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LOS ANGELES UNIFIED SCHOOL DISTRICT

JOHN E. DEASY, Ph.D.
Superintendent of Schools

MICHELLE KING
*Senior Deputy Superintendent
School Operations*

MEGAN K. REILLY
Chief Financial Officer

Fiscal Year 2011-12 Adjustments to District Fixed Assets – Limited Reliance on the District’s Financial Statements for Fiscal Year Ended June 30, 2012

General

This statement is posted on the District’s website and filed with EMMA as of the date referenced below regarding the District’s Financial Statements for the Fiscal Year ended June 30, 2013 (the “2013 Financial Statements”) and previous financial statements.

Fiscal Year 2011-12 Adjustments to District Fixed Assets

The District’s staff has been engaged in the on-going work of migrating capital asset data from the Integrated Financial System, which is the legacy system being replaced by the District, to the new SAP Finance System. The accounting treatment of assets requires capital projects to be characterized as “in progress” or “completed”. Construction projects in progress are not depreciable assets and completed projects are depreciated. While working on the migration of the Integrated Financial System capital asset data to the SAP Finance System, the District staff discovered that a number of capital projects that the District completed in prior years remained in the construction in progress account (“CIP account”). By not recharacterizing completed projects as “Buildings and improvements” in the capital assets category of the financial reports and then depreciating such assets, the value of such assets were overstated in the District’s previously issued government-wide financial statements. As a result, depreciation expenses have been understated in such financial statements. In addition, District staff discovered that certain expense costs for facilities were capitalized as CIP in the Integrated Financial System, and that such costs should not have been reported within the capital assets category.

The information contained in the Summary Statements of Net Position, Summary Statements of Changes in Net Position, Statement of Net Position and Note 1(q) of the Notes to Basic Financial Statements of the District set forth in the 2013 Financial Statements, contained in the District’s Fiscal Year 2012-13 Comprehensive Annual Financial Report (the “Fiscal Year 2012-13 CAFR”), reflects a restatement of the Fiscal Year 2011-12 government-wide financial statements. The beginning Net Position for the Fiscal Year ended June 30, 2013 has been reduced by approximately \$639.49 million to correct the aggregate net effect of the reporting errors described in the preceding paragraph. In connection therewith, the District has reduced the Capital Assets, net, for the Fiscal Year ended June 30, 2012 to \$14,597,626,000 from \$15,237,113,000. In addition, the Total Net Position for the Fiscal Year ended June 30, 2012 has been reduced to \$3,160,239,000 from \$3,799,726,000, which

is a net reduction of approximately \$639.49 million. Accordingly, the Total Net Position as of July 1, 2013 is approximately \$3,160,239,000. See the table of Summary Statements of Net Position on pages 7 and 8, the table of Statement of Net Position on page 14 and Note 1(q) of the Notes to Basic Financial Statements. The reports in the government-wide financial statements of the District's Financial Statements for the Fiscal Year ended June 30, 2012 may not be relied upon. Reference is made to the government-wide financial statements of the 2013 Financial Statements for the restatement of the related schedules.

The Independent Auditor's Report dated January 15, 2014 included with the Financial Statements states that the restatement of the fiscal year 2012 government-wide financial statements as described in Note 1(q) does not cause its opinion, that the District's financial statements 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 District as of June 30, 2013, and the respective changes in financial position for the year ended June 30, 2013, to be modified. See the Independent Auditor's Report included in the Financial Statements portion of the Fiscal Year 2012-13 CAFR.

Material Weakness Identified by the Independent Auditor

The District's Fiscal Year 2012-13 CAFR includes several auditor's findings relating to the District's Basic Financial Statements, including a finding of material weakness in the District's controls of constructions projects in progress and transfers to depreciable capital assets. See Section II of the Schedule of Findings and Questioned Costs, See "FS-13-01 Construction in Progress and Transfers to Depreciable Capital Assets – Material Weakness" on page 258 of the Fiscal Year 2012-13 CAFR. The District has committed to several additional Capital Asset Management controls and will continue to work with the outside auditor to develop and implement guidelines and additional controls to assure timely and accurate reporting of the CIP in the future.

Dated: January 29, 2014

LOS ANGELES UNIFIED SCHOOL DISTRICT



Los Angeles Unified School District

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2012

2011-2012

Los Angeles, CA

**LOS ANGELES UNIFIED SCHOOL DISTRICT
LOS ANGELES, CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2012**

MR. JOHN E. DEASY
SUPERINTENDENT OF SCHOOLS

MS. MEGAN K. REILLY
CHIEF FINANCIAL OFFICER

MR. V. LUIS BUENDIA
INTERIM CONTROLLER
(EFFECTIVE FEBRUARY 22, 2012)

MS. YUMI TAKAHASHI
CONTROLLER
(JULY 1, 2011 – FEBRUARY 21, 2012)



**PREPARED BY
ACCOUNTING AND DISBURSEMENTS DIVISION**

**333 S. BEAUDRY AVENUE
LOS ANGELES, CALIFORNIA 90017**

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Comprehensive Annual Financial Report
 Year Ended June 30, 2012

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INTRODUCTORY SECTION

MONICA GARCIA, PRESIDENT
TAMAR GALATZAN
BENNETT KAYSER
MARGUERITE POINDEXTER LAMOTTE
NURY MARTINEZ
RICHARD A. VLADOVIC, Ed.D.
STEVEN ZIMMER



JOHN E. DEASY, Ph.D.
Superintendent of Schools

MICHELLE KING
Senior Deputy Superintendent School Operations

MEGAN K. REILLY
Chief Financial Officer

V. LUIS BUENDIA
Interim Controller

December 14, 2012

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

Dear Board Members:

The Comprehensive Annual Financial Report of the Los Angeles Unified School District (District), for the fiscal year ended June 30, 2012, 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 2011-12 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- 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 is located in and includes virtually all of the City of Los Angeles and all or significant portions of the cities of Bell, Carson, Commerce, Cudahy, Gardena, Hawthorne, Huntington Park, Lomita, Maywood, Rancho Palos Verdes, San Fernando, South Gate, Vernon, and West Hollywood, in addition to considerable unincorporated territories devoted to homes and industry. 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, 2012, the District is operating 446 elementary schools, 84 middle/junior high schools, 94 senior high schools, 56 options schools, 18 multi level schools, 16 special education schools, 28 magnet schools and 146 magnet centers, 24 community adult schools, 5 regional occupational centers, 5 skills centers, 1 regional occupational program center, 107 early education centers, 4 infant centers, and 20 primary school centers. The District is governed by a seven-member Board of Education elected by district to serve alternating four-year terms. As of June 30, 2012, the District employed 40,313 certificated, 27,776 classified, and 13,289 unclassified employees. Enrollment as of October 2011 was 581,445 students in K-12 schools, 119,763 students in adult schools and centers, and 14,242 children 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

According to U.S. Bureau of Labor Statistics, the unemployment rates for both the nation and California has generally remained relatively unchanged from January 2012 to August 2012, with rates hovering around 8% and just under 11%, respectively. For the month of October 2012, California’s unemployment rate is the third highest in the nation with Nevada ranking first at 11.5% and Rhode Island second at 10.4%.

Month (2012)	U.S.	California
January	8.3%	10.9%
February	8.3%	10.9%
March	8.2%	11.0%
April	8.1%	10.9%
May	8.2%	10.8%
June	8.2%	10.7%
July	8.3%	10.7%
August	8.1%	10.6%
September	7.8%	10.2%
October	7.9%	10.1 (P)

P – Preliminary estimate

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

Currently, economists are watching economic conditions in Europe and China because our economy is tied to these countries. Any new jobs created in California could be offset by job losses if there is a significant crisis in one or more of these countries.

Below is a quote from Goldman Sachs on global economy for the second half of 2012.

“Looking into the second half of 2012, we still think the global economy is going to present quite a mixed picture. [We expect] still very slow growth in the United States, and probably ongoing recession in the European periphery, with a somewhat better picture in the core [European] economies... And maybe some improvement at the margin in the emerging world, after a generally disappointing first half of the year.”

*Jan Hatzius, Chief Economist
Global Investment Research
Goldman Sachs*

According to the UCLA Anderson Forecast released on September 20, 2012, the national economy is expected to grow more slowly than California’s. One reason given for the sluggish economic growth was that consumers in California and nationwide were still weighed down by debt, restricting their spending. The bright spot according to the forecast is the strength in residential and nonresidential construction, which is expected to boost GDP growth to more than 3% in 2014. In addition, they also warn that if the Congress and the President fail to agree to an end of year compromise on taxes and spending, the economy could fall off the “fiscal cliff”, leading to a downturn in 2013.

For Los Angeles Unified School District, the outcome of the November 2012 election was significant since the Governor’s State Budget assumed the passage of Proposition 30 initiative. As a result of Proposition 30 passage, the District has avoided significant mid-year reductions and is now implementing a 180-day instructional calendar and rescinding all furlough days for fiscal year 2012-13.

Superintendent’s Strategic Plan

The Los Angeles Unified School District has developed five Key Strategies. These strategies refer to the set of common sense approaches we will use to support the instructional core to help every LAUSD student achieve their maximum potential:

1. Transform teaching and learning so that we prepare all youth to graduate college and workforce ready.
2. Ensure there is an effective employee at every level of the organization focused on improving student outcomes.
3. Provide a portfolio of high quality schools for all youth, families and communities.
4. Ensure a safe, caring, and nurturing environment for all youth.
5. Operate an effective, efficient, and transparent organization in order to assure the public trust.

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, in accordance with Board election on October 28, 2008, 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 reservations or designations of fund balance for subsequent year expenditures.

Financial Results

In 2011-12, the Statement of Changes in Net Assets shows that the District's Net Assets decreased \$673.3 million during the year. The Unrestricted Net Assets, which are negative, declined from (\$2,472.9 million) to (\$3,211.8 million). The negative Unrestricted Net Assets are largely the result of the District's retiree health benefit liability (OPEB liability). The liability reflected, which represents the previous year's liability increased by the current year's unfunded expense, is \$3,995.0 million, an increase of \$819 million from 2010-11. The latest actuarial report estimates the present value of the entire 30-year liability to be \$11.2 billion. Unless the District begins to fund or reduce its OPEB liability, the District's Total Liabilities will eventually exceed its Total Assets.

In 2011-12, the fund balance of the General Fund decreased \$78.7 million from \$903.5 million to \$824.8 million. This decrease was primarily due to State mid-year trigger cuts plus higher encroachments from other funds.

Audit Results

The District received an Unqualified financial audit, which means that there were no significant findings during the audit of the financial statements. For the federal compliance audit, 23 programs received an Unqualified audit and 2 programs were Qualified. The District received an Unqualified state compliance audit.

The District is pleased that the number of findings declined from 26 in 2010-11 to 18 in 2011-12. In addition, the amount of the questioned costs declined 43%, from \$0.8 million in 2010-11 to \$0.5 million in 2011-12. Even with these improvements, the District will continue to work with schools and offices to focus on resolving the remaining areas of internal control and compliance issues.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Los Angeles Unified School District for its comprehensive annual financial report for the fiscal year ended June 30, 2011. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted

accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, and acknowledge the effort of our independent auditors.

Respectfully submitted,

John E. Deasy
Superintendent of Schools

Prepared by:



V. Luis Buendia
Interim Controller



Megan K. Reilly
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Los Angeles Unified School
District, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

BOARD OF EDUCATION

Mónica García
President

Marguerite Poindexter LaMotte

Bennett Kayser

Tamar Galatzan

Nury Martinez

Steve Zimmer

Richard Vladovic

PRINCIPAL SCHOOL DISTRICT OFFICIALS

John E. Deasy
Superintendent of Schools

Megan K. Reilly
Chief Financial Officer

V. Luis Buendia
Interim Controller
(Effective February 22, 2012)

Yumi Takahashi
Controller
(July 1, 2011 – February 21, 2012)

EDUCATIONAL SERVICE CENTERS

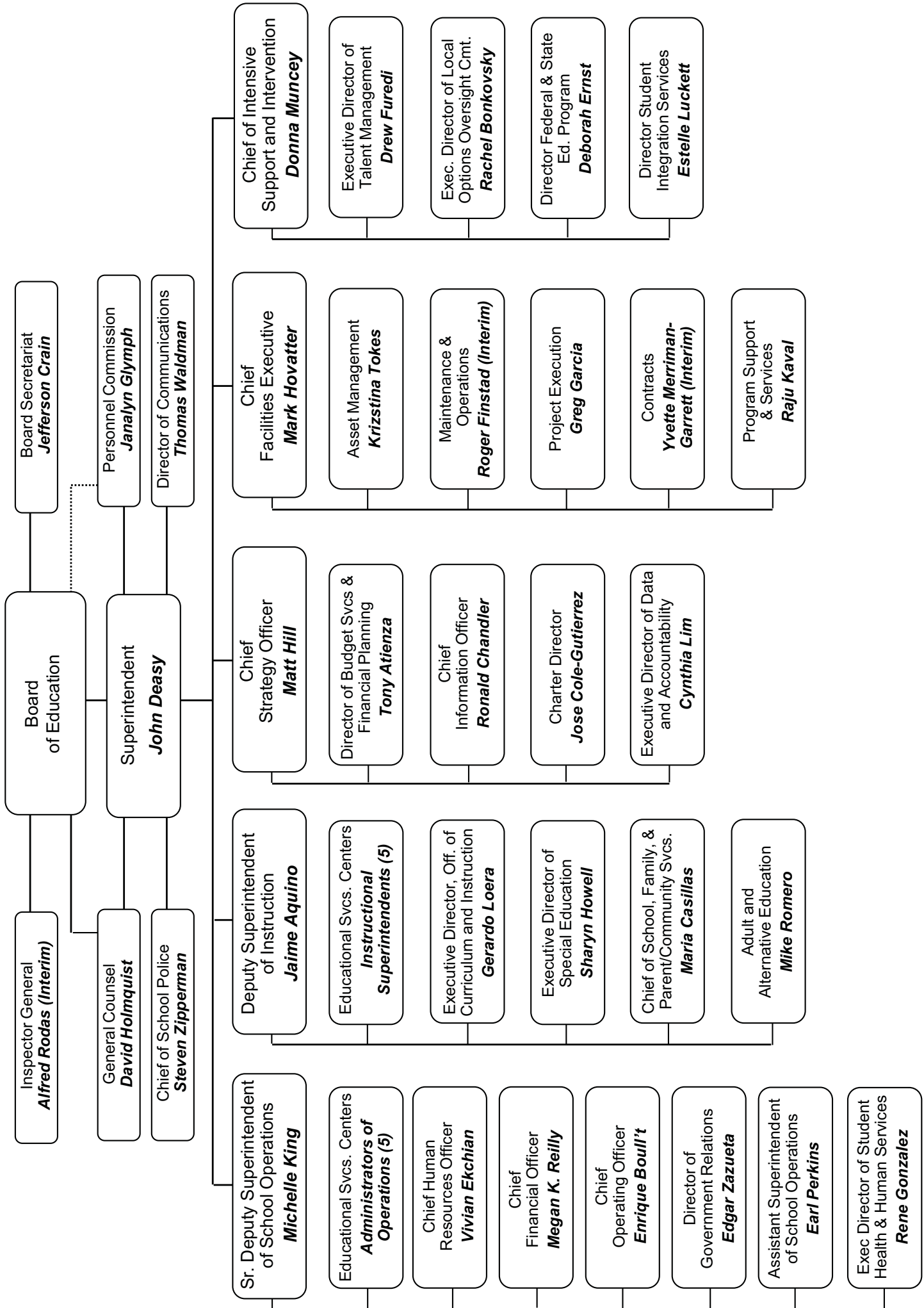
	Instructional Area Superintendents:	Administrator of Operations:	Administrator of Parent & Community Engagement:
North:	Linda Del Cueto	Juan A. Flecha	Marilu Pigliapoco
South:	Dr. Robert Bravo	Dr. James Noble	Rene Robinson
East:	Roberto A. Martinez	Rowena Lagrosa	Dr. Fatima Castaneda-Gutierrez
West:	Cheryl Hildreth	Jan Davis	Sara Lasnover
ISIC:	Tommy Chang	Daryl Narimatsu	Alvaro Alvarenga

LOCAL DISTRICT (LD) SUPERINTENDENTS

(June 30, 2012)

Linda Del Cueto – LD 1	Roberto A. Martinez – LD 5
Alma Pena-Sanchez – LD 2	Rowena Lagrosa – LD 6
Brenda Manuel – LD 3 (Interim)	George McKenna – LD 7
Dale Vigil – LD 4 (Interim)	Michael Romero – LD 8

**Los Angeles Unified School District
Organization of Central Support System
(Effective July 1, 2012)**



FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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Independent Auditor's Report

The Honorable Board of Education
Los Angeles Unified School District

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, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 et seq. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2012, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13, and the required supplementary information on page 63 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory section, the supplementary information, the statistical section, and the state and federal compliance information section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The supplementary information section on pages 64 to 111, the schedule of expenditures of federal awards on pages 219 to 224, the information on pages 191 to 213 and page 218 in the state and federal compliance section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section, the statistical section and the information on pages 161 to 190 and 214 to 217 of the state and federal compliance section 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.

A handwritten signature in cursive script, appearing to read 'Simpson & Simpson'.

Los Angeles, California
December 14, 2012

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

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, 2012. 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-v of this report.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$3.8 billion (net assets). This amount is net of a \$3.2 billion deficit in unrestricted net assets resulting from the recognition of unfunded liabilities for other postemployment benefits (OPEB).
- The District's total net assets decreased by \$673.3 million from prior year total, primarily due to lower revenues.
- As of the close of the 2012 fiscal year, the District's governmental funds reported combined ending fund balances of \$4.4 billion, a decrease of \$1.0 billion from June 30, 2011.
- At the end of the current fiscal year, committed, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was \$627.0 million, or 10.7% of total General Fund expenditures.
- The District's total long-term obligations increased by \$434.6 million (2.7%) during the current fiscal year. The increase resulted primarily from additional net OPEB obligation offset by the decreased in certificate of participation and general obligation bonds payable resulting from payment of matured debts.

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 assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

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 22 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 page 24 of this report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

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 25-61 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 64-99 of this report.

Government-wide Financial Analysis

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$3.8 billion at the close of the most recent year.

By far the largest portion of the District's net assets (\$5.7 billion) reflects its investments in capital assets (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 assets (\$1.3 billion) represent resources that are subject to external restrictions on how they may be used. The remaining negative balance in unrestricted net assets (-\$3.2 billion) resulted primarily from the recognition of \$4.0 billion of net OPEB obligation.

At the end of the 2012 fiscal year, the District is able to report positive balances in all categories of net assets except for unrestricted net assets.

The \$609.9 million increase in capital assets primarily relates to the continuing school construction and modernization projects throughout the District.

Long-term liabilities increased by \$434.6 million primarily due to additional net OPEB obligation offset by the decrease in certificate of participations and general obligation bonds payable.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

Summary Statement of Net Assets (in thousands)

As of June 30, 2012 and 2011:

	Governmental Activities	
	2012	2011
Current Assets	\$ 6,809,562	\$ 7,342,384
Capital Assets, net	15,237,113	14,627,248
Total Assets	<u>22,046,675</u>	<u>21,969,632</u>
Current Liabilities	1,616,724	1,300,967
Long-term Liabilities	16,630,225	16,195,638
Total Liabilities	<u>18,246,949</u>	<u>17,496,605</u>
Net Assets:		
Invested in capital assets, net of related debt	5,698,608	5,450,860
Restricted for:		
Debt service	416,294	442,118
Program activities	896,626	1,052,904
Unrestricted	<u>(3,211,802)</u>	<u>(2,472,855)</u>
Total Net Assets	<u>\$ 3,799,726</u>	<u>\$ 4,473,027</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

Summary Statement of Changes in Net Assets (in thousands)

As of June 30, 2012 and 2011:

	<u>Governmental Activities</u>	
	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 99,508	\$ 88,626
Operating grants and contributions	3,016,200	3,269,560
Capital grants and contributions	95,183	780,344
Total Program Revenues	<u>3,210,891</u>	<u>4,138,530</u>
General Revenues:		
Property taxes levied for general purposes	901,213	909,484
Property taxes levied for debt service	850,359	935,428
Property taxes levied for community redevelopment	9,789	5,320
State aid – formula grants	2,066,980	2,146,870
Grants, entitlements, and contributions not restricted to specific programs	434,512	402,110
Unrestricted investment earnings	21,175	66,795
Miscellaneous	41,342	76,852
Total General Revenues	<u>4,325,370</u>	<u>4,542,859</u>
Total Revenues	<u>7,536,261</u>	<u>8,681,389</u>
Expenses:		
Instruction	3,773,834	3,986,263
Support services:		
Support services – students	316,131	320,787
Support services – instructional staff	403,585	432,202
Support services – general administration	43,048	43,448
Support services – school administration	393,922	426,288
Support services – business	173,516	145,401
Operation and maintenance of plant services	567,829	581,731
Student transportation services	158,202	151,286
Data processing services	61,072	54,205
Operation of noninstructional services	430,137	404,211
Facilities acquisition and construction services	87,588	175,584
Other uses	1,203	181
Interest expense	578,279	623,044
Depreciation – unallocated	401,920	315,745
Unfunded OPEB expense – unallocated	819,296	781,931
Total Expenses	<u>8,209,562</u>	<u>8,442,307</u>
Changes in Net Assets	<u>(673,301)</u>	<u>239,082</u>
Net assets – beginning	<u>4,473,027</u>	<u>4,233,945</u>
Net assets – ending	<u>\$ 3,799,726</u>	<u>\$ 4,473,027</u>

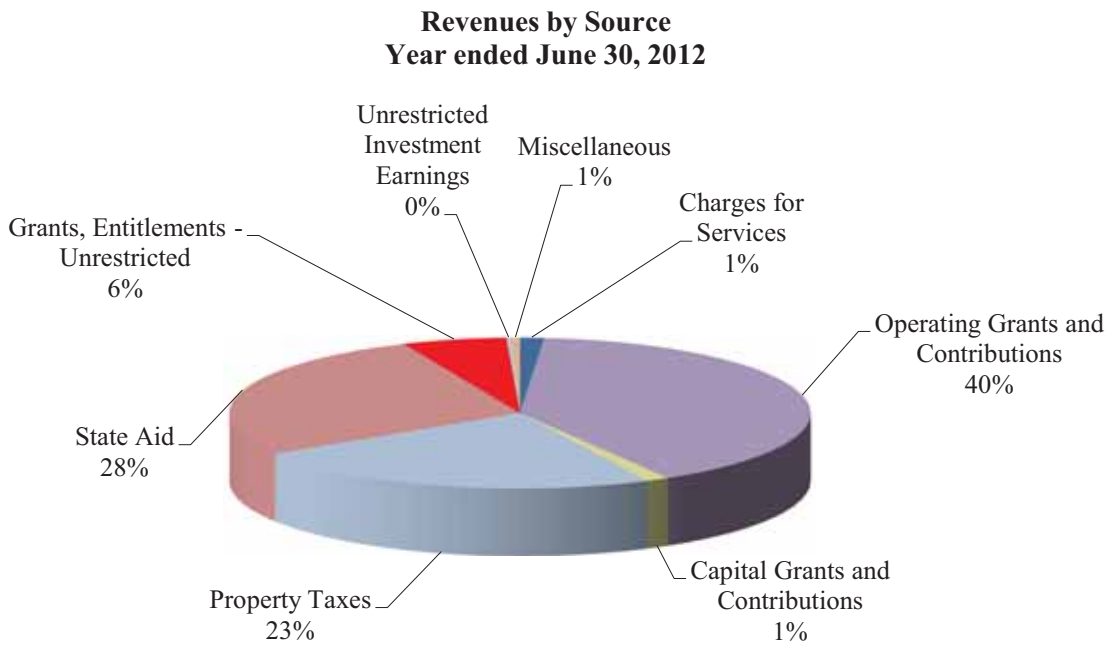
LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

The District's net assets decreased by \$673.3 million in the current fiscal year. The major components of this decrease are in capital grants and contributions (\$685.2 million) due to decreased funding from the State bond funds.

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



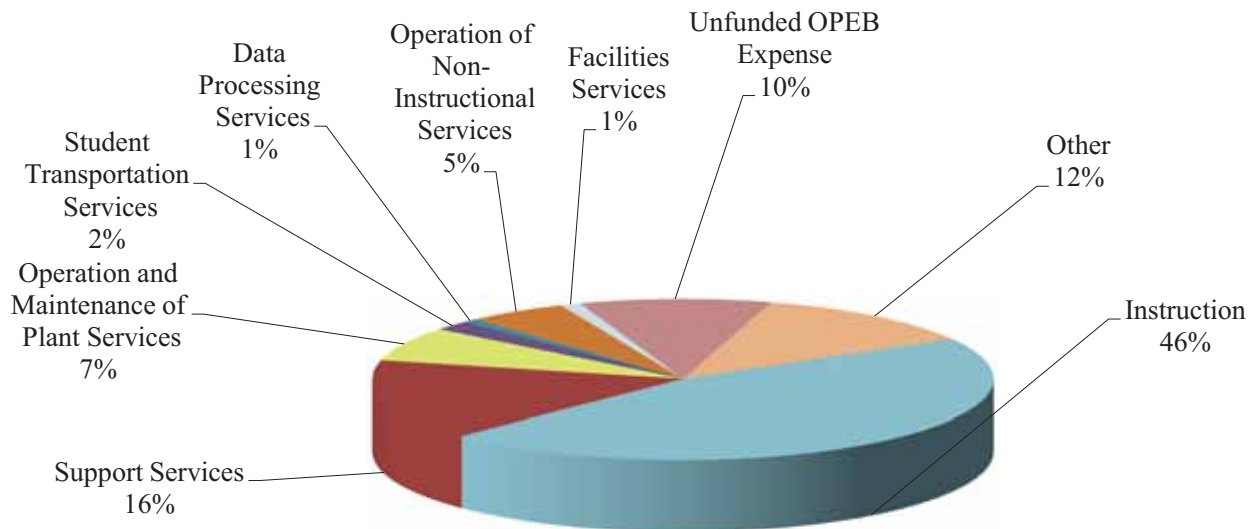
LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

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

Expenses
Year ended June 30, 2012



Financial Analysis of the Government's 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 \$4.4 billion, a decrease of \$1.0 billion in comparison with the prior year. Approximately 15.7% (\$0.7 billion) of this total combined ending fund balance constitutes unrestricted fund balance, which is available for spending at the District's discretion. The remaining 84.3% are either restricted or nonspendable and are not available for new spending: restricted balances (\$3.7 billion), nonspendable inventories (\$21.6 million), and nonspendable revolving cash (\$6.6 million).

The General Fund is the primary operating fund of the District. At the end of the 2012 fiscal year, the unrestricted fund balance of the General Fund was \$627.0 million, while the total fund balance is \$824.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unrestricted fund balance and the total fund balance to the total fund expenditures. The unrestricted fund balance represents 10.7% of the total General Fund expenditures, while the total fund balance represents 14.1% of that same amount.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

The fund balance of the District's General Fund decreased by \$78.7 million during the current fiscal year primarily from lower revenues. Revenue limit sources, federal revenues, and other state revenues are all lower compared to last fiscal year.

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

	Other Governmental Funds					Total
	District Bonds	Bond Interest and Redemption	Special Revenue	Debt Service	Other Capital Projects	
Fund balance, June 30, 2012:						
Nonspendable						
Revolving cash and imprest funds	\$ 3,800	\$ —	\$ 66	\$ —	\$ —	\$ 66
Inventories	—	—	13,057	—	—	13,057
Restricted	2,102,830	681,562	5,802	59,708	666,557	732,067
Committed	—	—	9,972	—	—	9,972
Assigned	—	—	60	—	55,660	55,720
Total	2,106,630	681,562	28,957	59,708	722,217	810,882
Fund balance, July 1, 2011	2,820,328	724,608	20,335	82,138	874,720	977,193
Increase (decrease) in fund balance	\$ (713,698)	\$ (43,046)	\$ 8,622	\$ (22,430)	\$ (152,503)	\$ (166,311)

Majority of the fund balances decreased during the current year: for the District Bonds, due to spending for school construction and renovation; for the Bond and Interest Redemption, primarily from lower property taxes levied to pay principal and interest on bond issues; for the Debt Service, mainly due to debt service payments for fully matured certificate of participation in which corresponding reserves were used up to pay-off the liability in conjunction with revenues derived from operating transfers from user funds and investment income; and for Other Capital Projects, primarily due to less state revenue received for County School Facilities Bonds. On the other hand, Special Revenue increased primarily due to higher inventory ending balance for the Cafeteria Fund.

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 unrestricted net assets of \$303.8 million. The net increase of \$53.3 million in the current year can be attributed to lower premiums and claims expense due to changes in health and medical plans.

General Fund Budgetary Highlights

In this difficult economic downturn and with the State's implementation of deferred funding on several of the District's revenue, sufficient cash flow and positive ending balance are probably the most important parts of a school district's financial structure. 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

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 May Revision Budget but also on all other known State budgetary changes and changes to the District's priority of program implementations and/or planned expenditures. Differences between the 2011-12 General Fund Original Final Budget adopted by the Board of Education on June 2011 and the Modified Final Budget, resulted in a lower budgeted ending balance by \$27.7 million - from \$641.9 million to \$614.2 million. Adjustments to the Original Final Budget were an increase in beginning balance by \$74.9 million, a decrease in budgeted revenues and other financing sources by \$123.3 million, and a decrease in budgeted expenditures and other financing uses by \$20.7 million.

The increase in the beginning balance was to reflect the actual ending balance as of June 30, 2011 as opposed to the estimated June 30, 2011 ending balance during the estimated actual reporting period. On the other hand, the decrease in budgeted revenues was mainly due to a change in fund where Adult Education entitlement was to be recognized, i.e., from the General Fund to Adult Education Fund per instructions from California Department of Education. Lastly, budgeted expenditures largely decreased due to a better estimation of grants during the Modified Final Budget based on grant award notifications received.

Actual vs. Modified Final Budget

The beginning balance remained the same on both the actual and the Modified Final Budget. The unfavorable variance of \$106.7 million in revenues and other financing sources between the actual and Modified Final Budget was primarily due to multi-year grants budgeted in their entirety but earned only to the extent of actual expenditures incurred. Second, revenue limit decreased due to a change in the deficit rate from 19.754% at Modified Final Budget to 20.602% at actual. The higher deficit rate in the revenue limit reflected one-time mid-year trigger reductions in Home-to-School Transportation (0.65%) and revenue limit (0.198%). Without the one-time revenue limit reduction, Home-to-School Transportation would have been cut in half. Federal revenue decreased as well due to lesser actual receipts of entitlements in Federal IDEA, Medi-Cal Administrative Activity, and School Mental Health-Medical Rehabilitation.

The favorable variance of \$317.3 million in expenditures and other financing uses between the actual and the Modified Final Budget was due to lower than anticipated expenditures. The four furlough days largely contributed to the lower salary and employee benefit expenditures by approximately \$70.1 million. In addition, there were lower expenditures in the Services and Other Operating Expenditures by \$117.9 million.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2012 amounts to \$15.2 billion (net of accumulated depreciation), a 4.2% increase from the prior year. The investment

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

in capital assets includes sites, improvement of sites, buildings and improvements, equipment and construction in progress, net of any related accumulated depreciation.

Major capital asset events during the current fiscal year included the following:

- Continuing construction of additional school buildings as well as school modernization projects throughout the District. Construction in progress as of the close of the fiscal year was \$3.4 billion.
- Various building additions and modernizations were completed at a cost of \$1.2 billion.
- A total of 8 new schools were completed in the 2011-12 fiscal year.

Capital Assets (net of accumulated depreciation)

As of June 30, 2012 and 2011 (in thousands):

	Governmental Activities	
	2012	2011
Sites	\$ 3,144,862	\$ 3,136,630
Improvement of sites	193,736	206,963
Buildings and improvements	8,140,910	7,512,289
Equipment	220,671	199,663
Construction in progress	3,536,934	3,571,703
Total	\$ 15,237,113	\$ 14,627,248

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 \$16.6 billion. Of this amount, \$11.5 billion comprises debt to be repaid by voter-approved property taxes and not by the General Fund of the District.

Outstanding Obligations

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

	Governmental Activities	
	2012	2011
General Obligation Bonds	\$ 11,507,002	\$ 11,810,881
Certificates of Participation (COPs)	442,884	494,840
Capital Lease Obligations	2,185	2,359
Children's Center Facilities Revolving Loan	792	792
California Energy Commission Loan	-	217
Liability for Compensated Absences	65,075	70,381
Liability for Other Employee Benefits	108,431	131,651
Self-insurance Claims	507,738	503,305
Other Postemployment Benefits (OPEB)	3,995,038	3,175,742
Arbitrage Payable	1,080	5,470
Total	\$ 16,630,225	\$ 16,195,638

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2012

The District's total long-term obligations increased by \$434.6 million (2.7%) during the current fiscal year. The key factor in this increase was the recognition of additional net OPEB obligation offset by the decrease in certificate of participations and general obligation bonds payable resulting from payment of matured debts.

Long-Term Credit Ratings

Moody's Investor Service ("Moody's") and Standard and Poor's ("S&P") currently rate the District's General Obligation Bonds and Certificates of Participation (COPs). The District requested withdrawal of all Fitch ratings in September 2009. The District's current underlying ratings on its general obligation bonds are "Aa2" and "AA-" from Moody's and S&P, respectively. The District's current underlying ratings on its nonabatable leases (COPs) are "Aa3" and "A+" from Moody's and S&P, respectively; for abatable leases (COPs), the underlying ratings are "A1" and "A+" from Moody's and S&P, respectively. 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 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, 2012 is \$11.7 billion, which is in excess of the District's outstanding general obligation bond debt after reflecting assets available in the Bond Interest and Redemption Fund for payment of principal.

Additional information on the District's long-term obligations can be found in Notes 10 and 11 on pages 50-56 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 (www.lausd.net). 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 Assets
June 30, 2012
(in thousands)

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 4,453,774
Investments	561,917
Property taxes receivable	106,219
Accounts receivable, net	1,584,436
Accrued interest receivable	8,236
Prepaid expense	12,091
Deferred charges	61,306
Inventories	21,583
Capital assets:	
Sites	3,144,862
Improvement of sites	528,869
Buildings and improvements	11,063,328
Equipment	1,260,357
Construction in progress	3,536,933
Less accumulated depreciation	<u>(4,297,236)</u>
Total Capital Assets, Net of Depreciation	<u>15,237,113</u>
Total Assets	<u>22,046,675</u>
Liabilities:	
Vouchers and accounts payable	393,208
Contracts payable	64,787
Accrued payroll	191,418
Accrued interest	289,821
Other payables	99,991
Unearned revenue	15,717
Tax and revenue anticipation notes and related interest payable	561,782
Long-term liabilities:	
Portion due within one year	509,065
Portion due after one year	<u>16,121,160</u>
Total Liabilities	<u>18,246,949</u>
Net Assets:	
Invested in capital assets, net of related debt	5,698,608
Restricted for:	
Debt service	416,294
Program activities	896,626
Unrestricted	<u>(3,211,802)</u>
Total Net Assets	<u><u>\$ 3,799,726</u></u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2012
(in thousands)

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 3,773,834	\$ 19,819	\$ 1,339,908	\$ —	\$ (2,414,107)
Support services – students	316,131	—	264,016	—	(52,115)
Support services – instructional staff	403,585	117	344,793	—	(58,675)
Support services – general administration	43,048	—	3,893	—	(39,155)
Support services – school administration	393,922	—	120,610	—	(273,312)
Support services – business	173,516	9,198	94,492	—	(69,826)
Operation and maintenance of plant services	567,829	21,657	113,407	187	(432,578)
Student transportation services	158,202	—	264,619	—	106,417
Data processing services	61,072	—	4,886	—	(56,186)
Operation of non-instructional services	430,137	7,511	337,493	—	(85,133)
Facilities acquisition and construction services*	87,588	41,206	127,188	94,996	175,802
Other Uses	1,203	—	—	—	(1,203)
Interest expense	578,279	—	895	—	(577,384)
Depreciation – unallocated**	401,920	—	—	—	(401,920)
Unfunded OPEB expense – unallocated	819,296	—	—	—	(819,296)
Total Governmental Activities	<u>\$ 8,209,562</u>	<u>\$ 99,508</u>	<u>\$ 3,016,200</u>	<u>\$ 95,183</u>	<u>(4,998,671)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					901,213
Property taxes, levied for debt service					850,359
Property taxes, levied for community redevelopment					9,789
State aid – formula grants					2,066,980
Grants, entitlements, and contributions not restricted to specific programs					434,512
Unrestricted investment earnings					21,175
Miscellaneous					41,342
Total General Revenues					<u>4,325,370</u>
Change in Net Assets					(673,301)
Net Assets – Beginning of Year					<u>4,473,027</u>
Net Assets – End of Year					<u>\$ 3,799,726</u>

* 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, 2012
(in thousands)

Assets:	<u>General</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash in county treasury, in banks, and on hand	\$ 113,777	\$ 2,235,291	\$ 689,862	\$ 783,479	\$ 3,822,409
Cash held by trustee	52,059	—	—	58,797	110,856
Investments	561,917	—	—	—	561,917
Taxes receivable	—	—	106,219	—	106,219
Accounts receivable – net	1,464,799	5,063	—	45,089	1,514,951
Accrued interest receivable	1,344	4,456	—	1,515	7,315
Inventories	8,526	—	—	13,057	21,583
Total Assets	<u>\$ 2,202,422</u>	<u>\$ 2,244,810</u>	<u>\$ 796,081</u>	<u>\$ 901,937</u>	<u>\$ 6,145,250</u>
Liabilities and Fund Balances:					
Vouchers and accounts payable	\$ 227,690	\$ 79,259	\$ —	\$ 34,192	\$ 341,141
Contracts payable	356	58,913	—	5,518	64,787
Accrued payroll	192,540	8	—	—	192,548
Other payables	80,334	—	—	18,038	98,372
Due to other funds	300,000	—	—	32,500	332,500
Deferred revenue	14,910	—	114,519	807	130,236
Tax and revenue anticipation notes and related interest payable	561,782	—	—	—	561,782
Total Liabilities	<u>1,377,612</u>	<u>138,180</u>	<u>114,519</u>	<u>91,055</u>	<u>1,721,366</u>
Fund Balances:					
Nonspendable	11,231	3,800	—	13,123	28,154
Restricted	186,563	2,102,830	681,562	—	2,970,955
Restricted, reported in:					
Special revenue funds	—	—	—	5,802	5,802
Debt service funds	—	—	—	59,708	59,708
Capital projects funds	—	—	—	666,557	666,557
Committed, reported in:					
Special revenue funds	—	—	—	9,972	9,972
Assigned	465,272	—	—	—	465,272
Assigned, reported in:					
Special revenue funds	—	—	—	60	60
Capital projects funds	—	—	—	55,660	55,660
Unassigned					
Reserved for economic uncertainties	65,376	—	—	—	65,376
Unassigned	96,368	—	—	—	96,368
Total Fund Balances	<u>824,810</u>	<u>2,106,630</u>	<u>681,562</u>	<u>810,882</u>	<u>4,423,884</u>
Total Liabilities and Fund Balances	<u>\$ 2,202,422</u>	<u>\$ 2,244,810</u>	<u>\$ 796,081</u>	<u>\$ 901,937</u>	<u>\$ 6,145,250</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Assets
 June 30, 2012
 (in thousands)

Total Fund Balances – Governmental Funds	\$ 4,423,884
Amounts reported for governmental activities in the statement of net assets 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 \$19,534,349 and the accumulated depreciation is \$4,297,236.	15,237,113
Property taxes receivable will be collected this year, but are not available soon enough to pay the current period’s expenditures and therefore are deferred in the funds.	106,219
Receivables that will be collected in the following year and thereafter that are not available soon enough to pay the current period's expenditures.	39,164
Federal subsidies tied to debt service expenditures are recognized in the governmental funds only when the corresponding expenditure is recognized.	36,877
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.	303,755
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(16,408,592)
Other assets – deferred charges are not reflected in the fund financials.	61,306
Total Net Assets – Governmental Activities	<u>\$ 3,799,726</u>

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, 2012
(in thousands)

	<u>General</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Revenue limit sources	\$ 2,968,193	\$ —	\$ —	\$ —	\$ 2,968,193
Federal revenues	867,952	—	36,876	274,440	1,179,268
Other state revenues	1,903,472	—	5,271	313,264	2,222,007
Other local revenues	142,899	44,092	776,507	120,750	1,084,248
Total Revenues	5,882,516	44,092	818,654	708,454	7,453,716
Expenditures:					
Current:					
Certificated salaries	2,681,632	—	—	117,853	2,799,485
Classified salaries	819,247	54,977	—	151,455	1,025,679
Employee benefits	1,365,836	25,396	—	155,557	1,546,789
Books and supplies	231,114	10,999	—	150,041	392,154
Services and other operating expenditures	701,435	13,036	—	15,432	729,903
Capital outlay	43,581	798,644	—	179,620	1,021,845
Debt service – principal	1,327	—	285,200	53,262	339,789
Debt service – refunding bond issuance cost	—	—	1,608	—	1,608
Debt service – bond, COPs, and capital leases interest	113	—	576,500	16,329	592,942
Other outgo	1,203	—	—	—	1,203
Total Expenditures	5,845,488	903,052	863,308	839,549	8,451,397
Excess (Deficiency) of Revenues Over (Under) Expenditures	37,028	(858,960)	(44,654)	(131,095)	(997,681)
Other Financing Sources (Uses):					
Transfers in	5,494	668,192	—	200,813	874,499
Transfers – support costs	27,427	—	—	(27,427)	—
Transfers out	(152,821)	(522,930)	—	(209,874)	(885,625)
Premium on refunding bonds issued	—	—	77,207	—	77,207
Issuance of refunding bonds	—	—	563,805	—	563,805
Payment to refunded bond escrow agent	—	—	(639,404)	—	(639,404)
Issuance of refunding COPs	—	—	—	160,190	160,190
Payment to refunded COPs escrow agent	—	—	—	(175,887)	(175,887)
Premium on refunding COPs issued	—	—	—	16,648	16,648
Insurance proceeds – fire damage	3,221	—	—	—	3,221
Capital leases	930	—	—	—	930
Land and building sale	—	—	—	321	321
Total Other Financing Sources (Uses)	(115,749)	145,262	1,608	(35,216)	(4,095)
Net Changes in Fund Balances	(78,721)	(713,698)	(43,046)	(166,311)	(1,001,776)
Fund Balances, July 1, 2011	903,531	2,820,328	724,608	977,193	5,425,660
Fund balances, June 30, 2012	<u>\$ 824,810</u>	<u>\$ 2,106,630</u>	<u>\$ 681,562</u>	<u>\$ 810,882</u>	<u>\$ 4,423,884</u>

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
For the Fiscal Year Ended June 30, 2012
(in thousands)

Total Net Changes in Fund Balances – Governmental Funds	\$ (1,001,776)
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.	609,865
Some of the capital assets acquired this year were financed with capital leases. The amount financed is reported in the governmental funds as a source of financing. On the other hand, the proceeds are not revenues in the statement of activities, but rather, constitute long-term liabilities in the statement of net assets	(930)
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 assets.	376,050
Premiums, discounts, refunding charges and issuance costs are reported as other financing sources and uses in the governmental funds, but presented as liabilities or deferred charges, net of amortization in the statement of net assets.	(41,168)
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues for this year.	14,094
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).	28,133
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.	28,007
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.	4,390
OPEB expenditures are recorded in the governmental funds to the extent of amounts actually funded. In the statement of activities, however, the expense is recorded for the full amount of the accrual-basis annual OPEB cost.	(819,296)
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.	53,289
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	39,164
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 expenditure is recognized.	36,877
Changes in Net Assets of Governmental Activities	<u>\$ (673,301)</u>

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, 2012
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Revenue limit sources	\$ 3,007,910	\$ 2,993,159	\$ 2,968,193	\$ (24,966)
Federal revenues	935,171	937,253	867,952	(69,301)
Other state revenues	2,036,838	1,901,327	1,903,472	2,145
Other local revenues	124,142	138,381	142,899	4,518
Total Revenues	<u>6,104,061</u>	<u>5,970,120</u>	<u>5,882,516</u>	<u>(87,604)</u>
Expenditures:				
Current:				
Certificated salaries	2,689,305	2,757,315	2,681,632	75,683
Classified salaries	794,818	830,636	819,247	11,389
Employee benefits	1,412,839	1,411,920	1,365,836	46,084
Books and supplies	365,440	265,109	231,114	33,995
Services and other operating expenditures	810,795	819,364	701,435	117,929
Capital outlay	43,882	71,810	43,581	28,229
Debt service – principal	4,546	4,548	1,327	3,221
Debt service – bond, COPs, and capital leases interest	385	385	113	272
Other outgo	650	1,651	1,203	448
Total Expenditures	<u>6,122,660</u>	<u>6,162,738</u>	<u>5,845,488</u>	<u>317,250</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,599)</u>	<u>(192,618)</u>	<u>37,028</u>	<u>229,646</u>
Other Financing Sources (Uses):				
Transfers in	—	9,367	5,494	(3,873)
Transfers – support costs	26,603	27,905	27,427	(478)
Transfers out	(213,619)	(152,852)	(152,821)	31
Insurance proceeds – fire damage	17,846	17,846	3,221	(14,625)
Capital leases	1,064	1,064	930	(134)
Total Other Financing Sources (Uses)	<u>(168,106)</u>	<u>(96,670)</u>	<u>(115,749)</u>	<u>(19,079)</u>
Net Changes in Fund Balances	<u>(186,705)</u>	<u>(289,288)</u>	<u>(78,721)</u>	<u>210,567</u>
Fund Balances, July 1, 2011	<u>828,645</u>	<u>903,531</u>	<u>903,531</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 641,940</u>	<u>\$ 614,243</u>	<u>\$ 824,810</u>	<u>\$ 210,567</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Assets
Proprietary Funds
Governmental Activities – Internal Service Funds
June 30, 2012
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	\$ 520,507
Accounts receivable – net	1,744
Accrued interest and dividends receivable	921
Prepaid expense	12,091
Due from other funds	<u>332,500</u>
Total Assets	<u>867,763</u>
Liabilities:	
Current:	
Vouchers and accounts payable	54,206
Accrued payroll	446
Other payables	1,619
Estimated liability for self-insurance claims	<u>108,545</u>
Total Current Liabilities	164,816
Noncurrent:	
Estimated liability for self-insurance claims	<u>399,192</u>
Total Liabilities	<u>564,008</u>
Total Net Assets – Unrestricted	<u><u>\$ 303,755</u></u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2012
(in thousands)

Operating Revenues:	
In-district premiums	\$ 1,037,077
Others	268
Total Operating Revenues	1,037,345
Operating Expenses:	
Certificated salaries	152
Classified salaries	5,238
Employee benefits	2,868
Supplies	197
Premiums and claims expenses	978,643
Claims administration	12,925
Other contracted services	2,039
Total Operating Expenses	1,002,062
Operating Income	35,283
Nonoperating Revenues (Expenses):	
Interest income	6,903
Miscellaneous expense	(23)
Total Nonoperating Revenues	6,880
Income before Transfers	42,163
Transfers in	11,126
Change in Net Assets	53,289
Total Net Assets, July 1, 2011	250,466
Total Net Assets, June 30, 2012	\$ 303,755

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, 2012
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	\$ (8,429)
Cash payments for goods and services	(1,019,153)
Receipts from assessment to other funds	1,037,056
Other operating revenue	1,261
Net Cash Provided by Operating Activities	<u>10,735</u>
Cash Flows from (to) Non-Capital Financing Activities	
Transfer from other funds	11,126
Loan to other funds	(332,500)
Net Cash Used by Non-Capital Financing Activities	<u>(321,374)</u>
Cash Flows from Investing Activities:	
Earnings on investments	8,870
Net Cash Provided by Investing Activities	<u>8,870</u>
Net Decrease in Cash and Cash Equivalents	(301,769)
Cash and Cash Equivalents, July 1	<u>822,276</u>
Cash and Cash Equivalents, June 30	<u>\$ 520,507</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating income	\$ 35,283
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in accounts receivable	972
Decrease in prepaid expense	387
Decrease in vouchers and accounts payable	(30,676)
Decrease in accrued payroll	(165)
Increase in other payables	502
Decrease in estimated liability for self-insurance claims – current	(38,124)
Increase in estimated liability for self-insurance claims – noncurrent	42,556
Total Adjustments	<u>(24,548)</u>
Net Cash Provided by Operating Activities	<u>\$ 10,735</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Fiduciary Funds – Agency Funds
June 30, 2012
(in thousands)

Assets	
Cash in county treasury, in banks, and on hand	\$ 41,377
Total Assets	<u>\$ 41,377</u>
Liabilities	
Other payables	<u>\$ 41,377</u>
Total Liabilities	<u>\$ 41,377</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(1) Summary of Significant Accounting Policies

The Los Angeles Unified School 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 Comprehensive 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 District Finance Corporation and the District 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 and, upon completion, intends to occupy all Corporation facilities under construction 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(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 assets 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 funds. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. The same measurement focus and basis of accounting also apply to trust funds. The agency funds, however, report only assets and liabilities and therefore has no measurement focus.

