensure that teachers are assigned to teach in a position consistent with the authorization of his/her certification by having a system in place to review the alignment of assignments and credentials at the beginning of the school year and monitoring of changes to those assignments during the school year.

Views of Responsible Official, Planned Corrective Action, and Contact Information

Human Resources (HR) will continue to strive to ensure every student is taught by an appropriately authorized teacher by providing professional development to certificated staff overseeing the master schedule and training them on how the MiSiS Assignment Monitoring Report helps school sites take timely action to ensure they do not have misassignments. HR will continue to send out reminders in the Spring of 2021 advising principals to submit their Ed Code options (ex. true elective, alternative setting, etc.) early for the 2021-22 academic year. HR will also continue their outreach effort to principals in the Summer of 2021, reminding them of the need to submit Ed Code options prior to the beginning of the academic year. The goal is for new principals to be made aware of this responsibility. Upon receipt of service providers in the areas of Speech and Language Pathology, Orthopedic Impairment, Deaf and Hard of Hearing, and Visual Impairments, HR will do a credential check to ensure that service providers are appropriately authorized. HR will continue to monitor English Learner compliance and work with the Office of Staff Relations to ensure that employees who fail to meet the requirements are provided assistance, proper guidance, and direction to ensure that they meet the necessary requirements as a term of employment. Employees who fail to meet stated requirements will be subject to potential disciplinary action up to, and including dismissal. In addition, by Summer 2021, HR will seek to have finalized the development of an online training to supplement our existing, in-person MiSiS Assignment Monitoring local district trainings. The objective is to reach a wider audience of principals and assistant principals, who play a role in the creation of the master schedule. This will provide school site administrators a readily available tool to assist them in ensuring the appropriate assignment of certificated staff on their campuses.

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S-2020-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Castle Heights Elementary School
- Elizabeth Learning Center
- Loren Miller Elementary School
- Maywood Elementary School
- Wisdom Elementary School

Criteria

California Education Code, Section 46300 - In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten only if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the State Department of Education and signed by the pupil's parent or guardian, that the pupil shall be retained in kindergarten for not more than an additional school year.

Condition, Cause and Effect

Using a total of 91 schools offering Kindergarten from the schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2019-20 and kindergarten in school year 2018-19 and verified that a signed kindergarten continuance parental agreement (Agreement) was maintained. We noted the following exceptions due to school oversight:

- **Castle Heights Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.

- **Elizabeth Learning Center** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.

- **Loren Miller Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.

- **Maywood Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.

- **Wisdom Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-003) but for different schools.

Questioned Costs

$31,604 (2.81 total ADA overstated x $11,247)

- Castle Heights Elementary School
  - 23 days overstated / 107 days in single track school year = 0.21 ADA
- Elizabeth Learning Center
  - 82 days overstated / 107 days in single track school year = 0.77 ADA
- Loren Miller Elementary School
  - 87 days overstated / 107 days in single track school year = 0.81 ADA
- Maywood Elementary School
  - 101 days overstated / 107 days in single track school year = 0.94 ADA
- Wisdom Elementary School
  - 8 days overstated / 107 days in single track school year = 0.07 ADA

Recommendation

We recommend that the schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. The District should communicate and train all schools on the MiSiS Monitoring tool. We also recommend that the District obtain written acknowledgement from the schools identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten. The District should also have controls in place to ensure that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

In August 2020, the policy bulletin regarding Kindergarten Continuance was updated to include the phrase "kindergarten retention" to make it easier to locate in the document portal. It includes an attachment with frequently asked questions, and a table providing specific guidance on when the kindergarten continuance form is required. The updated policy also includes information about the FOCUS Dashboard monitoring report and recommendations for using it to ensure that students are retained appropriately and with the continuance form on file.

Principals, Directors and Administrators of Instruction continue to receive information about Kindergarten Continuance through the District communication portal. The MiSiS enhancement to the progress report screen, implemented in Spring 2019, continues to provide reminders about the required signed continuance form, and a link to the Kindergarten Continuance policy bulletin as student retentions are entered in MiSiS.

L.A. Unified's Student Health and Human Services (SHHS) provides the following guidance on Kindergarten Retention:

- The self-guided training for schools on the SHHS website called *Essential Tips to Support Policy and Compliance – Best Practices to Eliminate Audit Findings*. The session PowerPoint includes slides that cover Kindergarten Continuance. These PowerPoint presentations are available at https://achieve.lausd.net/attendanceandenrollment for schools to access for their own knowledge or to use for training purposes. This webpage is open to all LAUSD employees and requires their LAUSD single sign on.
- In collaboration with the Office of Organizational Excellence, in-person professional development was held on February 27, 2020 with some School Administrative Assistants and Office Technicians. Those that could not attend were able to view the training via webcast.

Additionally, the following steps will be taken by Summer 2021:

- A new *Certify Rule* will be implemented to alert schools when a student does not have a Kindergarten Continuance date entered in MiSiS and is retained in Kindergarten.
- Communications regarding the FOCUS monitoring reports for kindergarten retention will include a PowerPoint presentation to be used for training by school and local district teams.

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S-2020-004 – Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Mar Vista Elementary

Criteria

California Education Code, Section 51747.5 (b) – School districts, charter schools, and county offices of education may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.

California Education Code, Section 51747 (6) - A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

Condition, Cause and Effect

In our sample of two (2) schools with independent study programs, we noted the following:

- **Mar Vista Elementary (Short-Term Independent Study)**
  - One (1) student attended the school for a total of 7 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that six (6) days were attributed to short-term independent Study and one (1) day was attributed to a regular school day. We noted that for one (1) day the student should have been recorded for a regular school day and not for short-term independent study due to the teacher's error in reporting the student's attendance in MiSiS under independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.
  - One (1) student attended the school for a total of 7 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that five (5) days were attributed to short-term independent Study and two (2) days was attributed to a regular school day. We noted that for two (2) days the student should have been recorded for a regular school day and not for short-term independent study due to the staff error of not returning the student back to the regular roster in MiSiS from the independent study roster, and the teacher mistakenly giving her positive attendance in independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.

- One (1) student attended the school for a total of 6 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that five (5) days were attributed to short-term independent Study and one (1) day was attributed to a regular school day. We noted that for one (1) day the student should have been recorded for a regular school day and not for short-term independent study due to the teacher's error in reporting the student's attendance in MiSiS under independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.
- One (1) student attended the school for a total of 16 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that fifteen (15) days were attributed to short-term independent Study and one (1) day was attributed to a regular school day. We noted that for one (1) day the student should have been recorded for a regular school day and not for short-term independent study due to the teacher's error in reporting the student's attendance in MiSiS under independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-004) but for a different school.

Questioned Costs

Not Applicable

Recommendation

We recommend that the District strengthen its review process over short-term independent study to ensure that attendance is correctly classified. We also recommend that the District provide proper training to ensure attendance is reported accurately and policies are adhered to.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

Mar Vista administration accepts the audit findings, and will take the following steps:

- Conduct training with teachers and office staff on correct procedures for inputting attendance to ensure that attendance is correctly classified by February 2021 and at the beginning of the school year thereafter.
- Assign School Administrative Assistant (SAA) to input independent study (IS) data in MiSiS. SAA will communicate and work with teachers to ensure that attendance is correctly classified.
- Assign SAA to review and monitor all attendance including IS attendance daily.
- Coordinator and principal will oversee the implementation of IS attendance.

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S-2020-005 – Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

School Affected

- Highland Park Continuation High School
- Odyssey Continuation High School
- San Antonio Continuation High School

Criteria

Title 5, California Code of Regulations, Section 401(d) - In all classes for adults, continuation schools, and classes, and regional occupational centers and programs, attendance shall be reported to the supervising administrator at least once each school month.

California Education Code, Section 46300(a) - In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils and under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

California Education Code, Section 46170 - In continuation high schools and continuation education classes, a day of attendance is 180 minutes of attendance but no pupil shall be credited with more than 15 hours of attendance per school per week, proportionately reduced for those school weeks having weekday holidays on which classes are not held.

Condition, Cause and Effect

In our sample of three (3) continuation schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls.

We noted the following findings:

- **Highland Park Continuation High School -** Of the 1,022.74 hours (366 days) of attendance and 84 days of absences sampled and tested we noted the following findings:
  - Attendance for four (4) students were overstated by 380 minutes (6.33 hours) or 2.11 days due to manual attendance procedures and school oversight.

- **Odyssey Continuation High School -** Of the 1,226.79 hours (350 days) of attendance and 100 days of absences sampled and tested we noted the following finding:
  - Attendance for one (1) student was overstated by 50 minutes (0.83 hours) or 0.28 days due to manual attendance procedures.

- **San Antonio Continuation High School -** Of the 1,020.2 hours (313 days) of attendance and 137 days of absences sampled and tested we noted the following finding:
  - Attendance for one (1) student was overstated by 126 minutes (2.10 hours) or 0.70 days due to manual attendance procedures.
  - Four (4) students were overstated by a total of 252 minutes (4.20) hours, as evidenced by the attendance rosters but were marked as present in the school's SMASRs. The school updated MiSiS subsequent to providing the SMASRs. Consequently, students were reported as absent in the P2 report; therefore, there is no questioned costs.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-005) but for a different school.

Questioned Costs

3.1 days / 107 days = 0.03 ADA overstated * $12,661 = $380

- Highland Park Continuation High School – 2.11 days overstated / 107 days in single track school year = 0.02 ADA

- Odyssey Continuation High School – 0.28 days overstated / 107 days in single track school year = 0.003 ADA

- San Antonio Continuation High School – 0.70 days overstated / 107 days in single track school year = 0.01 ADA

Recommendation

We recommend that the District strengthen its review process over student attendance reporting to ensure that the reports accurately reflect student attendance data. We also recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

This is to acknowledge the importance of accurate student attendance reporting as a reflection of actual student attendance data. Planned corrective actions are as follows:

1. Review findings with local district superintendents or their designees (Administrators of Operations)
2. Require that a reminder of the proper attendance reporting procedures be shared in writing via email
3. Review procedures with the identified school personnel
   a. MiSiS is the official attendance record.
   b. The use of manual attendance records should be eliminated.
4. Discuss corrective actions with each school to prevent further occurrences in the future
5. Obtain written acknowledgement from the identified schools that training occurred and that steps have been taken to prevent future findings by Spring 2021.

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S-2020-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Criteria

California Education Code, Section 41402 – The maximum ratios of administrative employees to each 100 teachers in the various types of school districts shall be as follows: *(b)* In unified school districts – 8.

Condition, Cause and Effect

We noted that based on the District's administrative employee-to-teacher ratio analysis that the number of administrative employees per hundred teachers is 12.06, which exceeds the allowable ratio set forth in Education Code section 41402, which for the District is 8.

The District exceeded the allowable ratio due in part to many school-sites instructional support positions (but are not assigned a classroom or carrying a roster) and school support staff who are placed in Local Districts and Central Offices are considered administrators for purposes of the ratio calculation.

Employees filling these positions are on leave from their regular classroom/school assignment. These positions are necessary and critical to the District's mission to influence student outcomes and improve teaching and learning.

These findings are repeat findings, having been reported previously on June 30, 2019 (S-2019-006).

Questioned Costs

Per Assembly Bill No. 75 (AB-75) School Finance: Education Omnibus Trailer Bill, a school district with average daily attendance of more than 400,000 as of the 2016-17 second principal apportionment, shall be exempt from any penalties calculated pursuant to Section 41404 of the Education Code for the 2019-20 fiscal year to 2021-22 fiscal year.

The District is granted this exception as their 2016-17 second principal apportionment average daily attendance was 448,888.25.

As such, the calculation of questioned costs is not applicable.

Recommendation

We recommend that the District strengthen controls over the adherence of the administrative employees to teacher's ratio requirement.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

The District will implement the following corrective actions:

- The District continuously monitors the Ratio of Administrative Employees to Teachers (R2) and is in the process of developing strategies to reduce the ratio and become compliant. The District employed the services of School Services of California (SSC) for this work. SSC has reviewed job descriptions for administrator positions and provided their recommendations supported by a decision matrix on proper coding of these positions. District staff will be trained to use the decision matrix to support alignment and appropriate coding of positions.
- District staff is also working on additional strategies to lower the R2 ratio as follows in order for us to become compliant for fiscal services 2022-23:
    - Creation of a communication campaign and data sharing with divisions to assist them in their staffing decisions.
    - Realign the freeze procedure to include a review of all positions and not just new positions.
- The Office of Government Relations will continue to engage our legislative leadership and the Department of Finance to explore statutory changes in the R2 requirements.

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S-2020-007 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Bonita Street Elementary
- Calvert Charter for Enriched Studies
- Crestwood Street Elementary
- Fair Avenue Elementary
- John Muir Middle School
- Joseph Le Conte Middle School
- Leo Politi Elementary
- Morningside Elementary
- Patrick Henry Middle School
- Rancho Dominguez Preparatory
- Virgil Middle School
- Washington Irving Middle School

Criteria

California Education Code 8483(a) – (1) Every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day and operate a minimum of 15 hours per week at least until 6:00 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. For those programs or school sites operating in a community where early release policy does not meet the unique needs of that community or school, or both, documented evidence may be submitted to the department for an exception and a request for approval of an alternative plan.

(2) It is the intent of the Legislature that elementary school and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy pursuant to subparagraph (B) of paragraph (1) of this section or paragraph (2) of subdivision (f) of Section 8483.76.

California Education Code 8483.1 (a) – (1) Every before school program component established pursuant to this article shall in no instance operate for less than one and one-half hours per regular school day. Every program shall establish a policy regarding reasonable late daily arrival of pupils to the program.

(2) (A) It is the intent of the Legislature that elementary school and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except when arriving late in accordance with the late arrival policy described in paragraph (1) or as reasonably necessary.

(2) (B) A pupil who attends less than one-half of the daily program hours shall not be accounted for the purposes of the attendance.

California Education Code 8482 – The purpose of this program is to create incentives for establishing locally driven before and after school enrichment programs both during schooldays and summer, intersession, or vacation days that partner public schools and communities to provide academic and literacy support and safe, constructive alternatives for youth. The term public school includes charter schools.

Condition, Cause and Effect

On a sample basis, we tested attendance documentation of 19 schools and 3,454 days of attendance for students who participated in the After/Before School Education and Safety Program. We examined the attendance records for the selected students and verified whether the attendance reporting was complete and accurate. We also verified whether the selected students complied with the attendance requirements established by the District, as required by the California Education Code. We noted the following exceptions:

<u>After School Component of the Program</u>

On a sample basis, we tested the attendance documentation of 10 schools and 1,914 days of attendance in the after school component of the After School Education and Safety Program.

There were 388 students in 10 schools that did not comply with the established early release policy. As a result, the following schools had students that did not participate in the full day of the after school program on every day during which pupils participated.