Government 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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 comprehensive 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, capital and other long-term assets, and long-term liabilities are included in the financial statements.
- Statement of net assets displays the financial position of the District including all capital assets and related accumulated depreciation and long-term liabilities.
- Statement of activities focuses on the cost of functions and programs and the effect of these on the District's net assets. This financial report is also prepared using the full accrual basis and shows depreciation expense and unfunded OPEB expense.

(e) Fund Accounting

The District's accounting system is organized and operated on the basis of funds. A fund is a separate accounting entity with a self-balancing set of accounts. 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 2011-12:

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 (BB Bonds), established to account for bond proceeds received as a result of the passage of Proposition BB; Building Account – Measure K, established to account for bond proceeds received as a result of the issuance of General Obligation Bonds (G.O. Bonds) authorized pursuant to ballot measure "Measure K"; Building Account – Measure R, established to account for bond proceeds received by the passage of Measure R; and Building Account – Measure Y, established to account for bond proceeds received by the passage of Measure Y.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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, and Measure Y). Revenues are derived from ad valorem taxes levied upon all property subject to tax by 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, Cafeteria, and Child Development. The Deferred Maintenance fund was closed out at the end of the prior fiscal year and all remaining balance were transferred to the General Fund since the District does not expect to continue to receive revenue sources restricted or committed to the purposes of the fund.

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 2011-12.

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, State School Building Lease-Purchase, Special Reserve, Special Reserve – FEMA-Earthquake, Special Reserve – FEMA-Hazard Mitigation, Special Reserve – Community Redevelopment Agency, Capital Facilities Account, and County School Facilities Bonds Fund (Proposition 1A, Proposition 47, Proposition 55, and Proposition 1D). The District Bonds Fund (BB Bonds, Measure K, Measure R, and Measure Y) is reported separately as a major fund in fiscal year 2011-12.

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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 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.

(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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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, except Proprietary and Fiduciary 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 in 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 debt, and for the repayment of tax and revenue anticipation notes.

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's 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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

funds” on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net assets.

(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 \$25,000.

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:

Assets	Years
Improvement of sites	20
Buildings	50
Portable buildings	20
Building improvements	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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(k) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2012.

(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) 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 assets. Bond premiums and discounts are deferred and 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 reported as deferred charges and amortized over the term of the related debt using straight-line method. Gains and losses on refunding related to bonds redeemed by proceeds from the issuance of new bonds are amortized to debt 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 bond 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.

(n) Revenue Limit Sources/Property Taxes

The revenue limit is the basic financial support for District activities. The District's revenue limit is received from a combination of local property taxes and state apportionments. For the fiscal year

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

2011-12, the District received local property taxes amounting to \$901.2 million and State aid amounting to \$2,067.0 million.

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 local revenue limit sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. 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.

The District's base revenue limit is the amount of general purpose revenue, per average daily attendance (ADA), that the District is entitled to by law. This amount is multiplied by the second period ADA to derive the District's total entitlement.

(o) 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 in anticipation of receiving taxes and other revenues.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

On July 1, 2011, the District issued a total of \$550.0 million of 2011-12 TRANs with an overall true interest cost of 0.28% and total premium of \$10.5 million. A portion of the interest in the amount of \$10.9 million was paid on June 29, 2012 and the remainder of interest and all of the principal were paid on the due date of August 1, 2012.

TRANs – Short-Term Notes Payable
(in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Beginning balance, July 1, 2011	\$ –	\$ –	\$ –
Additions	550,000	21,194	571,194
Deductions	–	(9,412)	(9,412)
Ending balance, June 30, 2012	<u>\$ 550,000</u>	<u>\$ 11,782</u>	<u>\$ 561,782</u>

(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 Assets

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. 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 funds.” The details of the \$16,408,592 difference are as follows (in thousands):

Bonds payable and related accrued interest	\$ (11,507,002)
Certificates of participation (COPs)	(442,884)
Capital lease obligations	(2,185)
Children center facilities revolving loan	(792)
Liability for compensated absences	(63,498)
Retirement bonus	(80,759)
Early retirement incentive	(25,533)
Other Post Employment Benefits (OPEB)	(3,995,038)
Arbitrage payable	(1,080)
Accrued interest	<u>(289,821)</u>
Net adjustment to reduce <i>total fund balances – governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ (16,408,592)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(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 assets 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.” The details of this \$609,865 difference are as follows (in thousands):

Capital related expenditures	\$ 1,035,746
Depreciation expense	(425,875)
Loss on disposal of capital assets	<u>(6)</u>
Net adjustment to increase net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net assets – governmental activities</i>	<u><u>\$ 609,865</u></u>

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 assets.” The details of this \$376,050 difference are as follows (in thousands):

Debt issued or incurred:	
General obligation bonds	\$ (563,805)
Certificates of participation	(160,190)
Principal repayments:	
General obligation bonds	285,200
Certificates of participation	53,267
Refunding COPs	175,887
Refunding general obligations bonds	584,370
Capital leases	1,104
California Energy Commission loan	<u>217</u>
Net adjustment to increase net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net assets – governmental activities</i>	<u><u>\$ 376,050</u></u>

(4) Budgetary Appropriation Amendments

During the fiscal year, modifications were necessary to reduce appropriations for expenditures and other financing uses for the General Fund by \$22.0 million.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(5) Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net assets:	
Cash and investments	\$ 4,904,833
Cash and investments held by trustee	<u>110,856</u>
Subtotal	5,015,689
Fiduciary funds:	
Cash and investments	<u>41,377</u>
Total cash and investments	<u><u>\$ 5,057,066</u></u>

Cash and investments as of June 30, 2012 consist of the following (in thousands):

Cash on hand (cafeteria change funds)	\$ 2
Deposits with financial institutions and LA County Pool (a)	4,495,147
Investments (b)	<u>561,917</u>
Total cash and investments	<u><u>\$ 5,057,066</u></u>

- (a) Deposits with financial institutions include cash in the Los Angeles County Pooled Surplus Investment Fund (\$4,353,024), cash held by fiscal agents or trustees (\$110,856), and cash deposited with various other financial institutions, including imprest funds in schools and offices (\$31,269).

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.

- (b) Investments include funds set aside in a county repayment account for TRANs (\$561,917).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

Except for investments by trustees of 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 web site at <http://ttax.co.la.ca.us/>. The table below identifies some of the investment types permitted in the investment policy:

	<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Total Par Value</u>	<u>Maximum Par Value per Issuer</u>
A.	Obligations of the U.S. government, its agencies and instrumentalities.	None	None	None
B.	Approved Municipal Obligations	5 to 30 years	10% of PSI portfolio	None
C.	Asset-Backed Securities with highest ratings	5 years	20% of PSI portfolio	with credit rating limits
D.	Bankers' Acceptances Domestic and Foreign	180 days	40% of PSI portfolio	with credit rating limits
E.	Negotiable Certificates of Deposits – Domestic & Euro	1 to 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 – U.S. government obligations		15% of PSI portfolio	
J.	Repurchase Agreement	30 days	\$1.0 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.			
N.	Securities Lending Agreement	180 days	20% of base portfolio value (combined total value of reverse purchase agreements and securities lending)	
O.	Investment of Bond Proceeds in accordance with Gov. Code 53601(m)	None	None	None

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

Debt proceeds held by trustees are governed by provisions of debt agreements. The table below identifies the investment types that are authorized for such funds:

	<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Total Par Value</u>	<u>Maximum Par Value per Issuer</u>
A.	Obligations of the U.S. government, its agencies and instrumentalities.	None	None	None
B.	Commercial Paper (CP) rated "A-1" (S&P) and "P-1" (Moody's)	270 days	None	None
C.	Investment agreements, the provider of which is rated at one of the two highest rating categories	None	None	None
D.	Money market funds	None	None	None

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 less than 18 months. As of June 30, 2012, 59.82% of district funds in the County PSI Fund does not exceed one year. In addition, variable-rate notes that comprised 4.0% 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 two nationally recognized statistical rating organizations. For a short term debt issuer, the rating must be no less than A-1 from Standard & Poor's or P1 from Moody's, while for a long-term debt issuer, the rating must be no less than A from Standard & Poor's or P from Moody's. 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 states that no more than 5% of total market value of the pooled funds may be invested in securities of any one issuer, except for obligations of the United States government, and its agencies and instrumentalities. In addition, no more than 10% may be invested in one money market mutual fund. As of June 30, 2012, the County did not exceed these limitations.

Custodial credit risk for deposits is the risk that in the event of failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Cash in the county treasury is not exposed to custodial credit risk since all county deposits are either covered by federal depository insurance or collateralized with securities held by the County. Deposits other than those with the County are also covered by federal depository insurance or collateralized at the rate of 110% of the deposits, although the collateral may not be held specifically in the District's name.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(6) Receivables/Payables

Receivables by Fund at June 30, 2012 consist of the following (in thousands):

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Internal Service Funds	Total
Taxes	\$ —	\$ —	\$ 106,219	\$ —	\$ —	\$ 106,219
Accrued grants and entitlements	1,410,233	—	—	41,100	—	1,451,333
Other	54,566	5,063	—	3,989	1,744	65,362
Interest and dividends	1,344	4,456	—	1,515	921	8,236
Total Receivables	<u>\$ 1,466,143</u>	<u>\$ 9,519</u>	<u>\$ 106,219</u>	<u>\$ 46,604</u>	<u>\$ 2,665</u>	<u>\$ 1,631,150</u>

Payables by Fund at June 30, 2012 consist of the following (in thousands):

	General	District Bonds	Other Governmental	Internal Service Funds	Total
Vouchers and accounts	\$ 227,690	\$ 79,259	\$ 34,192	\$ 54,206	\$ 395,347
Contracts	356	58,913	5,518	—	64,787
Accrued payroll	192,540	8	—	446	192,994
Other	80,334	—	18,038	1,619	99,991
Total payables	<u>\$ 500,920</u>	<u>\$ 138,180</u>	<u>\$ 57,748</u>	<u>\$ 56,271</u>	<u>\$ 753,119</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(7) Capital Assets

A summary of changes in capital asset activities follows (in thousands):

	Balance, June 30, 2011	Increases	Decreases	Balance, June 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 3,136,630	\$ 8,232	\$ —	\$ 3,144,862
Construction in progress	3,571,703	1,001,446	(1,036,215)	3,536,934
Total capital assets, not being depreciated	6,708,333	1,009,678	(1,036,215)	6,681,796
Capital assets, being depreciated:				
Improvement of sites	528,607	263	—	528,870
Buildings and improvements	10,069,170	994,157	—	11,063,327
Equipment	1,228,062	67,863	(35,569)	1,260,356
Total capital assets, being depreciated	11,825,839	1,062,283	(35,569)	12,852,553
Less accumulated depreciation for:				
Improvement of sites	(321,644)	(13,490)	—	(335,134)
Buildings and improvements	(2,556,881)	(365,536)	—	(2,922,417)
Equipment	(1,028,399)	(46,849)	35,563	(1,039,685)
Total accumulated depreciation	(3,906,924)	(425,875)	35,563	(4,297,236)
Total capital assets, being depreciated, net	7,918,915	636,408	(6)	8,555,317
Governmental activities capital assets, net	\$ 14,627,248	\$ 1,646,086	\$ (1,036,221)	\$ 15,237,113

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

Depreciation expense was charged to the following functions (in thousands):

Governmental activities:

Instruction	\$	3,329
Support services – students		387
Support services – instructional staff		1,603
Support services – general administration		205
Support services – school administration		2,307
Support services – business		1,641
Operation and maintenance of plant services		5,084
Student transportation services		7,345
Data processing services		906
Operation of noninstructional services		1,149
Depreciation – unallocated		401,919
		401,919
Total depreciation expense – governmental activities	\$	425,875

(8) 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 State Teachers’ Retirement System (STRS), and 3) the Public Agency Retirement (PARS) which is administered under a Trust. In general, certificated employees are members of STRS and classified employees are members of CalPERS. Part-time, seasonal, temporary and other employees who are not members of CalPERS or STRS are members of PARS.

(a) California Public Employees’ Retirement System (CalPERS)

Plan Description

The District contributes to a cost-sharing multiple-employer plan for Miscellaneous, and an agent multiple-employer plan for Safety, to the Public Employees’ Retirement Fund (PERF), defined benefit pension plans administered by CalPERS. The plans provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

Funding Policy

Active plan members are required to contribute 7% (miscellaneous) or 9% (safety) of their monthly salary and the District is required to contribute based on an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rates for fiscal year 2011-12 were 10.923% for miscellaneous and 34.056% for safety members. The District paid the employee's contribution of 9% for most of the safety members, and certain percentages for employees covered under other collective bargaining units. The contribution requirements of the plan members are established by state statute. The following table shows employer and employee contributions for all members for the fiscal years ended June 30, 2012, 2011, and 2010 (in thousands).

Schedule of Employer Contributions:

	<u>2012</u>		<u>2011</u>	<u>2010</u>
	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety and Miscellaneous</u>	<u>Safety and Miscellaneous</u>
District contributions:				
Regular	\$ 8,553	\$ 103,458	\$ 112,871	\$ 113,584
Annual Savings Recapture – AB 702 Credits	<u>(5,200)</u>	<u>11,823</u>	<u>9,772</u>	<u>19,357</u>
Total district contributions	<u>3,353</u>	<u>115,281</u>	<u>122,643</u>	<u>132,941</u>
Employee contributions:				
Paid by Employees	567	50,807	52,420	53,932
Paid by District	<u>1,728</u>	<u>16,073</u>	<u>19,966</u>	<u>23,040</u>
Total employee contributions	<u>2,295</u>	<u>66,880</u>	<u>72,386</u>	<u>76,972</u>
Total CalPERS contributions	<u>\$ 5,648</u>	<u>\$ 182,161</u>	<u>\$ 195,029</u>	<u>\$ 209,913</u>
Percentage of required contributions made	100%	100%	100%	100%

The District's contributions for all members for the fiscal years ended June 30, 2012, 2011, and 2010 were in accordance with the required contribution rates calculated by the CalPERS actuary for each year. Therefore, annual pension costs for these years were equal to the annual required contributions. There was no net pension obligation for the years ended June 30, 2012, 2011, and 2010.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

A summary of principal assumptions and methods used to determine the ARC for the Safety plan is shown below:

Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	30 Years as of the Valuation Date
Asset Valuation Method	15 Year Smoothed Market
Actuarial Assumptions	
Investment Rate Return	7.75 % (net of administrative expenses)
Projected Salary Increases	3.55% to 13.15% depending on Age, Service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00 % and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

Schedule of Funding Progress – Safety

As of June 30, 2011, the most recent actuarial valuation date, the actuarial value of plan assets was \$214,253,073 and the actuarial accrued liability for benefits was \$258,517,618. The unfunded actuarial liability was \$44,264,545. The actuarial value of assets as a percentage of the actuarial accrued liability was 82.9% (funded ratio). The covered payroll (annual payroll of active employees covered by the plan) was \$24,676,608, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 179.4%.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The Schedule of Funding Progress presented as Required Supplementary Information on page 63 following the Notes to the Basic Financial Statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial liability of the benefits.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(b) California State Teachers' Retirement System (STRS)

Plan Description

The District contributes to the STRS, 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 STRS. At June 30, 2011, there were 1,669 contributing employers (charter schools, school districts, community college districts, county offices of education and regional occupational programs). 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. STRS issues a separate comprehensive annual financial report that includes a ten-year trend information showing the progress in accumulating sufficient assets to pay benefits when due. Copies of the STRS annual financial report may be obtained from California State Teachers' Retirement System, P.O. Box 15275, Sacramento, CA 95851-0275.

Funding Policy

Active plan members are required to contribute 8% of their salary (6% to the Defined Benefit (DB) Program and 2% to the Defined Benefit Supplement (DBS) Program). The District is required to contribute based on an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2011-12 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. Required contributions to STRS for fiscal years ended June 30, 2012, 2011, and 2010 (in thousands) are as follows:

	Percentage of applicable member earnings	2012	2011	2010
District contributions	8.25%	\$ 224,963	\$ 236,730	\$ 233,091
Employee contributions (including adjustments)	8.00%	218,026	233,207	239,431
Total STRS contributions	16.25%	\$ 442,989	\$ 469,937	\$ 472,522
Percentage of required contributions made		100%	100%	100%

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Year Ended June 30, 2012

The District's contributions for all members for the fiscal years ended June 30, 2012, 2011, and 2010 were in accordance with the required contribution rates calculated by the STRS actuary for each year.

Beginning July 1, 2003, the State's contribution to the system is 2.017% of the previous calendar year's teachers' payroll. Subsequent to achieving a fully funded System, the State expects to contribute only the amount necessary to help fund the normal cost of the current benefit program unless a subsequent unfunded obligation occurs.

(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 STRS, 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. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

Funding Policy

The minimum total contribution is 7.5% of employees' salaries, of which the District and the employees contribute 3.75% each. The District paid the employee's contribution for certain collective bargaining units. 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.

District employees covered under PARS total 51,931 as of June 30, 2012. District and employee contributions to the plan for the last three fiscal years are as follows: 2011-12 – \$9,001,987, 2010-11 – \$10,486,286, and 2009-10 – \$11,476,230.

The District's contributions for all members for the fiscal years ended June 30, 2012, 2011, and 2010 were in accordance with the required contributions.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

Termination Benefits

To lessen the impact of anticipated reductions in work force, the District offered early retirement incentive programs in fiscal years 2008-09 and 2009-10 to certificated and classified employees. The retirement incentive was equal to 40% of basic salary in effect on February 24, 2009 for certificated employees, May 1, 2009 for school-based classified employees, and September 8, 2009 for central office classified employees. The basic benefit is paid in the form of an annuity with lifetime monthly payment options or fixed term monthly payments ranging from 5 to 15 years. It was purchased from Pacific Life Insurance Company and is administered by the Public Agency Retirement System (PARS). The benefits are to be funded in five (5) annual District contributions starting in 2009-10. After discounting the expected future payments to their present value, the remaining cost of this early retirement incentive is \$27.8 million as of June 30, 2012.

From fiscal years 2008-09 to 2011-12, the District also purchased 2 years of additional service credits for certain organizational unit or division identified employees covered by the California Public Employees' Retirement System (CalPERS). The total cost of this incentive is estimated at \$3.6 million.

Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District administers a single-employer defined benefit healthcare plan. The plan provides other post-employment (health care) benefits, in accordance with collective bargaining unit agreements and Board rules. Certificated and classified employees who retire from the District receiving a STRS/CalPERS retirement allowance (for either age or disability) are 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 ten 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 ten consecutive qualifying years immediately prior to retirement plus an additional previous ten 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.

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Year Ended June 30, 2012

- f. Those hired on or after April 1, 2009 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.

In order to maintain coverage, the retirees must continue to receive a STRS/CalPERS retirement allowance and retirees/spouses or domestic partners must enroll in those parts of Medicare for which they are eligible. Lack of Medicare does not impact dental or vision coverage. As of July 1, 2012, approximately 37,000 retirees now meet these eligibility requirements. The plan does not issue a separate financial report.

Funding Policy

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.

For fiscal year 2012, the District contributed \$228.7 million to the plan for the cost of total District expenditures for health and medical benefits for retired employees. These expenditures consist of retirees' current-year insurance premiums already paid to the Health Maintenance Organizations, retirees' claims reported to the District but not yet paid, and an estimate for claims incurred but not yet reported to the District.

Healthcare Reform Act

The Patient Protection and Affordable Care Act, and the Health Care and Education Reconciliation Act of 2010, collectively referred to as "the Health Care Reform Act of 2010" was signed into law in March 2010. This Act imposes a 40% excise tax on employers that carry "Cadillac healthcare plans" beginning in 2018. The tax is applied to the amount of premium in excess of stated single (\$10,200) and family (\$27,500) thresholds. As of June 30, 2011 actuarial valuation, the District's actuary estimated the impact of the excise tax using the assumptions and calculations from that valuation. Amounts provided in the ensuing paragraphs include the effects of the new legislation.

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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Notes to Basic Financial Statements

Year Ended June 30, 2012

The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the plan (in thousands).

Annual required contribution	\$ 1,085,949
Interest on net OPEB obligation	158,787
Adjustment to annual required contribution	<u>(196,749)</u>
Annual OPEB cost (expense)	1,047,987
Contributions made	<u>(228,691)</u>
Increase in net OPEB obligation	819,296
Net OPEB obligation – beginning of year	<u>3,175,742</u>
Net OPEB obligation – end of year	<u><u>\$ 3,995,038</u></u>

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2011, and 2010 were as follows (in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2012	\$ 1,047,987	22 %	\$ 3,995,038
6/30/2011	1,022,031	23	3,175,742
6/30/2010	977,150	24	2,393,811

Funded Status and Funding Progress

As of June 30, 2011, the most recent actuarial valuation date, updated for the effects of new legislation, the plan was substantially unfunded. The actuarial accrued liability for benefits was \$11.2 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$11.2 billion. The covered payroll (annual payroll of active employees covered by the plan) was \$4.6 billion, and the ratio of the UAAL to the covered payroll was 242%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information for the most recent actuarial valuation and in future years, multi-year trend information about whether the actuarial value of plan assets, if any, is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs, as applicable, between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, if any, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the actuarial method used in estimating the liability is the entry age normal method which is based on the assumption that the Actuarial Present Value (APV) of employees' expected postretirement benefits accrue on a level basis over their expected working careers, from hire until the date of full eligibility for postretirement medical benefits. The significant assumptions used in the computation include a 5% discount rate and a healthcare cost trend of 9.25% for Kaiser/HealthNet and 9% for Anthem HMO/EPO in 2012, ultimately declining to 5% in 2021 and 2020 respectively and remaining at that level thereafter. A healthcare cost trend rate of 5% is assumed for dental and vision. The UAAL is being amortized as a level dollar, open of projected payroll over a 30-year period.

(9) 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 \$500 million coverage above a \$1 million self-insurance retention and for general liability, which currently provides \$40 million coverage above a \$5 million self-insurance retention. No settlements exceeded insurance coverage in the last four fiscal years ended June 30, 2012.

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 three 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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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, 2012, the amount of the total claims liabilities recorded for health and welfare, liability self-insurance, and workers' compensation was \$507.7 million. In the current fiscal year, there have been some significant reserve increases for a number of cases in the Liability Self-Insurance Fund, causing the estimated liability to be higher. The Health and Welfare Benefits Fund lowered its estimated liability due to shorter lag times before payment of claims. Medical inflation contributed to an increase in workers' compensation claims liability. Changes in the reported liabilities since July 1, 2010 (in thousands) are summarized as follows:

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2011-2012				
Health and welfare benefits	\$ 37,764	\$ 206,838	\$ (220,356)	\$ 24,246
Workers' compensation	430,840	98,418	(95,269)	433,989
Liability self-insurance	34,702	24,829	(10,027)	49,504
	<u>\$ 503,306</u>	<u>\$ 330,085</u>	<u>\$ (325,652)</u>	<u>\$ 507,739</u>
Total				
2010-2011				
Health and welfare benefits	\$ 37,827	\$ 231,339	\$ (231,402)	\$ 37,764
Workers' compensation	452,398	66,514	(88,073)	430,839
Liability self-insurance	38,119	6,657	(10,074)	34,702
	<u>\$ 528,344</u>	<u>\$ 304,510</u>	<u>\$ (329,549)</u>	<u>\$ 503,305</u>
Total				

(10) Certificates of Participation, Long-Term Capital Leases, and Operating Leases

The District has entered into Certificates of Participation (COPs) for the acquisition of school sites, relocatable classroom buildings, a new administration building, furniture and equipment, and for various other construction projects. The COPs outstanding as of June 30, 2012 are as follows:

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

<u>COPs Issue</u>	<u>Sale Date</u>	<u>Original Principal Amount (in thousands)</u>	<u>Outstanding June 30, 2012 (in thousands)</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>
2003 Series B	2003	\$ 31,620	\$ 24,575	3.0 - 5.0%	2028
2004 Series A	2004	50,700	6,740	4.0 - 5.0	2014
Series 2005 (QZAB)	2005	10,000	10,000	0.0	2020
2007 Series A	2007	99,660	58,422	5.0	2017
2009 Series A	2009	40,728	25,554	3.92	2019
2010 Series A	2010	69,685	55,735	3.0 - 5.0	2017
2010 Series B-1 (BABs)	2010	21,615	21,615	7.663 - 8.525	2035
2010 Series B-2	2010	61,730	57,020	3.0 - 5.75	2020
2012 Series A	2012	87,845	87,845	2.0 - 5.0	2031
2012 Series B	2012	72,345	72,345	2.0 - 5.0	2031
			<u>\$ 419,851</u> *		

* The total amount shown above excludes net unamortized premium of \$23,034.

On June 12, 2012, the District issued Refunding COPs 2012 Series A and B (Headquarters Building Projects) in the aggregate principal amount of \$160.19 million. Interest is payable semiannually ranging from 2.00% to 5.00% for Series A and Series B. Principal payments are due annually through 2031 for both series. The proceeds were used to refinance the COPs 2001 Series B, the COPs 2002 Series C, and the 2008 Series A and Series B Variable Rate Refunding Certificates. The refunding resulted in a reduction of debt service payments of \$14 million over 19 years and an economic gain of \$11.1 million.

In prior years, the District defeased certain principal amounts of its certificates of participation and refunding certificates of participation by placing proceeds of refunding certificates of participation and general obligation bonds into irrevocable escrow funds to provide for all future debt service payments on the refunded and defeased certificates of participation and refunding certificates of participation. Accordingly, the escrow account assets and the liability for the defeased certificates of participation are not included in the District's financial statements. At June 30, 2012, \$59.6 million of defeased COPs were still outstanding.

In prior years, the District defeased certain sinking fund payments for its 2000 Certificates of Participation (Qualified Zone Academy Bonds) and its 2005 Certificates of Participation (Qualified Zone Academy Bonds) by placing general fund monies, payments from charter schools that received proceeds of the 2000 Certificates of Participation (Qualified Zone Academy Bonds), proceeds of general obligation bonds, interest earnings on all said deposits and interest earnings on forward delivery agreements into the respective sinking fund accounts held by the respective trustees to provide for the payment of the 2000 Certificates of Participation (Qualified Zone Academy Bonds) and 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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

outstanding as of June 30, 2012, a total of \$3.92 million of accumulated sinking fund payments have been made, which amount reflects the portion of the certificates of participation that are considered economically defeased.

Other Leasing Arrangements

The District has entered into various lease agreements ranging from three 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 11 – Long-Term Obligations.

The District’s operating leases consist of various leased facilities and office equipment (primarily copiers). The leased facilities have varying terms ranging from less than a year to 80 years. Some leases are month to month and a few are year to year. The leases expire over the next 71 years subject to renewal option provisions.

The office equipment lease (primarily copiers) is also under various lease terms that range from less than a year to 5 years. The leases expire during the next 3 years.

The total expenditure for all operating leases amounted to \$17.6 million in 2011-12. The future minimum commitments for noncancelable operating lease of the District as of June 30, 2012 are as follows (in thousands):

	Amount (in thousands)
Fiscal year ending:	
2013	\$ 11,107
2014	6,947
2015	6,321
2016	4,888
2017	3,944
2018-2022	17,267
2023-2027	12,044
2028-2032	13,459
2033-2037	15,937
2038-2042	16,800
2043-2047	9,689
2048-2052	10,697
2053-2057	11,811
2058-2062	13,040
2063-2067	14,397
2068-2072	15,896
2073-2077	17,550
2078-2082	19,377
2083	4,111
	<u>\$ 225,282</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(11) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2012 (in thousands):

	Balance, July 1, 2011	Additions	Deductions	Balance, June 30, 2012	Due Within One Year	Interest Expense
General Obligation Bonds*	\$ 11,810,881	\$ 651,579	\$ 955,458	\$ 11,507,002	\$ 355,792	\$ 548,786
Certificates of Participation (Note 10)**	494,840	176,853	228,809	442,884	27,494	16,036
Capital Lease Obligations	2,359	930	1,104	2,185	880	113
Children Center Facilities Revolving Loan	792	-	-	792	-	-
California Energy Commission Loan	217	-	217	-	-	-
Liability for Compensated Absences	70,381	64,286	69,592	65,075	1,130	-
Liability for Other Employee Benefits	131,651	-	23,220	108,431	14,954	-
Self-Insurance Claims (Note 9)	503,305	330,085	325,652	507,738	108,545	-
Other Postemployment Benefits (OPEB)	3,175,742	1,047,987	228,691	3,995,038	-	-
Arbitrage Payable	5,470	647	5,037	1,080	270	-
Total	\$ 16,195,638	\$ 2,272,367	\$ 1,837,780	\$ 16,630,225	\$ 509,065	\$ 564,935

* Net of unamortized premiums and discounts.

** Including unamortized premium.

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	Amortization	Interest	Principal	Amortization	Interest	Principal	Interest	Principal	Amortization	Interest
2013	\$ 333,930	\$ 21,862	\$ 568,059	\$ 25,570	\$ 2,804	\$ 16,515	\$ -	\$ -	\$ 359,500	\$ 24,666	\$ 584,574
2014	327,270	23,667	551,369	30,716	2,852	16,874	79	-	358,065	26,519	568,243
2015	332,225	22,446	536,007	38,510	2,828	17,015	79	-	370,814	25,274	553,022
2016	338,870	21,757	519,918	37,546	2,563	15,306	79	-	376,495	24,320	535,224
2017	341,215	20,300	503,377	38,563	2,192	13,498	79	-	379,857	22,492	516,875
2018-2022	2,019,320	67,455	2,234,875	123,541	6,181	45,098	397	-	2,143,258	73,636	2,279,973
2023-2027	3,142,730	23,154	1,686,637	56,600	2,713	27,395	79	-	3,199,409	25,867	1,714,032
2028-2032	2,566,455	14,387	930,175	63,480	928	11,461	-	-	2,629,935	15,315	941,636
2033-2036	1,888,470	1,490	179,545	7,510	(27)	1,266	-	-	1,895,980	1,463	180,811
	\$ 11,290,485	\$ 216,518	\$ 7,709,962	\$ 422,036	\$ 23,034	\$ 164,428	\$ 792	\$ -	\$ 11,713,313	\$ 239,552	\$ 7,874,390

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

The General Obligation Bonds balance of \$11.5 billion, which includes unamortized bond premiums (net of unamortized discount and refunding charges) of \$216.5 million, consists of:

<u>Bond Issue</u>	<u>Sale Date</u>	<u>Original Principal Amount (in thousands)</u>	<u>Outstanding June 30, 2012 (in thousands)</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>
Proposition BB, Series A	1997	\$ 356,000	\$ 64,120	6.0%	2015
Proposition BB, Series E	2002	500,000	15,665	4.4 - 5.5	2012
Proposition BB, Series F	2003	507,345	35,000	3.5 - 4.5	2013
Measure K, Series A	2003	2,100,000	82,930	3.8 - 5.25	2013
Measure K, Series B	2007	500,000	449,130	4.0 - 5.0	2031
Measure K, Series C	2007	150,000	134,765	4.5 - 5.0	2032
Measure K, Series D	2009	250,000	234,740	2.5 - 5.25	2034
Measure R, Series C	2004	50,000	36,905	3.6 - 5.0	2029
Measure R, Series E	2005	400,000	229,210	3.75 - 5.75	2030
Measure R, Series F	2006	500,000	436,035	3.5 - 5.0	2030
Measure R, Series G	2006	400,000	334,290	4.0 - 5.0	2031
Measure R, Series H	2007	550,000	476,705	3.75 - 5.0	2032
Measure R, Series I	2009	550,000	518,525	3.0 - 5.25	2034
Measure Y, Series A	2006	56,785	23,750	3.5 - 5.0	2022
Measure Y, Series B	2006	80,200	31,615	3.5 - 5.0	2028
Measure Y, Series C	2006	210,000	177,500	5.0	2030
Measure Y, Series D (taxable)	2006	47,400	22,345	6.0	2014
Measure Y, Series E	2007	300,000	271,065	4.5 - 5.0	2032
Measure Y, Series F	2009	150,000	141,145	2.5 - 5.25	2034
Measure Y, Series G	2009	5,615	5,615	3.0	2013
Measure Y, Series H	2009	318,800	318,800	1.54	2025
Measure Y, Series I	2010	3,795	3,795	2.75	2013
Measure Y, Series J-1 (QSCB)	2010	190,195	190,195	5.981	2027
Measure Y, Series J-2 (QSCB)	2010	100,000	100,000	5.72	2027
Series KRY (Tax Exempt)	2009	205,785	170,930	4.0 - 5.0	2020
Series KRY (BABs)	2009	1,369,800	1,369,800	5.75 - 5.755	2034
Series KRY (Tax Exempt)	2010	478,575	432,865	4.0 - 5.25	2034
Series RY (BABs)	2010	1,250,585	1,250,585	6.758	2034
Series KY	2010	159,495	159,495	1.1 - 5.0	2018
2002 GO Refunding Bonds	2002	258,375	210,440	4.25 - 5.75	2017
2004 GO Refunding Bonds, Series A-1	2004	90,740	90,165	3.3 - 5.0	2018
2004 GO Refunding Bonds, Series A-2	2004	128,385	127,080	3.3 - 5.0	2022
2005 GO Refunding Bonds, Series A-1	2005	346,750	346,750	3.5 - 5.5	2025
2005 GO Refunding Bonds, Series A-2	2005	120,925	120,925	5.0 - 5.5	2024
2006 GO Refunding Bonds, Series A	2006	132,325	132,325	5.0	2018
2006 GO Refunding Bonds, Series B	2006	574,905	558,340	4.0 - 5.0	2027
2007 GO Refunding Bonds, Series A-1	2007	1,153,195	1,133,525	4.0 - 5.0	2028
2007 GO Refunding Bonds, Series A-2	2007	136,055	136,055	4.25 - 4.5	2028
2007 GO Refunding Bonds, Series B	2007	24,845	24,650	5.0	2019
2009 GO Refunding Bonds, Series A	2009	74,765	55,570	3.0 - 5.0	2019
2010 GO Refunding Bonds, Series A	2010	74,995	73,335	3.0 - 5.0	2015
2011 GO Refunding Bonds, Series A-1	2011	206,735	206,735	2.0 - 5.0	2024
2011 GO Refunding Bonds, Series A-2	2011	201,070	201,070	2.0 - 5.0	2023
2012 GO Refunding Bonds, Series A	2012	156,000	156,000	2.0 - 5.0	2028
			<u>\$ 11,290,485</u>		

* The total amount shown above excludes net unamortized premium of \$216,518.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

The District had two issuances of GO Refunding bonds during 2011-12:

1. 2011 Refunding Series "A-1" and "A-2" issued in November 2011 for \$407.81 million aggregate principal amount. The refunding resulted in a reduction to debt service payments of \$37.95 million over 13 years and an economic gain of \$31.83 million; and
2. 2012 Refunding Series "A" issued in May 2012 for \$156.00 million aggregate principal amount. The refunding resulted in a reduction to debt service payments of \$12.87 million over 16 years and an economic gain of \$10.51 million.

In prior years, the District defeased certain principal amounts of its general obligation bonds by placing proceeds of refunding bonds in an irrevocable escrow fund to provide for all future debt service payments on the refunded and defeased bonds. Accordingly, the escrow account assets and the liability for the defeased general obligation bonds are not included in the District's financial statements. At June 30, 2012, \$2.763 billion of the defeased general obligation bonds are still outstanding.

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 ten years. Annual repayment will begin when the full amount of the loan is received.

The California Energy Commission has agreed to provide the District with State funding of up to \$8 million (at a 3.95% annual interest rate) of which \$1.32 million was received in fiscal year 2004-05 and \$0.06 million, in fiscal year 2005-06. The principal and interest will be repaid in its entirety through energy cost avoidance that the District intends to achieve from its energy project. The project involves use of energy efficient equipment, certain building shell components and improved methods of lighting and lighting controls. As of June 30, 2012, the loan has been fully paid.

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, 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 US 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.

Debt Liquidation

Payments on the General Obligation Bonds and Certificates of Participation are made by the debt service funds. The employee benefits liability for retirement bonus and early retirement incentive are all paid out of the General Fund, while the compensated absences portion will be liquidated from different governmental funds. In the past, approximately 81% has been paid by the General Fund, 6% by the Child Development Fund, 6% by the Cafeteria Fund, 5% by the District Bonds Fund, and 2% by the Adult Education Fund.

The self-insurance claims and other postemployment benefits will generally be liquidated through the internal service funds which will finance the payment of those claims and benefits by charging user funds.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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 88% of the cost, while the Cafeteria Fund carries 5%; no other individual fund is charged more than 5% of the total amount.

(12) Interfund Transactions

(a) Interfund Receivables/Payables (Due to/from Other Funds)

Interfund receivables/payables are eliminated on the government-wide statement of net assets but are reported on the fund financial statements. These consist of borrowings between funds to cover temporary cash insufficiencies and permit payment of obligations. Interfund receivables and payables at June 30, 2012 (in thousands) are as follows:

<u>Fund Group</u>	<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General:	Unrestricted	\$ —	\$ 300,000
	Total General	—	300,000
Special Revenue:	Cafeteria	—	23,000
	Child development	—	9,500
	Total Special Revenue	—	32,500
Internal Service	Workers' Compensation	332,500	—
	Total Internal Service	332,500	—
	Total Interfund Receivables/Payables	<u>\$ 332,500</u>	<u>\$ 332,500</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(b) 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, including amounts provided as matching funds or for debt service. Transfers between funds for the year ended June 30, 2012 were as follows (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	
General	Cafeteria	Cafeteria repayment per MOU dated March 18, 2011	\$ 88,588
General	Child Development	Child development support	19,437
General	Capital Services	Debt service	33,670
General	Health & Welfare	Early retirement reinsurance program	1,370
General	Health & Welfare	Medicare Part D subsidy	9,756
Cafeteria	Capital Services	Debt service	787
Capital Services	General	Reimbursement of capital expenditures	737
SSBldg Lease/Purchase	Building – Measure R	Reimbursement of capital expenditures	2
Special Reserve	General	Funding for capital expenditures	2,436
Special Reserve	Building – Measure K	Reimbursement of capital expenditures	3
Special Reserve	Building – Measure R	Reimbursement of capital expenditures	12
Special Reserve	Building – Measure Y	Reimbursement of capital expenditures	102
Capital Facilities	Special Reserve	Debt service	1
Capital Facilities	Capital Services	Debt service	9,574
Capital Facilities	Building – Measure K	Reimbursement of capital expenditures	338
Capital Facilities	Building – Measure Y	Reimbursement of capital expenditures	19
Building – Bond Proceeds	Special Reserve	Reimbursement of capital expenditures	1
Building – Bond Proceeds	Building – Measure K	Reimbursement of capital expenditures	4,500
Building – Bond Proceeds	Building – Measure R	Reimbursement of capital expenditures	8,327
Building – Bond Proceeds	Building – Measure Y	Reimbursement of capital expenditures	420
Building – Bond Proceeds	County School Facilities	Reimbursement of capital expenditures	688
Building – Bond Proceeds	CSF – Prop 47	Reimbursement of capital expenditures	1,346
Building – Bond Proceeds	CSF – Prop 55	Reimbursement of capital expenditures	10,445
Building – Bond Proceeds	CSF – Prop 1D	Reimbursement of capital expenditures	181
Building – Measure K	SSBldg Lease/Purchase	Reimbursement of capital expenditures	43
Building – Measure K	Building – Measure R	Reimbursement of capital expenditures	616
Building – Measure K	Building – Measure Y	Reimbursement of capital expenditures	11,946
Building – Measure K	CSF – Prop 55	Reimbursement of capital expenditures	366
Building – Measure K	CSF – Prop 1D	Reimbursement of capital expenditures	756
Building – Measure R	General	Reimbursement of capital expenditures	144
Building – Measure R	Special Reserve	Reimbursement of capital expenditures	7,881
Building – Measure R	Building – Bond Proceeds	Reimbursement of capital expenditures	462
Building – Measure R	Building – Measure K	Reimbursement of capital expenditures	2,344
Building – Measure R	Building – Measure Y	Reimbursement of capital expenditures	7,458
Building – Measure R	County School Facilities	Reimbursement of capital expenditures	615
Building – Measure R	CSF – Prop 47	Reimbursement of capital expenditures	2,536
Building – Measure R	CSF – Prop 55	Reimbursement of capital expenditures	4,342
Building – Measure R	CSF – Prop 1D	Reimbursement of capital expenditures	1,297
Building – Measure Y	General	Reimbursement of capital expenditures	2,177
Building – Measure Y	Cafeteria	Reimbursement of capital expenditures	856
Building – Measure Y	Capital Services	Debt service	2,347
Building – Measure Y	Building – Bond Proceeds	Reimbursement of capital expenditures	1
Building – Measure Y	Building – Measure K	Reimbursement of capital expenditures	2,517

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

Transfers between funds for the year ended June 30, 2012 (continued) (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	
Building – Measure Y	Building – Measure R	Reimbursement of capital expenditures	442,604
Building – Measure Y	County School Facilities	Reimbursement of capital expenditures	256
Building – Measure Y	CSF – Prop 47	Reimbursement of capital expenditures	8
Building – Measure Y	CSF – Prop 55	Reimbursement of capital expenditures	5,315
Building – Measure Y	CSF – Prop 1D	Reimbursement of capital expenditures	135
County School Facilities	Building – Bond Proceeds	Reimbursement of capital expenditures	1,831
County School Facilities	Building – Measure K	Reimbursement of capital expenditures	28
County School Facilities	Building – Measure R	Reimbursement of capital expenditures	1,089
County School Facilities	CSF – Prop 47	Reimbursement of capital expenditures	755
CSF – Prop 47	Building – Bond Proceeds	Reimbursement of capital expenditures	91
CSF – Prop 47	Building – Measure K	Reimbursement of capital expenditures	28
CSF – Prop 47	Building – Measure R	Reimbursement of capital expenditures	958
CSF – Prop 47	Building – Measure Y	Reimbursement of capital expenditures	27
CSF – Prop 47	County School Facilities	Reimbursement of capital expenditures	101
CSF – Prop 47	CSF – Prop 55	Reimbursement of capital expenditures	802
CSF – Prop 47	CSF – Prop 1D	Reimbursement of capital expenditures	3,907
CSF – Prop 55	Building – Bond Proceeds	Reimbursement of capital expenditures	11,664
CSF – Prop 55	Building – Measure K	Reimbursement of capital expenditures	54,435
CSF – Prop 55	Building – Measure R	Reimbursement of capital expenditures	9,890
CSF – Prop 55	Building – Measure Y	Reimbursement of capital expenditures	18,561
CSF – Prop 55	County School Facilities	Reimbursement of capital expenditures	2,230
CSF – Prop 55	CSF – Prop 47	Reimbursement of capital expenditures	3
CSF – Prop 55	CSF – Prop 1D	Reimbursement of capital expenditures	47
CSF – Prop 1D	SSBldg Lease/Purchase	Reimbursement of capital expenditures	149
CSF – Prop 1D	Building – Bond Proceeds	Reimbursement of capital expenditures	10,320
CSF – Prop 1D	Building – Measure K	Reimbursement of capital expenditures	14,379
CSF – Prop 1D	Building – Measure R	Reimbursement of capital expenditures	50,718
CSF – Prop 1D	Building – Measure Y	Reimbursement of capital expenditures	12,502
CSF – Prop 1D	County School Facilities	Reimbursement of capital expenditures	865
CSF – Prop 1D	CSF – Prop 55	Reimbursement of capital expenditures	483
Sub-total			885,625
Adult Education	General	Transfer of support costs	5,924
Cafeteria	General	Transfer of support costs	14,825
Child Development	General	Transfer of support costs	6,678
Total			<u>\$ 913,052</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

(13) Fund Equity

The following is a summary of fund balances at June 30, 2012 (in thousands):

	<u>General Fund</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental Funds</u>
Nonspendable:				
Revolving cash and imprest funds	\$ 2,705	\$ 3,800	\$ —	\$ 66
Inventories	8,526	—	—	13,057
Total Nonspendable Balances	<u>11,231</u>	<u>3,800</u>	<u>—</u>	<u>13,123</u>
Restricted for:				
Child Nutrition: School Programs	—	—	—	5,802
Medi-Cal Billing Options	11,956	—	—	—
FEMA Public Assistance Funds	91	—	—	240
Cops More Program	35	—	—	—
School Mental Health Medi-Cal Rehabilitation	4,045	—	—	—
Class Size Reduction Facilities Funds	—	—	—	28,933
Teacher Recruitment and Retention	4,862	—	—	—
English Language Acquisition Program, Teacher Training & Student Assistance	3,798	—	—	—
ROC/P: Training & Certification for Community Care	14	—	—	—
Special Education	9,520	—	—	—
Economic Impact Aid (EIA)	6,482	—	—	—
Economic Impact Aid: Limited English Proficiency (LEP)	43,024	—	—	—
Quality Education Investment Act (QEIA)	43,126	—	—	—
State School Facilities Projects	—	—	—	509,168
California Energy Commission Loan Expenditures	397	—	—	—
CDE Grant Olive Vista Middle School	—	—	—	45
Ongoing & Major Maintenance Account	9,000	—	—	—
Capital Projects	—	—	—	128,171
Certificates of Participation (Acquisition Accounts) Proceeds	49,679	—	—	—
Clean Cities Grant	86	—	—	—
Cognitive Behavioral Intervention Therapy	448	—	—	—
Debt Service Reserve	—	—	681,562	59,708
District Bonds	—	2,102,830	—	—
Total Restricted Balances	<u>186,563</u>	<u>2,102,830</u>	<u>681,562</u>	<u>732,067</u>
Committed to:				
Adult Education	—	—	—	9,972
Assigned to:				
Subsequent year expenditures	465,272	—	—	55,720
Unassigned				
Reserved for economic uncertainties	65,376	—	—	—
Unassigned	96,368	—	—	—
Total Fund Balances	<u>\$ 824,810</u>	<u>\$ 2,106,630</u>	<u>\$ 681,562</u>	<u>\$ 810,882</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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. The governing board is the highest level of decision-making authority for the District. Commitment of funds can be made through the adoption of the budget as long as the intent to commit the funds is specifically stated. 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 designee.