- **Bonita Street Elementary** – Thirty-six (36) students did not participate in the full period of the after school program for a total of 162 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Calvert Charter for Enriched Studies** – Twenty-six (26) students did not participate in the full period of the after school program for a total of 80 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Crestwood Street Elementary** – Twenty-nine (29) students did not participate in the full period of the after school program for a total of 58 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **John Muir Middle School** – Forty (40) students did not participate in the full period of the after school program for a total of 138 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Joseph Le Conte Middle School** – Seventeen (17) students did not participate in the full period of the after school program for a total of 32 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Morningside Elementary** – Thirty-seven (37) students did not participate in the full period of the after school program for a total of 131 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Patrick Henry Elementary** – Thirty-eight (38) students did not participate in the full period of the after school program for a total of 147 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

- **Virgil Middle School** – Thirty-seven (37) students did not participate in the full period of the after school program for a total of 111 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Washington Irving Middle School** – Twenty-six (26) students did not participate in the full period of the after school program for a total of 41 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

We obtained the ASES Attendance Reports, which the District uses to report attendance, and compared the total attendance reported in the Monthly Attendance Report (MAR) to the Period 1 Assist Summary reported to CDE for the schools for a sampled month during the school year 2019-2020. Additionally, we tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

- **Bonita Street Elementary** – MAR was overstated by 112 days, compared to the sign-in sheets for the total counted present days.
  - MAR was overstated by 166.50 days, compared to the Period 1 Assist Summary report submitted to CDE.
- **Crestwood Street Elementary** – Lack of supporting information (i.e., sign-in time, sign-out time) of five (5) students to produce the attendance record for a total of nine (9) days but marked present on the MAR.
  - MAR was overstated by 5 days, compared to the sign-in sheets for the total counted present days.
- **John Muir Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of two (2) students to produce the attendance records for a total of two (2) days but marked present on the MAR.
  - MAR was overstated by 386 days, compared to the sign-in sheets for the total counted present days.
  - MAR was overstated by 0.50 days, compared to the Period 1 Assist Summary report submitted to CDE.
- **Morningside Elementary** – Lack of supporting information (i.e., sign-in time, sign-out time) of 25 students to produce the attendance records for a total of 64 days but marked present on the MAR.
  - MAR was overstated by 631 days, compared to the sign-in sheets for the total counted present days.
- **Patrick Henry Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of four (4) students to produce the attendance records for a total of eight (8) days but marked present on the MAR.
  - MAR was overstated by 7 days, compared to the sign-in sheets for the total counted present days.

- **Rancho Dominguez Preparatory** – Lack of supporting information (i.e., sign-in time, sign-out time) of 102 students to produce the attendance record for a total of 259 days but marked present on the MAR.
  - MAR was overstated by 259 days, compared to the sign-in sheets for the total counted present days.
- **Virgil Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of 12 students to produce the attendance record for a total of 32 days but marked present on the MAR.
  - MAR was overstated by 333 days, compared to the sign-in sheets for the total counted present days.
  - MAR was overstated by 60 days, compared to the Period 1 Assist Summary report submitted to CDE.
- **Washington Irving Middle School –** Lack of supporting information (i.e., sign-in time, sign-out time) of four (4) students to produce the attendance record for a total of four (4) days but marked present on the MAR.

Before School Component of the Program
On a sample basis, we tested the attendance documentation of nine (9) schools and 1,540 days of attendance in the before school component of the Before School Education and Safety Program.

There was one (1) student in one (1) school that did not comply with the established late arrival policy. As a result, the following elementary schools had students that did not participate in the full duration of the before school program on every day during which pupils participated:

- **Fair Avenue Elementary** – One (1) student did not participate in the full period of the before school program for a total of five (5) days that was participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.

We obtained the ASES Attendance Reports, which the District uses to report attendance, and compared the total attendance reported in the Monthly Attendance Report (MAR) to the Period 1 Assist Summary reported to CDE for the schools for a sampled month during the school year 2019-2020. Additionally, we tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

- **Fair Avenue Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance records for a total of five (5) days but marked present on the MAR.
- **Leo Politi Elementary** - MAR was overstated by 85 days, compared to the sign-in sheets for the total counted present days.

These findings are repeat findings, having been reported previously at June 30, 2018 (S-2018-006) and June 30, 2019 (S-2019-009).

Questioned Costs

As a result of our testing, the over and under reporting of attendance were summarized in the Condition, Cause and Effect section above. The California Department of Education will determine the impact of the above exceptions on the After School Education and Safety Program funding, if there is any.

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

The following is a schedule of trainings to ensure we strengthen our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies:

1. Agency contractors and program personnel at schools affected by Audit Finding S-2020-009 will be required to attend a Zoom training meeting scheduled in April 2021. The training will address the District's policy on documenting and maintaining accurate attendance and Early Release/Late Arrival forms records.
2. Agency contractors and program personnel providing services at all District Sites will be required to attend a Zoom training meeting scheduled in May 2021. The training will be offered to new and current personnel to ensure they follow our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies.
3. Beyond the Bell Branch Administrators and Traveling Supervisors will be required to attend a training meeting scheduled in June 2021. The training will be offered to ensure they understand their responsibility when monitoring agencies to ensure they follow our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies.
4. Upon resumption of normal operating procedures, Beyond the Bell Branch Administrators and Traveling Supervisors will conduct "Random Reviews/Audits of Monthly Attendance Reports" throughout the year to examine agency sign-in/sign-out procedures and documentation of Early Release/Late Arrival Policies.

The expected outcome of these trainings is to ensure we reduce or eliminate these types of findings in the future.

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S-2020-008 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Allesandro Elementary
- Annalee Avenue Elementary
- Augustus F. Hawkins High B Community Health Advocates
- Baldwin Hills Elementary
- Belvedere Elementary
- Bryson Avenue Elementary
- Cesar Chavez Elementary
- Colfax Charter Elementary
- Community Magnet Charter Elementary
- Evergreen Avenue Elementary
- Franklin Avenue Elementary
- George Washington Preparatory High
- International Studies Learning Center at Legacy High School Complex
- James Madison Middle
- Lillian Street Elementary
- Madison Elementary
- Manual Arts Senior High
- Marquez Charter
- Miles Avenue Elementary
- Rancho Dominguez Preparatory
- Richland Avenue Elementary
- Riverside Drive Charter
- Robert Hill Lane Elementary
- Roscomare Road Elementary
- Sheridan Street Elementary
- South East High
- Stephen M. White Middle
- Thomas Jefferson Senior High

Criteria

California Education Code, Section 2574(b)(3)(A): In determining the enrollment percentage of unduplicated pupils, under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS).

(B): The Superintendent shall make the calculations pursuant to this section using the data submitted through the CALPADS.

Condition, Cause and Effect

On a sample basis, we tested the Free or Reduced Price Meal (FRPM) and English Learner (EL) eligibility of 3,795 students from 147 schools from the "1.18 – FRPM / English Learner / Foster Youth – Student List" reported in the CALPADS. We examined supporting documentation for the selected students and verified their respective eligibility.

Of the 3,795 students tested, 2,268 students were selected for verification of their Free and Reduced Price Meal (FRPM) eligibility as "181 - Free" or "182 - Reduced", 543 students were selected for verification of their English Learner "EL", and 984 students were selected for verification of either FRPM or EL eligibility in accordance with the audit guide.

Based on our testing, we noted that twenty-eight (28) students from the District's schools, and five (5) students from the District's Dependent Charter School were reported as Free or Reduced or English Learner eligible but were unsupported as Free or Reduced or English Learner eligible. The cause of the error in reporting into CALPADS stems from the District handling multiple sets of data/records which reports the eligibility of students. This process has led to these students initially being reported as Free or Reduced eligible or English Learner, but their records were not updated to reflect they were ineligible to continue being designated as such.