Unassigned fund balances represent all other spendable amounts.

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 committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Minimum Fund Balance Policy

Effective beginning 2010-11, the governing board 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 budgeted. The policy requires the District to maintain an economic uncertainty reserve consisting of unassigned amounts equal to at least 1% of total General Fund operating expenditures. 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 increased based on legal requirement.

(14) Contingencies

(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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2012

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 2011-12 the District entered into approximately 103 contracts with a combined value of \$310.6 million. The durations of the contracts range from six weeks to two years.

(15) Subsequent Events

On July 1, 2012 the District issued \$600 million of Tax and Revenue Anticipation Notes. The District will make the required deposits of \$300.0 million on December 31, 2012 and \$307.6 million on January 31, 2013 in anticipation of repayment of TRANS on February 28, 2013. The TRANS were sold in three series that carried coupons of 1.00%, 1.50%, and 2.50% and had an All-In True Interest Cost of 0.22%.



LOS ANGELES UNIFIED SCHOOL DISTRICT
 Required Supplementary Information
 Year Ended June 30, 2012
 (in thousands)

1. Schedule of Funding Progress for California Public Employees' Retirement System (CalPERS) - Safety:

Valuation Date	Accrued Liability	Actuarial Value of Assets (AVA)	Market Value of Assets (MVA)	Unfunded Liability (UL)	Funded Ratio		Annual Covered Payroll	UL as a percentage of Payroll
					AVA	MVA		
06/30/09	\$ 240,158	\$ 190,718	\$ 139,579	\$ 49,440	79.4%	58.1%	\$ 23,715	208.5%
06/30/10	249,236	201,794	158,890	47,442	81.0	63.8	23,550	201.5
06/30/11	258,518	214,253	191,662	44,265	82.9	74.1	24,677	179.4

2. Schedule of Funding Progress for Postemployment Healthcare Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Liability (Entry Age Normal) (AAL)	Unfunded Actuarial Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/2007	\$ —	\$ 10,563,623	\$ 10,563,623	0%	\$ 4,609,494	229 %
6/30/2009	—	10,339,628 *	10,339,628 *	0	4,628,914	223
6/30/2011	—	11,154,190	11,154,190	0	4,600,000	242

*Note: Includes adjustment for the 40% excise tax included in the Healthcare Reform Act.

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, 2012
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other local revenues	\$ 24,580	\$ 42,380	\$ 44,092	\$ 1,712
Total Revenues	<u>24,580</u>	<u>42,380</u>	<u>44,092</u>	<u>1,712</u>
Expenditures:				
Current:				
Classified salaries	87,737	103,512	54,977	48,535
Employee benefits	25,796	38,421	25,396	13,025
Books and supplies	977	13,068	10,999	2,069
Services and other operating expenditures	520	88,519	13,036	75,483
Capital outlay	1,401,755	1,787,500	798,644	988,856
Total Expenditures	<u>1,516,785</u>	<u>2,031,020</u>	<u>903,052</u>	<u>1,127,968</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,492,205)</u>	<u>(1,988,640)</u>	<u>(858,960)</u>	<u>1,129,680</u>
Other Financing Sources (Uses):				
Transfers in	—	668,222	668,192	(30)
Transfers out	(5,905)	(530,079)	(522,930)	7,149
Total Other Financing Sources (Uses)	<u>(5,905)</u>	<u>138,143</u>	<u>145,262</u>	<u>7,119</u>
Net Changes in Fund Balances	<u>(1,498,110)</u>	<u>(1,850,497)</u>	<u>(713,698)</u>	<u>1,136,799</u>
Fund Balances, July 1, 2011	<u>2,466,910</u>	<u>2,820,328</u>	<u>2,820,328</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 968,800</u>	<u>\$ 969,831</u>	<u>\$ 2,106,630</u>	<u>\$ 1,136,799</u>

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, 2012
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal revenues	\$ 73,753	\$ 73,753	\$ 36,876	\$ (36,877)
Other state revenues	5,741	5,741	5,271	(470)
Other local revenues	830,439	830,439	776,507	(53,932)
Total Revenues	<u>909,933</u>	<u>909,933</u>	<u>818,654</u>	<u>(91,279)</u>
Expenditures:				
Debt service – principal	1,183,095	663,141	285,200	377,941
Debt service – refunding bond issuance cost	—	—	1,608	(1,608)
Debt service – bond and COPs interest	—	577,000	576,500	500
Total Expenditures	<u>1,183,095</u>	<u>1,240,141</u>	<u>863,308</u>	<u>376,833</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(273,162)</u>	<u>(330,208)</u>	<u>(44,654)</u>	<u>285,554</u>
Other Financing Sources (Uses):				
Premium on refunding bonds issued	—	—	77,207	77,207
Issuance of refunding bonds	—	—	563,805	563,805
Payment to refunded bond escrow agent	—	—	(639,404)	(639,404)
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>1,608</u>	<u>1,608</u>
Net Changes in Fund Balances	<u>(273,162)</u>	<u>(330,208)</u>	<u>(43,046)</u>	<u>287,162</u>
Fund Balances, July 1, 2011	667,562	724,608	724,608	—
Fund Balances, June 30, 2012	<u>\$ 394,400</u>	<u>\$ 394,400</u>	<u>\$ 681,562</u>	<u>\$ 287,162</u>

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 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.

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.

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 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 moneys from other funds as the District's contribution to a particular project.

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.

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

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 County School Facilities Fund was established on March 9, 1999 in accordance with Education Code Section 17070 and is used to account for funds received from the State's Proposition 1A bond proceeds.

The County School Facilities Fund – Proposition 47 was established on March 25, 2003 in accordance with Education Code Section 17070.43 and is used to account for apportionments received from the State School Facilities Fund. The passage of Proposition 47 in November 2002 authorizes the sale of bonds, which provides funding for new school facility construction, modernization projects, and facility hardship grants.

The County School Facilities Fund – Proposition 55 was established on July 19, 2004 to account for the matching funds received as a result of the passage of Measure R. Proposition 55 was passed by the voters in March 2004.

The County School Facilities Fund – Proposition 1D was established on December 12, 2006. The passage of Proposition 1D in November 2006 provides State bond funds to repair and renovate old and outdated classrooms and to build new schools and classrooms to relieve overcrowding. Proposition 1D provides matching State funds for locally approved school bond measures.



LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2012
 (in thousands)

	Special Revenue			
	Adult Education	Cafeteria	Child Development	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 9,327	\$ 1,125	\$ 7,310	\$ 17,762
Cash held by trustee	—	—	—	—
Accounts receivable – net	3,435	34,666	3,778	41,879
Accrued interest receivable	51	—	—	51
Inventories	—	13,057	—	13,057
Total Assets	\$ 12,813	\$ 48,848	\$ 11,088	\$ 72,749
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ 2,679	\$ 6,211	\$ 212	\$ 9,102
Contracts payable	1	—	—	1
Other payables	1	589	792	1,382
Due to other funds	—	23,000	9,500	32,500
Deferred revenue	104	189	514	807
Total Liabilities	2,785	29,989	11,018	43,792
Fund Balances:				
Nonspendable	56	13,057	10	13,123
Restricted	—	5,802	—	5,802
Committed	9,972	—	—	9,972
Assigned	—	—	60	60
Total Fund Balances	10,028	18,859	70	28,957
Total Liabilities and Fund Balances	\$ 12,813	\$ 48,848	\$ 11,088	\$ 72,749

See accompanying independent auditors' report.

Debt Service

Tax Override	Capital Services	Total
\$ 304	\$ 16,078	\$ 16,382
—	43,301	43,301
—	—	—
1	27	28
—	—	—
\$ 305	\$ 59,406	\$ 59,711
\$ —	\$ 3	\$ 3
—	—	—
—	—	—
—	—	—
—	3	3
—	—	—
305	59,403	59,708
—	—	—
—	—	—
305	59,403	59,708
\$ 305	\$ 59,406	\$ 59,711

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2012
 (in thousands)

	Capital			
	Building	State School Building Lease – Purchase	Special Reserve	Special Reserve – FEMA – Earthquake
Assets:				
Cash in county treasury, in banks, and on hand	\$ 1,605	\$ 15,615	\$ 131,156	\$ 240
Cash held by trustee	—	—	15,496	—
Accounts receivable – net	—	—	—	—
Accrued interest receivable	4	30	254	—
Inventories	—	—	—	—
Total Assets	<u>\$ 1,609</u>	<u>\$ 15,645</u>	<u>\$ 146,906</u>	<u>\$ 240</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ —	\$ 136	\$ 3,599	\$ —
Contracts payable	—	174	448	—
Other payables	171	11,016	5,424	—
Due to other funds	—	—	—	—
Deferred revenue	—	—	—	—
Total Liabilities	<u>171</u>	<u>11,326</u>	<u>9,471</u>	<u>—</u>
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	4,174	137,435	240
Committed	—	—	—	—
Assigned	1,438	145	—	—
Total Fund Balances	<u>1,438</u>	<u>4,319</u>	<u>137,435</u>	<u>240</u>
Total Liabilities and Fund Balances	<u>\$ 1,609</u>	<u>\$ 15,645</u>	<u>\$ 146,906</u>	<u>\$ 240</u>

See accompanying independent auditors' report.

Projects

Special Reserve – FEMA – Hazard Mitigation	Special Reserve – Community Redevelopment Agency	Capital Facilities Account	County School Facilities Bonds				Total
			County School Facilities	County School Facilities – Prop 47	County School Facilities – Prop 55	County School Facilities – Prop 1D	
\$ 2,039	\$ 19,992	\$ 50,029	\$ 18,711	\$ 122,194	\$ 211,184	\$ 176,570	\$ 528,659
—	—	—	—	—	—	—	—
—	—	3,210	—	—	—	—	—
4	33	—	37	307	451	316	1,111
—	—	—	—	—	—	—	—
<u>\$ 2,043</u>	<u>\$ 20,025</u>	<u>\$ 53,239</u>	<u>\$ 18,748</u>	<u>\$ 122,501</u>	<u>\$ 211,635</u>	<u>\$ 176,886</u>	<u>\$ 529,770</u>
\$ —	\$ 310	\$ 1,037	\$ 857	\$ 1,768	\$ 12,707	\$ 4,673	\$ 20,005
—	—	123	52	134	2,773	1,813	4,772
—	—	45	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	310	1,205	909	1,902	15,480	6,486	24,777
—	—	—	—	—	—	—	—
—	19,715	—	17,839	120,599	196,155	170,400	504,993
—	—	—	—	—	—	—	—
2,043	—	52,034	—	—	—	—	—
<u>2,043</u>	<u>19,715</u>	<u>52,034</u>	<u>17,839</u>	<u>120,599</u>	<u>196,155</u>	<u>170,400</u>	<u>504,993</u>
<u>\$ 2,043</u>	<u>\$ 20,025</u>	<u>\$ 53,239</u>	<u>\$ 18,748</u>	<u>\$ 122,501</u>	<u>\$ 211,635</u>	<u>\$ 176,886</u>	<u>\$ 529,770</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2012
 (in thousands)

	<u>Capital Projects</u>	
	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:		
Cash in county treasury, in banks, and on hand	\$ 749,335	\$ 783,479
Cash held by trustee	15,496	58,797
Accounts receivable – net	3,210	45,089
Accrued interest receivable	1,436	1,515
Inventories	—	13,057
Total Assets	<u>\$ 769,477</u>	<u>\$ 901,937</u>
Liabilities and Fund Balances:		
Vouchers and accounts payable	\$ 25,087	\$ 34,192
Contracts payable	5,517	5,518
Other payables	16,656	18,038
Due to other funds	—	32,500
Deferred revenue	—	807
Total Liabilities	<u>47,260</u>	<u>91,055</u>
Fund Balances:		
Nonspendable	—	13,123
Restricted	666,557	732,067
Committed	—	9,972
Assigned	55,660	55,720
Total Fund Balances	<u>722,217</u>	<u>810,882</u>
Total Liabilities and Fund Balances	<u>\$ 769,477</u>	<u>\$ 901,937</u>



LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2012
(in thousands)

	Special Revenue			
	Adult Education	Cafeteria	Child Development	Total
Revenues:				
Federal revenues	\$ 16,611	\$ 221,404	\$ 35,811	\$ 273,826
Other state revenues	135,105	17,831	72,257	225,193
Other local revenues	1,910	7,308	5,672	14,890
Total Revenues	<u>153,626</u>	<u>246,543</u>	<u>113,740</u>	<u>513,909</u>
Expenditures:				
Current:				
Certificated salaries	75,985	—	41,868	117,853
Classified salaries	21,070	88,442	41,151	150,663
Employee benefits	38,065	78,033	39,109	155,207
Books and supplies	8,491	139,146	1,875	149,512
Services and other operating expenditures	4,223	3,772	2,489	10,484
Capital outlay	1,326	901	8	2,235
Debt service – principal	—	—	—	—
Debt service – bond and COPs interest	—	—	—	—
Total Expenditures	<u>149,160</u>	<u>310,294</u>	<u>126,500</u>	<u>585,954</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,466</u>	<u>(63,751)</u>	<u>(12,760)</u>	<u>(72,045)</u>
Other Financing Sources (Uses):				
Transfers in	—	89,444	19,437	108,881
Transfers – support costs	(5,924)	(14,825)	(6,678)	(27,427)
Transfers out	—	(787)	—	(787)
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>(5,924)</u>	<u>73,832</u>	<u>12,759</u>	<u>80,667</u>
Net Changes in Fund Balances	<u>(1,458)</u>	<u>10,081</u>	<u>(1)</u>	<u>8,622</u>
Fund Balances, July 1, 2011	<u>11,486</u>	<u>8,778</u>	<u>71</u>	<u>20,335</u>
Fund Balances, June 30, 2012	<u>\$ 10,028</u>	<u>\$ 18,859</u>	<u>\$ 70</u>	<u>\$ 28,957</u>

See accompanying independent auditor's report.

Debt Service

Tax Override	Capital Services	Total
\$ —	\$ 614	\$ 614
8	—	8
3	895	898
11	1,509	1,520
—	—	—
—	—	—
—	—	—
—	—	—
—	53,262	53,262
—	16,329	16,329
—	69,591	69,591
11	(68,082)	(68,071)
—	46,378	46,378
—	—	—
—	(737)	(737)
—	—	—
—	—	—
—	—	—
—	45,641	45,641
11	(22,441)	(22,430)
294	81,844	82,138
<u>\$ 305</u>	<u>\$ 59,403</u>	<u>\$ 59,708</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Year Ended June 30, 2012
 (in thousands)

	Capital			
	Building	State School Building Lease – Purchase	Special Reserve	Special Reserve – FEMA – Earthquake
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	377	392	46,627	—
Total Revenues	<u>377</u>	<u>392</u>	<u>46,627</u>	<u>—</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	2	—	254	—
Employee benefits	2	—	113	—
Books and supplies	—	—	298	—
Services and other operating expenditures	281	—	2,994	—
Capital outlay	417	557	29,802	—
Debt service – principal	—	—	—	—
Debt service – bond and COPs interest	—	—	—	—
Total Expenditures	<u>702</u>	<u>557</u>	<u>33,461</u>	<u>—</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(325)</u>	<u>(165)</u>	<u>13,166</u>	<u>—</u>
Other Financing Sources (Uses):				
Transfers in	—	192	7,883	—
Transfers – support costs	—	—	—	—
Transfers out	—	(2)	(2,553)	—
Issuance of refunding COPs	—	—	160,190	—
Premium on COPs issued	—	—	16,648	—
Payment to refunded COPs escrow agent	—	—	(175,887)	—
Land and building sale	—	—	321	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>190</u>	<u>6,602</u>	<u>—</u>
Net Changes in Fund Balances	<u>(325)</u>	<u>25</u>	<u>19,768</u>	<u>—</u>
Fund Balances, July 1, 2011	<u>1,763</u>	<u>4,294</u>	<u>117,667</u>	<u>240</u>
Fund Balances, June 30, 2012	<u>\$ 1,438</u>	<u>\$ 4,319</u>	<u>\$ 137,435</u>	<u>\$ 240</u>

See accompanying independent auditor's report.

Projects

Special Reserve – FEMA – Hazard Mitigation	Special Reserve – Community Redevelopment Agency	Capital Facilities Account	County School Facilities Bonds				Total
			County School Facilities	County School Facilities – Prop 47	County School Facilities – Prop 55	County School Facilities – Prop 1D	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	9,837	44,924	33,302	88,063
—	9,916	41,605	182	1,271	2,610	1,982	6,045
—	9,916	41,605	182	11,108	47,534	35,284	94,108
—	—	—	—	—	—	—	—
—	22	300	2	2	75	135	214
—	7	144	—	1	34	49	84
—	—	6	—	14	172	39	225
—	798	608	—	116	112	39	267
—	47	4,081	2,433	5,258	97,195	37,595	142,481
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	874	5,139	2,435	5,391	97,588	37,857	143,271
—	9,042	36,466	(2,253)	5,717	(50,054)	(2,573)	(49,163)
—	—	—	4,755	4,648	21,753	6,323	37,479
—	—	—	—	—	—	—	—
—	—	(9,932)	(3,703)	(5,914)	(96,830)	(89,416)	(195,863)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	(9,932)	1,052	(1,266)	(75,077)	(83,093)	(158,384)
—	9,042	26,534	(1,201)	4,451	(125,131)	(85,666)	(207,547)
2,043	10,673	25,500	19,040	116,148	321,286	256,066	712,540
\$ 2,043	\$ 19,715	\$ 52,034	\$ 17,839	\$ 120,599	\$ 196,155	\$ 170,400	\$ 504,993

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Year Ended June 30, 2012
 (in thousands)

	<u>Capital Projects</u>	
	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Federal revenues	\$ —	\$ 274,440
Other state revenues	88,063	313,264
Other local revenues	104,962	120,750
Total Revenues	<u>193,025</u>	<u>708,454</u>
Expenditures:		
Current:		
Certificated salaries	—	117,853
Classified salaries	792	151,455
Employee benefits	350	155,557
Books and supplies	529	150,041
Services and other operating expenditures	4,948	15,432
Capital outlay	177,385	179,620
Debt service – principal	—	53,262
Debt service – bond and COPs interest	—	16,329
Total Expenditures	<u>184,004</u>	<u>839,549</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,021</u>	<u>(131,095)</u>
Other Financing Sources (Uses):		
Transfers in	45,554	200,813
Transfers – support costs	—	(27,427)
Transfers out	(208,350)	(209,874)
Issuance of refunding COPs	160,190	160,190
Premium on COPs issued	16,648	16,648
Payment to refunded COPs escrow agent	(175,887)	(175,887)
Land and building sale	321	321
Total Other Financing Sources (Uses)	<u>(161,524)</u>	<u>(35,216)</u>
Net Changes in Fund Balances	<u>(152,503)</u>	<u>(166,311)</u>
Fund Balances, July 1, 2011	<u>874,720</u>	<u>977,193</u>
Fund Balances, June 30, 2012	<u>\$ 722,217</u>	<u>\$ 810,882</u>

See accompanying independent auditor's report.



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, 2012
(in thousands)

	Adult Education			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 22,111	\$ 20,269	\$ 16,611	\$ (3,658)
Other state revenues	9,311	138,245	135,105	(3,140)
Other local revenues	2,749	2,434	1,910	(524)
Total Revenues	<u>34,171</u>	<u>160,948</u>	<u>153,626</u>	<u>(7,322)</u>
Expenditures:				
Current:				
Certificated salaries	84,094	82,918	75,985	6,933
Classified salaries	18,543	22,351	21,070	1,281
Employee benefits	38,982	38,123	38,065	58
Books and supplies	21,516	14,128	8,491	5,637
Services and other operating expenditures	3,604	4,255	4,223	32
Capital outlay	426	4,278	1,326	2,952
Total Expenditures	<u>167,165</u>	<u>166,053</u>	<u>149,160</u>	<u>16,893</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(132,994)</u>	<u>(5,105)</u>	<u>4,466</u>	<u>9,571</u>
Other Financing Sources (Uses):				
Transfers in	132,055	—	—	—
Transfers – support costs	(6,362)	(6,286)	(5,924)	362
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>125,693</u>	<u>(6,286)</u>	<u>(5,924)</u>	<u>362</u>
Net Changes in Fund Balances	(7,301)	(11,391)	(1,458)	9,933
Fund Balances, July 1, 2011	<u>7,394</u>	<u>11,486</u>	<u>11,486</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 93</u>	<u>\$ 95</u>	<u>\$ 10,028</u>	<u>\$ 9,933</u>

See accompanying independent auditor's report.

Cafeteria				Child Development			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ 253,728	\$ 221,458	\$ 221,404	\$ (54)	\$ 55,048	\$ 53,319	\$ 35,811	\$ (17,508)
20,704	17,835	17,831	(4)	60,133	57,022	72,257	15,235
12,861	7,206	7,308	102	8,794	6,346	5,672	(674)
287,293	246,499	246,543	44	123,975	116,687	113,740	(2,947)
—	—	—	—	35,147	42,230	41,868	362
87,732	88,525	88,442	83	34,427	41,389	41,151	238
73,823	78,085	78,033	52	40,115	39,260	39,109	151
126,496	151,661	139,146	12,515	18,112	3,609	1,875	1,734
3,659	3,776	3,772	4	3,838	2,720	2,489	231
3,597	972	901	71	517	181	8	173
295,307	323,019	310,294	12,725	132,156	129,389	126,500	2,889
(8,014)	(76,520)	(63,751)	12,769	(8,181)	(12,702)	(12,760)	(58)
22,215	88,596	89,444	848	14,947	19,398	19,437	39
(13,414)	(14,872)	(14,825)	47	(6,827)	(6,747)	(6,678)	69
(787)	(787)	(787)	—	—	—	—	—
8,014	72,937	73,832	895	8,120	12,651	12,759	108
—	(3,583)	10,081	13,664	(61)	(51)	(1)	50
5,195	8,778	8,778	—	82	71	71	—
\$ 5,195	\$ 5,195	\$ 18,859	\$ 13,664	\$ 21	\$ 20	\$ 70	\$ 50

(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, 2012
(in thousands)

	Deferred Maintenance			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	—	—
Total Revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	7,148	—	—	—
Employee benefits	5,359	—	—	—
Books and supplies	290	—	—	—
Services and other operating expenditures	263	—	—	—
Capital outlay	5,566	—	—	—
Total Expenditures	<u>18,626</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(18,626)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers – support costs	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(18,626)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances, July 1, 2011	<u>18,626</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances, June 30, 2012	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>

See accompanying independent auditor's report.

Total

Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final		
\$ 330,887	\$ 295,046	\$ 273,826	\$ (21,220)
90,148	213,102	225,193	12,091
24,404	15,986	14,890	(1,096)
<u>445,439</u>	<u>524,134</u>	<u>513,909</u>	<u>(10,225)</u>
119,241	125,148	117,853	7,295
147,850	152,265	150,663	1,602
158,279	155,468	155,207	261
166,414	169,398	149,512	19,886
11,364	10,751	10,484	267
10,106	5,431	2,235	3,196
<u>613,254</u>	<u>618,461</u>	<u>585,954</u>	<u>32,507</u>
<u>(167,815)</u>	<u>(94,327)</u>	<u>(72,045)</u>	<u>22,282</u>
169,217	107,994	108,881	887
(26,603)	(27,905)	(27,427)	478
(787)	(787)	(787)	—
<u>141,827</u>	<u>79,302</u>	<u>80,667</u>	<u>1,365</u>
(25,988)	(15,025)	8,622	23,647
<u>31,297</u>	<u>20,335</u>	<u>20,335</u>	<u>—</u>
<u>\$ 5,309</u>	<u>\$ 5,310</u>	<u>\$ 28,957</u>	<u>\$ 23,647</u>

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, 2012
(in thousands)

	Tax Override			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	8	8
Other local revenues	—	—	3	3
Total Revenues	<u>—</u>	<u>—</u>	<u>11</u>	<u>11</u>
Expenditures:				
Debt service – principal	293	294	—	294
Debt service – bond and COPs interest	—	—	—	—
Total Expenditures	<u>293</u>	<u>294</u>	<u>—</u>	<u>294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(293)</u>	<u>(294)</u>	<u>11</u>	<u>305</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(293)</u>	<u>(294)</u>	<u>11</u>	<u>305</u>
Fund Balances, July 1, 2011	<u>293</u>	<u>294</u>	<u>294</u>	<u>—</u>
Fund Balances, June 30, 2012	<u><u>\$ —</u></u>	<u><u>\$ —</u></u>	<u><u>\$ 305</u></u>	<u><u>\$ 305</u></u>

See accompanying independent auditor’s report.

Capital Services				Total			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ 614	\$ 614	\$ —	\$ —	\$ 614	\$ 614
—	—	—	—	—	—	8	8
905	905	895	(10)	905	905	898	(7)
905	905	1,509	604	905	905	1,520	615
55,609	229,654	53,262	176,392	55,902	229,948	53,262	176,686
21,041	22,146	16,329	5,817	21,041	22,146	16,329	5,817
76,650	251,800	69,591	182,209	76,943	252,094	69,591	182,503
(75,745)	(250,895)	(68,082)	182,813	(76,038)	(251,189)	(68,071)	183,118
50,472	226,359	46,378	(179,981)	50,472	226,359	46,378	(179,981)
—	(737)	(737)	—	—	(737)	(737)	—
50,472	225,622	45,641	(179,981)	50,472	225,622	45,641	(179,981)
(25,273)	(25,273)	(22,441)	2,832	(25,566)	(25,567)	(22,430)	3,137
81,563	81,844	81,844	—	81,856	82,138	82,138	—
<u>\$ 56,290</u>	<u>\$ 56,571</u>	<u>\$ 59,403</u>	<u>\$ 2,832</u>	<u>\$ 56,290</u>	<u>\$ 56,571</u>	<u>\$ 59,708</u>	<u>\$ 3,137</u>

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, 2012
 (in thousands)

	Building			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	325	325	377	52
Total Revenues	<u>325</u>	<u>325</u>	<u>377</u>	<u>52</u>
Expenditures:				
Current:				
Classified salaries	—	3	2	1
Employee benefits	—	3	2	1
Books and supplies	—	—	—	—
Services and other operating expenditures	72	290	281	9
Capital outlay	1,715	1,026	417	609
Total Expenditures	<u>1,787</u>	<u>1,322</u>	<u>702</u>	<u>620</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,462)</u>	<u>(997)</u>	<u>(325)</u>	<u>672</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(1,462)</u>	<u>(997)</u>	<u>(325)</u>	<u>672</u>
Fund Balances, July 1, 2011	<u>2,228</u>	<u>1,763</u>	<u>1,763</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 766</u>	<u>\$ 766</u>	<u>\$ 1,438</u>	<u>\$ 672</u>

See accompanying independent auditor's report.

State School Building – Lease Purchase				Special Reserve			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	2,529	2,529	—	(2,529)
300	300	392	92	1,110	1,110	46,627	45,517
300	300	392	92	3,639	3,639	46,627	42,988
—	—	—	—	—	400	254	146
—	—	—	—	—	200	113	87
—	—	—	—	—	400	298	102
—	—	—	—	450	3,450	2,994	456
4,741	4,784	557	4,227	85,096	86,437	29,802	56,635
4,741	4,784	557	4,227	85,546	90,887	33,461	57,426
(4,441)	(4,484)	(165)	4,319	(81,907)	(87,248)	13,166	100,414
—	192	192	—	—	7,883	7,883	—
—	(2)	(2)	—	—	(178,440)	(2,553)	175,887
—	—	—	—	—	160,190	160,190	—
—	—	—	—	—	16,648	16,648	—
—	—	—	—	—	—	(175,887)	(175,887)
—	—	—	—	—	—	321	321
—	190	190	—	—	6,281	6,602	321
(4,441)	(4,294)	25	4,319	(81,907)	(80,967)	19,768	100,735
4,441	4,294	4,294	—	118,607	117,667	117,667	—
\$ —	\$ —	\$ 4,319	\$ 4,319	\$ 36,700	\$ 36,700	\$ 137,435	\$ 100,735

(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, 2012
 (in thousands)

	Special Reserve – FEMA – Earthquake			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 5,708	\$ 5,708	\$ —	\$ (5,708)
Other state revenues	568	568	—	(568)
Other local revenues	—	—	—	—
Total Revenues	<u>6,276</u>	<u>6,276</u>	<u>—</u>	<u>(6,276)</u>
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	—	—	—	—
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,276</u>	<u>6,276</u>	<u>—</u>	<u>(6,276)</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>6,276</u>	<u>6,276</u>	<u>—</u>	<u>(6,276)</u>
Fund Balances, July 1, 2011	<u>248</u>	<u>240</u>	<u>240</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 6,524</u>	<u>\$ 6,516</u>	<u>\$ 240</u>	<u>\$ (6,276)</u>

See accompanying independent auditors' report.

Special Reserve – FEMA – Hazard Mitigation				Special Reserve – Community Redevelopment Agency			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	3,100	3,100	9,916	6,816
—	—	—	—	3,100	3,100	9,916	6,816
—	—	—	—	2	24	22	2
—	—	—	—	—	8	7	1
—	—	—	—	—	—	—	—
—	—	—	—	99	849	798	51
—	—	—	—	10,368	5,192	47	5,145
—	—	—	—	10,469	6,073	874	5,199
—	—	—	—	(7,369)	(2,973)	9,042	12,015
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	(7,369)	(2,973)	9,042	12,015
2,043	2,043	2,043	—	13,769	10,673	10,673	—
\$ 2,043	\$ 2,043	\$ 2,043	\$ —	\$ 6,400	\$ 7,700	\$ 19,715	\$ 12,015

(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, 2012
 (in thousands)

	Capital Facilities Account			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	15,400	15,400	41,605	26,205
Total Revenues	<u>15,400</u>	<u>15,400</u>	<u>41,605</u>	<u>26,205</u>
Expenditures:				
Current:				
Classified salaries	309	345	300	45
Employee benefits	105	149	144	5
Books and supplies	34	34	6	28
Services and other operating expenditures	4,587	5,249	608	4,641
Capital outlay	4,825	16,787	4,081	12,706
Total Expenditures	<u>9,860</u>	<u>22,564</u>	<u>5,139</u>	<u>17,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,540</u>	<u>(7,164)</u>	<u>36,466</u>	<u>43,630</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	(9,578)	(9,936)	(9,932)	4
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>(9,578)</u>	<u>(9,936)</u>	<u>(9,932)</u>	<u>4</u>
Net Changes in Fund Balances	<u>(4,038)</u>	<u>(17,100)</u>	<u>26,534</u>	<u>43,634</u>
Fund Balances, July 1, 2011	<u>12,438</u>	<u>25,500</u>	<u>25,500</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 8,400</u>	<u>\$ 8,400</u>	<u>\$ 52,034</u>	<u>\$ 43,634</u>

See accompanying independent auditors' report.

County School Facilities Bonds

County School Facilities				County School Facilities – Prop 47			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	9,837	9,837
210	210	182	(28)	3,170	3,170	1,271	(1,899)
210	210	182	(28)	3,170	3,170	11,108	7,938
—	5	2	3	—	5	2	3
—	1	—	1	—	2	1	1
—	4	—	4	—	20	14	6
—	—	—	—	—	150	116	34
20,570	20,292	2,433	17,859	95,284	94,075	5,258	88,817
20,570	20,302	2,435	17,867	95,284	94,252	5,391	88,861
(20,360)	(20,092)	(2,253)	17,839	(92,114)	(91,082)	5,717	96,799
—	4,755	4,755	—	—	4,648	4,648	—
—	(3,703)	(3,703)	—	—	(5,914)	(5,914)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	1,052	1,052	—	—	(1,266)	(1,266)	—
(20,360)	(19,040)	(1,201)	17,839	(92,114)	(92,348)	4,451	96,799
20,360	19,040	19,040	—	115,914	116,148	116,148	—
\$ —	\$ —	\$ 17,839	\$ 17,839	\$ 23,800	\$ 23,800	\$ 120,599	\$ 96,799

(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, 2012
 (in thousands)

	County School Facilities – Prop 55			County School
				Variance
	Budget		Actual	with Final
	Original	Final		Budget –
				Favorable
				(Unfavorable)
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	31,781	31,780	44,924	13,144
Other local revenues	3,970	3,970	2,610	(1,360)
Total Revenues	<u>35,751</u>	<u>35,750</u>	<u>47,534</u>	<u>11,784</u>
Expenditures:				
Current:				
Classified salaries	—	80	75	5
Employee benefits	—	40	34	6
Books and supplies	—	300	172	128
Services and other operating expenditures	—	120	112	8
Capital outlay	479,197	104,119	97,195	6,924
Total Expenditures	<u>479,197</u>	<u>104,659</u>	<u>97,588</u>	<u>7,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(443,446)</u>	<u>(68,909)</u>	<u>(50,054)</u>	<u>18,855</u>
Other Financing Sources (Uses):				
Transfers in	—	21,753	21,753	—
Transfers out	—	(96,830)	(96,830)	—
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(75,077)</u>	<u>(75,077)</u>	<u>—</u>
Net Changes in Fund Balances	<u>(443,446)</u>	<u>(143,986)</u>	<u>(125,131)</u>	<u>18,855</u>
Fund Balances, July 1, 2011	<u>620,746</u>	<u>321,286</u>	<u>321,286</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 177,300</u>	<u>\$ 177,300</u>	<u>\$ 196,155</u>	<u>\$ 18,855</u>

Facilities Bonds

County School Facilities – Prop 1D				County School Facilities Bonds – Total			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
17,754	17,754	33,302	15,548	49,535	49,534	88,063	38,529
1,200	1,200	1,982	782	8,550	8,550	6,045	(2,505)
18,954	18,954	35,284	16,330	58,085	58,084	94,108	36,024
—	150	135	15	—	240	214	26
—	60	49	11	—	103	84	19
—	120	39	81	—	444	225	219
—	50	39	11	—	320	267	53
215,896	111,747	37,595	74,152	810,947	330,233	142,481	187,752
215,896	112,127	37,857	74,270	810,947	331,340	143,271	188,069
(196,942)	(93,173)	(2,573)	90,600	(752,862)	(273,256)	(49,163)	224,093
—	6,323	6,323	—	—	37,479	37,479	—
—	(89,416)	(89,416)	—	—	(195,863)	(195,863)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	(83,093)	(83,093)	—	—	(158,384)	(158,384)	—
(196,942)	(176,266)	(85,666)	90,600	(752,862)	(431,640)	(207,547)	224,093
276,742	256,066	256,066	—	1,033,762	712,540	712,540	—
\$ 79,800	\$ 79,800	\$ 170,400	\$ 90,600	\$ 280,900	\$ 280,900	\$ 504,993	\$ 224,093

(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, 2012
 (in thousands)

	Total			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 5,708	\$ 5,708	\$ —	\$ (5,708)
Other state revenues	52,632	52,631	88,063	35,432
Other local revenues	28,785	28,785	104,962	76,177
Total Revenues	<u>87,125</u>	<u>87,124</u>	<u>193,025</u>	<u>105,901</u>
Expenditures:				
Current:				
Classified salaries	311	1,012	792	220
Employee benefits	105	463	350	113
Books and supplies	34	878	529	349
Services and other operating expenditures	5,208	10,158	4,948	5,210
Capital outlay	917,692	444,459	177,385	267,074
Total Expenditures	<u>923,350</u>	<u>456,970</u>	<u>184,004</u>	<u>272,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(836,225)</u>	<u>(369,846)</u>	<u>9,021</u>	<u>378,867</u>
Other Financing Sources (Uses):				
Transfers in	—	45,554	45,554	—
Transfers out	(9,578)	(384,241)	(208,350)	175,891
Issuance of refunding COPs	—	160,190	160,190	—
Premium on COPs issued	—	16,648	16,648	—
Payment to refunded COPs escrow agent	—	—	(175,887)	(175,887)
Land and building sale	—	—	321	321
Total Other Financing Sources (Uses)	<u>(9,578)</u>	<u>(161,849)</u>	<u>(161,524)</u>	<u>325</u>
Net Changes in Fund Balances	<u>(845,803)</u>	<u>(531,695)</u>	<u>(152,503)</u>	<u>379,192</u>
Fund Balances, July 1, 2011	<u>1,187,536</u>	<u>874,720</u>	<u>874,720</u>	<u>—</u>
Fund Balances, June 30, 2012	<u>\$ 341,733</u>	<u>\$ 343,025</u>	<u>\$ 722,217</u>	<u>\$ 379,192</u>

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 Assets
June 30, 2012
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 360,968	\$ 108,036	\$ 51,503	\$ 520,507
Accounts receivable – net	1,597	147	—	1,744
Accrued interest and dividends receivable	644	235	42	921
Prepaid expense	9,378	—	2,713	12,091
Due from other funds	—	332,500	—	332,500
Total Assets	<u>372,587</u>	<u>440,918</u>	<u>54,258</u>	<u>867,763</u>
Liabilities:				
Current:				
Vouchers and accounts payable	49,999	3,279	928	54,206
Accrued payroll	111	209	126	446
Other payables	452	679	488	1,619
Estimated liability for self-insurance claims	24,246	72,650	11,649	108,545
Total Current Liabilities	<u>74,808</u>	<u>76,817</u>	<u>13,191</u>	<u>164,816</u>
Noncurrent:				
Estimated liability for self-insurance claims	—	361,338	37,854	399,192
Total Liabilities	<u>74,808</u>	<u>438,155</u>	<u>51,045</u>	<u>564,008</u>
Total Net Assets – Unrestricted	<u>\$ 297,779</u>	<u>\$ 2,763</u>	<u>\$ 3,213</u>	<u>\$ 303,755</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Year Ended June 30, 2012
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Operating Revenues:				
In-district premiums	\$ 928,538	\$ 78,501	\$ 30,038	\$ 1,037,077
Others	268	—	—	268
Total Operating Revenues	<u>928,806</u>	<u>78,501</u>	<u>30,038</u>	<u>1,037,345</u>
Operating Expenses:				
Certificated salaries	—	—	152	152
Classified salaries	1,589	2,765	884	5,238
Employee benefits	908	1,454	506	2,868
Supplies	157	32	8	197
Premiums and claims expenses	852,263	98,418	27,962	978,643
Claims administration	—	11,768	1,157	12,925
Other contracted services	1,720	308	11	2,039
Total Operating Expenses	<u>856,637</u>	<u>114,745</u>	<u>30,680</u>	<u>1,002,062</u>
Operating Income (Loss)	<u>72,169</u>	<u>(36,244)</u>	<u>(642)</u>	<u>35,283</u>
Nonoperating Revenues (Expenses):				
Investment income	2,911	3,737	255	6,903
Miscellaneous expense	—	(23)	—	(23)
Total Nonoperating Revenues	<u>2,911</u>	<u>3,714</u>	<u>255</u>	<u>6,880</u>
Income (Loss) before Transfers	<u>75,080</u>	<u>(32,530)</u>	<u>(387)</u>	<u>42,163</u>
Transfers in	<u>11,126</u>	<u>—</u>	<u>—</u>	<u>11,126</u>
Changes in Net Assets	<u>86,206</u>	<u>(32,530)</u>	<u>(387)</u>	<u>53,289</u>
Total Net Assets, July 1, 2011	<u>211,573</u>	<u>35,293</u>	<u>3,600</u>	<u>250,466</u>
Total Net Assets, June 30, 2012	<u>\$ 297,779</u>	<u>\$ 2,763</u>	<u>\$ 3,213</u>	<u>\$ 303,755</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2012
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	\$ (2,529)	\$ (4,317)	\$ (1,583)	\$ (8,429)
Cash payments for goods and services	(897,947)	(107,723)	(13,483)	(1,019,153)
Receipts from assessment to other funds	928,538	78,480	30,038	1,037,056
Other operating revenue	1,261	—	—	1,261
Net Cash Provided (Used) by Operating Activities	<u>29,323</u>	<u>(33,560)</u>	<u>14,972</u>	<u>10,735</u>
Cash Flows from (to) Non-Capital Financing Activities:				
Transfer from other funds	11,126	—	—	11,126
Loan (to) other funds	—	(332,500)	—	(332,500)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>11,126</u>	<u>(332,500)</u>	<u>—</u>	<u>(321,374)</u>
Cash Flows from Investing Activities:				
Earnings on investments	3,113	5,468	289	8,870
Net Cash Provided by Investing Activities	<u>3,113</u>	<u>5,468</u>	<u>289</u>	<u>8,870</u>
Net Increase (Decrease) in Cash and Cash Equivalents	43,562	(360,592)	15,261	(301,769)
Cash and Cash Equivalents, July 1	<u>317,406</u>	<u>468,628</u>	<u>36,242</u>	<u>822,276</u>
Cash and Cash Equivalents, June 30	<u>\$ 360,968</u>	<u>\$ 108,036</u>	<u>\$ 51,503</u>	<u>\$ 520,507</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 72,169	\$ (36,244)	\$ (642)	\$ 35,283
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	993	(21)	—	972
Decrease in prepaid expense	—	—	387	387
Increase (decrease) in vouchers and accounts payable	(30,741)	(98)	163	(30,676)
Decrease in accrued payroll	(32)	(92)	(41)	(165)
Increase (decrease) in other payables	452	(253)	303	502
Decrease in estimated liability for self-insurance claims – current	(13,518)	(1,554)	(23,052)	(38,124)
Increase in estimated liability for self-insurance claims – noncurrent	—	4,702	37,854	42,556
Total Adjustments	<u>(42,846)</u>	<u>2,684</u>	<u>15,614</u>	<u>(24,548)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 29,323</u>	<u>\$ (33,560)</u>	<u>\$ 14,972</u>	<u>\$ 10,735</u>

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Fiduciary Funds

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.

The Student Body Fund was established to account for cash held by the District on behalf of the student bodies at various school sites.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Fiduciary Funds – Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2012
(in thousands)

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>Student Body Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 19,623	\$ 41,218	\$ 40,604	\$ 20,237
Total Assets	<u>\$ 19,623</u>	<u>\$ 41,218</u>	<u>\$ 40,604</u>	<u>\$ 20,237</u>
Liabilities				
Other payables	\$ 19,623	\$ 41,218	\$ 40,604	\$ 20,237
Total Liabilities	<u>\$ 19,623</u>	<u>\$ 41,218</u>	<u>\$ 40,604</u>	<u>\$ 20,237</u>
 <u>Attendance Incentive Reserve Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 20,629	\$ 511	\$ —	\$ 21,140
Total Assets	<u>\$ 20,629</u>	<u>\$ 511</u>	<u>\$ —</u>	<u>\$ 21,140</u>
Liabilities				
Other payables	\$ 20,629	\$ 511	\$ —	\$ 21,140
Total Liabilities	<u>\$ 20,629</u>	<u>\$ 511</u>	<u>\$ —</u>	<u>\$ 21,140</u>
 <u>Total Agency Funds</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 40,252	\$ 41,729	\$ 40,604	\$ 41,377
Total Assets	<u>\$ 40,252</u>	<u>\$ 41,729</u>	<u>\$ 40,604</u>	<u>\$ 41,377</u>
Liabilities				
Other payables	\$ 40,252	\$ 41,729	\$ 40,604	\$ 41,377
Total Liabilities	<u>\$ 40,252</u>	<u>\$ 41,729</u>	<u>\$ 40,604</u>	<u>\$ 41,377</u>

See accompanying independent auditor's report.



**CAPITAL ASSETS USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

LOS ANGELES UNIFIED SCHOOL DISTRICT
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2012 and 2011
(in thousands)

	2011-2012	2010-2011
Governmental Funds Capital Assets:		
Sites	\$ 3,144,862	\$ 3,136,630
Improvement of sites	528,870	528,607
Building and improvements	11,063,327	10,069,170
Equipment	1,260,356	1,228,062
Construction in progress	3,536,934	3,571,703
Total Governmental Funds Capital Assets	\$ 19,534,349	\$ 18,534,172
Investments in Governmental Funds Capital Assets by Source:		
From revenues of:		
General Fund	\$ 1,322,847	\$ 1,314,835
Special Revenue Funds:		
Adult Education Fund	51,518	50,192
Cafeteria Fund	39,254	38,353
Child Development Fund	17,812	17,804
Deferred Maintenance Fund	26,005	26,005
Capital Projects Funds:		
Building Fund	36,892	36,475
Building Fund – Bond Proceeds	1,746,014	1,745,023
Building Fund – Measure K	3,059,436	2,994,651
Building Fund – Measure R	2,791,725	2,582,850
Building Fund – Measure Y	1,858,353	1,320,460
State School Building Lease – Purchase Fund	1,027,221	1,026,665
Special Reserve Fund	1,397,463	1,367,661
Special Reserve Fund – FEMA – Earthquake	20,594	20,594
Special Reserve Fund – FEMA – Hazard Mitigation	8,129	8,129
Special Reserve Fund – CRA	8,720	8,672
Capital Facilities Fund	493,755	489,673
County School Facilities Fund	830,254	827,821
County School Facilities Fund – Prop 47	839,491	834,233
County School Facilities Fund – Prop 55	1,912,155	1,814,960
County School Facilities Fund – Prop 1D	306,337	268,742
Contributions from outside source – MTA	6,018	6,018
Investment in general capital assets prior to July 1, 1983*	1,734,356	1,734,356
Total Governmental Funds Capital Assets	\$ 19,534,349	\$ 18,534,172

* Source information not available for capital assets acquired prior to July 1, 1983.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes in Capital Assets by Source
 Year Ended June 30, 2012
 (in thousands)

	Sites	Improvement of Sites
Balances, July 1, 2011	\$ 3,136,630	\$ 528,607
Additions:		
Capital outlay from:		
General Fund	4	718
Adult Education Fund	—	239
Cafeteria Fund	—	—
Child Development Fund	—	—
Building Fund	—	—
Building Fund – Bond Proceeds	(25)	—
Building Fund – Measure K	(10,669)	—
Building Fund – Measure R	(84,046)	—
Building Fund – Measure Y	88,790	—
State School Building Lease – Purchase Fund	—	—
Special Reserve Fund	4,156	—
Special Reserve Fund – CRA	—	—
Capital Facilities Fund	17	—
County School Facilities Fund	—	—
County School Facilities Fund – Prop 47	24	—
County School Facilities Fund – Prop 55	9,971	—
County School Facilities Fund – Prop 1D	10	—
Completed Projects	—	(694)
Sub-totals	8,232	263
Deductions:		
Vehicle disposal	—	—
Return to salvage	—	—
Total Deductions	—	—
Net Increase	8,232	263
Balances, June 30, 2012	\$ 3,144,862	\$ 528,870

See accompanying independent auditor's report.