The exceptions noted were extrapolated to the FRPM and EL population of the District Schools and Dependent Charter School in question based on the error rate of the samples selected. The following is the extrapolated impact on the District Schools' and Dependent Charter Schools' UPC and UPP:

School	* Total Enrollment Applied	* UPC Applied	UPP	UPC adjusted based on eligibility of FRPM	UPC adjusted based on eligibility for EL funding	UPC adjusted based on eligibility for both FRPM and EL	Adjusted total UPC	Adjusted UPP
Los Angeles Unified School District	1,342,094	1,145,867	85.38%	(273)	-	**	1,145,594	85.36%
Allesandro Elementary	1,082	851	78.65%	(1)		-	850	78.56%
Annalee Avenue Elementary	696	557	80.03%	(1)		-	556	79.89%
Augustus F. Hawkins High B Community Health Advocates	1,254	1,177	93.86%			(1)	1,176	93.78%
Baldwin Hills Elementary	1,223	908	74.24%			(1)	907	74.16%
Belvedere Elementary	2,104	2,048	97.34%	(1)		-	2,047	97.29%
Bryson Avenue Elementary	2,293	1,909	83.25%	(1)		(1)	1,907	83.17%
Cesar Chavez Elementary	845	775	91.72%	(1)		-	774	91.60%
Elizabeth Learning Center	5,183	4,973	95.95%	(1)		-	4,972	95.93%
Evergreen Avenue Elementary	2,080	2,016	96.92%	(1)		-	2,015	96.88%
Fair Avenue Elementary	2,253	2,092	92.85%	(1)		-	2,091	92.81%
Franklin Avenue Elementary	1,498	510	34.05%	(1)		-	509	33.98%
George Washington Preparatory High	2,487	2,352	94.57%	(1)		(1)	2,350	94.49%
International Studies Learning Center at Legacy High School Complex	2,569	2,058	80.11%			(1)	2,057	80.07%
James Madison Middle	5,145	4,680	90.96%	(1)		-	4,679	90.94%
Lillian Street Elementary	1,398	1,365	97.64%	(1)		-	1,364	97.57%
Madison Elementary	1,779	1,649	92.69%	(1)		-	1,648	92.64%
Manual Arts Senior High	4,045	3,812	94.24%			(1)	3,811	94.22%
Miles Avenue Elementary	2,906	2,796	96.21%	(1)		-	2,795	96.18%
Rancho Dominguez Preparatory	2,432	1,973	81.13%	(1)		-	1,972	81.09%
Richland Avenue Elementary	922	408	44.25%			(1)	407	44.14%
Robert Hill Lane Elementary	1,078	922	85.53%	(1)		-	921	85.44%
Roscomare Road Elementary	1,368	110	8.04%	(1)		-	109	7.97%
Sheridan Street Elementary	2,185	2,109	96.52%	(1)		-	2,108	96.48%
South East High	6,071	5,691	93.74%	(1)		-	5,690	93.72%
State Street Elementary	1,488	1,380	92.74%	(1)		-	1,379	92.67%
Stephen M. White Middle	5,110	3,882	75.97%	(3)		-	3,879	75.91%
Thomas Jefferson Senior High	2,021	1,962	97.08%			(1)	1,961	97.03%
YES Academy	1,551	1,491	96.13%	(1)		-	1,490	96.07%
Colfax Charter Elementary (Dependent Charter)	1,951	493	25.27%	(5)	-	- **	488	25.01%
Colfax Charter Elementary (Dependent Charter)	1,951	493	25.27%	(1)	-	-	492	25.22%
Community Magnet Charter Elementary (Dependent Charter)	1,373	428	31.17%	(4)	-	- **	424	30.88%
Community Magnet Charter Elementary (Dependent Charter)	1,373	428	31.17%	(1)	-	(1)	426	31.03%
Marquez Charter (Dependent Charter)	1,540	218	14.16%	(5)	-	- **	213	13.83%
Marquez Charter (Dependent Charter)	1,540	218	14.16%	(2)	-	-	216	14.03%
Riverside Drive Charter (Dependent Charter)	1,701	672	39.51%	(6)	-	- **	666	39.15%
Riverside Drive Charter (Dependent Charter)	1,701	672	39.51%	(1)	-	-	671	39.45%

* Total is the sum of the last two prior years and current year results.

** The adjustment represents the extrapolated impact of the error on the District's UPC. Refer to the Questioned Costs section for additional details

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-010) but for different schools.

Questioned Costs

We determined the total impact of the twenty-eight (28) findings on the District, and five (5) findings on the Dependent Charter Schools by extrapolating the noted errors to the total UPC. We determined that the total extrapolated impact on the District's UPC is 239, and for the Dependent Charter School is 20.

We decreased the District's UPC by the extrapolated impact of 239 students and calculated an Adjusted UPC of 85.36%.

We applied the Adjusted UPC to the District's LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2019-20, and we computed total questioned costs to be $496,186.

We also decreased the Dependent Charter Schools' UPC by the extrapolated impact of 23 students and calculated an Adjusted UPC as follows:

- Colfax Charter Elementary	25.01%
- Community Magnet Charter Elementary	30.88%
- Marquez Charter	13.83%
- Riverside Drive Charter Elementary	39.15%

We applied the Adjusted UPC to the Dependent Charter Schools LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2019-20, and we computed total questioned costs to be $10,285.

Recommendation

We recommend the District implement a more effective system of collecting eligibility data/records and perform an adequate review before uploading into CALPADS to ensure all records have been properly updated to reflect the students' most recent designation.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

Economic Disadvantage Status: Free and reduced meal eligibility, household income verification, and program participation in at-risk categories (migrant, foster, homeless)

The State Reporting Services Branch (SRSB), in collaboration with the More Than a Meal Team and Information Technology Division (ITD), has developed and implemented an electronic meal eligibility identification system. The new system is now the source for the reporting of student LCFF eligibility to CALPADS.

English Learner Status

The Multilingual and Multicultural Education Department (MMED), in collaboration with the Student Testing Branch (STB), will provide all Local District EL coordinators/designee with support needed to ensure all eligible EL students are identified and assessed by generating student eligibility reports from My Integrated Student Information System (MiSiS) and Test Operations Management System (TOMS). MMED will regularly communicate any findings with LD EL coordinators via conference call, face-to-face meeting, and/or email. In addition, Local District/MMED will contact schools directly to provide additional support as needed if it appears that student have not taken the summative/annual EL assessment by the end of the testing window or the student has met the reclassification criteria for Reclassification to Fluent English Proficient.

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S-2020-009 – Attendance Accounting – Dependent Charters – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Colfax Charter Elementary

Criteria

California Education Code, Section 47612(b) – The average daily attendance in a charter school may not, in any event, be generated by a pupil who is not a California resident. To remain eligible for generating charter school apportionments, a pupil over 19 years of age shall be continuously enrolled in public school and make satisfactory progress towards award of a high school diploma. The state board shall, on or before January 1, 2000, adopt regulations defining "satisfactory progress."

Condition, Cause and Effect

For our sample of ten (10) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls. We selected a sample of 13,894 days of attendance and 516 days of absences for testing and noted the following findings:

- **Colfax Charter Elementary School** - Out of the 1,170 days of attendance and 54 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

Questioned Costs

Not Applicable

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary, and retain supporting documentation for instances in which students arrive to school late or leave early. The District should have a process in place to identify charter students who are over the age of nineteen and are not making satisfactory progress to graduate. Finally, we recommend the District continue to support the school by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the school identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Views of Responsible Officials, Planned Corrective Action, and Contact Information

Student Health and Human Services (SHHS), Pupil Services will continue to provide elementary and secondary schools with updated policy and procedures regarding appropriate attendance monitoring and accuracy.