<u>Building and Improvements</u>	<u>Equipment</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 10,069,170	\$ 1,228,062	\$ 3,571,703	\$ 18,534,172
4,637	21,354	16,868	43,581
784	107	196	1,326
—	901	—	901
8	—	—	8
—	—	417	417
—	—	1,016	991
—	—	75,454	64,785
(3,097)	—	296,018	208,875
253	229	448,621	537,893
—	—	556	556
(69)	—	25,715	29,802
—	—	48	48
4	—	4,061	4,082
—	—	2,433	2,433
—	—	5,234	5,258
—	—	87,224	97,195
—	—	37,585	37,595
991,637	45,272	(1,036,215)	—
994,157	67,863	(34,769)	1,035,746
—	16,650	—	16,650
—	18,919	—	18,919
—	35,569	—	35,569
994,157	32,294	(34,769)	1,000,177
<u>\$ 11,063,327</u>	<u>\$ 1,260,356</u>	<u>\$ 3,536,934</u>	<u>\$ 19,534,349</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Changes in Long-Term Obligations
Year Ended June 30, 2012
(in thousands)

	General Obligation Bonds	Certificates of Participation	Capital Leases	Children Centers Facilities Revolving Loan	CA Energy Commission Loan
Balances, July 1, 2011	\$ 11,810,881	\$ 494,840	\$ 2,359	\$ 792	\$ 217
Additions:					
Debt issuance	563,805	160,190	930	—	—
Premium on debt issue	77,207	16,648	—	—	—
Refund charges amortization	10,519	—	—	—	—
Discount amortization	48	15	—	—	—
Vacation earned	—	—	—	—	—
Self-insurance claims	—	—	—	—	—
Annual required contribution	—	—	—	—	—
Arbitrage accrual	—	—	—	—	—
Total Additions	<u>651,579</u>	<u>176,853</u>	<u>930</u>	<u>—</u>	<u>—</u>
Deductions:					
Principal repayments	869,570	227,307	1,104	—	217
Refunding charges	55,034	—	—	—	—
Premium amortization	30,854	1,502	—	—	—
Vacation used	—	—	—	—	—
Retirement bonus paid	—	—	—	—	—
Early retirement incentive paid	—	—	—	—	—
Self-insurance claims paid	—	—	—	—	—
OPEB contributions	—	—	—	—	—
Total Deductions	<u>955,458</u>	<u>228,809</u>	<u>1,104</u>	<u>—</u>	<u>217</u>
Balances, June 30, 2012	<u>\$ 11,507,002</u>	<u>\$ 442,884</u>	<u>\$ 2,185</u>	<u>\$ 792</u>	<u>\$ —</u>

See accompanying independent auditor's report.

Liability for Compensated Absences	Liability for Other Employee Benefits	Self-Insurance Claims	Other Postemployment Benefits (OPEB)	Arbitrage Payable	Total
\$ 70,381	\$ 131,651	\$ 503,305	\$ 3,175,742	\$ 5,470	\$ 16,195,638
—	—	—	—	—	724,925
—	—	—	—	—	93,855
—	—	—	—	—	10,519
—	—	—	—	—	63
64,286	—	—	—	—	64,286
—	—	330,085	—	—	330,085
—	—	—	1,047,987	—	1,047,987
—	—	—	—	647	647
<u>64,286</u>	<u>—</u>	<u>330,085</u>	<u>1,047,987</u>	<u>647</u>	<u>2,272,367</u>
—	—	—	—	5,037	1,103,235
—	—	—	—	—	55,034
—	—	—	—	—	32,356
69,592	—	—	—	—	69,592
—	10,617	—	—	—	10,617
—	12,603	—	—	—	12,603
—	—	325,652	—	—	325,652
—	—	—	228,691	—	228,691
<u>69,592</u>	<u>23,220</u>	<u>325,652</u>	<u>228,691</u>	<u>5,037</u>	<u>1,837,780</u>
<u>\$ 65,075</u>	<u>\$ 108,431</u>	<u>\$ 507,738</u>	<u>\$ 3,995,038</u>	<u>\$ 1,080</u>	<u>\$ 16,630,225</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Certificates of Participation
 Year Ended June 30, 2012
 (in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2011</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2012</u>
2000A Certificates of Participation (Qualified Zone Academy Bonds Project):							
05/23/00	—%	05/23/12	\$ 25,372	\$ 25,372	\$ —	\$ 25,372	\$ —
2000A Certificates of Participation			<u>\$ 25,372</u>	<u>\$ 25,372</u>	<u>\$ —</u>	<u>\$ 25,372</u>	<u>\$ —</u>
2001B Certificates of Participation (Administration Building Project):							
11/06/01	5.000%	10/01/24	\$ 6,810	\$ 6,810	\$ —	\$ 6,810	\$ —
11/06/01	5.000	10/01/25	7,625	7,625	—	7,625	—
11/06/01	5.000	10/01/26	8,005	8,005	—	8,005	—
11/06/01	5.000	10/01/27	8,405	8,405	—	8,405	—
11/06/01	5.000	10/01/28	8,825	8,825	—	8,825	—
11/06/01	5.000	10/01/29	9,270	9,270	—	9,270	—
11/06/01	5.000	10/01/30	9,730	9,730	—	9,730	—
11/06/01	5.000	10/01/31	10,220	10,220	—	10,220	—
2001B Certificates of Participation			<u>\$ 68,890</u>	<u>\$ 68,890</u>	<u>\$ —</u>	<u>\$ 68,890</u>	<u>\$ —</u>
2002C Certificates of Participation (Administration Building Project II):							
12/19/02	4.000%	10/01/11	\$ 235	\$ 235	\$ —	\$ 235	\$ —
12/19/02	4.000	10/01/12	245	245	—	245	—
12/19/02	4.000	10/01/13	255	255	—	255	—
12/19/02	4.125	10/01/14	265	265	—	265	—
12/19/02	4.250	10/01/15	275	275	—	275	—
12/19/02	4.380	10/01/16	285	285	—	285	—
12/19/02	4.500	10/01/17	300	300	—	300	—
12/19/02	4.500	10/01/18	310	310	—	310	—
12/19/02	4.750	10/01/19	325	325	—	325	—
12/19/02	4.750	10/01/20	340	340	—	340	—
12/19/02	4.750	10/01/21	360	360	—	360	—
12/19/02	4.750	10/01/22	375	375	—	375	—
12/19/02	4.750	10/01/23	395	395	—	395	—
12/19/02	5.000	10/01/24	410	410	—	410	—
12/19/02	5.000	10/01/25	430	430	—	430	—
12/19/02	5.000	10/01/26	455	455	—	455	—
12/19/02	5.000	10/01/27	475	475	—	475	—
12/19/02	5.000	10/01/28	500	500	—	500	—
12/19/02	5.000	10/01/29	525	525	—	525	—
12/19/02	5.000	10/01/30	550	550	—	550	—
12/19/02	5.000	10/01/31	580	580	—	580	—
2002C Certificates of Participation			<u>\$ 7,890</u>	<u>\$ 7,890</u>	<u>\$ —</u>	<u>\$ 7,890</u>	<u>\$ —</u>

* Includes Premium and Discount

** Principal Payment and Premium/Discount Amortization

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Certificates of Participation (Continued)
Year Ended June 30, 2012
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2011</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2012</u>
2003B Certificates of Participation (Capital Project I):							
06/26/03	3.000%	08/01/11	\$ 970	\$ 970	\$ —	\$ 970	\$ —
06/26/03	3.000	08/01/12	1,000	1,000	—	—	1,000
06/26/03	3.125	08/01/13	1,030	1,030	—	—	1,030
06/26/03	3.250	08/01/14	1,060	1,060	—	—	1,060
06/26/03	5.000	08/01/15	1,095	1,095	—	—	1,095
06/26/03	5.000	08/01/16	1,150	1,150	—	—	1,150
06/26/03	5.000	08/01/17	1,210	1,210	—	—	1,210
06/26/03	5.000	08/01/18	1,270	1,270	—	—	1,270
06/26/03	5.000	08/01/19	1,335	1,335	—	—	1,335
06/26/03	5.000	08/01/20	1,400	1,400	—	—	1,400
06/26/03	5.000	08/01/21	1,470	1,470	—	—	1,470
06/26/03	5.000	08/01/22	1,540	1,540	—	—	1,540
06/26/03	5.000	08/01/23	1,620	1,620	—	—	1,620
06/26/03	5.000	08/01/24	1,700	1,700	—	—	1,700
06/26/03	5.000	08/01/25	1,785	1,785	—	—	1,785
06/26/03	5.000	08/01/26	1,875	1,875	—	—	1,875
06/26/03	5.000	08/01/27	1,970	1,970	—	—	1,970
06/26/03	5.000	08/01/28	2,065	2,065	—	—	2,065
2003B Certificates of Participation			\$ 25,545	\$ 25,545	\$ —	\$ 970	\$ 24,575
2004A Certificates of Participation (Refinancing Project I):							
07/28/04	3.125%	10/01/11	\$ 2,065	\$ 2,065	\$ —	\$ 2,065	\$ —
07/28/04	5.000	10/01/12	2,150	2,150	—	—	2,150
07/28/04	4.000	10/01/13	2,250	2,250	—	—	2,250
07/28/04	4.000	10/01/14	2,340	2,340	—	—	2,340
2004A Certificates of Participation			\$ 8,805	\$ 8,805	\$ —	\$ 2,065	\$ 6,740
2005 Certificates of Participation (2004-05 Qualified Zone Academy Bonds Project):							
12/13/05	—%	12/13/20	\$ 10,000	\$ 10,000	\$ —	\$ —	\$ 10,000
2005 Certificates of Participation			\$ 10,000	\$ 10,000	\$ —	\$ —	\$ 10,000
2007A Certificates of Participation (Information Technology Projects):							
11/15/07	4.000%	10/01/11	\$ 5,995	\$ 3,542	\$ —	\$ 3,542	\$ —
11/15/07	5.000	10/01/11	3,125	3,125	—	3,125	—
11/15/07	5.000	10/01/12	9,515	6,881	—	—	6,881
11/15/07	5.000	10/01/13	9,995	7,180	—	—	7,180
11/15/07	5.000	10/01/14	10,495	10,939	—	—	10,939
11/15/07	5.000	10/01/15	11,015	11,335	—	—	11,335
11/15/07	5.000	10/01/16	11,570	11,755	—	—	11,755
11/15/07	5.000	10/01/17	12,145	12,183	—	—	12,183
2007A Certificates of Participation			\$ 73,855	\$ 66,940	\$ —	\$ 6,667	\$ 60,273

* Includes Premium and Discount

** Principal Payment and Premium/Discount Amortization

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Certificates of Participation (Continued)
Year Ended June 30, 2012
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2011</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2012</u>
2008A Refunding Certificates of Participation (Administration Building Project-2005A Refunding):							
08/06/08	Variable	10/01/11	\$ 5,370	\$ 5,370	\$ —	\$ 5,370	\$ —
08/06/08	Variable	10/01/12	5,530	5,530	—	5,530	—
08/06/08	Variable	10/01/13	5,680	5,680	—	5,680	—
08/06/08	Variable	10/01/14	5,840	5,840	—	5,840	—
08/06/08	Variable	10/01/15	6,000	6,000	—	6,000	—
08/06/08	Variable	10/01/16	6,175	6,175	—	6,175	—
08/06/08	Variable	10/01/17	6,345	6,345	—	6,345	—
08/06/08	Variable	10/01/18	6,520	6,520	—	6,520	—
08/06/08	Variable	10/01/19	6,705	6,705	—	6,705	—
08/06/08	Variable	10/01/20	6,895	6,895	—	6,895	—
08/06/08	Variable	10/01/21	7,085	7,085	—	7,085	—
08/06/08	Variable	10/01/22	7,285	7,285	—	7,285	—
08/06/08	Variable	10/01/23	6,835	6,835	—	6,835	—
08/06/08	Variable	10/01/24	200	200	—	200	—
2008A Refunding Certificates of Participation			<u>\$ 82,465</u>	<u>\$ 82,465</u>	<u>\$ —</u>	<u>\$ 82,465</u>	<u>\$ —</u>
2008B Refunding Certificates of Participation (Administration Building Project III-2005B Refunding):							
08/06/08	Variable	10/01/11	\$ 755	\$ 755	\$ —	\$ 755	—
08/06/08	Variable	10/01/12	775	775	—	775	—
08/06/08	Variable	10/01/13	795	795	—	795	—
08/06/08	Variable	10/01/14	820	820	—	820	—
08/06/08	Variable	10/01/15	840	840	—	840	—
08/06/08	Variable	10/01/16	865	865	—	865	—
08/06/08	Variable	10/01/17	890	890	—	890	—
08/06/08	Variable	10/01/18	915	915	—	915	—
08/06/08	Variable	10/01/19	940	940	—	940	—
08/06/08	Variable	10/01/20	965	965	—	965	—
08/06/08	Variable	10/01/21	995	995	—	995	—
08/06/08	Variable	10/01/22	1,020	1,020	—	1,020	—
08/06/08	Variable	10/01/23	1,050	1,050	—	1,050	—
08/06/08	Variable	10/01/24	1,080	1,080	—	1,080	—
08/06/08	Variable	10/01/25	1,110	1,110	—	1,110	—
08/06/08	Variable	10/01/26	1,140	1,140	—	1,140	—
08/06/08	Variable	10/01/27	1,175	1,175	—	1,175	—
08/06/08	Variable	10/01/28	1,205	1,205	—	1,205	—
08/06/08	Variable	10/01/29	1,240	1,240	—	1,240	—
08/06/08	Variable	10/01/30	1,275	1,275	—	1,275	—
08/06/08	Variable	10/01/31	1,310	1,310	—	1,310	—
2008B Refunding Certificates of Participation			<u>\$ 21,160</u>	<u>\$ 21,160</u>	<u>\$ —</u>	<u>\$ 21,160</u>	<u>\$ —</u>

* Includes Premium and Discount

** Principal Payment and Premium/Discount Amortization

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Certificates of Participation (Continued)
Year Ended June 30, 2012
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2011</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2012</u>
2009A Certificates of Participation (Food Services Project):							
09/29/09	3.920%	10/01/11	\$ 1,784	\$ 282	\$ —	\$ 282	\$ —
09/29/09	3.920	04/01/12	1,819	288	—	288	—
09/29/09	3.920	10/01/12	1,855	294	—	—	294
09/29/09	3.920	04/01/13	1,891	299	—	—	299
09/29/09	3.920	10/01/13	1,928	305	—	—	305
09/29/09	3.920	04/01/14	1,966	312	—	—	312
09/29/09	3.920	10/01/14	2,005	2,005	—	—	2,005
09/29/09	3.920	04/01/15	2,044	2,044	—	—	2,044
09/29/09	3.920	10/01/15	2,084	2,084	—	—	2,084
09/29/09	3.920	04/01/16	2,125	2,125	—	—	2,125
09/29/09	3.920	10/01/16	2,167	2,167	—	—	2,167
09/29/09	3.920	04/01/17	2,209	2,209	—	—	2,209
09/29/09	3.920	10/01/17	2,252	2,252	—	—	2,252
09/29/09	3.920	04/01/18	2,296	2,296	—	—	2,296
09/29/09	3.920	10/01/18	2,341	2,341	—	—	2,341
09/29/09	3.920	04/01/19	2,387	2,387	—	—	2,387
09/29/09	3.920	10/01/19	2,434	2,434	—	—	2,434
2009A Certificates of Participation			<u>\$ 35,587</u>	<u>\$ 26,124</u>	<u>\$ —</u>	<u>\$ 570</u>	<u>\$ 25,554</u>
2010A Refunding Certificates of Participation (Multiple Properties Project):							
01/27/10	3.000%	12/01/11	\$ 7,045	\$ 7,588	\$ —	\$ 7,588	\$ —
01/27/10	2.000	12/01/12	650	1,228	—	—	1,228
01/27/10	3.000	12/01/12	6,605	6,605	—	—	6,605
01/27/10	3.000	12/01/13	1,300	1,878	—	—	1,878
01/27/10	4.000	12/01/13	6,205	6,205	—	—	6,205
01/27/10	3.000	12/01/14	1,385	1,933	—	—	1,933
01/27/10	4.000	12/01/14	6,410	6,410	—	—	6,410
01/27/10	3.250	12/01/15	300	762	—	—	762
01/27/10	5.000	12/01/15	7,845	7,845	—	—	7,845
01/27/10	4.000	12/01/16	1,125	1,459	—	—	1,459
01/27/10	5.000	12/01/16	7,430	7,430	—	—	7,430
01/27/10	4.000	12/01/17	1,215	1,332	—	—	1,332
01/27/10	5.000	12/01/17	15,265	15,265	—	—	15,265
2010A Refunding Certificates of Participation			<u>\$ 62,780</u>	<u>\$ 65,940</u>	<u>\$ —</u>	<u>\$ 7,588</u>	<u>\$ 58,352</u>

* Includes Premium and Discount

** Principal Payment and Premium/Discount Amortization

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Certificates of Participation (Continued)
 Year Ended June 30, 2012
 (in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2011</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2012</u>
2010B-1 Certificates of Participation (Capital Projects I):							
12/21/10	7.663%	12/01/21	\$ 965	\$ 710	\$ —	\$ (15)	\$ 725
12/21/10	7.663	12/01/22	1,030	1,004	—	—	1,004
12/21/10	8.163	12/01/23	1,080	1,057	—	—	1,057
12/21/10	8.163	12/01/24	1,140	1,117	—	—	1,117
12/21/10	8.163	12/01/25	1,200	1,178	—	—	1,178
12/21/10	8.000	12/01/26	540	519	—	—	519
12/21/10	8.250	12/01/26	610	610	—	—	610
12/21/10	8.525	12/01/26	115	115	—	—	115
12/21/10	8.000	12/01/27	570	550	—	—	550
12/21/10	8.250	12/01/27	640	640	—	—	640
12/21/10	8.525	12/01/27	125	125	—	—	125
12/21/10	8.000	12/01/28	605	586	—	—	586
12/21/10	8.250	12/01/28	670	670	—	—	670
12/21/10	8.525	12/01/28	130	130	—	—	130
12/21/10	8.000	12/01/29	640	622	—	—	622
12/21/10	8.250	12/01/29	705	705	—	—	705
12/21/10	8.525	12/01/29	135	135	—	—	135
12/21/10	8.000	12/01/30	675	659	—	—	659
12/21/10	8.250	12/01/30	740	740	—	—	740
12/21/10	8.525	12/01/30	145	145	—	—	145
12/21/10	8.000	12/01/31	710	696	—	—	696
12/21/10	8.250	12/01/31	785	785	—	—	785
12/21/10	8.525	12/01/31	150	150	—	—	150
12/21/10	8.000	12/01/32	750	738	—	—	738
12/21/10	8.250	12/01/32	825	825	—	—	825
12/21/10	8.525	12/01/32	160	160	—	—	160
12/21/10	8.000	12/01/33	790	781	—	—	781
12/21/10	8.250	12/01/33	865	865	—	—	865
12/21/10	8.525	12/01/33	170	170	—	—	170
12/21/10	8.000	12/01/34	835	830	—	—	830
12/21/10	8.250	12/01/34	910	910	—	—	910
12/21/10	8.525	12/01/34	180	180	—	—	180
12/21/10	8.000	12/01/35	885	883	—	—	883
12/21/10	8.250	12/01/35	950	950	—	—	950
12/21/10	8.525	12/01/35	190	190	—	—	190
2010B-1 Certificates of Participation			<u>\$ 21,615</u>	<u>\$ 21,130</u>	<u>\$ —</u>	<u>\$ (15)</u>	<u>\$ 21,145</u>
2010B-2 Certificates of Participation (Capital Projects I):							
12/21/10	3.000%	12/01/11	\$ 4,710	\$ 5,102	\$ —	\$ 5,102	\$ —
12/21/10	3.000	12/01/12	1,455	1,876	—	—	1,876
12/21/10	5.000	12/01/12	4,000	4,000	—	—	4,000
12/21/10	5.000	12/01/13	5,695	6,098	—	—	6,098
12/21/10	4.000	12/01/14	150	519	—	—	519
12/21/10	5.000	12/01/14	5,835	5,835	—	—	5,835
12/21/10	5.000	12/01/15	6,280	6,612	—	—	6,612
12/21/10	5.000	12/01/16	6,075	6,367	—	—	6,367
12/21/10	4.000	12/01/17	2,585	2,851	—	—	2,851
12/21/10	5.000	12/01/17	3,800	3,800	—	—	3,800
12/21/10	5.500	12/01/18	6,675	6,886	—	—	6,886
12/21/10	5.500	12/01/19	7,040	7,166	—	—	7,166
12/21/10	5.000	12/01/20	3,830	3,867	—	—	3,867
12/21/10	5.750	12/01/20	3,600	3,600	—	—	3,600
2010B-2 Certificates of Participation			<u>\$ 61,730</u>	<u>\$ 64,579</u>	<u>\$ —</u>	<u>\$ 5,102</u>	<u>\$ 59,477</u>

* Includes Premium and Discount

** Principal Payment and Premium/Discount Amortization

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Certificates of Participation (Continued)
 Year Ended June 30, 2012
 (in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2011</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2012</u>
2012A Certificates of Participation (Headquarters Building Projects):							
06/12/12	2.000%	10/01/12	\$ 1,170	\$ —	\$ 2,336	\$ 57	\$ 2,279
06/12/12	2.000	10/01/13	6,040	—	7,227	—	7,227
06/12/12	4.000	10/01/14	6,095	—	7,282	—	7,282
06/12/12	4.000	10/01/15	6,270	—	7,425	—	7,425
06/12/12	5.000	10/01/16	6,460	—	7,532	—	7,532
06/12/12	5.000	10/01/17	6,705	—	7,670	—	7,670
06/12/12	5.000	10/01/18	6,965	—	7,815	—	7,815
06/12/12	5.000	10/01/19	7,240	—	7,966	—	7,966
06/12/12	5.000	10/01/20	7,525	—	8,117	—	8,117
06/12/12	5.000	10/01/21	7,820	—	8,268	—	8,268
06/12/12	5.000	10/01/22	8,130	—	8,423	—	8,423
06/12/12	5.000	10/01/23	7,795	—	7,933	—	7,933
06/12/12	4.250	10/01/24	1,255	—	1,344	—	1,344
06/12/12	4.250	10/01/25	1,095	—	1,171	—	1,171
06/12/12	3.750	10/01/26	1,125	—	1,193	—	1,193
06/12/12	4.000	10/01/27	1,160	—	1,218	—	1,218
06/12/12	4.000	10/01/28	1,190	—	1,237	—	1,237
06/12/12	4.125	10/01/29	1,230	—	1,265	—	1,265
06/12/12	4.125	10/01/30	1,270	—	1,290	—	1,290
06/12/12	4.250	10/01/31	1,305	—	1,309	—	1,309
2012A Certificates of Participation			<u>\$ 87,845</u>	<u>\$ —</u>	<u>\$ 98,021</u>	<u>\$ 57</u>	<u>\$ 97,964</u>
2012B Certificates of Participation (Headquarters Building Projects):							
06/12/12	2.000%	10/01/12	\$ 630	\$ —	\$ 909	\$ 13	\$ 896
06/12/12	2.000	10/01/13	170	—	454	—	454
06/12/12	3.000	10/01/14	305	—	604	—	604
06/12/12	3.000	10/01/15	315	—	630	—	630
06/12/12	3.000	10/01/16	325	—	657	—	657
06/12/12	4.000	10/01/17	335	—	682	—	682
06/12/12	2.125	10/01/18	345	—	712	—	712
06/12/12	2.375	10/01/19	355	—	744	—	744
06/12/12	2.625	10/01/20	360	—	771	—	771
06/12/12	3.000	10/01/21	375	—	808	—	808
06/12/12	3.125	10/01/22	385	—	841	—	841
06/12/12	3.250	10/01/23	400	—	878	—	878
06/12/12	5.000	10/01/24	6,750	—	7,206	—	7,206
06/12/12	5.000	10/01/25	7,525	—	7,937	—	7,937
06/12/12	5.000	10/01/26	7,905	—	8,267	—	8,267
06/12/12	5.000	10/01/27	8,300	—	8,606	—	8,606
06/12/12	5.000	10/01/28	8,715	—	8,960	—	8,960
06/12/12	5.000	10/01/29	9,155	—	9,332	—	9,332
06/12/12	5.000	10/01/30	9,605	—	9,708	—	9,708
06/12/12	5.000	10/01/31	10,090	—	10,111	—	10,111
2012B Certificates of Participation			<u>\$ 72,345</u>	<u>\$ —</u>	<u>\$ 78,817</u>	<u>\$ 13</u>	<u>\$ 78,804</u>
Grand Total			<u><u>\$ 665,884</u></u>	<u><u>\$ 494,840</u></u>	<u><u>\$ 176,838</u></u>	<u><u>\$ 228,794</u></u>	<u><u>\$ 442,884</u></u>

* Includes Premium and Discount

** Principal Payment and Premium/Discount Amortization

See accompanying independent auditors' report.



**STATISTICAL
SECTION**

The Statistical Section of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health.

Contents

Financial trends

These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the District's most significant local revenue sources.

Debt capacity

These schedules contain information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and economic information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement No. 34 in 2002; schedules presenting government-wide information include information beginning in that year.



LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Assets
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
Assets:					
Cash and cash equivalents	\$ 3,934,357	\$ 3,490,108	\$ 3,180,396	\$ 3,151,386	\$ 3,487,080
Investments	2,010,864	1,618,239	826,235	819,660	923,425
Property taxes receivable	127,991	137,575	156,065	41,360	46,689
Accounts receivable, net	679,616	614,630	685,059	817,504	786,845
Accrued interest receivable	12,661	10,819	24,799	47,476	70,901
Prepaid expense	25,521	24,959	20,718	21,257	15,597
Due from other funds	197	—	—	—	—
Deferred charges	—	—	4,858	17,398	32,730
Inventories	19,291	24,647	31,007	15,268	15,823
Other current assets	79	—	—	—	—
Capital assets:					
Sites	1,094,733	1,671,373	1,805,711	2,105,429	2,373,208
Improvement of sites	267,569	344,671	345,725	386,968	430,979
Buildings and improvements	2,652,277	2,725,055	3,104,384	4,298,752	5,803,185
Equipment	1,094,284	1,087,143	1,094,832	1,124,779	1,145,089
Construction in progress	1,519,076	1,745,176	2,600,475	2,545,892	2,180,218
Less accumulated depreciation	<u>(1,923,886)</u>	<u>(2,201,018)</u>	<u>(2,491,969)</u>	<u>(2,664,067)</u>	<u>(2,847,681)</u>
Total Capital Assets, Net of Depreciation	<u>4,704,053</u>	<u>5,372,400</u>	<u>6,459,158</u>	<u>7,797,753</u>	<u>9,084,998</u>
Total Assets	<u>11,514,630</u>	<u>11,293,377</u>	<u>11,388,295</u>	<u>12,729,062</u>	<u>14,464,088</u>
Liabilities:					
Vouchers and accounts payable	363,308	390,008	387,872	395,174	374,553
Contracts payable	64,530	123,225	162,187	125,522	155,901
Accrued payroll	220,390	230,559	264,240	246,401	586,384
Accrued interest	—	—	—	—	—
Other payables	406,612	141,080	171,813	163,066	6,099
Unearned revenue	301,190	180,047	229,702	138,135	60,986
Tax and revenue anticipation notes and related interest payable	515,582	682,668	520,789	429,382	360,998
Long-term liabilities:					
Portion due within one year	262,427	311,191	338,635	329,152	373,698
Portion due after one year	<u>5,509,814</u>	<u>5,443,889</u>	<u>5,596,973</u>	<u>6,724,029</u>	<u>7,341,060</u>
Total Liabilities	<u>7,643,853</u>	<u>7,502,667</u>	<u>7,672,211</u>	<u>8,550,861</u>	<u>9,259,679</u>
Net Assets:					
Invested in capital assets, net of related debt	2,634,387	2,682,203	2,704,302	2,866,293	3,267,458
Restricted	932,298	1,034,896	701,779	1,089,165	1,540,422
Unrestricted	<u>304,092</u>	<u>73,611</u>	<u>310,003</u>	<u>222,743</u>	<u>396,529</u>
Total Governmental Activities	<u>3,870,777</u>	<u>3,790,710</u>	<u>3,716,084</u>	<u>4,178,201</u>	<u>5,204,409</u>
Net Assets	<u>\$ 3,870,777</u>	<u>\$ 3,790,710</u>	<u>\$ 3,716,084</u>	<u>\$ 4,178,201</u>	<u>\$ 5,204,409</u>

See accompanying independent auditor's report.

<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
\$ 4,112,750	\$ 3,559,297	\$ 6,231,489	\$ 5,905,632	\$ 4,453,774
825,398	592,741	785,256	22,835	561,917
67,899	80,453	86,802	92,125	106,219
854,789	1,097,781	928,327	1,212,902	1,584,436
44,461	21,031	24,247	20,300	8,236
16,101	13,354	12,866	12,478	12,091
—	—	—	—	—
37,349	40,479	66,845	12,459	61,306
18,920	14,861	13,163	63,653	21,583
—	—	—	—	—
2,700,727	2,969,404	3,069,920	3,136,630	3,144,862
468,039	507,963	523,083	528,607	528,869
6,722,084	8,243,000	8,992,789	10,069,170	11,063,328
1,143,953	1,156,042	1,169,506	1,228,062	1,260,357
2,547,219	2,815,518	3,579,899	3,571,703	3,536,933
<u>(3,064,058)</u>	<u>(3,361,521)</u>	<u>(3,599,858)</u>	<u>(3,906,924)</u>	<u>(4,297,236)</u>
<u>10,517,964</u>	<u>12,330,406</u>	<u>13,735,339</u>	<u>14,627,248</u>	<u>15,237,113</u>
<u>16,495,631</u>	<u>17,750,403</u>	<u>21,884,334</u>	<u>21,969,632</u>	<u>22,046,675</u>
534,898	489,547	439,134	488,599	393,208
129,704	121,150	92,473	30,249	64,787
397,407	243,458	207,437	205,323	191,418
—	171,868	254,828	297,901	289,821
126,880	117,802	74,677	155,502	99,991
103,611	212,159	65,418	123,393	15,717
615,599	514,343	764,355	—	561,782
529,970	478,203	485,669	526,853	509,065
<u>9,075,723</u>	<u>10,670,116</u>	<u>15,266,398</u>	<u>15,668,785</u>	<u>16,121,160</u>
<u>11,513,792</u>	<u>13,018,646</u>	<u>17,650,389</u>	<u>17,496,605</u>	<u>18,246,949</u>
3,694,054	4,584,300	4,910,954	5,450,860	5,698,608
1,893,302	1,639,962	1,282,553	1,495,022	1,312,920
<u>(605,517)</u>	<u>(1,492,505)</u>	<u>(1,959,562)</u>	<u>(2,472,855)</u>	<u>(3,211,802)</u>
<u>\$ 4,981,839</u>	<u>\$ 4,731,757</u>	<u>\$ 4,233,945</u>	<u>\$ 4,473,027</u>	<u>\$ 3,799,726</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Changes in Net Assets

Last Ten Fiscal Years

(in thousands)

(Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Expenses:				
Governmental activities:				
Instruction	\$ 3,673,900	\$ 3,762,124	\$ 3,996,454	\$ 4,032,673
Support services – students	303,961	292,578	311,449	298,911
Support services – instructional staff	725,684	725,187	647,207	650,551
Support services – general administration	50,147	48,074	46,195	46,913
Support services – school administration	408,278	418,022	444,656	466,862
Support services – business	178,623	156,713	138,800	106,523
Operation and maintenance of plant services	598,680	631,941	588,588	599,899
Student transportation services	165,658	177,416	161,845	161,395
Data processing services	229,931	251,850	230,434	115,311
Operation of noninstructional services	270,570	254,493	273,236	282,992
Facilities acquisition and construction services	191,848	243,099	160,224	135,827
Other uses	460	661	778	799
Interest expense	92,250	233,585	256,372	285,051
Interagency disbursements	—	32,996	28,927	33,678
Depreciation – unallocated	53,054	101,156	105,026	130,561
Unfunded OPEB expense – unallocated	—	—	—	—
Total Governmental Activities	<u>6,943,044</u>	<u>7,329,895</u>	<u>7,390,191</u>	<u>7,347,946</u>
Program Revenues:				
Charges for services				
Instruction	2,413	2,603	2,611	2,968
Support services – instructional staff	386	350	449	290
Support services – school administration	61	—	—	—
Support services – business	651	323	2,754	5,769
Operation and maintenance of plant services	4,306	12,051	4,336	4,154
Operation of noninstructional services	32,921	25,106	21,251	21,024
Facilities acquisition and construction services	43,217	69,723	77,480	85,122
Total Charges for Services	<u>83,955</u>	<u>110,156</u>	<u>108,881</u>	<u>119,327</u>
Operating grants and contributions:				
Instruction	1,131,218	1,128,068	1,393,191	1,473,164
Support services – students	160,893	149,282	160,625	178,438
Support services – instructional staff	561,732	578,661	507,369	526,379
Support services – general administration	1,526	26	32	23
Support services – school administration	95,732	105,859	102,449	143,761
Support services – business	105,572	114,992	115,938	99,041
Operation and maintenance of plant services	71,839	77,355	117,736	131,411
Student transportation services	150,701	163,879	158,174	170,604
Data processing services	2,607	2,832	5,973	7,404
Operation of noninstructional services	199,193	205,688	227,186	236,391
Facilities acquisition and construction services	11,714	30,753	6,619	5,220
Other uses	240	249	273	—
Interest expense	—	—	—	—
Total Operating Grants and Contributions	<u>2,492,967</u>	<u>2,557,644</u>	<u>2,795,565</u>	<u>2,971,836</u>
Capital grants and contributions:				
Support services – instructional staff	268	—	—	—
Operation and maintenance of plant services	64,494	26,636	5,454	7,719
Facilities acquisition and construction services	187,777	593,818	88,246	366,473
Total Capital Grants and Contributions	<u>252,539</u>	<u>620,454</u>	<u>93,700</u>	<u>374,192</u>
Total Program Revenues	<u>2,829,461</u>	<u>3,288,254</u>	<u>2,998,146</u>	<u>3,465,355</u>
Net Expenses	<u>(4,113,583)</u>	<u>(4,041,641)</u>	<u>(4,392,045)</u>	<u>(3,882,591)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes	1,098,628	1,199,891	850,516	644,637
Property taxes, levied for debt service	112,310	236,121	308,537	331,097
Property taxes, levied for community redevelopment	—	3,756	3,394	1,713
State aid – formula grants	2,196,960	2,094,751	2,582,322	2,781,133
Grants, entitlements and contributions not restricted to specific programs	514,667	415,325	489,060	441,396
Unrestricted investment earnings	28,378	60,898	70,589	138,346
Miscellaneous	96,542	8,519	13,001	6,386
Special item – gain on sales of capital assets	—	11,705	—	—
Total General Revenues	<u>4,047,485</u>	<u>4,030,966</u>	<u>4,317,419</u>	<u>4,344,708</u>
Change in Net Assets	<u>\$ (66,098)</u>	<u>\$ (10,675)</u>	<u>\$ (74,626)</u>	<u>\$ 462,117</u>

See accompanying independent auditor's report.

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2012</u>	<u>2011-2012</u>
\$ 4,142,927	\$ 4,416,790	\$ 4,291,864	\$ 3,900,813	\$ 3,986,263	\$ 3,773,834
310,786	366,514	359,087	317,859	320,787	316,131
589,566	731,016	623,621	428,734	432,202	403,585
56,323	51,873	60,395	43,561	43,448	43,048
477,168	502,506	518,838	466,481	426,288	393,922
123,791	136,540	134,008	204,002	145,401	173,516
638,201	727,090	758,813	660,647	581,731	567,829
168,121	173,167	168,837	155,813	151,286	158,202
114,630	108,451	98,013	68,949	54,205	61,072
288,736	324,348	370,016	403,956	404,211	430,137
92,799	89,029	119,137	115,474	175,584	87,588
418	882	240	615	181	1,203
278,053	350,420	551,163	495,266	623,044	578,279
39,371	—	—	—	—	—
180,328	217,052	302,298	245,712	315,745	401,920
—	832,665	821,261	739,885	781,931	819,296
<u>7,501,218</u>	<u>9,028,343</u>	<u>9,177,591</u>	<u>8,247,767</u>	<u>8,442,307</u>	<u>8,209,562</u>
3,357	5,482	6,497	6,440	20,741	19,819
184	251	183	211	156	117
—	—	—	—	—	—
10,592	8,337	8,694	18,002	7,814	9,198
4,496	5,206	6,999	13,496	16,378	21,657
18,886	16,979	15,777	12,229	9,727	7,511
95,222	65,426	24,259	18,747	33,810	41,206
<u>132,737</u>	<u>101,681</u>	<u>62,409</u>	<u>69,125</u>	<u>88,626</u>	<u>99,508</u>
1,707,841	1,662,599	1,538,356	1,705,758	1,815,305	1,339,908
205,621	223,250	243,391	240,346	234,844	264,016
472,633	532,258	641,554	348,196	353,459	344,793
1	87	133	852	9,141	3,893
145,581	139,550	131,204	143,125	132,805	120,610
85,947	72,513	121,542	70,894	46,629	94,492
150,877	151,932	162,386	168,318	135,826	113,407
163,325	170,100	156,509	154,069	157,528	264,619
10,135	7,326	10,986	3,369	8,753	4,886
236,113	249,817	269,543	342,381	369,578	337,493
893	14,609	1,287	375	5,692	127,188
—	—	—	—	—	—
—	559	1,591	—	—	895
<u>3,178,967</u>	<u>3,224,600</u>	<u>3,278,482</u>	<u>3,177,683</u>	<u>3,269,560</u>	<u>3,016,200</u>
—	—	—	—	—	—
137,763	11,216	48,382	4,293	2,354	187
298,645	653,191	876,570	295,879	777,990	94,996
<u>436,408</u>	<u>664,407</u>	<u>924,952</u>	<u>300,172</u>	<u>780,344</u>	<u>95,183</u>
<u>3,748,112</u>	<u>3,990,688</u>	<u>4,265,843</u>	<u>3,546,980</u>	<u>4,138,530</u>	<u>3,210,891</u>
<u>(3,753,106)</u>	<u>(5,037,655)</u>	<u>(4,911,748)</u>	<u>(4,700,787)</u>	<u>(4,303,777)</u>	<u>(4,998,671)</u>
811,282	806,413	927,441	938,189	909,484	901,213
444,951	539,735	598,980	740,719	935,428	850,359
4,479	5,775	1,295	6,054	5,320	9,789
2,901,720	2,817,720	2,517,499	2,039,028	2,146,870	2,066,980
531,067	505,638	453,643	393,192	402,110	434,512
149,311	156,817	74,859	58,323	66,795	21,175
12,456	85,547	87,949	27,470	76,852	41,342
—	—	—	—	—	—
<u>4,855,266</u>	<u>4,917,645</u>	<u>4,661,666</u>	<u>4,202,975</u>	<u>4,542,859</u>	<u>4,325,370</u>
<u>\$ 1,102,160</u>	<u>\$ (120,010)</u>	<u>\$ (250,082)</u>	<u>\$ (497,812)</u>	<u>\$ 239,082</u>	<u>\$ (673,301)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years
 (in thousands)
 (Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Property Taxes, Levied for:				
General purposes	\$ 1,098,628	\$ 1,199,891	\$ 850,516	\$ 644,637
Debt service	112,310	236,121	308,537	331,097
Community redevelopment	—	3,756	3,394	1,713
Total	<u>\$ 1,210,938</u>	<u>\$ 1,439,768</u>	<u>\$ 1,162,447</u>	<u>\$ 977,447</u>

See accompanying independent auditor's report.

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
\$ 811,282	\$ 806,413	\$ 927,441	\$ 938,189	\$ 909,484	\$ 901,213
444,951	539,735	598,980	740,719	935,428	850,359
<u>4,479</u>	<u>5,775</u>	<u>1,295</u>	<u>6,054</u>	<u>5,320</u>	<u>9,789</u>
<u>\$ 1,260,712</u>	<u>\$ 1,351,923</u>	<u>\$ 1,527,716</u>	<u>\$ 1,684,962</u>	<u>\$ 1,850,232</u>	<u>\$ 1,761,361</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
General Fund:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Reserved	236,766	171,216	96,540	144,673
Unreserved	342,273	152,766	253,029	289,839
Total General Fund	<u>\$ 579,039</u>	<u>\$ 323,982</u>	<u>\$ 349,569</u>	<u>\$ 434,512</u>
District Bonds:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Reserved	17,545	—	7,328	3,300
Unreserved	2,917,720	1,676,001	1,123,595	1,096,859
Total District Bonds	<u>\$ 2,935,265</u>	<u>\$ 1,676,001</u>	<u>\$ 1,130,923</u>	<u>\$ 1,100,159</u>
Bond Interest and Redemption Fund				
Restricted	\$ —	\$ —	\$ —	\$ —
Reserved	164,978	165,837	211,449	282,984
Unreserved	—	—	—	—
Total Debt Service	<u>\$ 164,978</u>	<u>\$ 165,837</u>	<u>\$ 211,449</u>	<u>\$ 282,984</u>
All Other Governmental Funds:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted, reported in:				
Special revenue funds	—	—	—	—
Debt service funds	—	—	—	—
Capital projects funds	—	—	—	—
Committed in:				
Special revenue funds	—	—	—	—
Assigned, reported in:				
Special revenue funds	—	—	—	—
Capital projects funds	—	—	—	—
Reserved	18,246	21,397	7,871	7,867
Unreserved, reported in:				
Special revenue funds	98,068	44,013	101,059	187,178
Debt service funds	44,674	39,982	12,949	19,498
Capital projects funds	586,229	1,330,959	736,408	773,041
Total All Other Governmental Funds	<u>\$ 747,217</u>	<u>\$ 1,436,351</u>	<u>\$ 858,287</u>	<u>\$ 987,584</u>

*Effective 2010-2011, fund balances are presented to conform with GASB statement 54

See accompanying independent auditor's report.

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011*</u>	<u>2011-2012</u>
\$ —	\$ —	\$ —	\$ —	\$ 10,417	\$ 11,231
—	—	—	—	266,418	186,563
—	—	—	—	147,035	465,272
—	—	—	—	479,661	161,744
333,103	403,518	565,333	304,762	—	—
362,132	253,718	184,629	358,145	—	—
<u>\$ 695,235</u>	<u>\$ 657,236</u>	<u>\$ 749,962</u>	<u>\$ 662,907</u>	<u>\$ 903,531</u>	<u>\$ 824,810</u>
\$ —	\$ —	\$ —	\$ —	\$ 3,800	\$ 3,800
—	—	—	—	2,816,528	2,102,830
3,300	3,800	3,800	3,800	—	—
949,738	957,677	729,284	3,488,803	—	—
<u>\$ 953,038</u>	<u>\$ 961,477</u>	<u>\$ 733,084</u>	<u>\$ 3,492,603</u>	<u>\$ 2,820,328</u>	<u>\$ 2,106,630</u>
\$ —	\$ —	\$ —	\$ —	\$ 724,608	\$ 681,562
360,140	—	—	—	—	—
—	447,880	489,381	630,810	—	—
<u>\$ 360,140</u>	<u>\$ 447,880</u>	<u>\$ 489,381</u>	<u>\$ 630,810</u>	<u>\$ 724,608</u>	<u>\$ 681,562</u>
\$ —	\$ —	\$ —	\$ —	\$ 5,050	\$ 13,123
—	—	—	—	3,843	5,802
—	—	—	—	82,138	59,708
—	—	—	—	844,989	666,557
—	—	—	—	11,391	9,972
—	—	—	—	51	60
—	—	—	—	29,731	55,660
7,871	7,391	6,280	5,309	—	—
245,129	236,369	159,720	122,508	—	—
23,135	49,213	65,372	72,643	—	—
804,840	915,409	803,322	668,564	—	—
<u>\$ 1,080,975</u>	<u>\$ 1,208,382</u>	<u>\$ 1,034,694</u>	<u>\$ 869,024</u>	<u>\$ 977,193</u>	<u>\$ 810,882</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>
Revenues:			
Revenue limit sources	\$ 3,483,050	\$ 3,436,839	\$ 3,575,257
Federal revenues	824,684	984,482	1,071,628
Other state revenues	2,137,919	2,434,073	2,109,674
Other local revenues	419,927	451,220	549,264
Total Revenues	<u>6,865,580</u>	<u>7,306,614</u>	<u>7,305,823</u>
Expenditures:			
Current:			
Certificated salaries	3,066,319	3,055,482	3,110,756
Classified salaries	1,066,527	1,065,409	1,069,595
Employee benefits	1,214,906	1,312,887	1,349,301
Books and supplies	495,117	468,036	499,411
Services and other operating expenditures	768,930	828,706	647,151
Capital outlay	704,931	1,003,568	1,398,243
Debt service – principal	93,608	114,150	110,501
Debt service – bond, COPs, and capital leases interest	105,687	225,574	232,333
Debt service – refunding bond issuance cost	—	—	1,337
Other outgo	(50)	40,529	33,748
Total Expenditures	<u>7,515,975</u>	<u>8,114,341</u>	<u>8,452,376</u>
Deficiency of Revenues Over Expenditures	<u>(650,395)</u>	<u>(807,727)</u>	<u>(1,146,553)</u>
Other Financing Sources (Uses):			
Transfers in	264,190	172,148	598,061
Transfers out	(263,998)	(171,934)	(598,061)
Issuance of bonds	2,607,345	—	200,000
Premium on bonds issued	—	—	4,124
Issuance of refunding bonds	—	—	219,125
Premium on refunding bonds issued	—	—	16,338
Issuance of COPs	272,303	—	219,790
Premium on COPs issued	—	—	—
Discount on issuance of COPs	—	—	—
Discount on issuance of refunding bonds	—	—	—
Payment to refunded bonds escrow agent	—	—	(234,126)
Issuance of refunding COPs	—	—	—
Premium on refunding COPS issued	—	—	—
Payment to refunded COPs escrow agent	—	—	(333,958)
CA Energy Commission loan	—	—	1,318
Special item – proceeds from Sullivan Canyon sale	—	11,918	—
Insurance proceeds – fire damage	—	—	—
Capital leases	3,888	7,630	1,999
Land and building sale/lease	—	—	—
Children center facilities revolving fund	518	—	—
Other financing sources	2,159	—	—
Other financing uses	(2,210)	—	—
Total Other Financing Sources (Uses)	<u>2,884,195</u>	<u>19,762</u>	<u>94,610</u>
Net Change in Fund Balances	<u>\$ 2,233,800</u>	<u>\$ (787,965)</u>	<u>\$ (1,051,943)</u>
Debt Service as a Percentage of Noncapital Expenditures	2.9%	4.8%	4.9%

See accompanying independent auditor's report.