The following corrective actions have been taken:

- Increased collaboration with the Organizational Excellence team who provide training and support to School Administrative Assistants (SAA) and Office Technicians located at school sites. In February 2020, we participated in a School Business Services Panel for Administrative Assistants and Office Managers. We reiterated the policy surrounding absence verification and offered additional support by answering questions regarding attendance reporting practices. This School Business Services Panel was webcast for those who could not attend in person.
- Our attendance policy REF-6554.4, Attendance Monitoring and Accuracy (Section X), clearly states that, "schools should regularly generate the MiSiS Uncleared Absence report to identify students with uncleared absences and attempt to obtain verification for absences from parents/guardians." Essential Reports for Monitoring Attendance Taking and Accuracy (Attachment T) in the policy, reminds schools to generate the uncleared absence report on a weekly/monthly basis. The policy also states that an absence note for a partial day must indicate what part of the school day the student was absent. This policy update was last published in August 2019.

- Monthly meetings with Local District (LD) PSA Lead Counselors:
  - Review attendance practices including absence recording and required documentation for verification of absence.
  - Provide training tools (PowerPoint presentation) that reinforces the attendance policy and absence verification documentation required.
- The *Essential Tips to Support Policy and Meet Compliance* training which focuses on attendance and enrollment practices to help reduce common errors, was listed and offered through the Principals Resource Guide on the SHHS website.

- Updated our website (https://achieve.lausd.net/attendanceandenrollment) with a section titled *Essential Tips to Support Policy and Compliance* detailing tips and reminders on accurate attendance taking procedures and absence verification to comply with policy and meet compliance standards. Pupil Services has shared this link with all stakeholders to reinforce policy and help reduce common errors. Completion date was November 2020.

The following corrective actions will be taken:

Policy on attendance taking and absence verification procedures will continue to be reinforced with on-going communication with all stakeholders including principals, front office staff and Pupil Services and Attendance (PSA) Counselors.

- Create a Schoology group available for all LAUSD school staff to facilitate ongoing communication, provide updates, reminders and tools for schools, with a target completion date of Spring 2021.
- Update training materials to emphasize the importance of clearing absences in a timely manner through the MiSiS uncleared absence report, as referenced in policy, with a target completion date of Spring 2021.
- Provide training to all PSA Administrators and Lead Counselors to discuss the best practices to reduce audit findings, with a target completion date of Spring 2021.
- Create a form/template (one for elementary and one for secondary) that allows the school to indicate the time that student came/left (elementary) or period missed (secondary). Encourage the use of this form/template to avoid inconsistencies with recording partial day absence. This form can be attached to an absence note as a supplemental document to further clarify time missed from school. Target completion date is Spring 2021.
- Continue on-going collaboration and communication with the Organizational Excellence team who provide training and support to SAAs and Office Technicians located at school sites. This collaboration consists of consistent communication when there are updates to policy and training needs. Organizational Excellence supports in training in those areas that have been identified in our collaboration for needing additional support.

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Section V - Findings Relating to the Prior Year Basic Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards

None.

Section VI - Findings and Questioned Costs Related to Federal Awards

1. Finding F-2019-001 – Cost Principles – Payroll Certifications and Documentation for Specially Funded Employee Positions

Program Identification

Special Education Cluster (IDEA), U.S. Department of Education, passed through the California Department of Education, CFDA Nos. 84.027 and 84.173, PCA Nos. 13430 and 10115.

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care Development Fund, U.S. Department of Health and Human Services, passed through California Department of Education, CFDA Nos. 93.575 and 93.596, Contract Nos. CCTR-8100 and CSPP-8216.

Recommendation

We recommend that the District continue to provide ongoing training to appropriate personnel on the required procedures and include a process to monitor compliance with those procedures.

Current Status

Implemented.

2. Finding F-2019-002 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, CFDA No. 84.010, PCA No. 14329.

Recommendations

Annual Report Card, High School Graduation Rate

We recommend that the District continue to strengthen its controls over enrollment/withdrawal status by providing adequate training/monitoring to ensure that student records on MiSiS are accurate and updated when new information is available and that necessary documents are kept on file at school sites.

Assessment System Security

We recommend that the District strengthen its monitoring process to ensure that the required Security Forms are submitted prior to the release of the testing materials.

Current Status

Annual Report Card, High School Graduation Rate

The District has implemented the corrective action plan as stipulated in their response to the prior year audit finding.

This is a repeat finding which is reported in the current year (F-2020-002). However, the nature of this procedure requires a one-year look back, and as such corrective actions from FY 2019 findings would have a delayed impact.

Assessment System Security

Implemented

3. **Finding F-2018-004 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate**

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, CFDA No. 84.010, PCA No. 14329.

Recommendation

We recommend the District continue to strengthen its controls over enrollment status by providing adequate training/monitoring to ensure that student records are accurate.

Current Status

The planned corrective action to update the Parent Assurance Letter (PAL) to include the withdrawal code next to the options listed within the PAL, which was not implemented as of the report date for the FY18-19 report, was implemented.

Section VII – Findings and Questioned Costs Relating to State Awards

S-2019-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 28th Street Elementary School
- 135th Street Elementary Dual Language Spanish School
- Alexander Fleming Middle School
- Alexander Fleming Middle School Science, Technology, & Mathematics Magnet
- Arroyo Seco Museum Science Magnet
- Belmont Senior High School
- Boyle Heights Science Technology Engineering Math High School
- Brooklyn Avenue Elementary School
- Chester W. Nimitz Middle School
- Downtown Business Magnet
- Downtown Computer Science / Engineering / Multimedia Magnet
- Florence Nightingale Middle School Gifted STEM Magnet
- Francisco Bravo Senior High Medical Magnet
- Fries Avenue Elementary School
- Manhattan Place Elementary School
- Menlo Avenue Elementary School
- Middle College High School
- Nathaniel Narbonne Senior High School
- Normont Elementary School
- Robert F. Kennedy Communications School - New Open World Academy
- San Pedro Senior High School
- Saticoy Elementary School
- Susan Miller Dorsey Senior High School
- Venice Senior High School
- William R. Anton Elementary School
- Woodrow Wilson Senior High School

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary, and retain supporting documentation for instances in which students arrive to school late or leave early. Furthermore, we recommend the District continue to support the schools by providing adequate attendance reporting training so proper attendance reporting procedures are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-001) but for different schools.

S-2019-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Belmont Senior High
- Brooklyn Avenue Elementary
- Canfield Avenue Elementary
- LAUSD/USC Media Arts/Engineering Magnet
- Legacy Senior High Visual and Performing Arts
- Ramon C. Cortines School of Visual & Performing Arts
- RFK Community Schools - New Open World Academy K-12
- Thomas Starr King Middle School Magnet: Film and Media
- Vine Street Elementary

Recommendation

We recommend that the schools and the District remediate the misassignments identified above. Additionally, we recommend the schools and the District strengthen internal controls to ensure that teachers are assigned to teach in a position consistent with the authorization of his/her certification by having a system in place to review the alignment of assignments and credentials at the beginning of the school year and monitoring of changes to those assignments during the school year.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-002) but for different schools and teachers.

S-2019-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Alta Loma Elementary School
- Cabrillo Avenue Elementary School
- Canyon Charter Elementary School
- Coeur D. Alene Avenue Elementary School
- Eastman Avenue Dual Language & Bilingual Spanish Elementary School
- Fairburn Avenue Elementary School
- Rio Vista Elementary School
- South Park Elementary School

Recommendation

We recommend that the schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. We also recommend that the District strengthen its internal controls over the collection of kindergarten continuance forms by ensuring all schools offering Kindergarten have a system of identifying continuing kindergarten age students who have repeated or have already commenced kindergarten.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-003) but for different schools.