2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
\$ 3,724,599	\$ 3,892,689	\$ 3,624,134	\$ 3,444,940	\$ 2,977,215	\$ 3,056,350	\$ 2,968,193
1,150,060	1,023,992	1,016,465	1,357,169	1,289,543	1,463,899	1,179,268
2,419,412	2,853,979	3,307,609	3,223,201	2,566,534	2,966,361	2,222,007
637,941	835,529	925,869	904,663	918,438	1,198,389	1,084,248
<u>7,932,012</u>	<u>8,606,189</u>	<u>8,874,077</u>	<u>8,929,973</u>	<u>7,751,730</u>	<u>8,684,999</u>	<u>7,453,716</u>
3,187,441	3,362,475	3,469,214	3,384,912	2,929,870	2,948,806	2,799,485
1,098,558	1,180,482	1,269,680	1,236,448	1,126,477	1,058,084	1,025,679
1,418,575	1,440,468	1,464,061	1,440,404	1,581,239	1,508,612	1,546,789
567,167	507,486	574,902	441,855	395,886	495,998	392,154
691,388	785,742	880,455	872,470	867,482	826,514	729,903
1,532,862	1,494,934	1,644,450	2,113,952	1,677,858	1,241,249	1,021,845
94,843	153,258	200,514	302,688	289,680	303,329	339,789
241,131	285,315	334,525	363,050	410,978	582,330	592,942
2,732	9,665	6,020	—	26,604	—	1,608
41,695	46,865	882	240	615	181	1,203
<u>8,876,392</u>	<u>9,266,690</u>	<u>9,844,703</u>	<u>10,156,019</u>	<u>9,306,689</u>	<u>8,965,103</u>	<u>8,451,397</u>
<u>(944,380)</u>	<u>(660,501)</u>	<u>(970,626)</u>	<u>(1,226,046)</u>	<u>(1,554,959)</u>	<u>(280,104)</u>	<u>(997,681)</u>
381,658	362,932	499,947	575,839	539,641	604,246	874,499
(381,658)	(366,926)	(512,061)	(588,821)	(552,270)	(615,202)	(885,625)
1,115,712	900,000	1,000,000	945,774	4,082,645	—	—
64,283	33,649	42,258	—	92,908	—	—
778,673	1,889,000	—	—	149,760	—	563,805
64,058	49,073	—	—	—	—	77,207
10,000	—	105,374	120,950	40,728	83,345	—
—	—	—	—	3,771	3,034	—
—	—	—	—	—	(596)	—
—	(1,324)	—	—	—	—	—
(656,098)	(1,927,084)	—	—	(163,199)	—	(639,404)
—	—	—	—	69,685	—	160,190
—	—	—	—	—	—	16,648
(178,618)	—	—	(107,795)	(65,328)	(32,548)	(175,887)
63	—	—	—	—	—	—
—	—	—	—	—	—	—
—	2,935	5,332	1,439	2,057	1,987	3,221
1,318	2,394	1,253	1,196	931	1,043	930
—	—	14,110	9,610	2,371	52	321
—	—	—	—	(518)	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
<u>1,199,391</u>	<u>944,649</u>	<u>1,156,213</u>	<u>958,192</u>	<u>4,203,182</u>	<u>45,361</u>	<u>(4,095)</u>
\$ 255,011	\$ 284,148	\$ 185,587	\$ (267,854)	\$ 2,648,223	\$ (234,743)	\$ (1,001,776)
4.6%	5.8%	6.6%	8.3%	9.5%	11.5%	12.6%

LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Expenditures and Other Uses by State-Defined Object
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal year	Certificated Salaries	Classified Salaries	Employee Benefits	Books and Supplies	Services and Other Oper. Exp.
2002-2003	\$ 3,036,964	\$ 1,056,274	\$ 1,207,073	\$ 490,211	\$ 757,868
2003-2004	3,055,482	1,065,409	1,312,887	468,036	821,490
2004-2005	3,110,756	1,069,595	1,349,301	499,411	646,373
2005-2006	3,187,441	1,098,558	1,418,575	567,167	691,388
2006-2007	3,362,475	1,180,482	1,440,468	507,486	785,742
2007-2008	3,469,214	1,269,680	1,464,061	574,902	880,455
2008-2009	3,384,912	1,236,448	1,440,404	441,855	872,470
2009-2010	2,929,870	1,126,477	1,581,239	395,886	867,482
2010-2011	2,948,806	1,058,084	1,508,612	495,998	826,514
2011-2012	2,799,485	1,025,679	1,546,789	392,154	729,903

Notes:

- ⁽¹⁾ "Other Outgo" includes Tuition for Handicapped Pupils, discount on debt issuance, and payments to refunded debt escrow agent. From fiscal year 2003-04 to fiscal year 2006-07, Charter Schools In-lieu of Taxes was included in total expenditures under object 7280 as Other transfers out. Starting with fiscal year 2007-08, this is presented as reduction of the revenues, like it was presented prior to 2003-04.

See accompanying independent auditor's report.

Capital Outlay	Debt Service	Other Outgo ⁽¹⁾	Operating Transfers Out	Total Expenditures and Other Uses
\$ 691,793	\$ 201,782	\$ (145)	\$ 263,998	\$ 7,705,818
1,003,568	346,196	41,273	171,934	8,286,275
1,398,243	344,171	602,610	598,061	9,618,521
1,532,862	338,706	876,411	381,658	10,092,766
1,494,934	448,238	1,975,273	366,926	11,562,024
1,644,450	541,059	882	512,061	10,356,764
2,113,952	665,738	108,035	588,821	10,852,635
1,677,858	727,262	229,142	552,270	10,087,486
1,241,249	885,659	33,325	615,202	9,613,449
1,021,845	934,339	816,494	885,625	10,152,313

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Governmental Fund Types
 Expenditures and Other Uses by Goal and Function
 Last Ten Fiscal Years
 (in thousands)
 (Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
Instructional Goals:					
General education	\$ 3,673,054	\$ 3,741,979	\$ 3,935,655	\$ 4,145,863	\$ 4,270,273
Special education	1,166,539	1,214,874	1,195,855	1,252,592	1,333,134
Others	97,706	99,995	94,496	93,176	94,206
	<u>4,937,299</u>	<u>5,056,848</u>	<u>5,226,006</u>	<u>5,491,631</u>	<u>5,697,613</u>
Noninstructional Goals:					
Community services	25,371	24,258	26,423	27,165	30,269
Child care services	6,920	5,234	7,887	3,656	4,408
	<u>32,291</u>	<u>29,492</u>	<u>34,310</u>	<u>30,821</u>	<u>34,677</u>
Support Services	<u>1,195,756</u>	<u>1,207,134</u>	<u>1,058,764</u>	<u>1,083,003</u>	<u>1,182,086</u>
Facilities Acquisition	<u>853,255</u>	<u>1,219,838</u>	<u>1,522,494</u>	<u>1,635,060</u>	<u>1,581,955</u>
Food Services	<u>220,978</u>	<u>212,280</u>	<u>222,640</u>	<u>241,888</u>	<u>253,798</u>
Other Outgo:					
Debt service	201,782	346,196	344,171	517,324	2,386,554
All other outgo	264,457	214,487	1,210,136	1,093,039	425,341
	<u>466,239</u>	<u>560,683</u>	<u>1,554,307</u>	<u>1,610,363</u>	<u>2,811,895</u>
Total Expenditures and Other Uses	<u>\$ 7,705,818</u>	<u>\$ 8,286,275</u>	<u>\$ 9,618,521</u>	<u>\$ 10,092,766</u>	<u>\$ 11,562,024</u>

See accompanying independent auditor's report.

<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
\$ 4,462,660	\$ 4,124,621	\$ 3,820,056	\$ 3,928,156	\$ 3,642,622
1,395,418	1,376,082	1,428,258	1,387,197	1,362,253
100,135	101,223	85,456	87,876	61,046
<u>5,958,213</u>	<u>5,601,926</u>	<u>5,333,770</u>	<u>5,403,229</u>	<u>5,065,921</u>
24,762	28,094	17,094	12,310	13,055
4,663	4,847	3,109	2,987	2,418
<u>29,425</u>	<u>32,941</u>	<u>20,203</u>	<u>15,297</u>	<u>15,473</u>
<u>1,273,056</u>	<u>1,270,702</u>	<u>1,131,009</u>	<u>988,664</u>	<u>1,007,304</u>
<u>1,734,161</u>	<u>2,234,066</u>	<u>1,789,389</u>	<u>1,362,715</u>	<u>1,098,376</u>
<u>286,769</u>	<u>323,009</u>	<u>288,760</u>	<u>288,691</u>	<u>311,558</u>
541,059	773,533	792,590	885,659	934,339
534,081	616,458	731,765	669,194	1,719,342
<u>1,075,140</u>	<u>1,389,991</u>	<u>1,524,355</u>	<u>1,554,853</u>	<u>2,653,681</u>
<u>\$ 10,356,764</u>	<u>\$ 10,852,635</u>	<u>\$ 10,087,486</u>	<u>\$ 9,613,449</u>	<u>\$ 10,152,313</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Revenues by Source (SACS Report Categories)
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Revenue Limit Sources	Federal	Other State	Other Local	Other Financing Sources	Total
2002-2003	\$ 3,456,958	\$ 814,681	\$ 2,118,662	\$ 401,287	\$ 3,148,244	\$ 9,939,832
2003-2004	3,436,839	984,482	2,434,073	451,220	191,696	7,498,310
2004-2005	3,575,257	1,071,628	2,109,674	549,264	1,260,755	8,566,578
2005-2006	3,724,599	1,150,060	2,419,412	637,941	2,415,765	10,347,777
2006-2007	3,892,689	1,023,992	2,853,979	835,529	3,239,983	11,846,172
2007-2008	3,624,134	1,016,465	3,307,609	925,869	1,668,274	10,542,351
2008-2009	3,444,940	1,357,169	3,223,201	904,663	1,654,808	10,584,781
2009-2010	2,977,215	1,289,543	2,566,534	918,438	4,983,979	12,735,709
2010-2011	3,056,350	1,463,899	2,966,361	1,198,389	693,707	9,378,706
2011-2012	2,968,193	1,179,268	2,222,007	1,084,248	1,696,821	9,150,537

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Assessed Value of Taxable Property
 Last Ten Fiscal Years
 (in thousands)
 (Unaudited)

<u>Fiscal Year</u>	<u>Secured*</u>	<u>Unsecured*</u>	<u>Total Assessed Value</u>	<u>Total District Tax Rates</u>	<u>Increase (Decrease) Over Preceding Year</u>		<u>Total A.D.A.**</u>	<u>Assessed Value per Unit of A.D.A.</u>
					<u>Amount</u>	<u>Rate</u>		
2002-2003	\$ 266,383,265	\$ 21,142,670	\$ 287,525,935	1.036973	\$ 16,011,009	5.90 %	766,137 ***	\$ 375
2003-2004	287,673,344	20,855,436	308,528,780	1.077145	21,002,845	7.30	758,605 ***	407
2004-2005	311,419,822	20,505,315	331,925,137	1.088839	23,396,357	7.58	746,605	445
2005-2006	343,302,944	20,566,535	363,869,479	1.084346	31,944,342	9.62	722,564	504
2006-2007	382,212,502	20,396,335	402,608,837	1.106814	38,739,358	10.65	710,770	566
2007-2008	419,052,509	21,861,881	440,914,390	1.123342	38,305,553	9.51	700,073	630
2008-2009	451,191,875	23,597,923	474,789,798	1.124782	33,875,408	7.68	693,633	684
2009-2010	451,127,882	23,849,409	474,977,291	1.151809	187,493	0.04	576,963 ****	823
2010-2011	442,092,473	21,753,078	463,845,551	1.186954	(11,131,740)	(2.34)	565,450 ****	820
2011-2012	447,830,204	21,265,021	469,095,225	1.168187	5,249,674	1.13	549,185 ****	854

* 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

*** Adjusted to exclude fiscally independent charter schools

**** Adult and Summer School programs were not collected due to changes made by Education Code Section 42605.

For 2008-09 through 2014-15, Districts are not required to operate the program or follow program requirements. Revenue for these years will be based on the same relative proportion that the District received for these programs in fiscal year 2007-08.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Property Tax Rates – All Direct and Overlapping Governments
(Per \$100 of assessed value)
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Unified General	Unified Bonds	Total Schools Tax	State-Wide for All Agencies	Total District Tax
2002-2003	0.000107	0.036866	0.036973	1.000000	1.036973
2003-2004	0.000160	0.076985	0.077145	1.000000	1.077145
2004-2005	0.000143	0.088696	0.088839	1.000000	1.088839
2005-2006	0.000107	0.084239	0.084346	1.000000	1.084346
2006-2007	0.000079	0.106735	0.106814	1.000000	1.106814
2007-2008	0.000040	0.123302	0.123342	1.000000	1.123342
2008-2009	0.000058	0.124724	0.124782	1.000000	1.124782
2009-2010	—	0.151809	0.151809	1.000000	1.151809
2010-2011	—	0.186954	0.186954	1.000000	1.186954
2011-2012	—	0.168187	0.168187	1.000000	1.168187

Source: 2011-12 Los Angeles County Auditor-Controller "Taxpayers' Guide."

See accompanying independent auditor's report.

Metropolitan Water District	Los Angeles County General	City of Los Angeles District No.1	County Flood Control District
0.006700	0.001033	0.042312	0.000881
0.006100	0.000992	0.050574	0.000462
0.005800	0.000923	0.055733	0.000245
0.005200	0.000795	0.051289	0.000049
0.004700	0.000663	0.045354	0.000052
0.004500	—	0.038051	—
0.004300	—	0.038541	—
0.004300	—	0.041220	—
0.003700	—	0.038895	—
0.003700	—	0.038666	—

LOS ANGELES UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers
Current Year and Nine Years Ago
(in thousands)
(Unaudited)

2012				2003		
Rank	Property Owner ⁽¹⁾	Assessed Valuation	% of Total ⁽²⁾	Property Owner	Assessed Valuation	% of Total ⁽³⁾
1	Douglas Emmett Realty Funds	\$ 2,298,099	0.51%	Atlantic Richfield Company	\$ 2,147,272	0.81%
2	Universal Studios LLC	1,212,699	0.27	Tosco Corporation	1,134,805	0.43
3	Anheuser Busch Inc.	779,369	0.17	MCA Inc.	1,006,589	0.38
4	One Hundred Towers LLC	583,509	0.13	Douglas Emmett Realty Fund	942,782	0.35
5	Donald T. Sterling	552,750	0.12	Ultramar Inc.	785,599	0.29
6	Tishman Speyer Archstone Smith Oakwood	499,686	0.11	Equilon Enterprises LLC	761,237	0.29
7	Duesenberg Investment Company	489,048	0.11	Anheuser Busch, Inc.	710,252	0.27
8	Paramount Pictures Corp.	473,289	0.11	Arden Realty Finance Partnership	653,194	0.24
9	Century City Mall LLC	459,585	0.10	Universal Studios Inc.	576,232	0.22
10	Taubman Beverly Center	458,763	0.10	Entertainment Center LLC	536,608	0.20
11	Casden Park La Brea LLC	455,877	0.10	2121 Avenue of the Starts LLC	362,059	0.14
12	BRE Properties Inc.	454,392	0.10	Paramount Pictures Corp.	357,738	0.13
13	Westfield Topanga Owner LP	447,375	0.10	Trizecahn Hollywood LLC	313,656	0.12
14	Trizec 333 LA LLC	383,700	0.09	1999 Stars LLC	309,874	0.12
15	Twentieth Century Fox Film Corp.	378,866	0.08	BP 10880 Wilshire LLC	298,348	0.11
16	LA Live Properties LLC	375,555	0.08	Century City Mall LLC	282,989	0.11
17	Next Century Associates LLC	367,049	0.08	Maguire Partners Crocker Properties Phase I	280,000	0.10
18	1999 Stars LLC	350,305	0.08	Prime Park La Brea Holdings LP	270,092	0.10
19	BP West Coast Products LLC	347,702	0.08	Maguire Partner 555 West Fifth LLC	258,000	0.10
20	AP Properties Ltd.	338,255	0.08	Library Square Associates LLC	249,594	0.09
		<u>\$ 11,705,873</u>	<u>2.60%</u>		<u>\$ 12,236,920</u>	<u>4.60%</u>

⁽¹⁾ Excludes taxpayers with values derived from mineral rights and/or possessory interest.

⁽²⁾ 2011-12 Local Secured Assessed Valuation: \$447,659,366.

⁽³⁾ 2002-03 Local Secured Assessed Valuation: \$266,115,192.

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
2002-2003	\$ 656,436	\$ 536,530	\$ 1,190,192	99.77%	\$ 13,881	\$1,204,073	100.93%
2003-2004	821,820	576,038	1,386,560	99.19	34,987	1,421,547	101.69
2004-2005	929,248	171,052	1,091,325	99.18	34,128	1,125,453	102.29
2005-2006	991,275	76,068	1,026,351	96.16	30,963	1,057,314	99.06
2006-2007	1,173,752	—	1,134,757	96.68	101,640	1,236,397	105.34
2007-2008	1,345,503	(42,753)	1,241,733	95.32	76,816	1,318,549	101.21
2008-2009	1,481,739	(2,660)	1,372,078	92.77	114,292	1,486,370	100.49
2009-2010	1,597,579	41,685	1,505,933	91.87	112,277	1,618,210	98.72
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

⁽¹⁾ Educational Revenue Augmentation Funds (ERAF) are added to tax levies received by the District.

⁽²⁾ Includes prior years' delinquencies.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Revenue Limit Per Unit of Average Daily Attendance
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	K-12 Base Revenue Limit (Deficited)	Adult Base Revenue Limit
2002-2003	\$ 4,747.13	\$ 2,242.12
2003-2004	4,689.97	2,242.12
2004-2005	4,862.18	2,292.26
2005-2006	5,133.46	2,389.22
2006-2007	5,544.56	2,530.66
2007-2008	5,796.56	2,645.30 ^a
2008-2009	5,645.07	N/A ^b
2009-2010	4,962.13 ^c	N/A ^b
2010-2011	5,264.22 ^d	N/A ^b
2011-2012	5,209.39 ^d	N/A ^b

^a Beginning with fiscal year 2007-08, the principal apportionment for Adult is no longer a revenue limit item. It was determined by the State to be more appropriately classified as other state apportionments.

^b Per SBX3 4 (Chapter 12, Statutes of 2009), funding for fiscal years 2008-09 through 2012-13 (extended through 2014-15 by SB70, Chapter 7, Statutes of 2011) is based on the District's 2007-08 proportionate share of funding to the State's total available funding for the program. CDE will revert back to the usual funding formula for this program in fiscal year 2015-16.

^c This rate is net of the additional revenue limit reduction of \$252.99 per 2008-09 funded revenue limit ADA.

^d Per Assembly Bill 851, beginning 2010-11, the base revenue limit rate per ADA includes the Beginning Teachers Salary and Meals for Needy.

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Schedule of Revenues and Other Sources, Expenditures and Other Uses
by State-Defined Object
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	2002-2003		2003-2004	
	Amount	Percent	Amount	Percent
Revenues and other sources				
Revenue limit sources	\$ 3,456,958	34.77%	\$ 3,436,839	45.83%
Federal revenues	814,681	8.20	984,482	13.13
Other state revenues	2,118,662	21.31	2,434,073	32.46
Other local revenues	401,287	4.04	451,220	6.02
Operating transfers in	264,190	2.66	172,148	2.30
Proceeds from issuance of bonds	2,607,345	26.23	—	—
Premium on bonds issued	—	—	—	—
Proceeds from refunding bonds issued	—	—	—	—
Premium on refunding bonds issued	—	—	—	—
Proceeds from Certif. of Participation/Long-term Capital Lease ⁽¹⁾	276,191	2.78	7,630	0.10
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Premium on refunding COPS issued	—	—	—	—
Proceeds from CA Energy Commission loan	—	—	—	—
Proceeds from Sullivan Canyon sale	—	—	11,918	0.16
Proceeds from Ramona HS/Palisade Charter (2012)	—	—	—	—
Proceeds from sale of surplus property	—	—	—	—
Insurance proceeds – fire damage	—	—	—	—
Children Center facilities fund	518	0.01	—	—
Total Revenues and Other Sources	<u>\$ 9,939,832</u>	<u>100.00%</u>	<u>\$ 7,498,310</u>	<u>100.00%</u>
Expenditures and other uses				
Current:				
Certificated salaries	\$ 3,036,964	39.41%	\$ 3,055,482	36.88%
Classified salaries	1,056,274	13.71	1,065,409	12.86
Employee benefits	1,207,073	15.66	1,312,887	15.84
Books and supplies	490,211	6.36	468,036	5.65
Services and other operating expenditures	757,868	9.83	821,490	9.91
Capital outlay	691,793	8.98	1,003,568	12.11
Debt service	201,782	2.62	346,196	4.18
Other outgo ⁽²⁾	(145)	—	41,273	0.50
Operating transfers out ⁽³⁾	263,998	3.43	171,934	2.07
Discount on issuance of refunding bonds	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to refunded bonds escrow agent	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Expenditures and Other Uses	<u>\$ 7,705,818</u>	<u>100.00%</u>	<u>\$ 8,286,275</u>	<u>100.00%</u>

⁽¹⁾ The 2002-03 COPs proceeds were used for information technology systems, warehouse acquisition, administration building improvements and multiple school projects such as: air-conditioning, relocatable classrooms, gymnasium improvements, computer and telephone equipment, school police vehicles, sports and parking facilities, school museum and other projects. The 2004-05 COPs proceeds were used to refund a portion of prior year issuances and make administration building improvements. The 2005-06 COPs proceeds were used to modernize nine schools to accommodate existing or planned academy programs that address student career pathway/higher education interests. The 2007-2008 COPs proceeds were used to finance certain acquisition, development and installation of information technology systems of the District.

See accompanying independent auditor's report.

2004-2005		2005-2006		2006-2007	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 3,575,257	41.73%	\$ 3,724,599	35.99%	\$ 3,892,689	32.86%
1,071,628	12.51	1,150,060	11.11	1,023,992	8.65
2,109,674	24.63	2,419,412	23.38	2,853,979	24.10
549,264	6.41	637,941	6.17	835,529	7.05
598,061	6.98	381,658	3.69	362,932	3.06
200,000	2.33	1,115,712	10.78	900,000	7.60
4,124	0.05	64,283	0.62	33,649	0.28
219,125	2.56	778,673	7.53	1,889,000	15.95
16,338	0.19	64,058	0.62	49,073	0.41
221,789	2.59	11,318	0.11	2,394	0.02
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
1,318	0.02	63	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	2,935	0.02
—	—	—	—	—	—
<u>\$ 8,566,578</u>	<u>100.00%</u>	<u>\$ 10,347,777</u>	<u>100.00%</u>	<u>\$ 11,846,172</u>	<u>100.00%</u>
\$ 3,110,756	32.34%	\$ 3,187,441	31.58%	\$ 3,362,475	29.07%
1,069,595	11.12	1,098,558	10.88	1,180,482	10.21
1,349,301	14.03	1,418,575	14.06	1,440,468	12.46
499,411	5.19	567,167	5.62	507,486	4.39
646,373	6.72	691,388	6.85	785,742	6.80
1,398,243	14.54	1,532,862	15.19	1,494,934	12.93
344,171	3.58	338,706	3.36	448,238	3.88
34,526	0.36	41,695	0.41	46,865	0.41
598,061	6.22	381,658	3.78	366,926	3.17
—	—	—	—	1,324	0.01
—	—	—	—	—	—
234,126	2.43	656,098	6.50	1,927,084	16.67
333,958	3.47	178,618	1.77	—	—
<u>\$ 9,618,521</u>	<u>100.00%</u>	<u>\$ 10,092,766</u>	<u>100.00%</u>	<u>\$ 11,562,024</u>	<u>100.00%</u>

⁽²⁾ "Other outgo" includes Tuition for Handicapped Pupils. From fiscal year 2003-04 to fiscal year 2006-07, Charter Schools In-lieu of Taxes was included in total expenditures under object 7280 as Other transfers out. Starting with fiscal year 2007-08, this is presented as reduction of the revenues, like it was presented prior to 2003-04.

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Schedule of Revenues and Other Sources, Expenditures and Other Uses
by State-Defined Object (Continued)
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	2007-2008		2008-2009	
	Amount	Percent	Amount	Percent
Revenues and other sources				
Revenue limit sources	\$ 3,624,134	34.38%	\$ 3,444,940	32.55%
Federal revenues	1,016,465	9.64	1,357,169	12.82
Other state revenues	3,307,609	31.38	3,223,201	30.45
Other local revenues	925,869	8.78	904,663	8.55
Operating transfers in	499,947	4.74	575,839	5.44
Proceeds from issuance of bonds	1,000,000	9.49	945,774	8.94
Premium on bonds issued	42,258	0.40	—	—
Proceeds from refunding bonds issued	—	—	—	—
Premium on refunding bonds issued	—	—	—	—
Proceeds from Certif. of Participation/Long-term Capital Lease ⁽¹⁾	106,627	1.01	122,146	1.15
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Premium on refunding COPs issued	—	—	—	—
Proceeds from CA Energy Commission loan	—	—	—	—
Proceeds from Sullivan Canyon sale	—	—	—	—
Proceeds from Ramona HS/Palisade Charter (2012)	14,110	0.13	9,610	0.09
Proceeds from sale of surplus property	—	—	—	—
Insurance proceeds – fire damage	5,332	0.05	1,439	0.01
Children Center facilities fund	—	—	—	—
Total Revenues and Other Sources	<u>\$ 10,542,351</u>	<u>100.00%</u>	<u>\$ 10,584,781</u>	<u>100.00%</u>
Expenditures and other uses				
Current:				
Certificated salaries	\$ 3,469,214	33.50%	\$ 3,384,912	31.19%
Classified salaries	1,269,680	12.26	1,236,448	11.39
Employee benefits	1,464,061	14.14	1,440,404	13.27
Books and supplies	574,902	5.55	441,855	4.07
Services and other operating expenditures	880,455	8.50	872,470	8.04
Capital outlay	1,644,450	15.88	2,113,952	19.48
Debt service	541,059	5.22	665,738	6.14
Other outgo ⁽²⁾	882	0.01	240	—
Operating transfers out ⁽³⁾	512,061	4.94	588,821	5.43
Discount on issuance of refunding bonds	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to refunded bonds escrow agent	—	—	—	—
Payment to refunded COPs escrow agent	—	—	107,795	0.99
Total Expenditures and Other Uses	<u>\$ 10,356,764</u>	<u>100.00%</u>	<u>\$ 10,852,635</u>	<u>100.00%</u>

⁽¹⁾ The 2002-03 COPs proceeds were used for information technology systems, warehouse acquisition, administration building improvements and multiple school projects such as: air-conditioning, relocatable classrooms, gymnasium improvements, computer and telephone equipment, school police vehicles, sports and parking facilities, school museum and other projects. The 2004-05 COPs proceeds were used to refund a portion of prior year issuances and make administration building improvements. The 2005-06 COPs proceeds were used to modernize nine schools to accommodate existing or planned academy programs that address student career pathway/higher education interests. The 2007-08 COPs proceeds were used to finance certain acquisition, development and installation of information technology systems of the District.

See accompanying independent auditors' report.

2009-2010			2010-2011			2011-2012		
Amount	Percent		Amount	Percent		Amount	Percent	
\$ 2,977,215	23.37%		\$ 3,056,350	32.59%		\$ 2,968,193	32.44%	
1,289,543	10.12		1,463,899	15.61		1,179,268	12.89	
2,566,534	20.15		2,966,361	31.63		2,222,007	24.28	
918,438	7.21		1,198,389	12.78		1,084,248	11.85	
539,641	4.24		604,246	6.44		874,499	9.56	
4,082,645	32.06		—	—		—	—	
92,908	0.73		—	—		—	—	
149,760	1.18		—	—		563,805	6.16	
—	—		—	—		77,207	0.84	
41,659	0.33		84,388	0.90		930	0.01	
69,685	0.55		—	—		160,190	1.75	
3,771	0.03		3,034	0.03		—	—	
—	—		—	—		16,648	0.18	
—	—		—	—		—	—	
—	—		—	—		—	—	
2,371	0.02		—	—		—	—	
—	—		52	—		321	—	
2,057	0.01		1,987	0.02		3,221	0.04	
(518)	—		—	—		—	—	
<u>\$ 12,735,709</u>	<u>100.00%</u>		<u>\$ 9,378,706</u>	<u>100.00%</u>		<u>\$ 9,150,537</u>	<u>100.00%</u>	
\$ 2,929,870	29.04%		\$ 2,948,806	30.67%		\$ 2,799,485	27.58%	
1,126,477	11.17		1,058,084	11.01		1,025,679	10.10	
1,581,239	15.68		1,508,612	15.69		1,546,789	15.24	
395,886	3.92		495,998	5.16		392,154	3.86	
867,482	8.60		826,514	8.60		729,903	7.19	
1,677,858	16.63		1,241,249	12.91		1,021,845	10.07	
727,262	7.21		885,659	9.21		934,339	9.20	
615	0.01		181	—		1,203	0.01	
552,270	5.47		615,202	6.40		885,625	8.72	
—	—		—	—		—	—	
—	—		596	0.01		—	—	
163,199	1.62		—	—		639,404	6.30	
65,328	0.65		32,548	0.34		175,887	1.73	
<u>\$ 10,087,486</u>	<u>100.00%</u>		<u>\$ 9,613,449</u>	<u>100.00%</u>		<u>\$ 10,152,313</u>	<u>100.00%</u>	

⁽²⁾ "Other outgo" includes Tuition for Handicapped Pupils. From fiscal year 2003-04 to fiscal year 2006-07, Charter Schools In-lieu of Taxes was included in total expenditures under object 7280 as Other transfers out. Starting with fiscal year 2007-08, this is presented as reduction of the revenues, like it was presented prior to 2003-04.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Schedule of Revenues and Other Sources, Expenditures and Other Uses
by State-Defined Object (Continued)
Last Ten Fiscal Years (in thousands)
(Unaudited)

(3) Table below shows Detail of Operating transfers out (in thousands):

<u>From</u>	<u>To</u>	<u>2002-2003</u>	<u>2003-2004</u>
General	Adult Education	\$ —	\$ —
General	Cafeteria	—	—
General	Child Development	8,475	8,412
General	Deferred Maintenance	2,134	8,140
General	Charter	—	—
General	Capital Services	37,655	51,430
General	Special Reserve	168,805	12,970
General	Special Reserve – FEMA – Earthquake	9,167	3,806
General	Special Reserve – FEMA – Hazard Mitigation	9,613	25,681
General	Special Reserve – Community Redevelopment Agency	1,419	3,757
General	Capital Facilities	—	—
General	Building – Measure R	—	—
General	Health & Welfare	—	—
Adult Education	General	2,421	2,583
Adult Education	Building – Measure R	—	—
Cafeteria	General	2,530	2,642
Cafeteria	Capital Services	—	—
Child Development	General	2,068	1,980
Deferred Maintenance	General	—	—
Capital Services	General	—	—
Capital Services	State School Building Lease – Purchase	—	—
Capital Services	Special Reserve	—	—
Capital Services	Building – Measure Y	—	—
Capital Services	County School Facilities	—	—
Building	Special Reserve – FEMA	—	—
State School Building Lease – Purchase	Capital Services	—	—
State School Building Lease – Purchase	State School Building Lease – Purchase	—	—
State School Building Lease – Purchase	Special Reserve	—	—
State School Building Lease – Purchase	Capital Facilities	—	—
State School Building Lease – Purchase	Building – Bond Proceeds	—	—
State School Building Lease – Purchase	Building – Measure K	—	—
State School Building Lease – Purchase	Building – Measure R	—	—
State School Building Lease – Purchase	County School Facilities	—	—
State School Building Lease – Purchase	County School Facilities – Prop 55	—	—
Special Reserve	General	—	—
Special Reserve	Cafeteria	—	—
Special Reserve	Capital Services	(5,866)	20,633
Special Reserve	State School Building Lease – Purchase	—	—
Special Reserve	Capital Facilities	—	—
Special Reserve	Building – Bond Proceeds	—	—
Special Reserve	Building – Measure K	—	—
Special Reserve	Building – Measure R	—	—
Special Reserve	Building – Measure Y	—	—
Special Reserve	County School Facilities	—	—
Special Reserve	County School Facilities – Prop 47	—	—
Special Reserve	County School Facilities – Prop 55	—	—
Special Reserve – FEMA – Earthquake	General	854	628
Special Reserve – FEMA – Earthquake	County School Facilities – Prop 55	—	—
Special Reserve – FEMA – Hazard Mitigation	General	725	298

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
\$ —	\$ —	\$ 4,199	\$ —	\$ —	\$ 168,282	\$ —	\$ —
—	11,140	288	8,214	16,587	12,210	32,061	88,588
8,065	8,764	7,133	—	—	165	7,996	19,437
23,300	30,000	30,188	31,048	30,000	—	—	—
—	—	—	—	—	—	—	—
198,026	4,169	9,758	12,514	26,356	30,993	23,849	33,670
110,540	27,403	109	—	3	—	903	—
—	2,225	—	—	—	—	—	—
2,225	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	260	83	—	—
59	—	—	—	—	—	—	—
—	—	3,994	12,114	12,982	12,629	10,956	11,126
—	—	—	10,600	10,600	10,600	—	—
—	—	—	—	3,197	—	—	—
1,251	—	—	—	—	—	—	—
—	—	—	—	—	2,482	786	787
2,100	2,000	2,000	—	—	853	—	—
—	—	—	—	—	—	18,501	—
7,370	—	—	—	231	904	—	737
—	—	—	—	—	2,975	—	—
17,155	—	—	—	—	1,424	—	—
—	1	—	—	—	—	—	—
—	—	—	—	—	3,593	—	—
—	—	—	—	229	—	—	—
—	2,629	—	—	—	—	—	—
—	—	—	—	—	(29)	—	—
—	—	—	259	1	—	—	—
—	—	—	90	—	—	—	—
—	—	—	11,944	60	118	62	—
—	—	—	8,651	221	—	—	—
—	—	—	—	—	—	—	2
—	—	—	—	8	104	—	—
—	—	—	—	—	7	—	—
17,155	57,312	28,900	88,200	34,117	62,437	52,161	2,436
—	—	—	—	—	11,803	—	—
28,800	—	1,265	23,484	123,595	73,100	8,578	—
—	—	—	260	100	—	—	—
—	—	—	—	11	—	—	—
—	—	—	—	1,034	1,557	—	—
—	—	61,228	47,288	6,269	629	364	3
—	—	2	—	1,383	14,298	3	12
—	—	—	—	1	—	11	102
—	—	—	—	—	100	—	—
—	—	—	—	355	—	—	—
—	—	—	169	3,657	2,232	5,428	—
213	520	—	—	—	—	—	—
—	—	120	—	—	—	—	—
149	2,225	—	—	—	—	—	—

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Schedule of Revenues and Other Sources, Expenditures and Other Uses
by State-Defined Object (Continued)
Last Ten Fiscal Years (in thousands)
(Unaudited)

From	To	2002-2003	2003-2004
Special Reserve – CRA	General	—	—
Special Reserve – CRA	Capital Services	—	—
Special Reserve – CRA	Building – Measure K	—	—
Special Reserve – CRA	Building – Measure R	—	—
Special Reserve – CRA	County School Facilities – Prop 47	—	—
Capital Facilities	Capital Services	17,928	23,260
Capital Facilities	State School Building Lease – Purchase	6,070	5,714
Capital Facilities	Special Reserve	—	—
Capital Facilities	Building – Bond Proceeds	—	—
Capital Facilities	Building – Measure K	—	—
Capital Facilities	Building – Measure R	—	—
Capital Facilities	Building – Measure Y	—	—
Building – Bond Proceeds	General	—	—
Building – Bond Proceeds	Deferred Maintenance	—	—
Building – Bond Proceeds	State School Building Lease – Purchase	—	—
Building – Bond Proceeds	Special Reserve	—	—
Building – Bond Proceeds	Capital Facilities	—	—
Building – Bond Proceeds	Building – Measure K	—	—
Building – Bond Proceeds	Building – Measure R	—	—
Building – Bond Proceeds	Building – Measure Y	—	—
Building – Bond Proceeds	County School Facilities	—	—
Building – Bond Proceeds	County School Facilities – Prop 47	—	—
Building – Bond Proceeds	County School Facilities – Prop 55	—	—
Building – Bond Proceeds	County School Facilities – Prop 1D	—	—
Building – Measure K	Adult Education	—	—
Building – Measure K	State School Building Lease – Purchase	—	—
Building – Measure K	Special Reserve	—	—
Building – Measure K	Capital Facilities	—	—
Building – Measure K	Building – Bond Proceeds	—	—
Building – Measure K	Building – Measure R	—	—
Building – Measure K	Building – Measure Y	—	—
Building – Measure K	County School Facilities	—	—
Building – Measure K	County School Facilities – Prop 47	—	—
Building – Measure K	County School Facilities – Prop 55	—	—
Building – Measure K	County School Facilities – Prop 1D	—	—
Building – Measure R	General	—	—
Building – Measure R	State School Building Lease – Purchase	—	—
Building – Measure R	Special Reserve	—	—
Building – Measure R	Capital Facilities	—	—
Building – Measure R	Building – Bond Proceeds	—	—
Building – Measure R	Building – Measure K	—	—
Building – Measure R	Building – Measure Y	—	—
Building – Measure R	County School Facilities	—	—
Building – Measure R	County School Facilities – Prop 47	—	—
Building – Measure R	County School Facilities – Prop 55	—	—
Building – Measure R	County School Facilities – Prop 1D	—	—
Building – Measure Y	General	—	—
Building – Measure Y	Adult Education	—	—
Building – Measure Y	Cafeteria	—	—
Building – Measure Y	Capital Services	—	—
Building – Measure Y	Special Reserve	—	—

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
—	—	—	4,293	4,069	4,003	4,002	—
—	—	—	—	—	325	—	—
—	—	—	—	3,571	—	—	—
—	—	—	—	1,129	—	—	—
—	—	—	—	1,300	—	—	—
24,045	21,606	22,215	20,537	56,461	12,158	10,695	9,574
7,613	—	2,601	90	—	—	—	—
—	—	—	219	12	—	—	1
—	—	—	—	2	—	—	—
—	—	—	11,409	151	4	—	338
—	—	—	3	24	—	—	—
—	—	—	—	—	—	109	19
—	—	—	—	—	76	—	—
—	—	—	—	—	84	—	—
—	—	—	3,307	84	82	881	—
—	—	—	—	139	68	—	1
—	—	—	—	3	195	—	—
—	—	—	943	31,010	5,484	4,488	4,500
—	—	9	3,795	23,563	36,480	12,330	8,327
—	—	—	—	114	15	4	420
—	—	—	13	2,742	7,689	124	688
—	—	—	1,252	183	814	3,036	1,346
—	—	—	3,287	21,142	2,432	4,174	10,445
—	—	—	—	617	417	—	181
—	—	—	—	4	—	—	—
—	—	—	1	—	—	—	43
—	—	27,907	7,819	15,123	94	—	—
—	—	—	71	—	—	—	—
—	—	146	839	124	751	—	—
—	—	173	9,956	5,433	175	1,349	616
—	—	—	8	236	415	375	11,946
—	—	6,105	658	—	50	—	—
—	—	—	—	116	—	—	—
—	—	—	1,562	419	—	3,405	366
—	—	—	—	—	—	—	756
—	—	—	—	—	—	—	144
—	—	—	2,970	—	33	177	—
—	—	—	1,151	161	1,587	116	7,881
—	—	—	33	—	—	—	—
149,995	—	1	15,368	40	4,714	119	462
—	—	1,563	22,560	3,528	158	1,591	2,344
—	—	—	8,901	50	787	1,862	7,458
—	—	1,475	666	160	7,229	417	615
—	—	—	94	—	—	533	2,536
—	—	—	1,767	957	520	4,840	4,342
—	—	—	—	—	2,480	44	1,297
—	30,000	30,000	30,000	30,000	—	13,474	2,177
—	—	—	—	3	2	—	—
—	—	—	—	—	—	867	856
—	178,618	1,904	1,904	1,904	4,073	2,447	2,347
—	—	—	61	651	—	—	—

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Governmental Fund Types
Schedule of Revenues and Other Sources, Expenditures and Other Uses
by State-Defined Object (Continued)
Last Ten Fiscal Years (in thousands)
(Unaudited)

From	To	2002-2003	2003-2004
Building – Measure Y	Building – Bond Proceeds	—	—
Building – Measure Y	Building – Measure K	—	—
Building – Measure Y	Building – Measure R	—	—
Building – Measure Y	County School Facilities	—	—
Building – Measure Y	County School Facilities – Prop 47	—	—
Building – Measure Y	County School Facilities – Prop 55	—	—
Building – Measure Y	County School Facilities – Prop 1D	—	—
County School Facilities	Deferred Maintenance	—	—
County School Facilities	Capital Services	—	—
County School Facilities	State School Building Lease – Purchase	—	—
County School Facilities	Special Reserve	—	—
County School Facilities	Capital Facilities	—	—
County School Facilities	Building – Bond Proceeds	—	—
County School Facilities	Building – Measure K	—	—
County School Facilities	Building – Measure R	—	—
County School Facilities	Building – Measure Y	—	—
County School Facilities	County School Facilities – Prop 47	—	—
County School Facilities	County School Facilities – Prop 55	—	—
County School Facilities – Prop 47	State School Building Lease – Purchase	—	—
County School Facilities – Prop 47	Special Reserve	—	—
County School Facilities – Prop 47	Capital Facilities	—	—
County School Facilities – Prop 47	Building – Bond Proceeds	—	—
County School Facilities – Prop 47	Building – Measure K	—	—
County School Facilities – Prop 47	Building – Measure R	—	—
County School Facilities – Prop 47	Building – Measure Y	—	—
County School Facilities – Prop 47	County School Facilities	—	—
County School Facilities – Prop 47	County School Facilities – Prop 55	—	—
County School Facilities – Prop 47	County School Facilities – Prop 1D	—	—
County School Facilities – Prop 55	State School Building Lease – Purchase	—	—
County School Facilities – Prop 55	Special Reserve	—	—
County School Facilities – Prop 55	Special Reserve – FEMA	—	—
County School Facilities – Prop 55	Capital Facilities	—	—
County School Facilities – Prop 55	Building – Bond Proceeds	—	—
County School Facilities – Prop 55	Building – Measure K	—	—
County School Facilities – Prop 55	Building – Measure R	—	—
County School Facilities – Prop 55	Building – Measure Y	—	—
County School Facilities – Prop 55	County School Facilities	—	—
County School Facilities – Prop 55	County School Facilities – Prop 47	—	—
County School Facilities – Prop 55	County School Facilities – Prop 1D	—	—
County School Facilities – Prop 1D	Capital Facilities	—	—
County School Facilities – Prop 1D	State School Building Lease – Purchase	—	—
County School Facilities – Prop 1D	Building – Bond Proceeds	—	—
County School Facilities – Prop 1D	Building – Measure K	—	—
County School Facilities – Prop 1D	Building – Measure R	—	—
County School Facilities – Prop 1D	Building – Measure Y	—	—
County School Facilities – Prop 1D	County School Facilities	—	—
County School Facilities – Prop 1D	County School Facilities – Prop 47	—	—
County School Facilities – Prop 1D	County School Facilities – Prop 55	—	—
Annuity	General	154	—
Attendance Incentive	General	38	—
		<u>\$ 264,190</u>	<u>\$ 171,934</u>

See accompanying independent auditor’s report.

<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
—	—	—	—	4	1,452	114	1
—	—	8,864	364	550	3,798	22	2,517
—	—	—	—	4,446	1,675	18,729	442,604
—	—	—	—	—	512	669	256
—	—	—	—	—	—	73	8
—	—	—	—	—	—	—	5,315
—	—	—	—	—	807	857	135
—	—	—	—	—	857	349	—
—	3,046	—	—	—	—	—	—
—	—	—	—	2	45	—	—
—	—	3	—	—	129	—	—
—	—	—	—	—	53	—	—
—	—	—	—	9,480	4,998	5,972	1,831
—	—	1	106	1,364	1,691	—	28
—	—	—	24	1,265	3,086	2,919	1,089
—	—	—	—	2	—	52	—
—	—	—	—	360	734	—	755
—	—	—	—	30	419	—	—
—	—	—	—	40	—	—	—
—	—	—	47	—	—	—	—
—	—	—	1,801	—	—	—	—
—	—	1,006	7,375	5,924	261	2,873	91
—	—	15	2,471	1,429	1,126	1	28
—	—	—	4,089	62	—	77	958
—	—	—	—	5	—	403	27
—	—	—	734	59	—	—	101
—	—	—	1,170	2	—	87	802
—	—	—	—	—	—	—	3,907
—	—	—	15,084	—	—	135	—
—	—	42,457	13,610	44	—	—	—
—	—	—	618	241	—	—	—
—	—	—	90	—	—	—	—
—	—	—	21,358	19,251	1,753	5,844	11,664
—	—	68,910	8,055	4,169	4,637	27,986	54,435
—	—	2,387	17,077	33,151	4,753	54,810	9,890
—	—	—	—	26	—	234,223	18,561
—	—	—	1,987	259	293	—	2,230
—	—	—	—	219	—	45	3
—	—	—	—	—	—	—	47
—	—	—	—	—	—	220	—
—	—	—	—	—	—	—	149
—	—	—	1,721	9,291	6,277	1,638	10,320
—	—	—	1,045	642	—	1,800	14,379
—	—	—	1,791	19,543	4,524	15,963	50,718
—	—	—	—	—	551	3,001	12,502
—	—	—	—	65	526	1,943	865
—	—	—	—	398	—	—	—
—	—	—	1,072	16	370	1,279	483
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 598,061</u>	<u>\$ 381,658</u>	<u>\$ 366,926</u>	<u>\$ 512,061</u>	<u>\$ 588,821</u>	<u>\$ 552,270</u>	<u>\$ 615,202</u>	<u>\$ 885,625</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Ratio of Annual Debt Service for General Bonded Debt and Certificates of
Participation (COPs) to Total General Governmental Expenditures
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service ⁽¹⁾	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
2002-2003	\$ 86,400	\$ 89,292	\$ 175,692	\$ 7,705,818	2.28%
2003-2004	107,370	231,349	338,719	8,286,275	4.09
2004-2005	248,025	248,661	496,686	9,618,521	5.16
2005-2006	89,885	237,622	327,507	10,092,766	3.24
2006-2007	149,230	284,196	433,426	11,562,024	3.75
2007-2008	197,285	334,967	532,252	10,356,764	5.14
2008-2009	300,245	361,990	662,235	10,852,635	6.10
2009-2010	288,160	490,840	779,000	10,087,486	7.72
2010-2011	326,263	625,219	951,482	9,613,449	9.90
2011-2012	338,462	580,930	919,392	10,152,313	9.06

Notes:

⁽¹⁾ Payments for General Obligation Bonds and COPs, excluding fees paid in other cities, bond issuance, and other costs.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Ratio of Net Debt to Assessed Value and Net Debt Per Capita
Last Ten Fiscal Years
(Dollars in thousands except Net Debt per Capita)
(Unaudited)

Fiscal Year	Population Los Angeles Unified ⁽¹⁾	Total Assessed Value	Gross Debt ⁽²⁾	Debt Service Monies Available ⁽³⁾	Net Debt ⁽²⁾	Ratio of Net Debt to Assessed Value	Net Debt per Capita
2002-2003	4,660,473	\$ 287,525,935	\$ 5,214,016	\$ 202,893	\$ 5,011,123	1.7428%	\$ 1,075
2003-2004	4,718,101	308,528,780	5,109,035	215,149	4,893,886	1.5862	1,037
2004-2005	4,775,778	331,925,137	5,108,370	217,807	4,890,563	1.4734	1,024
2005-2006	4,784,682	363,869,479	6,243,197	309,525	5,933,672	1.6307	1,240
2006-2007	4,825,016	402,608,837	7,066,456	268,111	6,798,345	1.6886	1,409
2007-2008	4,839,918	440,914,390	8,008,138	417,991	7,590,147	1.7215	1,568
2008-2009	4,853,617	474,789,798	8,670,693	490,953	8,179,740	1.7228	1,685
2009-2010	4,875,984	474,977,291	12,577,382	354,884	12,222,498	2.5733	2,507
2010-2011	4,564,712	463,845,551	12,309,089	442,118	11,866,971	2.5584	2,600
2011-2012	4,576,585	469,095,225	11,952,863	416,294	11,536,569	2.4593	2,521

Note: Details regarding the District's outstanding debt can be found in the notes to basic financial statements.

⁽¹⁾ Estimate.

⁽²⁾ Includes bonded debts (General Obligation Bonds), COPs, capital lease obligations and loans.

⁽³⁾ This is the amount restricted for debt service principal payments.