S-2019-004 – Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- City of Angels School

Recommendation

We recommend that the District strengthen its review process over independent study to ensure that all elements of the master agreements are complete, and all records of attendance contain readily available corresponding pupil work products. We also recommend that the District provide proper training to ensure attendance is reported accurately and policies are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-004) but for a different school.

S-2019-005 – Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

School Affected

- Cheviot Hills Continuation High School

Recommendation

We recommend that the District strengthen its review process over student attendance reporting to ensure that the reports accurately reflect student attendance data. We also recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-005) but for different schools.

S-2019-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Recommendation

We recommend that the District strengthen controls over the adherence of the administrative employees to teacher's ratio requirement.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-006).

S-2019-007 – Apprenticeship

State Audit Guide Finding Codes: 43000

Trades Affected

- Brickmasons – Brickmasons Apprenticeship Training Trust
- Elevators – Northern California Elevator Joint Apprenticeship (Local 8)
- Tradeshows – California Tradeshow & Sign Crafts Joint Apprenticeship (Local 510 & 831)

Recommendation

We recommend that the District maintain its review process over the retention of sign-in sheets and compilation of the *Apprenticeship Student Hours* to ensure that the reports accurately reflect student attendance data.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

S-2019-008 – California Clean Energy Jobs Act

State Audit Guide Finding Codes: 40000

Program Affected

- California Clean Energy Jobs Act Fund (Proposition 39 Fund)

Recommendation

We recommend that the District maintain its review process over the payroll postings of charges which are made to the Proposition 39 fund to ensure all charges are accurate. We also recommend that the District strengthen its controls to ensure all employee timesheet adjustments are properly reflected in the Proposition 39 fund.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

S-2019-009 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- 10th Street Elementary
- Alta Loma Elementary
- Carthay Elementary of Environmental Studies Magnet
- Dayton Heights Elementary
- El Sereno Middle School
- Fletcher Drive Elementary
- Fries Avenue Elementary
- Griffith Middle School STEAM Magnet
- Humphreys Avenue Elementary
- Kittridge Street Elementary
- Leland Street Elementary
- Limerick Avenue Elementary
- Miles Avenue Elementary
- Mount Gleason Middle School
- Nora Sterry Elementary
- Northridge Middle School
- Telfair Avenue Elementary
- Wilton Place Elementary
- Wilmington Park Elementary

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Current Status

The District has partially implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. The District created a universal site visit form to monitor compliance with attendance procedures but has not addressed attendance and early release forms for all site visit monitoring activities due to school closures. This is a repeat finding which has been reported in the current year (S-2020-007) but for different schools.

S-2019-010 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Abraham Lincoln Senior High
- Belmont Senior High
- Benjamin Franklin Senior High
- Cabrillo Avenue Elementary
- Chester W. Nimitz Middle
- Commonwealth Avenue Elementary
- Downtown Business High
- Foshay Learning Center
- Francisco Bravo Medical Magnet High
- Fries Avenue Elementary
- Grant Elementary
- Phineas Banning Senior High
- Pio Pico Middle
- Ramon C. Cortines School of Visual and Performing Arts
- San Pedro Senior High
- Santee Education Complex
- Sixth Avenue Elementary
- Thomas Starr King Middle School Film and Media Magnet
- Toland Way Elementary
- University High School Charter
- Virgil Middle
- William R. Anton Elementary

Recommendation

We recommend the District implement a more effective system of collecting eligibility data/records and perform an adequate review before uploading into CALPADS to ensure all records have been properly updated to reflect the students' most recent designation.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-008) but for different schools.

S-2018-006 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Arroyo Seco Museum Science Magnet
- Burbank Middle School
- Burroughs Middle School
- Canterbury Elementary
- Clinton Middle School
- Curtiss Middle School
- Drew Middle School
- Granada Elementary
- Hope Elementary
- Kim Academy (Young Oak)
- Lawrence Middle School
- Lorena Elementary
- Los Angeles Academy Middle School
- Madison Middle School
- Malabar Elementary
- Miller Elementary
- Mountain View Elementary
- Reed Middle School
- Romer Middle School
- San Gabriel Elementary
- Sharp Elementary
- Stanford Elementary
- Stevenson Middle School
- Union Elementary
- Virginia Elementary
- White Elementary
- Wisdom Elementary

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records. We also recommend for the District to continue performing agency visits to ensure compliance with the established policies and develop and maintain auditable supporting documentations that leave an audit trail for students who cannot have a timely participation in the program.

Current Status

The District has partially implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. The District created a universal site visit form to monitor compliance with attendance procedures but has not addressed attendance and early release forms for all site visit monitoring activities due to school closures. This is a repeat finding which has been reported in the current year (S-2020-007) but for different schools.

S-2018-007 – Apprenticeship

State Audit Guide Finding Codes: 40000

Trades Affected

- Elevators – National Elevator Industry Educational Program
- Sheet Metal – Joint Apprenticeship & Training Committee

Recommendation

We recommend that the District maintain its review process over the retention of sign-in sheets and compilation of the *Apprenticeship Student Hours* to ensure that the reports accurately reflect student attendance data.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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March 24, 2021

The Honorable Board of Education
Los Angeles Unified School District
Los Angeles, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Los Angeles Unified School District** (District) as of and for the year ended June 30, 2020, 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 our auditing procedures 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 significant deficiencies or material weaknesses, we also noted certain items during our audit, which we would like to bring to your attention. These comments are summarized in the following report to management on page 208. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

This communication is intended solely for the information and use of the Board of Education, District management, the State Controller's office, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Simpson & Simpson

Current Year Management Letter Comments

ML-2020-001 - SAP Segregation of Duties for Timekeeping

Condition

Our review of access to the Process Timekeeping (CAT2) and Approve Time (CATS_APPR_LITE) SAP transactions revealed one (1) individual who has the ability to execute the Process Timekeeping (CAT2) and Approve Time (CATS_APPR_LITE) transactions simultaneously.

We were informed by ITD that such access is required to enable this individual to perform their respective job function and that a Segregation of Duties (SOD) Exception Request should be approved for their access. However, an authorized SOD exception request could not be provided for this individual for the audit period under review (FYE 6/30/2020).

This condition presents a potential segregation of duties conflict as such access could enable an unauthorized user to process and approve the same employee's time for payroll.

Recommendation

We recommend that an authorized Segregation of Duties (SOD) Exception Request be retained and made accessible for all employees whose access has been determined to present a segregation of duties condition. The SOD Exception Request should cover the period for which the employee has the access.

Also, the transaction processing activity for individuals authorized to have SOD conflicting access should be logged and independently reviewed.

Management Response

The access request for this individual was submitted in GRC and approved in GRC by the role owner of Payroll Services at that time. However, we cannot locate the original signed SOD Exception form when the access was initially granted. Consequently, a new form was provided and signed by Payroll Services.

ML-2020-002 - CMS Personnel Access

Condition

Our review of a sample of forty (40) CMS users with Administrator or Central Finance access revealed two (2) Retirees personnel with access to the CMS production system.

This condition can increase the risk of the employee's account/access being targeted by a system intruder after the employee has been separated from the District when their account access remains active.

Current Year Management Letter Comments

Recommendation

CMS production system access for terminated users should be removed or expired in a timely manner.

Management Response

At present, there is no automated job that deactivates users. However, users are now deactivated. In addition, we will look into developing an automated deactivation job.

ML-2020-003 - CMS Program Change Approvals

Condition

Our review of seven (7) CMS program changes revealed the following for the CMS MOC ticket #CRQ000000039879

- Three (3) approvals for the CMS were missing.
- A CMS Change request form was not available for review.

Recommendation

- CMS production system approvals should be obtained prior to implementation of a change request.
- CMS change request forms should be scanned and maintained electronically so that the forms can be made available at any time to support the authorization of prior change management activities.