Sources: Los Angeles County Auditor-Controller "Taxpayers' Guide"
Los Angeles County Department of Regional Research Section

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Direct and Overlapping Bonded Debt
Year Ended June 30, 2012
(in thousands)
(Unaudited)

Government	Percentage Applicable	Amount Applicable
Direct:		
Los Angeles Unified School District		
General Obligation Bonds	100.000%	\$ 11,507,002
Certificates of Participation	100.000	442,884
Capital Leases	100.000	2,185
Children Centers Facilities Revolving Loan	100.000	792
		<u>11,952,863</u>
Overlapping:		
Los Angeles County General Fund Obligations	46.028	678,509
Los Angeles County Superintendent of Schools Certificates of Participation	46.028	5,187
Los Angeles County Flood Control District	46.670	17,359
Metropolitan Water District	23.591	46,367
Los Angeles Community College District	81.431	2,854,083
Pasadena Area Community College District	0.001	1
City of Los Angeles	99.922	1,214,667
City of Los Angeles General Fund and Judgment Obligations	99.922	1,964,172
Other City General Fund and Pension Obligations	Various	191,187
Los Angeles County Sanitation Districts		
Nos. 1, 2, 3, 4, 5, 8, 9, 16 and 23 Authorities	Various	43,719
Los Angeles County Regional Park & Open Space Assessment District	46.028	78,581
City Community Facilities Districts	100.000	135,400
City of Los Angeles Landscaping and Special Tax Assessment District	99.922	61,502
Other City and Special District 1915 Act Bonds	99.832-100.000	23,965
Other Cities	Various	45,688
Palos Verdes Library District	4.890	273
Total Overlapping		<u>7,360,660</u>
Total Gross Direct and Overlapping Bonded Debt		<u>19,313,523</u> ⁽¹⁾
Less:		
Los Angeles County General Fund Obligations supported by landfill revenues		7,686
Los Angeles Unified School District (amount set-aside in Building Fund to make payments on 2000 Series A Qualified Zone Academic Bonds)		1,805
Los Angeles Unified School District (amount set-aside in Building Fund to make payments on 2005 Qualified Zone Academic Bonds)		542
Los Angeles Unified School District (amount accumulated in Sinking Fund for repayment of 2000 Series A Qualified Zone Academic Bonds)		27,909
Los Angeles Unified School District (amount accumulated in Sinking Fund for repayment of 2005 Qualified Zone Academic Bonds)		3,866
City self-supporting bonds		10,382
Total Net Direct and Overlapping Bonded Debt		<u>\$ 19,261,333</u>

⁽¹⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds, and nonbonded capital lease obligations.

Source: California Municipal Statistics, Inc. and District records.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Legal Debt Margin Information
 Last Ten Fiscal Years
 (in thousands)
 (Unaudited)

Fiscal Year	Debt Limit	Total Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Amount of Debt Applicable to Debt Limit as a Percentage of Debt Limit
2002-2003	\$ 7,188,148	\$ 4,199,512	\$ 2,988,636	58.42 %
2003-2004	7,713,219	4,162,372	3,550,847	53.96
2004-2005	8,298,128	4,268,184	4,029,944	51.44
2005-2006	9,096,737	5,520,705	3,576,032	60.69
2006-2007	10,065,221	6,285,189	3,780,032	62.44
2007-2008	11,022,860	7,052,672	3,970,188	63.98
2008-2009	11,869,745	7,734,195	4,135,550	65.16
2009-2010	11,874,432	11,483,694	390,738	96.71
2010-2011	11,596,139	11,086,273	509,866	95.60
2011-2012	11,727,381	10,825,440	901,941	92.31

Computation of Legal Debt Margin for Fiscal Year Ended June 30, 2012

Assessed valuation (net taxable)	\$ 465,960,767
Plus exempt property	<u>3,134,458</u>
Total Assessed Valuation	\$ 469,095,225
Debt limit – 2.5% of Assessed Valuation per Education Code Section 15106 ⁽¹⁾	\$ 11,727,381
Bonded Debt:	
General Obligation Bonds	11,507,002
Assets available for payment of principal:	
Bond Interest & Redemption Fund	<u>(681,562)</u>
Total Amount of Debt Applicable to Debt Limit	<u>10,825,440</u>
Legal Debt Margin (bonded debt) ⁽¹⁾	<u><u>\$ 901,941</u></u>

⁽¹⁾ Converted rate from 10% of 25% of full cash value (2.5%) to 2.5% of 100% of full cash value (2.5%).

Source: Los Angeles County Auditor-Controller "Taxpayers' Guide"

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Demographic Statistics
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Population City of Los Angeles	Population Los Angeles Unified*	Population County of Los Angeles	School Enrollment County of Los Angeles	School Enrollment Los Angeles Unified	Unemployment Rate County of Los Angeles
2002-2003	3,864	4,660	9,980	1,736	905	6.8%
2003-2004	3,912	4,718	10,103	1,743	911	6.2
2004-2005	3,958	4,776	10,227	1,734	879	5.2
2005-2006	3,976	4,785	10,246	1,708	847	4.5
2006-2007	4,018	4,825	10,332	1,673	830	4.8
2007-2008	4,046	4,840	10,364	1,648	813	7.5
2008-2009	4,066	4,854	10,393	1,632	795	11.9
2009-2010	4,095	4,876	10,441	1,575	760	12.4
2010-2011	3,810	4,565	9,859	1,589	750	12.3
2011-2012	3,825	4,577	9,885	1,575	715	12.0

* Estimate

Sources: Los Angeles County Office of Regional Planning Research Section
California State Department of Finance
Los Angeles County Office of Education Information Services Unit
California State Department of Education, Educational Demographics Unit
District's Statistical Records – October Enrollment for Fiscal Year
California Employment Development Department

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago
(Unaudited)

2012				2003		
Rank	Employer	Employees	Percentage of Total County Employment ⁽¹⁾	Employer	Employees	Percentage of Total County Employment ⁽²⁾
1	Kaiser Permanente	36,508	0.85%	Kaiser Permanente	29,225	0.67%
2	Northrop Grumman Corp.	18,000	0.42	Boeing Co.	22,058	0.50
3	University of Southern California	16,623	0.39	Northrop Grumman Corp.	20,000	0.46
4	Target Corp.	14,250	0.33	Ralphs Grocery Co.	16,855	0.39
5	Ralph/Food 4 Less (Kroger Co. division)	13,200 *	0.31	Target Corp.	12,137	0.28
6	Cedars-Sinai Medical Center	12,000	0.28	University of Southern California	11,703	0.27
7	Bank of America Corp.	12,000 *	0.28	Tenet Healthcare Corp.	11,673	0.27
8	Providence Health & Services Southern California	11,403	0.27	Bank of America	11,110	0.25
9	Boeing Co.	11,249	0.26	CPE	10,945	0.25
10	Walt Disney Co.	10,500 *	0.24	SBC Communications	9,977	0.23
	Total	<u>155,733</u>	<u>3.63%</u>	Total	<u>155,683</u>	<u>3.57%</u>

* Business Journal estimate

⁽²⁾ Based on Los Angeles County Employment of 4,290,100

⁽²⁾ Based on Los Angeles County Employment of 4,373,200

Sources: Los Angeles Business Journal
California Employment Development Department

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Average Daily Attendance/Hours of Attendance
Annual Report
Last Ten Fiscal Years
(Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Elementary:				
Kindergarten	50,741	49,775	48,806	47,876
Grades 1-3	173,178	169,239	160,224	151,592
Grades 4-6	156,944	159,617	159,615	152,341
Grades 7-8	93,818	97,978	94,396	91,576
Special Education	23,302	23,585	22,107	20,435
County Special Education	6	8	—	—
Opportunity Schools	13	8	14	10
Home or Hospital	164	152	158	159
Community Day Schools	190	196	190	172
County Community Schools	17	10	19	16
Total Elementary	<u>498,373</u>	<u>500,568</u>	<u>485,529</u>	<u>464,177</u>
Secondary:				
Regular Classes	148,631	150,239	152,901	152,848
Special Education	10,393	11,026	11,274	11,350
County Special Education	17	21	1	—
Compulsory Continuation Education	2,866	3,031	3,171	3,198
Opportunity Schools	430	328	400	407
Home or Hospital	88	96	121	120
Community Day Schools	674	733	736	757
County Community Schools	143	127	175	156
Total Secondary	<u>163,242</u>	<u>165,601</u>	<u>168,779</u>	<u>168,836</u>
Block grant funded fiscally affiliated charters	<u>17,681</u>	<u>5,143</u>	<u>5,990</u>	<u>5,958</u>
Total Block Grant Funded Fiscally Affiliated Charters	<u>17,681</u>	<u>5,143</u>	<u>5,990</u>	<u>5,958</u>
Adult program:				
ROC/P Mandated	19,233	20,125	19,110	14,395
Classes for Adults – Mandated	63,590	62,570	61,748	63,305
Concurrently Enrolled Adults	4,015	4,592	5,446	5,886
Full-time Independent Study***	3	6	3	7
Total Adult Program	<u>86,841</u>	<u>87,293</u>	<u>86,307</u>	<u>83,593</u>
Total Average Daily Attendance	<u><u>766,137</u></u>	<u><u>758,605</u></u>	<u><u>746,605</u></u>	<u><u>722,564</u></u>
Summer School Hours of Attendance				
Elementary	7,645,522	8,855,212	12,526,699	12,061,970
Secondary	5,486,137	5,941,513	6,350,873	8,929,199
Dependent Charter	195,142	*****	*****	*****
Total Hours	<u><u>13,326,801</u></u>	<u><u>14,796,725</u></u>	<u><u>18,877,572</u></u>	<u><u>20,991,169</u></u>

*** Students 21 years or older and students 19 or older not continuously enrolled since their 18th birthday, participating in full-time independent study.

**** Not collected due to changes made by Education Code Section 42605. For 2008-09 through 2014-15, Districts are not required to operate the program or follow program requirements. Revenue for these years will be based on the same relative proportion that the District received for these programs in fiscal year 2007-08.

***** Included with Elementary and Secondary hours.

See accompanying independent auditor's report.

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
46,131	44,705	44,393	43,906	43,364	43,737
145,181	141,266	138,384	134,001	130,846	127,081
143,384	136,245	131,692	127,455	124,800	119,257
92,832	90,769	86,871	82,465	78,704	73,742
19,740	19,427	19,897	19,204	19,250	18,522
—	—	—	1	1	1
12	11	10	7	7	8
159	170	123	118	127	107
148	122	122	126	85	94
19	26	22	21	11	15
<u>447,606</u>	<u>432,741</u>	<u>421,514</u>	<u>407,304</u>	<u>397,195</u>	<u>382,564</u>
151,323	151,852	151,451	146,707	143,979	135,556
11,253	11,030	10,905	10,960	11,252	10,709
—	—	—	1	—	1
2,972	2,837	3,085	3,339	3,507	3,603
399	433	455	492	494	506
125	130	109	99	98	101
716	692	772	915	911	933
93	84	81	240	148	137
<u>166,881</u>	<u>167,058</u>	<u>166,858</u>	<u>162,753</u>	<u>160,389</u>	<u>151,546</u>
<u>5,936</u>	<u>6,482</u>	<u>6,655</u>	<u>6,906</u>	<u>7,866</u>	<u>13,499</u>
<u>5,936</u>	<u>6,482</u>	<u>6,655</u>	<u>6,906</u>	<u>7,866</u>	<u>13,499</u>
18,857	20,309	23,379	****	****	****
64,867	65,684	66,905	****	****	****
6,594	7,756	8,297	****	****	****
29	43	25	****	****	****
<u>90,347</u>	<u>93,792</u>	<u>98,606</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>710,770</u>	<u>700,073</u>	<u>693,633</u>	<u>576,963</u>	<u>565,450</u>	<u>547,609</u>
9,974,314	10,195,908	8,567,366	****	****	****
8,357,150	8,336,362	7,203,657	****	****	****
*****	*****	*****	****	****	****
<u>18,331,464</u>	<u>18,532,270</u>	<u>15,771,023</u>	<u>—</u>	<u>—</u>	<u>—</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Full-Time Equivalent District Employees by Function
 Last Ten Fiscal Years
 (Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Governmental Activities:				
Instruction	53,905	54,151	53,601	52,608
Support services – students	3,043	2,954	3,074	3,091
Support services – instructional staff	5,290	5,079	5,327	5,560
Support services – general administration	204	173	193	209
Support services – school administration	5,685	5,720	5,780	5,870
Support services – business	1,605	1,748	1,441	1,119
Operation and maintenance of plant services	7,195	7,591	7,398	7,537
Student transportation services	1,314	1,279	1,229	1,174
Data processing services	476	515	519	557
Operation of noninstructional services	3,935	3,449	3,389	3,232
Facilities acquisition and construction services	538	545	884	937
Total Governmental Activities	<u>83,190</u>	<u>83,204</u>	<u>82,835</u>	<u>81,894</u>

See accompanying independent auditor's report.

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
52,769	51,839	52,317	46,896	45,115	44,907
3,060	3,459	3,455	3,226	3,057	2,810
5,280	5,883	5,332	4,105	3,970	3,137
222	220	219	193	187	195
6,045	6,097	6,047	5,470	4,741	4,218
1,154	1,217	1,121	1,134	880	909
7,835	7,830	8,016	6,842	6,137	6,241
1,236	1,346	1,354	1,290	1,178	1,041
722	680	571	384	357	414
3,394	3,685	3,976	4,604	4,702	3,186
994	1,093	1,090	1,077	700	844
<u>82,711</u>	<u>83,349</u>	<u>83,498</u>	<u>75,221</u>	<u>71,024</u>	<u>67,902</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Capital Assets by Function
 Last Ten Fiscal Years
 (in thousands)
 (Unaudited)

	<u>2002-2003</u>	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Governmental Activities:				
Instruction	\$ 546,694	\$ 528,679	\$ 513,717	\$ 497,404
Support services – students	2,264	2,662	2,795	2,823
Support services – instructional staff	28,251	44,718	55,793	109,660
Support services – general administration	3,489	4,037	4,077	4,076
Support services – school administration	60,293	60,410	60,447	60,447
Support services – business	27,488	31,371	31,397	30,818
Operation and maintenance of plant services	129,770	140,029	165,668	177,094
Student transportation services	49,205	49,201	49,235	49,357
Data processing services	367,824	373,820	401,997	388,367
Operation of noninstructional services	9,475	9,712	9,750	9,977
Facilities acquisition and construction services	5,403,186	6,328,779	7,656,251	9,131,797
Total Governmental Activities	<u>\$ 6,627,939</u>	<u>\$ 7,573,418</u>	<u>\$ 8,951,127</u>	<u>\$ 10,461,820</u>

See accompanying independent auditor's report.

<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
\$ 478,190	\$ 462,230	\$ 445,482	\$ 441,818	\$ 430,887	\$ 418,744
2,850	2,902	2,902	2,902	3,820	5,167
64,517	63,334	111,596	111,842	112,492	112,530
4,125	4,124	4,125	4,125	4,126	4,136
71,013	71,875	72,027	73,901	73,973	74,117
32,499	39,700	46,924	46,924	53,672	57,483
139,831	198,985	201,531	201,826	213,453	223,913
49,153	46,317	45,033	54,060	87,166	83,925
438,732	445,150	398,032	402,311	406,813	412,264
11,806	15,574	22,463	23,777	25,381	26,346
10,651,910	12,231,831	14,341,812	15,971,711	17,122,389	18,115,724
<u>\$ 11,944,626</u>	<u>\$ 13,582,022</u>	<u>\$ 15,691,927</u>	<u>\$ 17,335,197</u>	<u>\$ 18,534,172</u>	<u>\$ 19,534,349</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Miscellaneous Statistical Data
Last Six Fiscal Years
(Unaudited)

Fiscal Year:	July 1 – June 30	<u>2006-2007</u>
Enrollment by Level: (As of October)	Elementary Schools	308,000
	Middle/Junior High Schools	141,745
	Senior High Schools	167,113
	Magnet Schools/Centers	53,277
	Special Education Schools	3,673
	Total K-12 Enrollment	<u>673,808</u>
	Community Adult Schools	108,096
	Occupational Centers and Skills Centers	37,672
	Total Adult/ROC Enrollment	<u>145,768</u>
	Total Enrollment	<u>819,576</u>
	Early Education Centers	<u>11,052</u>
Independent Charter Schools	<u>34,961</u>	
Student-Teacher Ratio & Cost per Student:	Student Enrollment	830,320
	Teaching Staff	32,923
	Student-Teacher Ratio	25.22 : 1
	Total Primary Government Expense (in thousands)	\$ 7,577,170
	Cost Per Student	\$ 9,126
Percent of Free & Reduced Students in Lunch Program:	Elementary	86.97%
	Secondary	89.70
	Total	87.77
Number of Teachers ⁽¹⁾ by Education Level:	Bachelor's Degree	2,239
	Bachelor's Degree + 14 semester units	1,173
	Bachelor's Degree + 28 semester units	3,280
	Bachelor's Degree + 42 semester units	3,901
	Bachelor's Degree + 56 semester units	3,420
	Bachelor's Degree + 70 semester units	3,124
	Bachelor's Degree + 84 semester units	2,850
	Bachelor's Degree + 98 semester units	7,147
	Bachelor's Degree + 98 semester units + 15-19 years of service	2,398
	Bachelor's Degree + 98 semester units + 20-24 years of service	1,351
	Bachelor's Degree + 98 semester units + 25-29 years of service	1,215
	Bachelor's Degree + 98 semester units + 30 or more years of service	825
	Total	<u>32,923</u>
	Master's Degree	<u>9,816</u>
	Doctorate Degree	<u>505</u>
Average Teacher Pay by Education Level:	Bachelor's Degree	\$ 43,352
	Bachelor's Degree + 14 semester units	46,896
	Bachelor's Degree + 28 semester units	50,047
	Bachelor's Degree + 42 semester units	53,558
	Bachelor's Degree + 56 semester units	56,982
	Bachelor's Degree + 70 semester units	61,323
	Bachelor's Degree + 84 semester units	64,959
	Bachelor's Degree + 98 semester units	69,891
	Bachelor's Degree + 98 semester units + 15-19 years of service	75,024
	Bachelor's Degree + 98 semester units + 20-24 years of service	75,597
	Bachelor's Degree + 98 semester units + 25-29 years of service	77,598
	Bachelor's Degree + 98 semester units + 30 or more years of service	78,906
	Master's Degree ⁽²⁾	+584
	Doctorate Degree ⁽²⁾	+1,168

⁽¹⁾ Includes credentialed and non-credentialed employees.

⁽²⁾ Amount in addition to Bachelor's Degree pay.

Source: District's Records

Note: Beginning with Fiscal Year 2006-2007, trend data is included per recommendation of Governmental Accounting, Auditing, and Financial Reporting.

See accompanying independent auditor's report.

2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
295,260	289,969	282,469	281,108	277,269
136,315	128,528	119,534	106,097	99,726
165,459	161,689	155,740	154,001	142,669
52,525	53,261	56,503	56,952	58,244
3,656	3,604	3,552	3,555	3,537
653,215	637,051	617,798	601,713	581,445
105,668	103,440	80,407	80,618	66,937
42,955	43,966	50,068	55,782	52,826
148,623	147,406	130,475	136,400	119,763
801,838	784,457	748,273	738,113	701,208
11,013	10,787	11,432	12,139	14,242
41,073	51,087	60,643	69,935	82,788
812,851	795,244	759,705	750,252	715,450
36,564	33,166	33,387	32,429	30,100
22.23 : 1	23.98 : 1	22.75 : 1	23.14 : 1	23.77 : 1
\$ 9,028,343	\$ 9,005,723	\$ 8,247,767	\$ 8,442,307	\$ 8,220,720
\$ 11,107	\$ 11,324	\$ 10,857	\$ 11,253	\$ 11,490
85.48%	86.12%	86.48%	85.79%	85.31%
90.23	91.23	91.34	90.10	89.52
86.94	87.82	88.18	87.22	86.62
1,862	807	618	497	351
894	533	489	379	300
2,988	1,881	1,776	1,564	1,237
3,657	2,732	2,555	2,384	1,999
3,490	2,908	2,734	2,555	2,292
3,327	2,986	2,861	2,736	2,458
3,310	3,085	2,930	2,782	2,574
10,108	10,426	11,839	11,496	10,125
3,079	4,384	3,496	3,989	4,723
1,548	1,554	2,225	2,224	2,301
1,307	1,081	1,040	999	946
994	789	824	824	794
36,564	33,166	33,387	32,429	30,100
12,869	12,845	13,358	13,362	12,658
599	581	601	591	580
\$ 43,757	\$ 45,474	\$ 46,186	\$ 46,699	\$ 47,561
47,301	48,926	48,630	49,574	50,775
50,035	52,293	51,801	52,228	53,390
53,524	55,817	55,296	55,752	56,583
57,067	59,095	58,574	59,036	59,884
61,182	62,779	62,288	62,730	63,368
64,605	66,136	65,558	66,225	67,037
69,688	70,396	70,122	70,581	71,069
75,024	75,024	75,024	75,024	75,024
75,597	75,597	75,597	75,597	75,597
77,598	77,598	77,598	77,598	77,598
78,906	78,906	78,906	78,906	78,906
+584	+584	+584	+584	+584
+1,168	+1,168	+1,168	+1,168	+1,168



**STATE AND FEDERAL
COMPLIANCE
INFORMATION
SECTION**

LOS ANGELES UNIFIED SCHOOL DISTRICT
 General Fund
 Schedule of Principal Apportionment From the State School Fund
 Year Ended June 30, 2012

Base Revenue Limit per A.D.A.			
Base revenue limit per A.D.A. (PY)			\$ 6,362.56
Inflation increase			143.00
Other Adjustments **			55.55
Total Base Revenue Limit per A.D.A.			<u>\$ 6,561.11</u>
Revenue Limit ADA			<u>559,412.03</u>
Total State Revenue Limit			
Base revenue limit	\$ 6,561.11	x	559,412.03 A.D.A
Deficit (0.20602)			\$ 3,670,363,864
Unemployment insurance revenue			(756,168,363)
PERS reduction (including adjustment for safety members)			67,795,883
Total K-12 Revenue Limit			<u>(6,623,387)</u>
County office funds transfer			2,975,367,997
Property taxes and other local revenues			(803,291)
Charter schools in-lieu of taxes			(901,213,056)
Charter schools general purpose block grant offset			128,475,739
State Aid Portion of Revenue Limit – Current Year			<u>(85,651,037)</u>
Fiscally affiliated charter schools general purpose block grant			2,116,176,352
Fiscally affiliated charter schools in-lieu taxes			51,902,267
PERS reduction transfer			18,264,563
Prior year adjustments			6,623,387
Total State Aid K-12 Revenue Limit			<u>1,079,631</u>
Principal apportionments – other state revenues			2,194,046,200
Core academic program (Supplemental instruction, grades K-12) *			
Current year			3,073,934
California high school exit exam (Supplemental instruction, grades 7-12) *			
Current year			40,443,831
Retained and recommended for retention (Supplemental instruction, grades 2-9) *			
Current year			13,866,438
Apprenticeship Funding			
Current year			2,247,104
Prior year adjustments			(2,188)
Community day school additional funding *			
Current year			2,792,309
Community day additional for mandatory expelled pupils			
Current year			93,267
Prior year adjustments			1,700
Gifted and talented education (GATE)			
Current year			4,507,686
Regional occupational center/program (ROC/P) *			
Current year			53,088,444
Prior year adjustments			101,480
ROC/P handicapped			
Current year			1,679,454
Prior year adjustments			148,218
Special education			
Current year			370,073,568
Prior year adjustments			608,985
Charter Schools Categorical Block Grant			
Current year			6,315,180
Prior year			<u>(3,652)</u>
Total Principal Apportionment from State School Funds			<u>\$ 2,693,081,958</u>

* Pursuant to Senate Bill 4 of the 2009-10 Third Extraordinary Session (SBX3 4) (Chapter 12, Statutes of 2009), appropriations for fiscal years 2008-09 through 2014-15 for these programs which are normally ADA or hourly based, are based on the District's 2007-08 funding level.

** Revenue limit add-on funding adjustments for the changes made to Meals for Needy Pupils funding and Beginning Teachers Salary funding effective fiscal year 2010-11. (EC sections 42238(c)(1)(A) and 42238(c)(2))

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 General Fund
 Schedule of Appropriations, Expenditures and Other Uses, and Unexpended Balances
 by District Defined Program
 Year Ended June 30, 2012
 (in thousands)

	<u>Appropriations</u>	<u>Expenditures and Other Uses</u>	<u>Unexpended Balances</u>
Regular program:			
General Program – Schools	\$ 3,126,351	\$ 2,966,644	\$ 159,707
General Program – Support Services	648,463	288,213	360,250
General Program – Interfund Transfers	122,254	122,257	(3)
General Program – Options Programs	65,176	63,700	1,476
Special Education – Schools	1,401,500	1,309,033	92,467
Special Education – Support Services	104,722	71,880	32,842
Special Education – Extended Session	29,800	17,976	11,824
Student Integration – Schools	146,732	103,599	43,133
Student Integration – Support Services	10,946	9,858	1,088
ROC/Skill Centers – Schools	54,865	43,838	11,027
ROC/Skill Centers – Support Services	4,932	4,351	581
Routine Repair & Gen Maintenance – Schools	88,391	97,318	(8,927)
Routine Repair & Gen Maintenance – Support Services	14,440	13,108	1,332
Community Services	10,835	11,325	(490)
Reserves and Resources Allocations	96,776	8,966	87,810
Total Regular Program	<u>5,926,183</u>	<u>5,132,066</u>	<u>794,117</u>
Specially Funded Programs	<u>975,743</u>	<u>838,816</u>	<u>136,927</u>
Total General Fund	<u><u>\$ 6,901,926</u></u>	<u><u>\$ 5,970,882</u></u>	<u><u>\$ 931,044</u></u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 General Fund
 Expenditures and Other Uses by Goal and Function
 Year Ended June 30, 2012
 (in thousands)

Instruction	<u>\$ 4,793,271</u>
Support Services	
Supervision of instruction	45,748
Library, media, technology and other instructional resources	4,224
School administration	183,578
Pupil support services	38,429
Pupil transportation	22,595
Data processing services	62,495
Plant maintenance and operations	398,630
Facilities rents and leases	11,950
Central administration	<u>188,397</u>
Total Support Services	<u>956,046</u>
Other Goals	
Community services	13,056
Child care and development services	777
Food services	<u>3,440</u>
Total Other Goals	<u>17,273</u>
Facilities Acquisition and Construction	<u>36,641</u>
Other Outgo	
Debt service	1,440
All other outgo	<u>166,211</u>
Total Other Outgo	<u>167,651</u>
Total Expenditures and Other Uses	<u><u>\$ 5,970,882</u></u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 General Fund
 Schedule of Current Expense of Education
 Year Ended June 30, 2012
 (in thousands)

	Total Expense for the Year	Excluded Amounts*	Current Expense of Education	Current Expense of Education per Unit of A.D.A.**
Certificated salaries	\$ 2,681,632	\$ 3,473	\$ 2,678,159	\$ 4,892.01
Classified salaries	819,247	20,824	798,423	1,458.43
Employee benefits (excluding PERS reduction)	1,361,872	255,568	1,106,304	2,020.81
Books, supplies, and equipment replacement	236,226	4,659	231,567	422.99
Services and operating expense and direct support	670,563	7,884	662,679	1,210.47
Total	<u>\$ 5,769,540</u>	<u>\$ 292,408</u>	<u>\$ 5,477,132</u>	<u>\$ 10,004.71</u>

* Excluded amounts relate to:

Community Services	\$ 12,957
Facilities Acquisition & Construction	15,444
Food Services	3,274
Fringe Benefits to Retirees	248,240
Nonagency	12,493
Total	<u>\$ 292,408</u>

** Annual A.D.A. (Average Daily Attendance) used is 547,455.35. Amounts rounded to nearest cent.

Note: Computation of current expense of education was prepared according to state guidelines.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 General Fund
 Schedule of Special Purpose Revenues, Expenditures, and Restricted Balances
 Year Ended June 30, 2012
 (in thousands)

	Balances July 1, 2011	Revenues	Expenditures	Contributions	Balances June 30, 2012
Continuation Education	\$ —	\$ 25,130	\$ 26,629	\$ 1,499	\$ —
Community Day Schools	—	95	—	(95)	—
ARRA: Education Jobs Fund	—	114,129	114,129	—	—
Other ARRA Programs	—	—	—	—	—
Medi-Cal Billing Options	22,068	15,975	26,087	—	11,956
FEMA Public Assistance Funds	91	—	—	—	91
Cops More Program	35	—	—	—	35
School Mental Health Medi-cal Rehabilitation	2,365	2,759	1,079	—	4,045
Teacher Recruitment and Retention	4,870	—	8	—	4,862
English Language Acquisition Program, Teacher Training & Student Assistance	4,178	—	380	—	3,798
Lottery: Instructional Materials	—	19,343	19,343	—	—
ROC/P: Training & Certification for Community Care	48	342	376	—	14
Pupils with Disabilities Attending ROC/P	—	1,828	2,047	219	—
Special Education	13,994	512,263	1,119,535	602,798	9,520
Special Ed: Early Ed Individuals with Exceptional Needs (Infant Program)	208	2,988	3,196	—	—
Economic Impact Aid (EIA)	1,442	26,616	21,576	—	6,482
Economic Impact Aid: Limited English Proficiency (LEP)	60,119	102,512	119,607	—	43,024
Transportation: Home to School	—	36,470	44,442	7,972	—
Transportation: Special Education	—	41,267	57,899	16,632	—
Quality Education Investment Act	87,622	111,111	155,607	—	43,126
California Energy Commission Loan Expenditure	397	—	—	—	397
Ongoing and Major Maintenance Account	3,640	—	110,426	115,786	9,000
Certificates of Participation (Acquisition Accounts) Proceeds	64,635	3,033	17,972	(17)	49,679
Clean Cities Grant	250	74	238	—	86
Cognitive Behavioral Intervention Therapy	456	—	8	—	448
Totals	<u>\$ 266,418</u>	<u>\$ 1,015,935</u>	<u>\$ 1,840,584</u>	<u>\$ 744,794</u>	<u>\$ 186,563</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Adult Education Fund
 Schedule of Revenues and Other Sources, Expenditures, and Other Uses
 by Function, and Changes in Fund Balance
 Year Ended June 30, 2012
 (in thousands)

Revenues and Other Sources:	
Federal revenues	\$ 16,611
Other state revenues	135,105
Other local revenues	<u>1,910</u>
Total Revenues and Other Sources	<u>153,626</u>
Expenditures and Other Uses	
Instruction	87,489
Support Services	
Supervision of instruction	19,370
School administration	19,389
Guidance and counseling services	6,278
Other pupil services	570
General administration cost transfers	5,924
Plant maintenance and operations	13,507
Facilities acquisition and construction	1,386
Facilities rents and leases	<u>1,171</u>
Total Expenditures and Other Uses	<u>155,084</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(1,458)
Fund Balance, July 1, 2011	<u>11,486</u>
Fund Balance, June 30, 2012	<u><u>\$ 10,028</u></u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Child Development Fund
 Schedule of Revenues and Other Sources, Expenditures, and Other Uses
 by Function, and Changes in Fund Balance
 Year Ended June 30, 2012
 (in thousands)

Revenues and Other Sources:	
Federal revenues	\$ 35,811
Other state revenues	72,257
Other local revenues	5,672
Interfund transfers	<u>19,437</u>
Total Revenues and Other Sources	<u>133,177</u>
Expenditures and Other Uses	
Instruction	101,124
Support Services	
Supervision of instruction	3,210
School administration	15,053
Guidance and counseling services	446
Food services	2
Other general administration	6,678
Plant maintenance and operations	6,684
Facilities acquisition and construction	<u>(19)</u>
Total Expenditures and Other Uses	<u>133,178</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(1)
Fund Balance, July 1, 2011	<u>71</u>
Fund Balance, June 30, 2012	<u>\$ 70</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Fund Equity
Year Ended June 30, 2012
(in thousands)

	General Fund	Adult Education Fund	Cafeteria Fund	Child Development Fund	Bond Interest & Redemption Fund	Tax Override Fund
Nonspendable:						
Revolving and imprest funds	\$ 2,705	\$ 56	\$ —	\$ 10	\$ —	\$ —
Inventories	8,526	—	13,057	—	—	—
Total Nonspendable	<u>11,231</u>	<u>56</u>	<u>13,057</u>	<u>10</u>	<u>—</u>	<u>—</u>
Restricted	<u>186,563</u>	<u>—</u>	<u>5,802</u>	<u>—</u>	<u>681,562</u>	<u>305</u>
Committed	<u>—</u>	<u>9,972</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned	<u>465,272</u>	<u>—</u>	<u>—</u>	<u>60</u>	<u>—</u>	<u>—</u>
Unassigned						
Reserved for economic uncertainties	65,376	—	—	—	—	—
Unassigned	96,368	—	—	—	—	—
Total Unassigned	<u>161,744</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Unrestricted net assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Fund Equity/Net Assets	<u>\$ 824,810</u>	<u>\$ 10,028</u>	<u>\$ 18,859</u>	<u>\$ 70</u>	<u>\$ 681,562</u>	<u>\$ 305</u>

See accompanying independent auditor's report.

Capital Services Fund	Building Account – Bond Proceeds	Building Account – Measure K	Building Account – Measure R	Building Account – Measure Y	Building Fund	State School Building Lease – Purchase Fund	Special Reserve Fund
\$ —	\$ 3,000	\$ —	\$ 300	\$ 500	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	3,000	—	300	500	—	—	—
59,403	18,157	273,374	967,903	843,396	—	4,174	137,435
—	—	—	—	—	—	—	—
—	—	—	—	—	1,438	145	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 59,403</u>	<u>\$ 21,157</u>	<u>\$ 273,374</u>	<u>\$ 968,203</u>	<u>\$ 843,896</u>	<u>\$ 1,438</u>	<u>\$ 4,319</u>	<u>\$ 137,435</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Fund Equity (Continued)
Year Ended June 30, 2012
(in thousands)

	Special Reserve Fund – FEMA – Earthquake	Special Reserve Fund – FEMA – Hazard Mitigation	Special Reserve Fund – Community Redevelopment Agency	Capital Facilities Account Fund	County School Facilities Fund	County School Facilities Fund – Prop 47
Nonspendable:						
Revolving and imprest funds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Inventories	—	—	—	—	—	—
Total Nonspendable	—	—	—	—	—	—
Restricted	240	—	19,715	—	17,839	120,599
Committed	—	—	—	—	—	—
Assigned	—	2,043	—	52,034	—	—
Unassigned						
Reserved for economic uncertainties	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Unassigned	—	—	—	—	—	—
Unrestricted net assets	—	—	—	—	—	—
Total Fund Equity/Net Assets	<u>\$ 240</u>	<u>\$ 2,043</u>	<u>\$ 19,715</u>	<u>\$ 52,034</u>	<u>\$ 17,839</u>	<u>\$ 120,599</u>

See accompanying independent auditor's report.

County School Facilities Fund – Prop 55	County School Facilities Fund – Prop 1D	Health and Welfare Benefits Fund	Workers’ Compensation Self – Insurance Fund	Liability Self – Insurance Fund
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
—	—	—	—	—
196,155	170,400	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	297,779	2,763	3,213
\$ 196,155	\$ 170,400	\$ 297,779	\$ 2,763	\$ 3,213

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012
(in thousands)

	SACS Object Code	General Fund	Special Revenue		
			Adult Education	Cafeteria	Child Development
Revenue Limit Sources:					
Principal Apportionment:					
State Aid – Current Year	8011	\$ 2,116,176	\$ —	\$ —	\$ —
Charter School Gen Purpose Entitlement – State Aid	8015	51,902	—	—	—
State Aid – Prior Years	8019	1,080	—	—	—
Revenue Limit Transfers:					
PERS Reduction Transfer	8092	6,623	—	—	—
Transfer to Charter In Lieu Property Taxes	8096	(108,801)	—	—	—
Principal Apportionment Net of Transfers		2,066,980	—	—	—
Tax Relief Subventions:					
Homeowners' Exemptions	8021	7,295	—	—	—
Other Subventions/In-lieu of Taxes	8029	6,384	—	—	—
County & District Taxes:					
Secured Roll Taxes	8041	760,613	—	—	—
Unsecured Roll Taxes	8042	31,970	—	—	—
Prior Years' Taxes	8043	55,970	—	—	—
Supplemental Taxes	8044	8,555	—	—	—
Education Revenue Augmentation Fund (ERAF)	8045	(3,533)	—	—	—
Community Redevelopment Funds	8047	29,204	—	—	—
Penalties/Int. – Delinquent Revenue Limit Taxes	8048	4,755	—	—	—
Local Revenue Limit Sources		901,213	—	—	—
Total Revenue Limit Sources		2,968,193	—	—	—
Federal Revenues:					
Special Education Entitlement	8181	132,783	—	—	—
Special Education Discretionary Grant	8182	23,291	—	—	—
Child Nutrition Programs	8220	—	—	214,498	—
Forest Reserve Funds	8260	36	—	—	—
Flood Control Funds	8270	4	—	—	—
FEMA	8281	1,097	—	—	—
Interagency Contracts Between LEAs	8285	1,539	44	—	67
NCLB/IASA (including ARRA)	8290	175,908	—	—	—
NCLB Title I Part A, Basic Grants Low Income and Neglected	8290	387,158	—	—	—
NCLB Title I Part D, Local Delinquent Programs	8290	1,670	—	—	—
NCLB Title II Part A, Teacher Quality	8290	48,482	—	—	—
NCLB Title III, Limited English Proficient	8290	23,836	—	—	—
Vocational & Applied Technology Education	8290	5,585	2,488	—	—
Safe and Drug Free Schools	8290	81	—	—	—
Other Federal Revenue (including ARRA)	8290	66,482	14,079	6,906	35,744
Total Federal Revenues		867,952	16,611	221,404	35,811

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Capital Projects			
		Capital Facilities Fund	State School Building Lease – Purchase	Special Reserve	Special Reserve CRA
Revenue Limit Sources:					
Principal Apportionment:					
State Aid – Current Year	8011	\$ —	\$ —	\$ —	\$ —
Charter School Gen Purpose Entitlement – State Aid	8015	—	—	—	—
State Aid – Prior Years	8019	—	—	—	—
Revenue Limit Transfers:					
PERS Reduction Transfer	8092	—	—	—	—
Transfer to Charter In Lieu Property Taxes	8096	—	—	—	—
Principal Apportionment Net of Transfers		—	—	—	—
Tax Relief Subventions:					
Homeowners' Exemptions	8021	—	—	—	—
Other Subventions/In-lieu of Taxes	8029	—	—	—	—
County & District Taxes:					
Secured Roll Taxes	8041	—	—	—	—
Unsecured Roll Taxes	8042	—	—	—	—
Prior Years' Taxes	8043	—	—	—	—
Supplemental Taxes	8044	—	—	—	—
Education Revenue Augmentation Fund (ERAF)	8045	—	—	—	—
Community Redevelopment Funds	8047	—	—	—	—
Penalties/Int. – Delinquent Revenue Limit Taxes	8048	—	—	—	—
Local Revenue Limit Sources		—	—	—	—
Total Revenue Limit Sources		—	—	—	—
Federal Revenues:					
Special Education Entitlement	8181	—	—	—	—
Special Education Discretionary Grant	8182	—	—	—	—
Child Nutrition Programs	8220	—	—	—	—
Forest Reserve Funds	8260	—	—	—	—
Flood Control Funds	8270	—	—	—	—
FEMA	8281	—	—	—	—
Interagency Contracts Between LEAs	8285	—	—	—	—
NCLB/IASA (Including ARRA)	8290	—	—	—	—
NCLB Title I Part A, Basic Grants Low Income and Neglected	8290	—	—	—	—
NCLB Title I Part D, Local Delinquent Programs	8290	—	—	—	—
NCLB Title II Part A, Teacher Quality	8290	—	—	—	—
NCLB Title III, Limited English Proficient	8290	—	—	—	—
Vocational & Applied Technology Education	8290	—	—	—	—
Safe and Drug Free Schools	8290	—	—	—	—
Other Federal Revenue (Including ARRA)	8290	—	—	—	—
Total Federal Revenues		—	—	—	—

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Building Account – Bond Proceeds	Building Account – Measure Y	District Bond Account – Measure R
Revenue Limit Sources:				
Principal Apportionment:				
State Aid – Current Year	8011	\$ —	\$ —	\$ —
Charter School Gen Purpose Entitlement – State Aid	8015	—	—	—
State Aid – Prior Years	8019	—	—	—
Revenue Limit Transfers:				
PERS Reduction Transfer	8092	—	—	—
Transfer to Charter In Lieu Property Taxes	8096	—	—	—
Principal Apportionment Net of Transfers		—	—	—
Tax Relief Subventions:				
Homeowners' Exemptions	8021	—	—	—
Other Subventions/In-lieu of Taxes	8029	—	—	—
County & District Taxes:				
Secured Roll Taxes	8041	—	—	—
Unsecured Roll Taxes	8042	—	—	—
Prior Years' Taxes	8043	—	—	—
Supplemental Taxes	8044	—	—	—
Education Revenue Augmentation Fund (ERAF)	8045	—	—	—
Community Redevelopment Funds	8047	—	—	—
Penalties/Int. – Delinquent Revenue Limit Taxes	8048	—	—	—
Local Revenue Limit Sources		—	—	—
Total Revenue Limit Sources		—	—	—
Federal Revenues:				
Special Education Entitlement	8181	—	—	—
Special Education Discretionary Grant	8182	—	—	—
Child Nutrition Programs	8220	—	—	—
Forest Reserve Funds	8260	—	—	—
Flood Control Funds	8270	—	—	—
FEMA	8281	—	—	—
Interagency Contracts Between LEAs	8285	—	—	—
NCLB/IASA (Including ARRA)	8290	—	—	—
NCLB Title I Part A, Basic Grants Low Income and Neglected	8290	—	—	—
NCLB Title I Part D, Local Delinquent Programs	8290	—	—	—
NCLB Title II Part A, Teacher Quality	8290	—	—	—
NCLB Title III, Limited English Proficient	8290	—	—	—
Vocational & Applied Technology Education	8290	—	—	—
Safe and Drug Free Schools	8290	—	—	—
Other Federal Revenue (Including ARRA)	8290	—	—	—
Total Federal Revenues		—	—	—

Funds		Internal Service Funds				
Building Account – Measure K	Total	Health and Welfare Benefits	Workers' Compensation	Liability	Total	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,116,176
—	—	—	—	—	—	51,902
—	—	—	—	—	—	1,080
—	—	—	—	—	—	6,623
—	—	—	—	—	—	(108,801)
—	—	—	—	—	—	2,066,980
—	—	—	—	—	—	7,295
—	—	—	—	—	—	6,384
—	—	—	—	—	—	760,613
—	—	—	—	—	—	31,970
—	—	—	—	—	—	55,970
—	—	—	—	—	—	8,555
—	—	—	—	—	—	(3,533)
—	—	—	—	—	—	29,204
—	—	—	—	—	—	4,755
—	—	—	—	—	—	901,213
—	—	—	—	—	—	2,968,193
—	—	—	—	—	—	132,783
—	—	—	—	—	—	23,291
—	—	—	—	—	—	214,498
—	—	—	—	—	—	36
—	—	—	—	—	—	4
—	—	—	—	—	—	1,097
—	—	—	—	—	—	1,650
—	—	—	—	—	—	175,908
—	—	—	—	—	—	387,158
—	—	—	—	—	—	1,670
—	—	—	—	—	—	48,482
—	—	—	—	—	—	23,836
—	—	—	—	—	—	8,073
—	—	—	—	—	—	81
—	—	—	—	—	—	160,701
—	—	—	—	—	—	1,179,268

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	General Fund	Special Revenue		
			Adult Education	Cafeteria	Child Development
Other State Revenues:					
Other State Apportionments:					
Community Day Schools Additional Funding					
Current Year	8311	\$ 93	\$ —	\$ —	\$ —
Prior years	8319	2	—	—	—
ROC/P Entitlement:					
Current Year	8311	1,679	—	—	—
Prior Years	8319	148	—	—	—
Spec. Ed. Master Plan:					
Current Year	8311	367,085	—	—	—
Prior Years	8319	609	—	—	—
Home-to-School Transportation	8311	36,201	—	—	—
Economic Impact Aid	8311	129,128	—	—	—
Special Education Transportation	8311	40,963	—	—	—
All Other State Apportionments – Current Year	8311	5,236	—	—	—
All Other State Apportionments – Prior Year	8319	571	—	—	—
Year Round School Incentive	8425	14,229	—	—	—
Class Size Reduction, K-3	8434	151,132	—	—	—
Child Nutrition Programs	8520	—	—	17,831	—
School Facilities Apportionments	8545	—	—	—	—
Lottery – Unrestricted and Instructional Materials	8560	101,667	—	—	—
Voted Indebtedness Levies Homeowners' Exemptions	8571	—	—	—	—
Other Subventions/In-Lieu Taxes	8572	—	—	—	—
After School Education and Safety (ASES)	8590	73,788	—	—	—
Drug/Alcohol/Tobacco Funds	8590	53	—	—	—
Healthy Start	8590	267	—	—	—
School Community Violence Prevention Grant	8590	605	—	—	—
Quality Education Investment Act	8590	111,111	—	—	—
State Preschool	8590	—	—	—	71,531
All Other State Revenue	8590	868,905	135,105	—	726
Total Other State Revenues		<u>1,903,472</u>	<u>135,105</u>	<u>17,831</u>	<u>72,257</u>
Other Local Revenues:					
County and District Taxes:					
Other Restricted & Voted Indebtedness Levies:					
Secured Roll	8611	—	—	—	—
Unsecured Roll	8612	—	—	—	—
Prior Years' Taxes	8613	—	—	—	—
Supplemental Taxes	8614	—	—	—	—
Community Redevelopment Funds not					
Subject to Revenue Limit Deduction	8625	—	—	—	—
Penalties and Interest from Delinquent Non-Revenue Limit Taxes	8629	—	—	—	—
Sales:					
Sale of Equipment/Supplies	8631	670	—	—	—
Food Service Sales	8634	—	—	7,203	—
Leases and Rentals	8650	12,375	—	—	—
Interest	8660	16,500	227	2	55
Fees and Contracts:					
Adult Education Fees	8671	—	938	—	—
Non-Resident Students	8672	381	—	—	—
Child Development Parent Fees	8673	—	—	—	2,786
In-District Premiums/Contributions	8674	—	—	—	—
Interagency Service Fees	8677	5	—	—	—

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Capital Projects			
		Capital Facilities Fund	State School Building Lease – Purchase	Special Reserve	Special Reserve CRA
Other State Revenues:					
Other State Apportionments:					
Community Day Schools Additional Funding					
Current Year	8311	\$ —	\$ —	\$ —	\$ —
Prior years	8319	—	—	—	—
ROC/P Entitlement:					
Current Year	8311	—	—	—	—
Prior Years	8319	—	—	—	—
Spec. Ed. Master Plan:					
Current Year	8311	—	—	—	—
Prior Years	8319	—	—	—	—
Home-to-School Transportation	8311	—	—	—	—
Economic Impact Aid	8311	—	—	—	—
Special Education Transportation	8311	—	—	—	—
All Other State Apportionments – Current Year	8311	—	—	—	—
All Other State Apportionments – Prior Year	8319	—	—	—	—
Year Round School Incentive	8425	—	—	—	—
Class Size Reduction, K-3	8434	—	—	—	—
Child Nutrition Programs	8520	—	—	—	—
School Facilities Apportionments	8545	—	—	—	—
Lottery – Unrestricted and Instructional Materials	8560	—	—	—	—
Voted Indebtedness Levies Homeowners' Exemptions	8571	—	—	—	—
Other Subventions/In-Lieu Taxes	8572	—	—	—	—
After School Education and Safety (ASES)	8590	—	—	—	—
Drug/Alcohol/Tobacco Funds	8590	—	—	—	—
Healthy Start	8590	—	—	—	—
School Community Violence Prevention Grant	8590	—	—	—	—
Quality Education Investment Act	8590	—	—	—	—
State Preschool	8590	—	—	—	—
All Other State Revenue	8590	—	—	—	—
Total Other State Revenues		—	—	—	—
Other Local Revenues:					
County and District Taxes:					
Other Restricted & Voted Indebtedness Levies:					
Secured Roll	8611	—	—	—	—
Unsecured Roll	8612	—	—	—	—
Prior Years' Taxes	8613	—	—	—	—
Supplemental Taxes	8614	—	—	—	—
Community Redevelopment Funds not					
Subject to Revenue Limit Deduction	8625	—	—	—	9,789
Penalties and Interest from Delinquent Non-Revenue Limit Taxes	8629	—	—	—	—
Sales:					
Sale of Equipment/Supplies	8631	—	—	—	—
Food Service Sales	8634	—	—	—	—
Leases and Rentals	8650	—	273	—	—
Interest	8660	372	119	954	127
Fees and Contracts:					
Adult Education Fees	8671	—	—	—	—
Non-Resident Students	8672	—	—	—	—
Child Development Parent Fees	8673	—	—	—	—
In-District Premiums/Contributions	8674	—	—	—	—
Interagency Service Fees	8677	—	—	—	—