Management Response

CRQ000000039879 – A CMS Specialist submitted Change Request to MOC Committee and made the change without waiting for MOC approval. He was strongly reminded of policy to secure MOC approval and/or let ITD Data Operations make the change.

An ITD employee left the change request form with Food Service Department (FSD) admin assistant for FSD director's signature on March 13, 2020. Due to the pandemic, he was not able to return and retrieve the form. Upon FSD's request to continue and with MOC approval, he indicated that he proceeded with the change.

Status of Prior Year Management Letter Comments

ML-2019-001 - Vendor Record Access

Recommendation

The creation and change/update of a vendor account/record for a garnishment recipient/payee should be migrated to the Procurement department as they are the owner of the Create Vendor (FK01) transaction and data.

Current Status

Implemented.

ML-2019-002 - Process Timekeeping Access

Recommendation

SAP transaction access for terminated users (e.g., Retirees) should be removed or expired in a timely manner.

Current Status

Implemented.

ML-2019-003 - Business Continuity Planning
ML-2016-001 - Business Continuity /IT Disaster Recovery Planning
ML-2014-007 - Business Continuity /IT Disaster Recovery Planning

Recommendation

BCPs should be completed and updated on a regular basis to ensure that operations and IT systems can be effectively recovered, shortcomings are addressed, and the plan remains relevant.

Current Status

Partially Implemented - As of 2/25/2021, 87 Business Units across 15 Branches/Divisions have completed their Business Continuity Plans (BCP), this includes 22 ITD Divisions having a baselined BCP.

ITD has also set a June 2022 target timeframe to implement a Cloud Disaster Recovery Solution to provide a quick automated failover of system and application services to an external provider location to maintain operational needs during and/or after disasters and emergencies.

Status of Prior Year Management Letter Comments

ML-2017-001 - Business Continuity Planning Project

Recommendation

We recommend that mission critical ITD business processes and systems be included in the District's BCP SEP Tier 1 classification to ensure business continuity and disaster recovery plans are developed in a timely manner for ITD's mission critical processes and systems.

Current Status

Implemented.

ML-2015-002 - Security Management Policy and Procedures

Recommendation

We recommend that ITD management coordinate with District business/operations management to complete an information security plan (e.g., update, adopt and implement the November 2013 plan) and compile a comprehensive set of information security policies and procedures.

Current Status

Partially Implemented – The following IT security policies have been drafted but not formally adopted as they are pending executive management approval:

a. Incident Response for Information Security Events (The Cybersecurity incident management policy) was drafted on 5/26/2020.
b. The Critical Information System Change Management policy was drafted on 5/22/2020.
c. The Patch Management Policy (Vulnerability Management) was drafted on 8/25/2020.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

THE INFORMATION IN THIS APPENDIX C CONCERNING THE DEPOSITORY TRUST COMPANY AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT AND THE UNDERWRITER BELIEVE TO BE RELIABLE, BUT THE DISTRICT AND THE UNDERWRITER TAKE NO RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS THEREOF. THERE CAN BE NO ASSURANCE THAT THE DEPOSITORY TRUST COMPANY WILL ABIDE BY ITS PROCEDURES OR THAT SUCH PROCEDURES WILL NOT BE CHANGED FROM TIME TO TIME.

The Depository Trust Company ("DTC"), will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest security depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com**. Information on these websites is not incorporated herein by reference.

Purchases of the Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Refunding Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Refunding Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Refunding Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Refunding Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Refunding Bonds may wish to ascertain that the nominee holding the Refunding Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Refunding Bonds are to be redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Refunding Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and other payments on the Refunding Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and other payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Refunding Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, security certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC and the requirements of the Refunding Resolution with respect to certificated Bonds will apply.

THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE MUNICIPAL ADVISOR, AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE REFUNDING BONDS (1) PAYMENTS OF PRINCIPAL OF AND INTEREST ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE REFUNDING BONDS OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

NEITHER THE DISTRICT, THE COUNTY, THE PAYING AGENT, THE MUNICIPAL ADVISOR, NOR THE UNDERWRITER WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OR COMPLETENESS OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE REFUNDING BONDS, (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE REFUNDING RESOLUTION, OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS OWNER OF THE REFUNDING BONDS.

APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Refunding Bonds, Hawkins Delafield & Wood LLP, Los Angeles, California, Bond Counsel to the Los Angeles Unified School District, will render its approving opinion with respect to the Refunding Bonds in substantially the following form:

Board of Education
Los Angeles Unified School District
Los Angeles, California

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the issuance of the $196,310,000 Los Angeles Unified School District (County of Los Angeles, California) 2021 General Obligation Refunding Bonds, Series A (Dedicated Unlimited Ad Valorem Property Tax Bonds) (the "Bonds").

The Bonds are being issued pursuant to Title 5, Division 2, Part 1, Chapter 3, Article 9 and Article 11 of the California Government Code, and other applicable law, each as amended, and a resolution adopted by the District Board on March 9, 2021 (the "Resolution").

We have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of these documents and such other documents, instruments, proceedings or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

Based on the foregoing, we are of the opinion that under existing law:

(1) The Resolution has been duly adopted by the District Board and constitutes valid and binding obligations of the District enforceable against the District in accordance with its terms.

(2) The Bonds constitute valid and binding general obligations of the District, payable as to both principal and interest from the proceeds of a levy of ad valorem taxes on all property subject to such taxes in the District, which taxes are unlimited as to rate or amount (except as to certain personal property which is taxable at limited rates).

(3) Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (a) interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (b) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax under the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Bonds in order that, for federal income tax purposes, interest on the Bonds be not included in gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to their date of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Bonds, the District will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that the District will comply with the provisions and procedures set forth therein and that the District will do and perform all acts and things necessary or desirable to assure that interest paid on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph (3) hereof, we have relied upon and assumed (a) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of interest paid on the Bonds, and (b) compliance by the District with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

(4) Under existing statutes, interest on the Bonds is exempt from State of California personal income taxes.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds or the ownership or disposition thereof, except as stated in paragraphs (3) and (4) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Bonds and express herein no opinion relating thereto.

The foregoing opinions are qualified to the extent that the enforceability of the Bonds, the Resolution and the Tax Certificate may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditors' rights or remedies and are subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), and to the limitations on legal remedies against governmental entities in the State of California (including, but not limited to, rights of indemnification).

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Los Angeles Unified School District (the "District") in connection with the issuance of its Refunding Bonds (defined herein), which are being issued pursuant to the laws of the State of California and the Refunding Resolution (defined herein). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Refunding Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Refunding Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Refunding Bonds (including persons holding Refunding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Refunding Bonds for federal income tax purposes.

"County" shall mean the County of Los Angeles, California.

"CUSIP Numbers" shall mean the Committee on Uniform Security Identification Procedure's unique identification number for each public issue of a security.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Disclosure Counsel" shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the disclosure obligations under the Rule, duly admitted to the practice of law before the highest court of any state of the United States of America.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, the current internet address of which is http://emma.msrb.org.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 6(b)(xv) and Section 6(b)(xvi), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean either the registered owners of the Refunding Bonds, or if the Refunding Bonds are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 6(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated April 22, 2021 with respect to the Refunding Bonds.

"Participating Underwriters" shall mean the original underwriters of the Refunding Bonds required to comply with the Rule in connection with offering of the Refunding Bonds.

"Refunding Bonds" shall mean the 2021 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds).

"Refunding Resolution" shall mean the resolution adopted by the Board of Education of the District on March 9, 2021.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the EMMA System.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB.

Section 4. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than 240 days following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2020-21 fiscal year (which is due not later than February 25, 2022), provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 6(c).

(b) Not later than thirty (30) days (not more than sixty (60) days) prior to the date on which the Annual Report is to be provided pursuant to subsection (a), the Dissemination Agent shall give notice to the District that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a timely notice of such fact to the MSRB through its EMMA System.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report to the EMMA System the date on which such Annual Report shall be due and notify the District of such date; and

(ii) (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

Section 5. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 4 hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) Table 3 – "Historical Gross Assessed Valuation of Taxable Property" if and to the extent provided to the District by the County;

(ii) Table 5 – "Assessed Valuation and Parcels by Land Use";

(iii) Table 6 – "Assessed Valuations of Single Family Homes per Parcel";

(iv) Table 7 – "Largest Local Secured Taxpayers";

(v) Table 9 – "Secured Tax Charges and Delinquencies," if and to the extent provided to the District by the County;

(vi) Table A-1 – "Annual Average Daily Attendance";

(vii) Table A-4 – "District General Fund Budget" for the current fiscal year;

(viii) Table A-20 – "Proposition BB (Election of 1997) Bonds," if and only to the extent that bonds issued pursuant to Proposition BB or bonds that have refunded such bonds are outstanding;

(ix) Table A-21 – "Measure K (Election of 2002) Bonds," if and only to the extent that bonds issued pursuant to Measure K or bonds that have refunded such bonds are outstanding;

(x) Table A-22 – "Measure R (Election of 2004) Bonds," if and only to the extent that bonds issued pursuant to Measure R or bonds that have refunded such bonds are outstanding;

(xi) Table A-23 – "Measure Y (Election of 2005) Bonds," if and only to the extent that bonds issued pursuant to Measure Y or bonds that have refunded such bonds are outstanding; and

(xii) Table A-24 – "Measure Q (Election of 2008) Bonds," if and only to the extent that bonds issued pursuant to Measure Q or bonds that have refunded such bonds are outstanding;

(c) It shall be sufficient for purposes of Section 4 hereof if the District provides annual financial information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference. The provisions of this Section 5(c) shall not apply to notices of Listed Events pursuant to Section 6 hereof.

(d) The descriptions contained in clause (b) above of financial information and operating data constituting to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 6. Reporting of Listed Events. (a) If a Listed Event occurs, the District shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days of the District having notice of such Listed Event, notice of such Listed Event to (i) the EMMA System of the MSRB and (ii) the Dissemination Agent.

(b) Pursuant to the provisions of this Section 6, the District shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Refunding Bonds:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) modifications to rights of Holders, if material;

(iv) bond calls, if material and tender offers;

(v) defeasances;

(vi) rating changes;

(vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Refunding Bonds, or other material events affecting the tax status of the Refunding Bonds;

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(ix) unscheduled draws on the credit enhancements reflecting financial difficulties;

(x) release, substitution or sale of property securing repayment of the Refunding Bonds, if material;

(xi) bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

(xii) substitution of credit or liquidity providers, or their failure to perform;

(xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional Paying Agent or the change of name of a Paying Agent, if material;

(xv) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material;

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties; and

(xvii) any amendment or waiver of a provision of this Disclosure Certificate.

The District intends to comply with the Listed Events described in Section 6(b)(xv) and Section 6(b)(xvi), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release. The District notes that items (viii), (ix), (x) and (xii) are not applicable to the Refunding Bonds.

(c) If the District determines that a Listed Event has occurred, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 3 hereof.

(d) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System.

(e) Notwithstanding the foregoing, notice of Listed Events described in subsections (b)(iv) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Refunding Bonds pursuant to the Refunding Resolution.

Section 7. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the District shall indicate the full name of the Refunding Bonds and the 9-digit CUSIP numbers for the Refunding Bonds as to which the provided information relates.

Section 8. Termination of Reporting Obligation. (a) The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Refunding Bonds. If such termination occurs prior to the final maturity of the Refunding Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 6(c).

(b) This Disclosure Certificate, or any provision hereof, shall cease to be effective in the event that the District (1) delivers to the Dissemination Agent an opinion of Disclosure Counsel, addressed to the District and the Dissemination Agent, to the effect that those portions of the Rule which require this Disclosure Certificate, or such provision, as the case may be, do not or no longer apply to the Refunding Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 9. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be Digital Assurance Certification, L.L.C. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the content of any notice or report required to be delivered by the District pursuant to this Disclosure Certificate.

Section 10. Amendment; Waiver. (a) This Disclosure Certificate may be amended by the District without the consent of the holders of the Refunding Bonds (except to the extent required under clause (a)(iv)(2) below), if all of the following conditions are satisfied:

(i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby;

(ii) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the same effect as set forth in (a)(ii) above;

(iv) either (1) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that the amendment does not materially impair the interests of the holders of the Refunding Bonds or (2) is approved by the Holders of the Refunding Bonds in the same manner as provided in the Refunding Resolution for amendments to the Refunding Resolution with the consent of Holders; and

(v) the District shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 10(a) above, this Disclosure Certificate may be amended and any provision of this Disclosure Certificate may be waived, by written certificate of the District, without the consent of the holders of the Refunding Bonds, if all of the following conditions are satisfied:

(i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Disclosure Certificate which is applicable to this Disclosure Certificate;

(ii) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that performance by the District under this Disclosure Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(iii) the District shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 6 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 12. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriters or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Refunding Bonds then outstanding, shall) or any Holders or Beneficial Owners of the Refunding Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in the U.S. District Court in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Refunding Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Refunding Bonds.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Refunding Bonds, and shall create no rights in any other person or entity.

Section 15. Execution in Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same certificate.

Dated: April 29, 2021

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: ____
David D. Hart
Chief Financial Officer

ACKNOWLEDGED AND AGREED TO BY:

DIGITAL ASSURANCE CERTIFICATION, L.L.C.,
as Dissemination Agent

By: ____
Dissemination Agent

APPENDIX F

THE LOS ANGELES COUNTY TREASURY POOL

The Treasurer and Tax Collector of the County of Los Angeles (the "Treasurer") manages, in accordance with California Government Code Section 53600 et seq., funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. Additionally, the Treasurer, with the consent of the Board of Supervisors of the County of Los Angeles (the "County"), may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Neither the District, the Municipal Advisor nor the Underwriter make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained herein is correct as of any time subsequent to its date. The Treasurer maintains a website, the address of which is ***https://ttc.lacounty.gov/monthly-reports/****, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Refunding Bonds.*

The County of Los Angeles Pooled Surplus Investments

The Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of February 28, 2021, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$16.217
Schools and Community Colleges	17.481
Discretionary Participants	3.960
Total	$37.658

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	89.49%
Discretionary Participants:	
Independent Public Agencies	9.58%
County Bond Proceeds and Repayment Funds	0.93%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 31, 2020, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated March 31, 2021, the February 28, 2021, book value of the Treasury Pool was approximately \$37.658 billion, and the corresponding market value was approximately \$37.434 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of February 28, 2021:

Type of Investment	% of Pool
Certificates of Deposit	10.09%
U.S. Government and Agency Obligations	56.02
Bankers Acceptances	0.00
Commercial Paper	33.62
Municipal Obligations	0.08
Corporate Notes & Deposit Notes	0.19
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00%

The Treasury Pool is highly liquid. As of February 28, 2021, approximately 47% of the investments mature within 60 days, with an average of 1,015 days to maturity for the entire portfolio.

LOS ANGELES UNIFIED SCHOOL DISTRICT (COUNTY OF LOS ANGELES, CALIFORNIA) • 2021 GENERAL OBLIGATION REFUNDING BONDS, SERIES A (DEDICATED UNLIMITED AD VALOREM PROPERTY TAX BONDS)

LOS ANGELES UNIFIED SCHOOL DISTRICT • STUDENTS AT THE CENTER •

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