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Building Account – Bond Proceeds	Building Account – Measure Y	District Bond Building Account – Measure R
Other State Revenues:				
Other State Apportionments:				
Community Day Schools Additional Funding				
Current Year	8311	\$ —	\$ —	\$ —
Prior years	8319	—	—	—
ROC/P Entitlement:				
Current Year	8311	—	—	—
Prior Years	8319	—	—	—
Spec. Ed. Master Plan:				
Current Year	8311	—	—	—
Prior Years	8319	—	—	—
Home-to-School Transportation	8311	—	—	—
Economic Impact Aid	8311	—	—	—
Special Education Transportation	8311	—	—	—
All Other State Apportionments – Current Year	8311	—	—	—
All Other State Apportionments – Prior Year	8319	—	—	—
Year Round School Incentive	8425	—	—	—
Class Size Reduction, K-3	8434	—	—	—
Child Nutrition Programs	8520	—	—	—
School Facilities Apportionments	8545	—	—	—
Lottery – Unrestricted and Instructional Materials	8560	—	—	—
Voted Indebtedness Levies Homeowners' Exemptions	8571	—	—	—
Other Subventions/In-Lieu Taxes	8572	—	—	—
After School Education and Safety (ASES)	8590	—	—	—
Drug/Alcohol/Tobacco Funds	8590	—	—	—
Healthy Start	8590	—	—	—
School Community Violence Prevention Grant	8590	—	—	—
Quality Education Investment Act	8590	—	—	—
State Preschool	8590	—	—	—
All Other State Revenue	8590	—	—	—
Total Other State Revenues		—	—	—
Other Local Revenues:				
County and District Taxes:				
Other Restricted & Voted Indebtedness Levies:				
Secured Roll	8611	—	—	—
Unsecured Roll	8612	—	—	—
Prior Years' Taxes	8613	—	—	—
Supplemental Taxes	8614	—	—	—
Community Redevelopment Funds not				
Subject to Revenue Limit Deduction	8625	—	—	—
Penalties and Interest from Delinquent Non-Revenue Limit Taxes	8629	—	—	—
Sales:				
Sale of Equipment/Supplies	8631	—	—	—
Food Service Sales	8634	—	—	—
Leases and Rentals	8650	—	—	—
Interest	8660	370	12,912	9,023
Fees and Contracts:				
Adult Education Fees	8671	—	—	—
Non-Resident Students	8672	—	—	—
Child Development Parent Fees	8673	—	—	—
In-District Premiums/Contributions	8674	—	—	—
Interagency Service Fees	8677	—	—	—

Funds		Internal Service Funds				
Building Account – Measure K	Total	Health and Welfare Benefits	Workers' Compensation	Liability	Total	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 93
—	—	—	—	—	—	2
—	—	—	—	—	—	1,679
—	—	—	—	—	—	148
—	—	—	—	—	—	367,085
—	—	—	—	—	—	609
—	—	—	—	—	—	36,201
—	—	—	—	—	—	129,128
—	—	—	—	—	—	40,963
—	—	—	—	—	—	5,236
—	—	—	—	—	—	571
—	—	—	—	—	—	14,229
—	—	—	—	—	—	151,132
—	—	—	—	—	—	17,831
—	—	—	—	—	—	88,063
—	—	—	—	—	—	101,667
—	—	—	—	—	—	5,271
—	—	—	—	—	—	8
—	—	—	—	—	—	73,788
—	—	—	—	—	—	53
—	—	—	—	—	—	267
—	—	—	—	—	—	605
—	—	—	—	—	—	111,111
—	—	—	—	—	—	71,531
—	—	—	—	—	—	1,004,736
—	—	—	—	—	—	2,222,007
—	—	—	—	—	—	676,948
—	—	—	—	—	—	37,337
—	—	—	—	—	—	41,871
—	—	—	—	—	—	8,111
—	—	—	—	—	—	9,789
—	—	—	—	—	—	7,061
—	—	—	—	—	—	670
—	—	—	—	—	—	7,203
—	—	—	—	—	—	13,006
2,622	24,927	2,911	3,737	255	6,903	61,085
—	—	—	—	—	—	938
—	—	—	—	—	—	381
—	—	—	—	—	—	2,786
—	—	928,538	78,501	30,038	1,037,077	1,037,077
—	—	—	—	—	—	5

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Special Revenue			
		General Fund	Adult Education	Cafeteria	Child Development
Mitigation/Developer Fees	8681	\$ —	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	30,935	—	—	—
All Other Local Revenue	8699	81,807	745	103	2,831
Tuition	8710	226	—	—	—
Total Other Local Revenues		<u>142,899</u>	<u>1,910</u>	<u>7,308</u>	<u>5,672</u>
Subtotal – Revenues		<u>5,882,516</u>	<u>153,626</u>	<u>246,543</u>	<u>113,740</u>
Other Financing Sources:					
Interfund Transfers In:					
From General Fund to Child Development Fund	8911	—	—	—	19,437
From Special Reserve Fund	8912	3,173	—	—	—
From All Other Funds to State School Building Fund/ County School Facilities Fund	8913	—	—	—	—
From General Fund to Cafeteria Fund	8916	—	—	88,588	—
Other Authorized Interfund Transfer In	8919	2,321	—	856	—
Subtotal, Interfund Transfers In		<u>5,494</u>	<u>—</u>	<u>89,444</u>	<u>19,437</u>
Other Sources:					
Proceeds from Sale/Lease-Purchase of Lands/Buildings	8953	—	—	—	—
Proceeds from Certificates of Participation	8971	—	—	—	—
Proceeds from Capital Leases	8972	930	—	—	—
All Other Financing Sources	8979	3,221	—	—	—
Subtotal, Other Sources		<u>4,151</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources		<u>9,645</u>	<u>—</u>	<u>89,444</u>	<u>19,437</u>
Total Revenues and Other Financing Sources		<u>\$ 5,892,161</u>	<u>\$ 153,626</u>	<u>\$ 335,987</u>	<u>\$ 133,177</u>

<u>Funds</u>	<u>Debt Service Funds</u>			
<u>Total</u>	<u>Bond Interest and Redemption</u>	<u>Tax Override</u>	<u>Capital Services</u>	<u>Total</u>
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
3,679	1,242	—	—	1,242
—	—	—	—	—
14,890	776,507	3	895	777,405
513,909	818,654	11	1,509	820,174
19,437	—	—	—	—
—	—	—	—	—
88,588	—	—	—	—
856	—	—	46,378	46,378
108,881	—	—	46,378	46,378
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	641,012	—	—	641,012
—	641,012	—	—	641,012
108,881	641,012	—	46,378	687,390
<u>\$ 622,790</u>	<u>\$ 1,459,666</u>	<u>\$ 11</u>	<u>\$ 47,887</u>	<u>\$ 1,507,564</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Capital Projects			
		Capital Facilities Fund	State School Building Lease – Purchase	Special Reserve	Special Reserve CRA
Mitigation/Developer Fees	8681	\$ 41,206	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	—	—	—	—
All Other Local Revenue	8699	27	—	45,673	—
Tuition	8710	—	—	—	—
Total Other Local Revenues		<u>41,605</u>	<u>392</u>	<u>46,627</u>	<u>9,916</u>
Subtotal – Revenues		<u>41,605</u>	<u>392</u>	<u>46,627</u>	<u>9,916</u>
Interfund Transfers In:					
From General Fund to Child Development Fund	8911	—	—	—	—
From Special Reserve Fund	8912	—	—	—	—
From All Other Funds to State School Building Fund/ County School Facilities Fund	8913	—	192	—	—
From General Fund to Cafeteria Fund	8916	—	—	—	—
Other Authorized Interfund Transfer In	8919	—	—	7,883	—
Subtotal, Interfund Transfers In		<u>—</u>	<u>192</u>	<u>7,883</u>	<u>—</u>
Other Sources:					
Proceeds from Sale/Lease-Purchase of Lands/Buildings	8953	—	—	321	—
Proceeds from Certificates of Participation	8971	—	—	160,190	—
Proceeds from Capital Leases	8972	—	—	—	—
All Other Financing Sources	8979	—	—	16,648	—
Subtotal, Other Sources		<u>—</u>	<u>—</u>	<u>177,159</u>	<u>—</u>
Total Other Financing Sources		<u>—</u>	<u>192</u>	<u>185,042</u>	<u>—</u>
Total Revenues and Other Financing Sources		<u>\$ 41,605</u>	<u>\$ 584</u>	<u>\$ 231,669</u>	<u>\$ 9,916</u>

Funds		County School Facilities Funds				
Building Fund	Total	County School Facilities	County School Facilities – Prop 47	County School Facilities – Prop 55	County School Facilities – Prop 1D	Total
\$ —	\$ 41,206	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
—	45,700	—	—	—	—	—
—	—	—	—	—	—	—
377	98,917	182	1,271	2,610	1,982	6,045
377	98,917	182	11,108	47,534	35,284	94,108
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	192	4,755	4,648	21,753	6,323	37,479
—	—	—	—	—	—	—
—	7,883	—	—	—	—	—
—	8,075	4,755	4,648	21,753	6,323	37,479
—	321	—	—	—	—	—
—	160,190	—	—	—	—	—
—	—	—	—	—	—	—
—	16,648	—	—	—	—	—
—	177,159	—	—	—	—	—
—	185,234	4,755	4,648	21,753	6,323	37,479
\$ 377	\$ 284,151	\$ 4,937	\$ 15,756	\$ 69,287	\$ 41,607	\$ 131,587

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2012 (Continued)
(in thousands)

	SACS Object Code	Building Account – Bond Proceeds	Building Account – Measure Y	District Bond Account – Measure R
Mitigation/Developer Fees	8681	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	—	—	—
All Other Local Revenue	8699	—	10,435	8,730
Tuition	8710	—	—	—
Total Other Local Revenues		<u>370</u>	<u>23,347</u>	<u>17,753</u>
Subtotal – Revenues		<u>370</u>	<u>23,347</u>	<u>17,753</u>
 Interfund Transfers In:				
From General Fund to Child Development Fund	8911	—	—	—
From Special Reserve Fund	8912	—	—	—
From All Other Funds to State School Building Fund/ County School Facilities Fund	8913	—	—	—
From General Fund to Cafeteria Fund	8916	—	—	—
Other Authorized Interfund Transfer In	8919	24,369	51,035	514,216
Subtotal, Interfund Transfers In		<u>24,369</u>	<u>51,035</u>	<u>514,216</u>
 Other Sources:				
Proceeds from Sale/Lease-Purchase of Lands/Buildings	8953	—	—	—
Proceeds from Certificates of Participation	8971	—	—	—
Proceeds from Capital Leases	8972	—	—	—
All Other Financing Sources	8979	—	—	—
Subtotal, Other Sources		<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources		<u>24,369</u>	<u>51,035</u>	<u>514,216</u>
Total Revenues and Other Financing Sources		<u>\$ 24,739</u>	<u>\$ 74,382</u>	<u>\$ 531,969</u>

Funds		Internal Service Funds				
Building Account – Measure K	Total	Health and Welfare Benefits	Workers' Compensation	Liability	Total	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 41,206
—	—	—	—	—	—	30,935
—	19,165	268	—	—	268	151,861
—	—	—	—	—	—	226
2,622	44,092	931,717	82,238	30,293	1,044,248	2,128,496
2,622	44,092	931,717	82,238	30,293	1,044,248	8,497,964
—	—	—	—	—	—	19,437
—	—	—	—	—	—	3,173
—	—	—	—	—	—	37,671
—	—	—	—	—	—	88,588
78,572	668,192	11,126	—	—	11,126	736,756
78,572	668,192	11,126	—	—	11,126	885,625
—	—	—	—	—	—	321
—	—	—	—	—	—	160,190
—	—	—	—	—	—	930
—	—	—	—	—	—	660,881
—	—	—	—	—	—	822,322
78,572	668,192	11,126	—	—	11,126	1,707,947
\$ 81,194	\$ 712,284	\$ 942,843	\$ 82,238	\$ 30,293	\$ 1,055,374	\$ 10,205,911

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Structure
Year Ended June 30, 2012

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 virtually all the city of Los Angeles and all or significant portions of the cities of Bell, Carson, Commerce, Cudahy, Gardena, Hawthorne, Huntington Park, Lomita, Maywood, Rancho Palos Verdes, San Fernando, South Gate, Vernon, and West Hollywood, 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 district to serve alternating four-year terms.

<u>Name</u>	<u>Expiration of Term</u>
Mónica García, President	June 30, 2013
Marguerite Poindexter LaMotte	June 30, 2015
Tamar Galatzan	June 30, 2015
Steve Zimmer	June 30, 2013
Bennett Kayser	June 30, 2015
Nury Martinez	June 30, 2013
Richard Vladovic	June 30, 2015

<u>Name</u>	<u>Title</u>
John Deasy	Superintendent of Schools
Michelle King	Senior Deputy Superintendent of School Operations
Jaime Aquino	Deputy Superintendent of Instruction
Matt Hill	Chief Strategy Officer
Mark Hovatter	Chief Facilities Executive (Interim)
Donna Muncey	Chief of Intensive Support and Intervention
Vivian Ekchian	Chief Human Resources Officer
Megan Reilly	Chief Financial Officer
Enrique Boull't	Chief Operating Officer
Earl Perkins	Assistant Superintendent of School Operations
Ronald Chandler	Chief Information Officer
Alfred Rodas	Inspector General (Interim)
David Holmquist	General Counsel
Steven Zipperman	Chief of School Police
Janalyn Glymph	Personnel Director, Personnel Commission

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)	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>
Elementary Schools	437	437	448	446
Middle/Junior High Schools	76	78	83	84
Senior High Schools	68	70	81	94
Options Schools	60	56	56	56
Special Education Schools	17	16	16	16
Magnet Schools	22	25	26	28
Magnet Centers	138	145	145	146
Community Adult Schools	24	24	24	24
Regional Occupational Centers	5	5	5	5
Skills Centers	5	5	5	5
Regional Occupational Program	1	1	1	1
Early Education Centers	100	100	102	107
Infant Centers	4	4	4	4
Primary School Centers	28	23	20	20
Newcomer Schools	—	—	—	—
Multi-level Schools	11	12	15	18
Total Schools and Centers	<u>996</u>	<u>1,001</u>	<u>1,031</u>	<u>1,054</u>
Independent Charter Schools	<u>137</u>	<u>150</u>	<u>171</u>	<u>179</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance/Hours of Attendance
Year Ended June 30, 2012

	<u>Second Period Report</u>	<u>Annual Report</u>	<u>Audited Second Period Report</u>	<u>Audited Annual Report</u>
Elementary:				
General Education:				
Kindergarten	43,685	43,737	43,685	43,737
Grades 1-3	127,327	127,081	127,327	127,081
Grades 4-8	193,736	192,999	193,725 ***	192,990 ***
Opportunity Schools	6	8	6	8
Home or Hospital	98	107	98	107
Community Day Schools	70	94	70	94
County Community Schools	16	15	16	15
Special Education	18,332	18,522	18,332	18,522
County Special Education	1	1	1	1
Total Elementary	<u>383,271</u>	<u>382,564</u>	<u>383,260</u>	<u>382,555</u>
Secondary:				
General Education:				
Regular Classes	138,059	135,556	138,052 ***	135,549 ***
Continuation Education	3,717	3,603	3,716 ***	3,602 ***
Opportunity Schools	502	506	502	506
Home or Hospital	97	101	97	101
Community Day Schools	902	933	902	933
County Community Schools	137	137	137	137
Special Education	10,736	10,709	10,736	10,709
County Special Education	1	1	1	1
Total Secondary	<u>154,151</u>	<u>151,546</u>	<u>154,143</u>	<u>151,538</u>
Block Grant Funded Fiscally Affiliated Charter	<u>13,532</u>	<u>13,499</u>	<u>13,532</u>	<u>13,499</u>
Adult Program:*				
Regional Occupational Centers & Programs	N/A	N/A	N/A	N/A
Classes for Adults – Mandated	N/A	N/A	N/A	N/A
Concurrently Enrolled Adults	N/A	N/A	N/A	N/A
Full-time Independent Study**	N/A	N/A	N/A	N/A
Total Adult Program	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Total Average Daily Attendance	<u>550,954</u>	<u>547,609</u>	<u>550,935</u>	<u>547,592</u>
	<u>Hours of Attendance</u>	<u>Hours of Attendance</u>	<u>Hours of Attendance</u>	<u>Hours of Attendance</u>
Summer School:*				
Elementary	N/A	N/A	N/A	N/A
Secondary	N/A	N/A	N/A	N/A
Total Hours	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

* Not collected due to changes made by Education Code Section 42605. For 2008-09 through 2014-15, Districts are not required to operate the program or follow program requirements. Revenue for these years will be based on the same relative proportion that the District received for these programs in fiscal year 2007-08.

** Students 21 years or older and students 19 or older not continuously enrolled since their 18th birthday, participating in full-time independent study.

*** Adjustments based on findings S-12-03 & S-12-05

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2012

Alexander (Dr. Theodore, Jr.) Science Center School – 0102491

	Second Period Report	Annual Report
Kindergarten ADA – Total	113.59	113.45
Kindergarten ADA – Classroom-based	113.59	113.45
Grades 1-3 ADA – Total	313.52	310.86
Grades 1-3 ADA – Classroom-based	313.52	310.86
Grades 4-6 ADA – Total	189.58	188.42
Grades 4-6 ADA – Classroom-based	189.58	188.42
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	616.69	612.73
Classroom-based ADA	616.69	612.73

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Beckford Charter for Enriched Studies – 6015986

	Second Period Report	Annual Report
Kindergarten ADA – Total	109.23	108.45
Kindergarten ADA – Classroom-based	109.23	108.45
Grades 1-3 ADA – Total	274.08	274.71
Grades 1-3 ADA – Classroom-based	274.08	274.71
Grades 4-6 ADA – Total	186.44	185.96
Grades 4-6 ADA – Classroom-based	186.44	185.96
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	569.75	569.12
Classroom-based ADA	569.75	569.12

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Calabash Charter Academy – 6016240

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	81.18	81.32
Kindergarten ADA – Classroom-based	81.18	81.32
Grades 1-3 ADA – Total	201.57	200.47
Grades 1-3 ADA – Classroom-based	201.57	200.47
Grades 4-6 ADA – Total	100.10	99.78
Grades 4-6 ADA – Classroom-based	100.10	99.78
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>382.85</u>	<u>381.57</u>
Classroom-based ADA	<u>382.85</u>	<u>381.57</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Canyon Charter School – 6016323

	Second Period Report	Annual Report
Kindergarten ADA – Total	57.04	56.56
Kindergarten ADA – Classroom-based	57.04	56.56
Grades 1-3 ADA – Total	203.68	203.41
Grades 1-3 ADA – Classroom-based	203.68	203.41
Grades 4-6 ADA – Total	130.94	130.79
Grades 4-6 ADA – Classroom-based	130.94	130.79
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	391.66	390.76
Classroom-based ADA	391.66	390.76

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Carpenter Community Charter School – 6016356

	Second Period Report	Annual Report
Kindergarten ADA – Total	149.77	151.55
Kindergarten ADA – Classroom-based	149.77	151.55
Grades 1-3 ADA – Total	480.85	481.48
Grades 1-3 ADA – Classroom-based	480.85	481.48
Grades 4-6 ADA – Total	237.61	237.17
Grades 4-6 ADA – Classroom-based	237.61	237.17
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	868.23	870.20
Classroom-based ADA	868.23	870.20

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2012

Colfax Charter Elementary School – 6016562

	Second Period Report	Annual Report
Kindergarten ADA – Total	105.11	104.83
Kindergarten ADA – Classroom-based	105.11	104.83
Grades 1-3 ADA – Total	317.59	316.34
Grades 1-3 ADA – Classroom-based	317.25	316.10
Grades 4-6 ADA – Total	190.80	190.88
Grades 4-6 ADA – Classroom-based	190.73	190.83
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	613.50	612.05
Classroom-based ADA	613.09	611.76

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Community Magnet Charter Elementary School – 6094726

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	65.60	65.40
Kindergarten ADA – Classroom-based	65.60	65.40
Grades 1-3 ADA – Total	206.41	206.11
Grades 1-3 ADA – Classroom-based	206.41	206.11
Grades 4-6 ADA – Total	182.54	182.02
Grades 4-6 ADA – Classroom-based	182.54	182.02
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>454.55</u>	<u>453.53</u>
Classroom-based ADA	<u>454.55</u>	<u>453.53</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Hale Charter Academy – 6061477

	Second Period Report	Annual Report
Kindergarten ADA – Total	0.00	0.00
Kindergarten ADA – Classroom-based	0.00	0.00
Grades 1-3 ADA – Total	0.00	0.00
Grades 1-3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	600.40	595.15
Grades 4-6 ADA – Classroom-based	600.40	595.15
Grades 7-8 ADA – Total	1,220.77	1,209.03
Grades 7-8 ADA – Classroom-based	1,220.77	1,209.03
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	1,821.17	1,804.18
Classroom-based ADA	1,821.17	1,804.18

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Kenter Canyon Charter School – 6017701

	Second Period Report	Annual Report
Kindergarten ADA – Total	81.18	81.34
Kindergarten ADA – Classroom-based	81.18	81.34
Grades 1-3 ADA – Total	281.64	281.33
Grades 1-3 ADA – Classroom-based	281.51	281.23
Grades 4-6 ADA – Total	169.53	169.92
Grades 4-6 ADA – Classroom-based	169.53	169.92
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	532.35	532.59
Classroom-based ADA	532.22	532.49

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2012

Marquez Charter School – 6018063

	Second Period Report	Annual Report
Kindergarten ADA – Total	85.41	85.90
Kindergarten ADA – Classroom-based	85.41	85.90
Grades 1-3 ADA – Total	277.89	277.58
Grades 1-3 ADA – Classroom-based	277.89	277.58
Grades 4-6 ADA – Total	200.86	201.74
Grades 4-6 ADA – Classroom-based	200.86	201.74
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	564.16	565.22
Classroom-based ADA	564.16	565.22

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Open Magnet Charter School – 6097927

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	42.82	42.54
Kindergarten ADA – Classroom-based	42.82	42.54
Grades 1-3 ADA – Total	208.30	207.76
Grades 1-3 ADA – Classroom-based	208.30	207.76
Grades 4-6 ADA – Total	140.02	139.97
Grades 4-6 ADA – Classroom-based	140.02	139.97
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>391.14</u>	<u>390.27</u>
Classroom-based ADA	<u>391.14</u>	<u>390.27</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2012

Palisades Charter Elementary – 6018634

	Second Period Report	Annual Report
Kindergarten ADA – Total	83.72	83.75
Kindergarten ADA – Classroom-based	83.72	83.75
Grades 1-3 ADA – Total	253.17	253.79
Grades 1-3 ADA – Classroom-based	253.17	253.79
Grades 4-6 ADA – Total	135.03	134.83
Grades 4-6 ADA – Classroom-based	135.03	134.83
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	471.92	472.37
Classroom-based ADA	471.92	472.37

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Pomelo Community Charter School – 6018774

	Second Period Report	Annual Report
Kindergarten ADA – Total	106.32	106.77
Kindergarten ADA – Classroom-based	106.32	106.77
Grades 1-3 ADA – Total	299.68	300.42
Grades 1-3 ADA – Classroom-based	299.68	300.42
Grades 4-6 ADA – Total	216.53	217.77
Grades 4-6 ADA – Classroom-based	216.53	217.77
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	622.53	624.96
Classroom-based ADA	622.53	624.96

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Revere (Paul) Charter Middle School – 6058267

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	0.00	0.00
Kindergarten ADA – Classroom-based	0.00	0.00
Grades 1-3 ADA – Total	0.00	0.00
Grades 1-3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	667.22	664.18
Grades 4-6 ADA – Classroom-based	667.22	664.18
Grades 7-8 ADA – Total	1,336.68	1,329.79
Grades 7-8 ADA – Classroom-based	1,336.68	1,329.79
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>2,003.90</u>	<u>1,993.97</u>
Classroom-based ADA	<u>2,003.90</u>	<u>1,993.97</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Riverside Drive Charter School – 6018923

	Second Period Report	Annual Report
Kindergarten ADA – Total	100.83	101.51
Kindergarten ADA – Classroom-based	100.83	101.51
Grades 1-3 ADA – Total	256.67	257.20
Grades 1-3 ADA – Classroom-based	256.67	257.20
Grades 4-6 ADA – Total	165.05	165.44
Grades 4-6 ADA – Classroom-based	165.05	165.44
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	522.55	524.15
Classroom-based ADA	522.55	524.15

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Sherman Oaks Elementary Charter School – 6019186

	Second Period Report	Annual Report
Kindergarten ADA – Total	162.40	162.13
Kindergarten ADA – Classroom-based	162.40	162.13
Grades 1-3 ADA – Total	457.10	455.53
Grades 1-3 ADA – Classroom-based	457.10	455.53
Grades 4-6 ADA – Total	238.50	236.73
Grades 4-6 ADA – Classroom-based	238.50	236.73
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	858.00	854.39
Classroom-based ADA	858.00	854.39

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Topanga Learn-Charter Elementary – 6019525

	Second Period Report	Annual Report
Kindergarten ADA – Total	66.53	66.06
Kindergarten ADA – Classroom-based	66.53	66.06
Grades 1-3 ADA – Total	150.28	149.85
Grades 1-3 ADA – Classroom-based	150.28	149.85
Grades 4-6 ADA – Total	90.00	89.72
Grades 4-6 ADA – Classroom-based	90.00	89.72
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	306.81	305.63
Classroom-based ADA	306.81	305.63

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2012

Welby Way Charter Elementary & Gifted High Ability Magnet Center – 6019855

	Second Period Report	Annual Report
Kindergarten ADA – Total	66.40	67.16
Kindergarten ADA – Classroom-based	66.40	67.16
Grades 1-3 ADA – Total	386.06	385.89
Grades 1-3 ADA – Classroom-based	386.06	385.89
Grades 4-6 ADA – Total	311.34	311.27
Grades 4-6 ADA – Classroom-based	311.34	311.27
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>763.80</u>	<u>764.32</u>
Classroom-based ADA	<u>763.80</u>	<u>764.32</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2012

Westwood Charter School – 6019939

	Second Period Report	Annual Report
Kindergarten ADA – Total	163.10	163.49
Kindergarten ADA – Classroom-based	163.10	163.49
Grades 1-3 ADA – Total	400.50	401.80
Grades 1-3 ADA – Classroom-based	400.50	401.80
Grades 4-6 ADA – Total	212.56	212.25
Grades 4-6 ADA – Classroom-based	212.56	212.25
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>776.16</u>	<u>777.54</u>
Classroom-based ADA	<u>776.16</u>	<u>777.54</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Instructional Time Offered
 Year Ended June 30, 2012

Grade Level	1982-1983	1982-1983	1986-1987	1986-1987	2011-12	Number of Days Traditional Calendar	Number of Days Multi-track Calendar	Complied with Instructional Minutes and Days Provisions
	Actual Minutes Offered	Actual Minutes As Reduced ⁽¹⁾			Actual Minutes Offered			
Kindergarten	31,680	29,568	36,000	33,600	35,400	177	161	Yes
Grades 1 to 3	48,800	45,547	50,400	47,040	53,884	177	161	Yes
Grades 4 to 6 ⁽²⁾	48,800	45,547	54,000	50,400	53,884	177	161	Yes
Grades 7 to 8 ⁽³⁾	62,160	58,016	54,000	50,400	61,033 or 64,167	177	161	Yes
Grades 9 to 12	62,160	58,016	64,800	60,480	64,167	177	161	Yes

(1) Adjusted to reflect instructional minutes applicable to 168 instructional days, the minimum required number of instructional days.

(2) Elementary schools only.

(3) Middle schools with grade configurations 6-8 approved for common planning time have at least 61,033 annual instructional minutes. Middle schools with grade configurations 6-8 not approved for common planning time have at least 64,167 annual instructional minutes.

Notes:

1. All charter schools included in this audit report conform to the above Schedule of Instructional Time Offered. Each of these charter schools' offering exceeded LAUSD's minimum requirement for instructional minutes.
2. LAUSD received incentive funding for increasing instructional time pursuant to the Longer Instructional day.

See accompanying independent auditor's report and notes to state compliance information.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
Year Ended June 30, 2012
(in thousands)

	2012-2013 Budgeted	2011-2012 Actual	2010-2011 Actual	2009-2010 Actual	2008-2009 Actual
General Fund:					
Revenues	\$ 5,776,796	\$ 5,882,516	\$ 6,328,532	\$ 6,208,625	\$ 6,649,743
Other Financing Sources	28,454	9,645	91,168	81,861	106,156
Total Revenues and Other Financing Sources	<u>5,805,250</u>	<u>5,892,161</u>	<u>6,419,700</u>	<u>6,290,486</u>	<u>6,755,899</u>
Expenditures	5,906,718	5,845,488	6,117,604	6,164,809	6,585,591
Other Financing Uses	131,475	125,394	66,531	212,732	77,582
Total Expenditures and Other Financing Uses	6,038,193	5,970,882	6,184,135	6,377,541	6,663,173
Change in Fund Balance	(232,943)	(78,721)	235,565	(87,055)	92,726
Beginning Fund Balance*	758,422	903,531	667,966	749,962	657,236
Ending Fund Balance	<u>\$ 525,479</u>	<u>\$ 824,810</u>	<u>\$ 903,531</u>	<u>\$ 662,907</u>	<u>\$ 749,962</u>
Available Reserves**	<u>\$ 65,376</u>	<u>\$ 161,744</u>	<u>\$ 479,661</u>	<u>\$ 184,918</u>	<u>\$ 72,382</u>
Unassigned Reserve for Economic Uncertainties	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 72,382</u>
Unassigned Fund Balance	<u>\$ —</u>	<u>\$ 96,368</u>	<u>\$ 414,285</u>	<u>\$ 119,542</u>	<u>\$ —</u>
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	1.08%	2.71%	7.76%	2.90%	1.09%
Total Long-Term Debt	\$17,043,793	\$16,630,225	\$16,195,638	\$15,752,067	\$11,148,319
Average Daily Attendance (ADA) at P-2 excluding regional occupational centers programs and adult programs	522,832	550,954	567,816	580,112	599,037

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 year.

* Budgeted and actual beginning fund balances include other restatements.

** Available reserves consist of all unassigned fund balances and unassigned reserve for economic uncertainties.

See accompanying notes to state compliance information.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule to Reconcile the Annual Financial Budget Report (SACS)
with Audited Financial Statements
Year Ended June 30, 2012
(in thousands)

	General	Bond Interest and Redemption
June 30, 2012 Unaudited Actual Financial Reports Fund Balances	\$ 824,593	\$ 689,862
Adjustment:		
To accrue legal liability for outstanding cases	(3,551)	—
To close prior year over accruals	3,768	—
To defer revenue received for tax credit for GO Bonds	—	(8,300)
June 30, 2012 Audited Financial Statement Fund Balances	\$ 824,810	\$ 681,562

There were no adjustments to fund balances for funds not presented above.

See accompanying notes to state compliance information.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Charter Schools

Year Ended June 30, 2012

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit	
1	Alexander (Dr. Theodore, Jr.) Science Center School	19 64733 0102491	x	Yes	
2	Beckford Charter for Enriched Studies	19 64733 6015986	x	Yes	
3	Calabash Charter Academy	19 64733 6016240	x	Yes	
4	Canyon Charter School	19 64733 6016323	x	Yes	
5	Carpenter Community Charter School	19 64733 6016356	x	Yes	
6	Colfax Charter Elementary School	19 64733 6016562	x	Yes	
7	Community Magnet Charter Elementary School	19 64733 6094726	x	Yes	
8	Hale Charter Academy	19 64733 6061477	x	Yes	
9	Kenter Canyon Charter School	19 64733 6017701	x	Yes	
10	Marquez Charter School	19 64733 6018063	x	Yes	
11	Open Magnet Charter School	19 64733 6097927	x	Yes	
12	Palisades Charter Elementary	19 64733 6018634	x	Yes	
13	Pomelo Community Charter School	19 64733 6018774	x	Yes	
14	Revere (Paul) Charter Middle School	19 64733 6058267	x	Yes	
15	Riverside Drive Charter School	19 64733 6018923	x	Yes	
16	Sherman Oaks Elementary Charter School	19 64733 6019186	x	Yes	
17	Topanga Learn-Charter Elementary	19 64733 6019525	x	Yes	
18	Welby Way Charter Elementary & Gifted High Ability Magnet Center	19 64733 6019855	x	Yes	
19	Westwood Charter School	19 64733 6019939	x	Yes	
20	Academia Moderna	19 64733 0120097		x	No
21	Academia Semillas del Pueblo	19 64733 6119929		x	No
22	Accelerated Elementary School (ACES)	19 64733 0100743		x	No
23	Accelerated School, The (TAS)	19 64733 6112536		x	No
24	Alliance College-Ready Academy High School #16	19 64733 0123141		x	No
25	Alliance Technology & Math Science High School *	19 64733 0121293		x	No
26	Anahuacelmecac University Preparatory High School	19 64733 0118158		x	No
27	Animo Charter High School #1 – Jordan Campus	19 64733 0124883		x	No
28	Animo Charter Middle School #3 *	19 64733 0124016		x	No
29	Animo Charter Middle School #4 *	19 64733 0124024		x	No
30	Animo Jackie Robinson Charter High School	19 64733 0111583		x	No
31	Animo Jefferson Charter Middle School	19 64733 0122481		x	No
32	Animo Locke Charter High School #1	19 64733 0118588		x	No
33	Animo Locke Charter High School #2	19 64733 0118596		x	No
34	Animo Locke Technology Charter High School	19 64733 0111617		x	No
35	Animo Pat Brown Charter High School	19 64733 0106849		x	No
36	Animo Ralph Bunche Charter High School	19 64733 0111575		x	No
37	Animo South Los Angeles Charter Senior High	19 64733 0102434		x	No
38	Animo Venice Charter High School	19 64733 0106831		x	No
39	Animo Watts #2 Charter High School	19 64733 0111625		x	No
40	Animo Westside Charter Middle School	19 64733 0122499		x	No
41	Annenberg (Wallis) High School	19 64733 0100750		x	No
42	Antecello Preparatory Academy	19 64733 0122846		x	No
43	Ararat Charter School	19 64733 0121079		x	No
44	Arts in Action Community Charter School	19 64733 0123158		x	No
45	Aspire Antonio Maria Lugo Academy	19 64733 0109660		x	No
46	Aspire Firestone Academy Charter School *	19 64733 0122622		x	No
47	Aspire Gateway Academy Charter School *	19 64733 0122614		x	No
48	Aspire Huntington Park Charter School	19 64733 0117960		x	No
49	Aspire Inskeep Academy *	19 64733 0124800		x	No
50	Aspire Juanita Tate Academy *	19 64733 0124792		x	No

* PSC = Public School Choice

** Fiscally Independent except Special Education Program

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2012

	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
51	Aspire Pacific College Preparatory Academy	19 64733 0122721	x	No
52	Aspire Slauson Academy *	19 64733 0124784	x	No
53	Bert Corona Charter School	19 64733 0106872	x	No
54	Birmingham Community Charter High School	19 64733 1931047	x	No
55	Bright Star Secondary Charter Academy	19 64733 0112508	x	No
56	California Academy for Liberal Studies Early College High School	19 64733 0109553	x	No
57	California Academy for Liberal Studies Middle School	19 64733 6118194	x	No
58	Camino Nuevo Academy 2-Harvard	19 64733 0122861	x	No
59	Camino Nuevo Charter Academy	19 64733 6117667	x	No
60	Camino Nuevo Charter Academy #4 *	19 64733 0124826	x	No
61	Camino Nuevo Charter High School	19 64733 0106435	x	No
62	Camino Nuevo Elementary School #3 *	19 64733 0122564	x	No
63	Celerity Cardinal Charter School	19 64733 0123984	x	No
64	Celerity Dyad Charter School	19 64733 0115766	x	No
65	Celerity Nascent Charter School	19 64733 0108910	x	No
66	Celerity Octavia Charter School	19 64733 0122655	x	No
67	Celerity Palmati Charter School	19 64733 0123166	x	No
68	Celerity Troika Charter School	19 64733 0115782	x	No
69	Centennial College Preparatory Academy	19 64733 0112128	x	No
70	Center For Advanced Learning	19 64733 0115139	x	No
71	Central City Value High School	19 64733 0100800	x	No
72	Charter High School of Arts Multimedia/ Performing High School (CHAMPS)	19 64733 0108878	x	No
73	Chime Charter Middle School	19 64733 0101634	x	No
74	Chime Institute Schwarzenegger Community School	19 64733 6119531	x	No
75	Christine O'Donovan Middle School (CRMS #3)	19 64733 0116533	x	No
76	Citizens of the World Charter Hollywood	19 64733 0122556	x	No
77	College-Ready Academy High School #5	19 64733 0111492	x	No
78	College-Ready Academy High School #7	19 64733 0114942	x	No
79	College-Ready Academy High School #11	19 64733 0121285	x	No
80	College-Ready Middle Academy #4	19 64733 0120030	x	No
81	College-Ready Middle Academy #5	19 64733 0120048	x	No
82	College-Ready Middle Academy #7	19 64733 0121277	x	No
83	Community Charter Early College High School	19 64733 0109876	x	No
84	Community Charter Middle School	19 64733 6116750	x	No
85	Community Harvest Charter	19 64733 1996636	x	No
86	Crenshaw Arts-Technology Charter High School (CATCH)	19 64733 0101659	x	No
87	Crown Preparatory Academy	19 64733 0121848	x	No
88	Culture & Language Academy of Success Affirmation	19 64733 0100768	x	No
89	Dantzler (Lou) Preparatory Charter Elementary School	19 64733 0117945	x	No
90	Dantzler (Lou) Preparatory Charter High School	19 64733 0112540	x	No
91	Dantzler (Lou) Preparatory Charter Middle School	19 64733 0112227	x	No
92	De La Hoya (Oscar) Animo Charter High School	19 64733 0101675	x	No
93	Discovery Charter Preparatory School #2	19 64733 1995253	x	No
94	Douglass (Frederick) Academy Elementary School	19 64733 0117952	x	No
95	Douglass (Frederick) Academy High School	19 64733 0112557	x	No
96	Douglass (Frederick) Academy Middle School	19 64733 0112433	x	No
97	Downtown Value School	19 64733 6119903	x	No
98	Dr. Olga Mohan High School	19 64733 0111500	x	No
99	Early College Academy for Leaders & Scholars (ECALS) *	19 64733 0124933	x	No
100	El Camino Real Charter High School	19 64733 1932623	x	No

* PSC = Public School Choice

** Fiscally Independent except Special Education Program

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2012

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
101 Endeavor College Preparatory Charter School	19 64733 0120014		x	No
102 Environmental Science & Technology High School	19 64733 0117606		x	No
103 Equitas Academy Charter School	19 64733 0119982		x	No
104 Excel Academy	19 64733 0112201		x	No
105 Extera Public School	19 64733 0124198		x	No
106 Fenton Avenue Charter School	19 64733 6017016		x	No
107 Fenton Primary Center	19 64733 0115048		x	No
108 Film and Theatre Arts	19 64733 0122762		x	No
109 Full Circle Learning Academy	19 64733 0115311		x	No
110 Futuro College Preparatory Elementary School	19 64733 0120667		x	No
111 Gabriella Charter School	19 64733 0108886		x	No
112 Garr Academy of Mathematics and Entrepreneurial Studies (GAMES)	19 64733 0112334		x	No
113 Gertz-Ressler Academy High School	19 64733 0106864		x	No
114 Global Education Academy	19 64733 0114967		x	No
115 Goethe International Charter School	19 64733 0117978		x	No
116 Granada Hills Charter High School	19 64733 1933746		x	No
117 Health Services Academy High School	19 64733 0117598		x	No
118 Heritage College-Ready Charter High School	19 64733 0108894		x	No
119 High Tech High – Los Angeles	19 64733 0100677		x	No
120 Huntington Park College-Ready Academy High School	19 64733 0108936		x	No
121 ICEF Vista Elementary Academy	19 64733 0117937		x	No
122 ICEF Vista Middle Academy	19 64733 0115287		x	No
123 Ivy Academia Charter School	19 64733 0106351		x	No
124 Ivy Bound Academy	19 64733 0115113		x	No
125 Jardin De la Infancia	19 64733 0106880		x	No
126 Jordan (James) Middle School	19 64733 0109884		x	No
127 KIPP Academy of Opportunity	19 64733 0101444		x	No
128 KIPP Comienza Community Preparatory	19 64733 0121707		x	No
129 KIPP Empower Academy	19 64733 0121699		x	No
130 KIPP LA College Preparatory	19 64733 0100867		x	No
131 KIPP Raices Academy	19 64733 0117903		x	No
132 Lakeview Charter Academy	19 64733 0102442		x	No
133 Lakeview Charter High School	19 64733 0122606		x	No
134 Larchmont Charter School	19 64733 0108928		x	No
135 Larchmont Charter School, West Hollywood	19 64733 0117929		x	No
136 Locke (Alain Leroy) Charter High School	19 64733 1935154		x	No
137 Los Angeles Academy of Arts & Enterprise Charter (LAAAE)	19 64733 0110304		x	No
138 Los Angeles Leadership Academy	19 64733 1996610		x	No
139 Los Angeles Leadership Primary Academy	19 64733 0124818		x	No
140 Los Feliz Charter Schools for the Arts	19 64733 0112235		x	No
141 Magnolia Science Academy	19 64733 6119945		x	No
142 Magnolia Science Academy 2	19 64733 0115212		x	No
143 Magnolia Science Academy 3	19 64733 0115030		x	No
144 Magnolia Science Academy 4	19 64733 0117622		x	No
145 Magnolia Science Academy 5	19 64733 0117630		x	No
146 Magnolia Science Academy 6	19 64733 0117648		x	No
147 Magnolia Science Academy 7	19 64733 0117665		x	No
148 Magnolia Science Academy 8 (Bell) *	19 64733 0122747		x	No
149 Marshall (Thurgood) Charter Middle School	19 64733 0125261		x	No
150 Media Arts & Entertainment High School	19 64733 0116509		x	No

* PSC = Public School Choice

** Fiscally Independent except Special Education Program

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2012

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
151 Merkin (Richard) Middle Academy	19 64733 0108902		x	No
152 Milagro Charter Elementary School	19 64733 0102426		x	No
153 Monsenor Oscar Romero Charter Middle School	19 64733 0114959		x	No
154 Montague Charter Academy	19 64733 6018204		x**	No
155 Multicultural Learning Center	19 64733 6119044		x	No
156 N.E.W. Academy Canoga Park	19 64733 0102483		x	No
157 N.E.W. Academy of Science & Arts	19 64733 0100289		x	No
158 New Designs Charter School	19 64733 0102541		x	No
159 New Designs Charter School – Watts	19 64733 0120071		x	No
160 New Heights Charter School	19 64733 0111211		x	No
161 New Los Angeles Charter School	19 64733 0117614		x	No
162 New Millennium Secondary School	19 64733 0117911		x	No
163 New Village Charter High School	19 64733 0111484		x	No
164 North Valley Charter Academy	19 64733 0100776		x	No
165 Nueva Esperanza Charter Academy	19 64733 0120055		x	No
166 Ocean Charter School	19 64733 0102335		x	No
167 Ouchi (William & Carol) Charter High School	19 64733 0111641		x	No
168 Our Community Charter School	19 64733 0109934		x	No
169 Pacoima Charter School	19 64733 6018642		x	No
170 Palisades Charter High School	19 64733 1995836		x	No
171 Para Los Ninos Charter Middle School	19 64733 0117846		x	No
172 Para Los Ninos Charter School	19 64733 6120489		x	No
173 Para Los Ninos – Evelyn Thurman Gratts Primary Center *	19 64733 0122630		x	No
174 Port of Los Angeles High School (POLAH)	19 64733 0107755		x	No
175 Puente Charter School	19 64733 6120471		x	No
176 Renaissance Arts Academy	19 64733 0101683		x	No
177 Santa Monica Boulevard Community Charter School	19 64733 6019079		x	No
178 Santa Rosa Charter Academy	19 64733 0119974		x	No
179 Skirball (Jack H) Middle School	19 64733 0111518		x	No
180 Stella Middle Charter Academy	19 64733 0100669		x	No
181 Stern (Marc & Eva) Math & Science School	19 64733 0111658		x	No
182 Synergy Charter Academy *	19 64733 0106427		x	No
183 Synergy Kinetic Academy *	19 64733 0117895		x	No
184 Synergy Quantum Academy *	19 64733 0124560		x	No
185 TEACH Academy of Technologies	19 64733 0122242		x	No
186 Triumph Academy	19 64733 0112193		x	No
187 Triumph Charter High School	19 64733 0122598		x	No
188 Valley Charter Elementary School	19 64733 0122754		x	No
189 Valley Charter Middle School	19 64733 0122838		x	No
190 Valor Academy Charter School	19 64733 0120022		x	No
191 Vaughn Next Century Learning Center	19 64733 6019715		x	No
192 View Park Preparatory Accelerated Charter School	19 64733 6117048		x	No
193 View Park Preparatory Accelerated High School	19 64733 0101196		x	No
194 View Park Preparatory Accelerated Middle School	19 64733 6121081		x	No
195 Vista Charter Middle School	19 64733 0122739		x	No
196 Watts Learning Center Charter Middle School	19 64733 0120527		x	No
197 Watts Learning Center Charter School	19 64733 6114912		x	No
198 Westside Innovative School House	19 64733 0121012		x	No

* PSC = Public School Choice

** Fiscally Independent except Special Education Program

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to State Compliance Information

Year Ended June 30, 2012

(1) 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:				
Passed through California Department of Education:				
Child Nutrition School Programs Breakfast	10.553	PCA#13525, 13526	\$ 48,437,421	
Child Nutrition School Programs Lunch	10.555	PCA#13523, 13524	144,307,312	
Child Nutrition School Programs Snack	10.555	PCA#13755	8,545,585	
Donated Food Commodities	10.555	Not Available	533,735	
Child Nutrition Summer Food Services Program Operations	10.559	PCA#13004	2,916,507	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA#13006	308,278	
Subtotal expenditures – Child Nutrition Cluster				\$ 205,048,838
Child Nutrition Child Care Food Program Claims	10.558	PCA#13529		9,488,391
Child Nutrition Child Care Food Program – Cash in Lieu of Commodities	10.558	PCA#13534		495,075
Subtotal CFDA 10.558				9,983,466
Passed through California Department of Health Services				
Child Nutrition Network	10.561	10-10072	1,296,713	
Network 4 Healthy California	10.561	10-10072	4,606,342	
Subtotal expenditures – SNAP Cluster				5,903,055
Forest Reserve	10.665	Not Available	35,852	
Subtotal expenditures – Forest Service Sch and Road Cluster				35,852
Subtotal Pass-Through Programs				220,971,211
Total U.S. Department of Agriculture				220,971,211
U.S. Department of Commerce:				
Passed through Corporation for Public Broadcast				
Public Broadcasting Programs	11.550	06-02-N10084		8,698
Total U.S. Department of Commerce				8,698
U.S. Department of Defense:				
Flood Control Projects	Not Available	Not Available		3,701
Reserve Officer Training Corps Vitalization Act	Not Available	Not Available		2,456,167
Startalk: Exploring Arabic Through Technology, Visual Arts and Photography	12.900	H98230-11-1-0079		84,527
Subtotal Direct Programs				2,544,395
Total U.S. Department of Defense				2,544,395
U.S. Department of Housing & Urban Development:				
Passed through County of Los Angeles				
Community Development Block Grant	14.218	106156	5,950	
Passed through City of Carson				
Carson Guidance	14.218	MOU	17,352	
Subtotal expenditures – CBDG Entitlement Grants Cluster				23,302
Total U.S. Department of Housing and Urban Development				23,302
U.S. Department of Justice:				
Step Program Secondary Schools	16.684	2011-GW-AX-K008		107,122
Total U.S. Department of Justice				107,122
U.S. Department of Labor:				
Passed through Employment Development Department:				
Employment Development Department Trade Act				
East Los Angeles Skill Center	17.245	990089		69
East Los Angeles Occupational Center	17.245	200344		1,675
Emerson Adult Learning Center	17.245	200566		541
Harbor Occupational Center	17.245	200348		25,291
North Valley Occupational Center	17.245	200522		18,979
West Valley Occupational Center	17.245	200458		102,389
Maxine Waters Employment Preparation Center	17.245	200469		523
A Friedman Occupational Center	17.245	200462		967
Subtotal CFDA 17.245				150,434

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
Passed through Watts Labor Community Action Committee:				
Workforce Investment Act – One Stop WorkSource – Adult	17.258	T4963	\$ 62,401	
Workforce Investment Act – One Stop WorkSource – Dislocated Worker	17.278	T4963	12,880	
Workforce Investment Act – Youth	17.259	T4978	80,000	
Passed through City of Long Beach:				
ARRA-Workforce Investment Act – Pacific Gateway HOC	17.258	200590	44,346	
Passed through South Bay WorkSource Center				
Workforce Investment Act – Adult – I Train	17.258	200467	43,356	
Passed through City of Los Angeles:				
Workforce Investment Act – Youth Program-Harbor	17.259	119094	638,719	
Passed through Para Los Ninos				
Workforce Investment Act – Youth	17.259	T4316	108,241	
Passed through Archdiocesan Youth Employment Services:				
Workforce Investment Act – Youth	17.259	T5006	72,826	
Subtotal expenditures – Workforce Investment Act Cluster				\$ 1,062,769
Subtotal Pass-Through Programs				1,213,203
Total U.S. Department of Labor				1,213,203
National Science Foundation:				
Wide Chge. Experimental Study	47.076	0070 G ND220		83,706
Total National Science Foundation				83,706
U.S. Environmental Protection Agency:				
Environmental Protection Agency–In-Home Asthma Trigger Ed	66.034	00T60101		7,903
Total U.S. Environmental Protection Agency				7,903
U.S. Department of Education:				
ARRA-Regional Occupational Center College Work Study	84.033	P033A110312	24,025	
ARRA-Pell Grant	84.063	P063P105911	29,317	
Subtotal expenditures – Student Financial Assistance Cluster				53,342
Indian Education	84.060	S060A100283		192,006
Fund for Improv Edu Prog – Teach Am Hist	84.215	U215X100365		611,957
Small Learning Communities (SLC)	84.215	S215L060084		531,693
Small Learning Communities – COH 8	84.215	S215L080570		972,024
Subtotal CFDA 84.215				2,115,674
Gaining Early Awareness and Readiness for Undergraduate Programs (Gear-Up)				
Gear-Up-Project Steps	84.334	P334A050008		282,097
Gear-Up-Project Higher Learning	84.334	P334A050178		412,354
Gear-Up-Project Lasso	84.334	P334A050217		594,236
Gear-Up-District 8	84.334	P334A050205		240,469
Gear-Up-District 6	84.334	P334A060124		748,188
CA Gear Up	84.334	10-GEAR UP-1135		10,416
Gear-Up 4 LA	84.334	P334A110166		1,282,749
Gear-Up-Project Steps	84.334	P334A110159		658,204
Subtotal CFDA 84.334				4,228,713
ARRA-I3 Fund LA'S Bold Competition	84.396	U396C100336		1,596,440
Subtotal Direct Programs				8,186,175
Passed through California Department of Education:				
Workforce Investment Act – Adult Basic Ed/ESL	84.002	PCA#14508		12,668,515
Workforce Investment Act – Adult Secondary Ed	84.002	PCA#13978		1,014,795
Policy2 Perform Pilot Proj Grant	84.002	PCA#13970		73,929
Subtotal CFDA 84.002				13,757,239

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
Elementary and Secondary Education Act, Title I	84.010	PCA#14329	\$ 274,177,967	
CE-NCLB T1 NPS	84.010	PCA#14329	8,454,466	
Elementary and Secondary Education Act, Title I Delinquent	84.010	PCA#14357	1,669,405	
Elementary and Secondary Education Act, Title I Neglected	84.010	PCA#14329	2,391,862	
CE-NCLB-Parent /Cluster resource	84.010	PCA#14329	1,689,497	
TI-A NCLB Supplemental Service	84.010	PCA#14329	53,787,018	
CE-NCLB T1 Professional Development-RTI	84.010	PCA#14329	3,264,645	
CE-NCLB T1-Reservations Schools	84.010	PCA#14329	1,359,171	
CE-NCLB-T1-Professional Development-ten schools	84.010	PCA#14329	2,461,058	
CE-NCLB-TI-Program Improvement School	84.010	PCA#14329	21,495,214	
CE-NCLB T1-Capital expenditure reimbursement NPS	84.010	PCA#14329	629,627	
NCLB-T1-Central Office	84.010	PCA#14329	9,325,084	
CE-NCLB T1-Professional Development	84.010	PCA#14329	6,976,276	
CE-NCLB-T1-Literacy Adoption	84.010	PCA#14329	98,450	
CE-NCLB-Public School Choice	84.010	PCA#14329	1,047,497	
ARRA-NCLB: T1	84.389	PCA#15005	12,578,616	
ARRA-NCLB: T1	84.389	PCA#15009	318,416	
Subtotal expenditures – Title I, Part A Cluster				\$ 401,724,269
Migrant Ed – Regular & Summer	84.011	PCA#14326		1,460,218
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	11-13379-6473-01	115,656,578	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	11-13379-6473-01	1,282,636	
Special Ed: IDEA Mental Health Allocation Plan	84.027	11-14468-6473-01	4,741,671	
Special Ed: IDEA Federal Preschool Grant	84.173	PCA#13430	4,781,608	
Special Ed: IDEA Pre-School Local Assistance Entitlement	84.027	PCA#13682	10,862,103	
Special Ed: ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	84.391	PCA#15002	878,836	
Special Ed: ARRA IDEA Local Assistance	84.391	09-15003-6473-01	15,819,645	
Special Ed: ARRA IDEA Loc. Assistance Private Sch. ISPs	84.391	09-15003-6473-01	24,215	
IDEA Preschool	84.173	PCA#14688	157,754	
Preschool Expansion Grant	84.027	PCA#13431	55,467	
ARRA IDEA Part B, Sec 619, Preschool Grants	84.392	PCA#15000	648,078	
Subtotal expenditures – Special Education Cluster				154,908,591
Carl D. Perkins – SEC INSTR	84.048	PCA#14894		5,584,664
Carl D. Perkins – Vocational and Technical Education	84.048	PCA#14893		2,487,945
Subtotal CFDA 84.048				8,072,609
Magnet Schools Assistance	84.165	U165A100057		3,131,151
Early Intervention Funds – Part C	84.181	PCA#23761	1,165,755	
Subtotal expenditures – Early Intervention Services Cluster				1,165,755
Title IV – Safe and Drug Free Schools & Community- National-Readiness Emergency Mgt 4 Schs.	84.184	Q184E100145		371,347
Title IV – Safe and Drug Free Schools-Healthy Student	84.184	Q184L080226		2,289,043
Subtotal CFDA 84.184				2,660,390
Title IV – Safe and Drug Free Schools & Community- State	84.186	Q186A090005		80,600
Homeless Education Project	84.196	PCA#14332	123,972	
Subtotal expenditures – Education of Homeless Children & Youth Cluster				123,972
Twenty-first Century Learning Centers	84.287	PCA#14349		7,166,154
Twenty-first Century Learning Centers	84.287	PCA#14535		13,242,939
Twenty-first Century Learning Centers	84.287	PCA#14603		136,342
Twenty-first Century Learning Centers	84.287	PCA#14350		35,000
Subtotal CFDA 84.287				20,580,435
No Child Left Behind (NCLB) Title II – Enhancing Education Through Technology-Competitive	84.318	PCA#14368	286,360	
No Child Left Behind Title II – Enhancing Education Through Technology – Formula	84.318	PCA#14334	2,212,894	
ARRA-No Child Left Behind Title II – Enhancing Education Through Technology	84.386	PCA#15019; 15126	7,167,078	
Subtotal expenditures – Education Technology State Grants Cluster				9,666,332

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
Advanced Placement	84.330	S330B110037;PCA14831		\$ 1,563,800
Transition Teaching Program	84.350	U350A070039		490,828
Arts in Edu Model Dev & Dissem	84.351	U351D100117		323,140
Reading First	84.357	PCA#14328		673,708
School Dropout Prevention Program	84.360	S360A100054		2,726,311
Title III, Limited English Proficient Professional Development	84.365	PCA#14346		5,470,212
Title III, Limited English Proficient Coaches PD Loc	84.365	PCA#14346		18,365,523
Subtotal CFDA 84.365				<u>23,835,735</u>
No Child Left Behind Title II-B – Math	84.366	PCA#14512		834,848
No Child Left Behind Title II-A – Teacher Quality	84.367	PCA#14341		48,482,024
No Child Left Behind Title II-A – CPEC-ITQ Project Frame	84.367	PCA#14341/ITQ-10-708		73,752
Subtotal CFDA 84.367				<u>48,555,776</u>
School Improvement grant	84.377	PCA#15127	\$ 1,257,893	
ARRA-School Improvement grant	84.388	PCA#15020	14,409,195	
Subtotal expenditures – School Improvement Grants Cluster				15,667,088
Education Jobs Bill	84.410	PCA#25152		114,128,550
Passed through State Department of Rehabilitation: Rehab-Transition Partnership Program/Trans Part-Greater LA	84.126	27973	1,240,671	
Subtotal expenditures – Vocational Rehabilitation Cluster				1,240,671
Passed through Center for Collaborative Education Principal Residency Network	84.363	MOA		226,795
Subtotal Pass-Through Programs				<u>827,598,811</u>
Total U.S. Department of Education				<u>835,784,986</u>
U.S. Department of Health & Human Services: SBHCC-Roosevelt HS Health Center	93.501	1C12CS21892-01-00		58,709
School Health Program	93.938	5U87DP001201-04		547,896
CMS-Cycle II Chipra Outreach	93.767	1Z0CMS330872-01-00		190,682
Subtotal Direct Programs				<u>797,287</u>
Passed through Dibble Institute Dibble Inst-BldgBrighter Future	93.086	90FM0010-01-00		47,213
Passed through County of Los Angeles: ARRA-Department of Public Health-Renew/Trust	93.724	PH-001123; PH-001130		993,779
ARRA-Los Angeles Cnty Office of Ed-Shape/Trust	93.724	078891:10:11; 078196:10:11		321,108
Subtotal CFDA 93.724				<u>1,314,887</u>
Passed through California Department of Education: General Child Care Center-Block Grant	93.575	PCA#15136	12,643,322	
General Child Care Center-Mandatory & Matching Fund	93.596	PCA#13609	23,100,440	
Subtotal expenditures – Child Care Development Fund Cluster				35,743,762
Passed through Los Angeles County Office of Education: ARRA-Head Start	93.708	C-11724	21,845	
ARRA-Early Head Start	93.709	C-11730	2,935	
Subtotal expenditures – Head Start Cluster				24,780
Passed through University of California ARRA-NIMH School based Mental Program Research	93.701	1647 G NA105		19,841
Passed through Rand Corporation: CalServe Regional	94.004	PCA#14939		12,801
Passed through Los Angeles County Office of Education: Medi-Cal Administrative Activity	93.778	C-10606:08:09	5,372,111	
Subtotal expenditures – Medicaid Cluster				5,372,111
Subtotal Pass-Through Programs				<u>42,535,395</u>
Total U.S. Department of Health & Human Services				<u>43,332,682</u>
Corporation for National and Community Service AmeriCorps-Vista Transportation Grant	94.013	11VSPCA014		3,998
Total Corporation for National and Comm Service				<u>3,998</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Homeland Security:				
Passed through Governors Office of Emergency Services:				
Public Assistance – Disaster/FEMA 1810	97.039	OES ID #037-91146		\$ 17,780
Public Assistance – Hazard Mitigation/FEMA 1731	97.039	FIPS #037-91146		1,223,184
Subtotal CFDA 97.039				<u>1,240,964</u>
Public Assistance – Fire Management Asst 2728	97.046	OES ID #037-91146		963
Public Assistance – Legislative Predisaster Mitigation	97.047	OES ID #037-91146		332,082
Subtotal Pass-Through Programs				<u>1,574,009</u>
Total U.S. Department of Homeland Security				<u>1,574,009</u>
Total Expenditures of Federal Awards				<u>\$ 1,105,655,215</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

(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.

(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. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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) Noncash Assistance

Included in the schedule of expenditures of federal awards is (CFDA #10.555) \$533,735 of donated food commodities received from the U.S. Department of Agriculture, passed-through the State of California, during the year ended June 30, 2012.

(4) Subrecipient Awards

Of the federal expenditures presented in the schedule of expenditures of federal awards, the District provided a significant amount of funding to various subrecipients. Due to the extensive number of federal programs and volume of subrecipients, it is not practical to display the detailed subrecipient information in the schedule of expenditures of federal awards.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Board of Education
Los Angeles Unified School District

We have audited 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, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 14, 2012. 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 the California Code of Regulations (CCR), Title 5, Education, Section 19810, et seq.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as FS-12-01, FS-12-02 and FS-12-03 that we consider to be significant deficiencies in internal control over financial reporting. 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.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 determination of financial statement amounts. 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*.

We noted certain matters that we reported to management of the District, in a separate letter dated December 14, 2012.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the District management, the Board of Education, others within the entity, federal awarding agencies, state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Simpson & Simpson', written in a cursive style.

Los Angeles, CA
December 14, 2012



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

**Report on Compliance with Requirements That Could Have a Direct And
Material Effect on Each Major Program and on Internal Control over Compliance
in Accordance with OMB Circular A-133**

Independent Auditor's Report

The Honorable Board of Education
Los Angeles Unified School District

Compliance

We have audited the compliance of the **Los Angeles Unified School District** (the District) with the types of compliance requirements described in the *(OMB) Circular A-133 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, 2012. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance 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 OMB Circular A-133, *Audits of States, Local governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

As described in the table below and in the accompanying schedule of findings and questioned costs, the District did not comply with requirements that are applicable to the following programs:

Compliance requirement	Program Name and Catalog of Federal Domestic Assistance (CFDA) number	Finding number
Allowable Costs	Education Technology State Grants Cluster, CFDA No. 84.318	F-12-01
Eligibility	Child Care Development Fund Cluster, CFDA No. 93.575 and 93.596	F-12-02
Equipment Management	Title I Basic Grants to LEAs, CFDA No. 84.010	F-12-03





Compliance requirement	Program Name and Catalog of Federal Domestic Assistance (CFDA) number	Finding number
	Workforce Investment Act, Title II: Adult Education and Family Literacy Act, CFDA No. 84.002 Education Technology State Grants Cluster, CFDA No. 84.318	
Matching	Bold Competition, CFDA No. 84.396	F-12-05
Earmarking	Vocational Education Basic Grants to States, CFDA No. 84.048	F-12-06
Reporting	Vocational Education Basic Grants to States, CFDA No. 84.048	F-12-09
Reporting	Twenty-First Century Community Learning Centers, CFDA No. 84.287	F-12-09
Special Tests and Provisions	English Language Acquisition Grants, CFDA No. 84.365	F-12-10

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the table above, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items: F-12-01, F-12-02, F-12-03, F-12-04, F-12-07, and F-12-08.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.



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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-12-01, F-12-02, F-12-03, F-12-05, F-12-06, F-12-08, F-12-09, and F-12-10 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-12-01, F-12-02, F-12-03, F-12-07, and F-12-10 to be significant deficiencies.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Board of Education, District management, others within the entity, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read 'Simpson & Simpson', written in a cursive style.

December 14, 2012
Los Angeles, California



SIMPSON & SIMPSON
 CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on State Compliance

The Honorable Board of Education
 Los Angeles Unified School District

We have audited the compliance of the **Los Angeles Unified School District** (the District), with the compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2011-2012* (the Guide) for the year ended June 30, 2012. The District's programs are identified in the table below. Compliance with the requirements of the state laws and regulations applicable to each program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance 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 the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Standards and Procedures for Audits of California K-12 Local Educational Agencies*, prescribed in the California Code of Regulations (CCR), Title 5, sections 19810-19854. 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. 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:

	Number of Procedures in Education Audit Appeals Panel Audit Guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12	Procedures performed
Attendance Accounting:		
Attendance Reporting	6	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Teacher Certification and Misassignments	3	Yes
Kindergarten Continuance	3	Yes
Instructional Time for:		
School Districts	6	Yes
County Office of Education	3	Not applicable





	Number of Procedures in Education Audit Appeals Panel Audit Guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2011-12	Procedures performed
Instructional Materials General Requirements	8	Yes
Ratios of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive	4	Not applicable
Gann Limit calculation	1	Yes
School Accountability Report Card	3	Yes
Public Hearing requirement – Receipt of Funds	1	Yes
Juvenile Court Schools	8	Not applicable
Exclusion of Pupils – Pertussis Immunization	2	Yes
Class Size Reduction:		
General Requirements	7	Yes
Option One	3	Yes
Option Two	4	Not applicable
Districts or Charter School with only One School Serving K-3	4	Not applicable
After School Education and Safety Program:		
General Requirements	4	Yes
After School Program	5	Yes
Before School Program	6	Yes
Contemporaneous Records of Attendance for Charter Schools	3	Yes
Mode of Instruction, for Charter Schools	1	Yes
Nonclassroom-Based Instruction/Independent Study, for Charter Schools	15	Not applicable
Determination of Funding for Nonclassroom- Based Instruction, for Charter Schools	3	Not applicable
Annual Instructional Minutes – Classroom Based for Charter Schools	4	Yes



In our opinion, except for the noncompliance described in the accompanying schedule of findings and questioned costs as items S-12-01 to S-12-05, 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, 2012.

This report is intended solely for the information and use of the Board of Education, District management, State Controller's Office, Department of Finance, Department of Education, pass-through entities and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

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

December 14, 2012
Los Angeles, California

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2012

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? None
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes

Identification of major programs and type of auditor’s report issued on compliance for each major program:

CFDA #	Name of Federal Program	Opinion
	Department of Agriculture – Child Nutrition Cluster:	Unqualified
10.553	School Breakfast Program;	
10.555	National School Lunch Program;	
10.559	Summer Food Service Program for Children	
10.558	Department of Agriculture – Child and Adult Care Food Program	Unqualified
	Department of Education – Title I, Part A Cluster:	Unqualified
84.010	Title I Grants to Local Educational Agencies	
84.389	Title I Grant to Local Educational Agencies, Recovery Act	
84.048	Department of Education – Vocational Education Basic Grants to States (Perkins IV)	Unqualified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2012

CFDA #	Name of Federal Program	Opinion
	Department of Education – Special Education Cluster:	Unqualified
84.027	Special Education Grants to States (IDEA, Part B);	
84.173	Special Education Preschool Grants (IDEA Preschool);	
84.391	Special Education Grants to States (IDEA, Part B), <i>Recovery Act</i> ;	
84.392	Special Education Preschool Grants (IDEA, Part Preschool), <i>Recovery Act</i> .	
84.410	Department of Education – Education Jobs Fund	Unqualified
84.396	Department of Education – Bold Competition	Qualified
84.287	Department of Education – Twenty-First Century Community Learning Centers	Unqualified
	Department of Education – Education Technology State Grants Cluster:	Qualified
84.318	Education Technology State Grants	
84.386	Education Technology State Grants, <i>Recovery Act</i>	
84.334	Department of Education – Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	Unqualified
	Department of Education – School Improvement Grants Cluster	Unqualified
84.377	School Improvement Grants	
84.388	School Improvement Grants, <i>Recovery Act</i>	
84.365	Department of Education – English Language Acquisition Grants	Unqualified
84.002	Department of Education – Workforce Investment Act, Title II: Adult Education and Family Literacy Act	Unqualified
84.367	Department of Education – Improving Teacher Quality State Grants	Unqualified

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CFDA #	Name of Federal Program	Opinion
	Department of Health and Human Services – Child Care Development Fund Cluster:	Unqualified
93.575	Child Care and Development Block Grant;	
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund.	
93.778	Department of Health and Human Services – Medical Assistance Program	Unqualified
	<ul style="list-style-type: none"> • Any audit findings disclosed which are required to be reported in accordance with Section 510(a) of Circular A-133: 	Yes
	<ul style="list-style-type: none"> • Dollar threshold used to distinguish between type A and type B programs: 	\$3,316,966
	<ul style="list-style-type: none"> • Auditee qualified as low risk auditee 	No
	State Awards	
	Type of auditor’s report issued on compliance for state programs:	Unqualified

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Section II – Findings Relating to the Basic Financial Statements which are Required to be Reported in Accordance with GAS

FS-12-01 - Developer Access to Payroll Transactions - Significant Deficiency

State Audit Guide Finding Code: 30000

Criteria

A division of roles and responsibilities that reduces the possibility for a single individual to subvert a critical process or complete a transaction without secondary or management approval should exist. Management should ensure personnel are performing only authorized duties relevant to their respective jobs and positions.

Condition

We obtained and reviewed the access list for both Time Keeping (t-code CAT2) and Time Approval (customized t-code ZCATS_APPR_LITE) functions to ensure adequate segregations of duties (SOD). Upon review, we noted that there are six (6) HR/PR personnel with access to the Time Keeping transaction (t-code CAT2) and Time Approval transaction (customized t-code ZCATS_APPR_LITE), which would enable them to approve their own time.

A BTS HCM Segregation of Duties Exception Request was provided for four (4) of the users' access for the remaining two users was subsequently deleted by ITD management.

Cause and Effect

Unauthorized payroll transactions may be processed resulting in improper or fraudulent payroll disbursements.

Recommendation

Management should remove conflicting access for the users identified in a timely manner. Also, prior to assigning access to a SAP user or establishing a SAP role, the user's existing access or the newly established role should be reviewed to determine if the access presents a segregation of duties conflict.

View of Responsible Officials and Planned Corrective Action

ITD management agrees with this recommendation. We have implemented GRC with Payroll Services Branch (PSB) and staff is approving requests based on SOD in GRC. If an exception is made by PSB, an exception form is submitted to ITD to be added to GRC module.

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FS-12-02 – Lack of Sufficient Authorization for SAP Program Changes – Significant Deficiency

State Audit Guide Finding Code: 30000

Criteria

Formal change management procedures are designed to provide a standardized and controlled method for processing system change requests (including maintenance and patches) for critical application programs and infrastructure configuration changes. They also guide management approvals for program changes.

Condition

We reviewed a sample of 40 SAP Transports processed during the audit year. We obtained SAP migration request forms for our samples and noted the following:

- One (1) form had no signature for a Business Sponsor, QA tester and Data Validation.
- Two (2) forms had the designated backup for the Business Sponsor sign as the primary Business Sponsor instead of themselves.
- Two (2) forms' Data Validation and Business Sponsor signatures were missing.
- Four (4) forms had an ITD Functional Analyst or ITD Associate Computer Application Specialist sign as User Acceptance Tester.
- One (1) form had an ITD Associate Computer Application Specialist sign as Business Sponsor.

Cause and Effect

Insufficient management approval of program changes could cause unauthorized programs and invalid data being introduced into the SAP production environment.

Recommendation

SAP Transport Request forms should be consistently approved by the appropriate business management personnel (i.e., business sponsor) prior to implementing a transport request into production.

View of Responsible Officials and Planned Corrective Action

ITD management agrees with the recommendation. Critical application programs and infrastructure configuration changes should have UAT sign off and Sponsorship signatures.

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FS-12-03 - Lack of Sufficient Authorization for IFS Program Changes - Significant Deficiency

State Audit Guide Finding Code: 30000

Criteria

Formal change management procedures are designed to provide a standardized and controlled method for processing system change requests (including maintenance and patches) for critical application programs and infrastructure configuration changes. They also guide management approvals for program changes.

Condition

We reviewed all 23 IFS Change Request forms processed during the audit year and noted the following.

- One (1) form was missing a Business Sponsor Signature.
- Seventeen (17) forms had ITD personnel signed as the Business Sponsor

Cause and Effect

Insufficient management approval of program changes could cause unauthorized programs and invalid data being introduced into the IFS production environment.

Recommendation

IFS Request forms should be consistently approved by the appropriate business management personnel (i.e., business sponsor) prior to implementing the change request into production.

View of Responsible Officials and Planned Corrective Action

ITD management agrees with this recommendation. IFS is being replaced by June 2013 with SAP. As such, going forward, we will be following the standard SAP approval process across all modules.

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Program Identification

Finding Reference Number: **F-12-01**

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, and Award Number:

Title II, Part D, Enhancing Education Through Technology, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.318, Grant Agreement No: 14334-6473;

Special Education Cluster: Grants to States, Preschool Grants, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.027, Grant Agreement 11-13379-6473-01;

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund; U.S. Department of Health and Human Services, Passed through the California Department of Education, CFDA Nos. 93.575 and 93.713, Contract CCTR-1118 and CSPP-1221;

Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, U.S. Department of Agriculture (USDA), Passed through the California Department of Education, CFDA No. 10.553, 10.555, and 10.559, Grant Agreement 19-64733-0000000-01;

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.048, Grant Agreements 11-14894-6473, 11-14893-6473.

Compliance Requirement: Cost Principles

State Audit Guide Finding Code: 30000 and 50000

Criteria

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OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, Attachment B, Selected Items of Cost, Part 8, Compensation for Personal Services, Section H, Support of salaries and wages:

- Where employees are expected to work solely on a single federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semiannually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.
- Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant federal agency. Such documentary support will be required where employees work on:
 - (a) More than one federal award,
 - (b) A federal award and a nonfederal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity.
- Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee.

Condition

As part of our compliance 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 accordance with the OMB Circular A-87.

Title II, Part D, Enhancing Education Through Technology (CFDA No. 84.318): In our sample of 25 payroll expenditures, we noted that 5 employees totaling \$52,972 provided signed semiannual certifications; however, the certifications were signed and dated subsequent to our requests.

Total exceptions amounted to \$52,972 of the \$142,973 sampled from the \$3,380,858 of total payroll expenditures for the fiscal year ended June 30, 2012.

Special Education Cluster (CFDA No. 84.027): In our sample of 60 payroll expenditures, we noted that 4 employees totaling \$35,749 provided signed semiannual certification; however, the certification was not dated. As such, we were unable to determine if the certification was prepared timely.

Total exceptions amounted to \$35,749 of the \$399,907 sampled from the \$73,295,098 of total payroll expenditures for the fiscal year ended June 30, 2012.

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Child Care and Development Fund: In our sample of 60 payroll expenditures, we noted that 3 employees totaling \$3,575 provided semiannual certifications; however, the certifications were signed and dated subsequent to our request.

Total exceptions amounted to \$3,575 of the \$237,790 sampled from the \$80,930,559 of total payroll and benefit expenditures for the fiscal year ended June 30, 2012.

Child Nutrition Cluster: In our sample of 60 payroll expenditures, we noted that 2 employees totaling \$2,647 provided signed semiannual certification; however, the certifications were signed and dated subsequent to our request.

Total exceptions amounted to \$2,647 of the \$191,951 sampled from the \$88,441,966 of total payroll and benefit expenditures for the fiscal year ended June 30, 2012.

Vocational Education Basic Grants to States (Perkins IV): In our sample of 40 payroll expenditures, we noted the following:

- 1 employee totaling \$262 provided a timesheet; however, the hours reported on the timesheets did not support all hours recorded on the SAP payroll record.
- 1 employee totaling \$433 was unable to provide either multi-funded timesheets or semiannual certifications.

Total exceptions amounted to \$695 of the \$137,681 sampled from the \$2,823,506 of total payroll and benefit expenditures for the fiscal year ended June 30, 2012.

Cause and Effect

The condition appears to be isolated situations where employees did not follow the District's policies and procedures.

This is a repeat finding from Fiscal Years 2004-05 to 2010-11 (F-05-01, F-06-01, F-07-01, F-08-01, F09-01, F-10-01, and F-11-01).

Questioned Costs: \$95,638 (see summary below):

- **Title II, Part D, Enhancing Education Through Technology:** \$52,972 – untimely
- **Special Education Cluster:** \$35,749 – certification was not dated
- **Child Care and Development Fund:** \$3,575 – untimely
- **Child Nutrition Cluster:** \$2,647 – untimely
- **Vocational Education Basic Grants to States (Perkins IV):** \$695 (\$262 inadequate support, \$433 semiannual certification or multi-funded timesheet was not provided)

Recommendation

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We recommend that the District continue to provide ongoing training to appropriate personnel on the updated procedures.

View of Responsible Officials, Planned Corrective Action, Contact Information

The District will continue to provide information to appropriate personnel on time and effort requirements.

Various District schools and departments
Telephone: (213) 241-1000

Program Identification

Finding Reference Number: **F-12-02**

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number: Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, U.S. Department of Agriculture (USDA), Passed through the California Department of Education, CFDA No. 10.553, 10.555, and 10.559, Grant Agreement 19-64733-0000000-01;

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund, U.S. Department of Health and Human Services, Passed through the California Department of Education, CFDA No. 93.575 and 93.596, Grant Agreement CSPP-1221.

Compliance Requirement: Eligibility

State Audit Guide Finding Code: 30000 and 50000

Criteria

Title 7 – Agriculture, Chapter II – Food and Nutrition Service, Department of Agriculture, Part 245 – Determining eligibility for free and reduced price meals and free milk in schools, 245.6a - Verification requirements:

- (a) Verification requirement. School officials may seek verification of the information on the application. State agencies shall ensure that by December 15 of each School Year, School Food Authorities have selected and verified a sample of their approved free and reduced price applications in accordance with the conditions and procedures described in this section. Verification activity may begin at the start of the school year but the final required sample size shall be based on the number of

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approved applications on file as of October 31. Any extensions to these deadlines must be approved in writing by FNS.

(b) Sources of information. Sources of information for verification may include written evidence, collateral contacts, and systems of records.

(1) Written evidence. Written evidence shall be used as the primary source of information for verification. Written evidence includes written confirmation of a household's circumstances, such as wage stubs, award letters, and letters from employers. Whenever written evidence is insufficient to confirm income information on the application or current eligibility, the school may require collateral contacts.

Section D of the District Contract with CDE, Certification of Eligibility:

The contractor shall designate the staff person authorized to certify eligibility. Prior to initial enrollment and at the time of recertification, an authorized representative of the contractor shall:

- Certify each family's/child's eligibility for child care and development services after reviewing the completed application and documentation contained in the family data file.
- Issue a notice of Action and Application for services.

Section E, Child Care and Development Center-Based Program Requirements, Contents of Family Data File:

- The Contractor shall establish and maintain a family data file for each family receiving child care and development services.
- The family data file shall contain a completed and signed application for services and the following records as applicable to determine eligibility and need in accordance with above:
 - a. Documentation of income eligibility, including an income calculation worksheet;
 - b. Documentation of employment;
 - c. Documentation of seeking employment;
 - d. Documentation of training;
 - e. Documentation of parental incapacity;
 - f. Documentation of child's exceptional needs;
 - g. Documentation of homelessness;
 - h. Documentation of seeking permanent housing for family stability;
 - i. Written referral from a legally qualified professional from a legal, medical or social services agency or emergency shelter for children at risk of abuse, neglect or exploitation;
 - j. Written referral from a county welfare department, child welfare services worker, certifying that the child is receiving protective services and the family requires child care and development services as part of the case plan;
 - k. For parents receiving cash assistance, documentation regarding the approved welfare to work plan or activity that may include documentation of days and hours of need;
 - l. If the parent of the child was on cash assistance, the date the parental cash aid was terminated.

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- A signed Child Care data collection Privacy Notice and Consent Form CD 9600A (Rev. 01/04) shall be included.
- Notice of Action, Application for Services and/or Recipient of Services shall be included.
- The family data file shall contain all child health and current emergency information required by California Code of regulations, Title 22, Social Security, Division 12, and Community Care Facilities Licensing Regulations with the following exception. Immunization records are not required to be in the family data file for children attending a public or private elementary school or for children receiving care in licensed facilities and reimbursed pursuant to Education Code sections 8220 and 8350.

Condition

Child Nutrition Cluster: In our procedures performed to test annual verification of meal applications, we selected a sample of 60 applications and requested verification packages consisting of verification forms, meal applications, income support documents such as paystubs or employment verification letter and household size determination documents to determine if eligibility verified by the District was accurate and properly supported.

Our review of the verification packages, noted that the household income in 3 out of the 60 samples (cases) had been erroneously calculated resulting in incorrect eligibility determination where the child/children were classified as eligible for free meals instead of reduced-price meals. Additionally, income had been erroneously calculated for 2 out of 60 cases, but the inaccurate calculation did not have an impact on the eligibility status.

Upon inquiry, we noted that it was the District's policy to have a supervisory review for packages for which verification had resulted in a change in eligibility (either an improvement or reduction in benefits); however, no supervisory review was performed for cases for which eligibility did not change upon verification. We noted, in all 5 of the above-mentioned cases, that the person performing the verification had determined the eligibility before and after verification to be the same, therefore, no supervisory review was required to be performed.

Child Care and Development Fund: In our procedures performed to determine eligibility for the childcare programs funded by this cluster, we sampled a total of 100 participants, from 10 out of 100 Early Education Child Care Centers, and requested the children files such as annual recertification forms, pay stubs or letter to determine if the eligibility status recorded in the Early Education Student Information System (EESIS) was accurate and supported.

During our review of the family files, we noted that the program personnel did not sign and date the Confidential Application for Child Development Services and Certification of Eligibility for 11 files to certify the eligibility and document the review process. Certification is required to be signed and dated in order to complete the process of the eligibility.

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Additionally, we also noted that the family income for 15 files was erroneously calculated; as a result, the respective family fee was not properly calculated and collected. In 13 cases, family income was under-reported resulting in assessment of lower family fees.

Of the total sampled files, we also noted following:

- 17 files lacked documentation supporting the single parent status
- 4 files were missing birth certificates of the child's sibling
- 1 file was missing proof of income
- 1 file was missing the form CD9600
- 3 files did not have sufficient proof of income (other than self-certification)

This is a repeat finding from Fiscal Years 2009-10 to 2010-11 (F-10-03 and F-11-03).

Cause and Effect

Child Nutrition Cluster: It appears that a lack of over-sight and adequate supervisory review over the annual verification process has resulted in inaccurate determination of eligibility.

Child Care and Development Fund: It appears that a lack of effective and timely monitoring by the District over the functions performed by the center managers and possible staffing issues has resulted in a failure to follow procedures during eligibility determination and annual recertification.

Questioned Costs

Child Nutrition Cluster: The questioned cost is \$1,200 based on the number of meals claimed for the 3 students for the school year 2011-12.

Child Care and Development Fund: The questioned cost could not be assessed for the exceptions noted for the Confidential Application for Child Development Services and Certification of Eligibility that were not either signed or dated because it may or may not have any impact on the family's eligibility status.

The family fee that was erroneously under-billed for 13 families and over-billed for 2 families amounted to \$6,222 and \$1,284, respectively. The questioned cost was estimated by multiplying the rate at which the center under-charged the families by the total number of program operation days from corresponding date of re-certification up to June 30, 2012.

The questioned cost for missing proof of income is \$8,645 based on the contract rate of \$35.14 per day multiplied by the total number of program operation days from the corresponding date of re-certification up to June 30, 2012.

The questioned cost for the other non-compliance issues could not be assessed (i.e. undetermined) as the family's eligibility status may or may not have any impact due to insufficient documentation.

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Recommendation

Child Nutrition Cluster: We recommend that the District strengthen its controls over the annual verification process to include a second supervisory review of all the cases and not just the ones that result in a change in eligibility. In addition, the District should consider providing training to staff that perform the verification to ensure that errors in calculation may be minimized.

Child Care and Development Fund: We recommend the District strengthen its monitoring process to ensure that student files are reviewed on a regular basis in order to comply with the contract and records provision. The District should also continue to provide training sessions for the center managers to ensure that they are aware of the federal requirements in relation to eligibility and that the required documentation is being maintained.

Views of responsible Officials and Planned Corrective Actions, and Contact Information

Child Nutrition Cluster: As part of our verification process, each file will be reviewed by a Supervisor to ensure that all files have been processed accurately. The file will be signed off by the reviewing official.

Meal Compliance clerks are being retrained on calculating monthly and annual incomes to prevent any future errors from occurring.

Name: Manish Singh
Title: Program Manager
Telephone: (213) 241-2983

Child Care and Development Fund: The District agrees with the finding. The Early Childhood Education (ECE) Division has conducted training on eligibility documentation for new Principals and Office Managers at Early Education Centers (EEC). This training included an exercise that identified all documents that are to be included in the family file. Specific attention was given to documents requiring signatures and dates.

Additionally, ECE Directors, who oversee and monitor EEC's, have also been trained. This training included how to conduct monitoring visits, how to review family files and how to fill out a monitoring checklist which is reviewed by ECE administration. The Directors are to visit each EEC by June 30, 2013.

Name: Maureen Diekmann
Title: Executive Director
Telephone: (213) 241-7511

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Program Identification

Finding Reference Number:

F-12-03

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:

Title I Grants to Local Educational Agencies, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.010, Grant Agreements 14329-6473 and 14981-6473;

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No 84.048, Grant Agreements 11-14893-6473; 11-14893-7443;

Workforce Investment Act (WIA), Title II: Adult Education and Family Literacy Act, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.002, Grant Agreement No: Multiple-6473. 11-13970-6473;

Title II, Part D, Enhancing Education Through Technology, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.318, Grant Agreement No: 14334-6473, 14368-64733.

Compliance Requirement:

Equipment Management

State Audit Guide Finding Code:

20000, 30000, and 50000

Criteria

Code of Federal Regulations, Title 34 – Education, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments – Subpart C – Post – Award Requirements, Section 80.32, Equipment, Part (d):

- Management Requirement – Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:
 - (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

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- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

BUL-1158 Accounting for Supplies and Equipment Purchases: Effective July 1, 2004, the dollar threshold to qualify items as “capital” or fixed assets is increased from \$15,000 to \$25000. The threshold for defining items purchased as supplies remains unchanged at below \$500. Items costing from \$500 to \$24,999 are considered “non-capital”. Use object codes 4501 and 4310 for items with a unit cost below \$500.

BUL-3508.3 Section B - Inventory Form and Equipment Inventory Database: School or location is required to submit a Categorical Equipment Inventory (CEI) by June 30 to Federal and State Education Programs.

BUL-3508.3 Section D: Letter of Certification requires school or location to submit a Principal Certification if no equipment was purchase with categorical funds during the school year.

BUL-3508.3 Section E – Categorical Equipment Inventory Physical Check: School or location is required to perform the following:

- A physical check of the equipment inventory must be conducted every two years, and the results of the physical check must reconcile with inventory records. (Education Department General Administrative Regulations 34 CFR Part 80.32)
- Local district must identify staff to conduct the physical check at school sites. The staff can be a school-site or district-level personnel.
- Send the original copy of the Categorical Equipment Inventory Physical Check (Attachment E) to Federal and State Education Programs, Beaudry Building, 16th Floor, or an electronic copy to FSEP@lausd.net by June 30 and keep one copy on file at the school site.

BUL-953.1: Since requirements for equipment purchased using federal and state categorical funds differ, schools and offices that have purchased equipment with any federal or state categorical funds (e.g. Title I, State Compensatory Education, Beyond the Bell, Cafeteria, etc.) should refer to Bulletin No. 3508.3, “Inventory of Equipment Purchased through Categorical Programs”, for guidelines on maintaining inventory records.

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Condition

Title I Grants to LEAs: Based on our review of the District’s most current policies and procedures for inventory for equipment purchased through categorical programs (i.e. BUL-3508.3), schools and local district offices are required to be compliant with specific policies stated therein, if the equipment was purchased with categorical funds. In our procedures performed to determine if the schools were in compliance with those policies and procedures, we noted the following exceptions for Title I Grants to LEAs:

1. During our review of the inventory log maintained by the Federal and State Education Programs (FSEP) to track the status of school’s submission of Principal Certification (PC) and Categorical Equipment Inventory (CEI), 191 out of 631 schools did not submit either PC or CEI.
2. We also noted that there were a total of 235 out of the 631 schools that submitted a PC to certify that no equipment was purchased for fiscal year 2011-12. However, based on our review of the detailed expenditures recorded in the Integrated Financial System (IFS), we noted that 2 out of 60 schools we sampled purchased equipment above \$500. As such, those schools should have submitted the CEI, instead of the PC.
3. We sampled another 60 schools that submitted the CEI and verified if the CEI was completed in accordance with the policies. The following summarizes the components missing from the Inventory for a total 5 schools:

<u>Missing Required Component</u>	<u>Number of Schools</u>
Description	1
Serial Number	1
Purchase Date	1
Location	3
Cost	2
Delivery Date	2
Funding	2
Current Condition	2

4. During our review of the inventory log maintained by the Federal and State Education Programs (FSEP) to track the status of school’s submission of Categorical Inventory Physical Check (Log), we noted that 166 out of the 631 schools did not submit the Logs.

Vocational Education Basic Grants to States (Perkins IV)

Section 132 – ROC/P Adult Vocational Education Basic Grants (contract numbers 11-14893-6473 and 11-14893-7443): According to the publication “Management of Career Technical Education Equipment”, issued by CDE in 2007 for Vocational Education Basic Grants, grantees are required to include information on the inventory log such as description, serial number, identification number, funding source, acquisition cost, acquisition date, location, equipment usage, current condition, and inspection date. In our procedures performed to test the equipment management for all 29 schools and 1 central

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office, we noted that certain equipment reported on the inventory logs did not contain all required components for 2 schools. The following summarizes the components missing from the inventory logs:

<u>Missing Required Component</u>	<u>Number of Schools</u>	<u>Number of Equipment</u>
Serial Number	1	2
Acquisition Cost	1	1
Inspection Date	1	6

In addition, we also noted that one (1) school did not submit an administrative assurance, which is required to be submitted by the schools certifying that physical inventory was taken at the respective school/location during FY 2011-12 by an assigned school administrator to be reviewed and verified by the central office.

Workforce Investment Act, Title II: According to the equipment management guideline issued by the District’s Division of Adult and Career Education (DACE), schools and offices funded with WIA are required to submit the WIA Equipment Inventory Sheet to the Division of Adult and Career Education.

We performed procedures related to the equipment inventory for 29 schools and noted the following non-compliances:

1. 1 out of 29 schools did not submit the WIA Equipment Inventory Sheet
2. Based on our review of the WIA Equipment Inventory Sheets, we noted that certain information is missing for the following required components from 18 schools:

<u>Missing Required Component</u>	<u>Number of Schools</u>
Acquisition Price	9
Acquisition Date	6
Model/Serial Number	12
Condition	2
WIA ID	2

Title II, Part D, Enhancing Education Through Technology, and American Recovery and Reinvestment Act, Enhancing Education Through Technology: Through discussions with the District’s responsible personnel, we noted that equipment purchased with Education Technology funds were centrally ordered at the District’s central office, and equipment inventory management is decentralized, so detailed inventory logs are kept at each individual school and office rather than at the District. It is also our understanding that schools and offices are required to be compliant with the District’s policies, “Control of Site Equipment” (BUL-953.1), “Equipment Purchased through Categorical Programs” (BUL-3508.3), and/or “Site Computer Inventory” (MEM-4170.2), depending on the type of equipment purchased, and the funding sources.

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In our procedures performed to determine if the schools were in compliance with those policies and procedures, we sampled 11 purchase orders for a total of 13 schools/offices, and reviewed their equipment inventory documentation. We noted the following exceptions:

- 1. The inventory logs did not contain the required components for 2 schools:

<u>Missing Required Component</u>	<u>Number of Schools *</u>
Serial Number	1
Location	1
Purchase Price	1
Funding	1
Condition	1
Deposition	1
Delivery Date	1

** The components were omitted entirely from the inventory logs.*

- 2. Based on our review of the inventory logs, we noted that a total of 11 schools reported incomplete inventory as to the following required components:

<u>Missing Required Component</u>	<u>Number of Schools</u>
Status	5
Model	5
Serial Number	1
Manufacturer	7
Asset Tag	11
Purchase Date	11

Cause and Effect

Inadequate supervision and insufficient guidance/training to the personnel at the schools over inventory and management of equipment or property may have contributed to these issues.

This is a repeat finding from Fiscal Years 2008-09 to 2010-11 (F-09-06, F-10-04, and F-11-04).

Questioned Cost

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control system to properly monitor and supervise the personnel who are assigned to perform the inventory management.

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Recommendation

We recommend the District continue to strengthen its controls over property management by providing adequate supervision/training to ensure that inventory management be performed properly.

Views of responsible Officials, Planned Corrective Actions, and Contact Information

Title I Grants to LEAs:

For the 2013-14 year, it is anticipated that during budget development schools will not be able to fund equipment with Title I. Schools that have not submitted 2012-2013 documentation will work with the ESC Title I Coordinator to submit the appropriate equipment documentation.

Name: Deborah Ernst
Title: Director, Federal and State Education Programs
Telephone: (213) 241-6990

Vocational Education Basic Grants to States (Section 132):

The Division standardized the inventory form and issued instructions both in writing and at administrative meetings that no data fields are to be unfilled.

Name: Judy De LA Torres
Title: Specialist, Career Technical Education
Telephone: (213) 241-3800

Workforce Investment Act, Title II:

The District agrees with the finding. The Division of Adult Education has instructed Principals that all information must be listed on the inventory forms and that no column can be left blank. The instructions will be followed up with reviews of selected inventory logs that will be completed by June 30, 2013.

Name: Laura Chardiet
Title: WIA Specialist
Telephone: (213) 241-3830

Title II, Part D, Enhancing Education Through Technology, and American Recovery and Reinvestment Act, Enhancing Education Through Technology:

The funding for this program has ended, so there will not be any purchases of equipment under this program in the future. For schools that have not submitted 2012-2013 documentation, ITD will work with the schools to ensure the appropriate equipment documentation is submitted for items previously purchased.

Name: Themy Sparangis
Title: Chief Technology Director
Telephone: (213) 241-3837

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Program Identification

Finding Reference Number: **F-12-04**

Federal Catalog of Domestic Assistance Number: 84.010

Federal Program Title: Title I Grants to LEAs, U.S. Department of Education (USED)

Pass-Through Entity: California Department of Education

Award Number Grant Agreement 14329-6473

Compliance Requirement: Earmarking – Targeting Funds for Choice-Related Transportation and Supplemental Education Services

State Audit Guide Finding Code: 50000

Criteria

Title 34: Education – Part 200: Title I Improving The Academic Achievement of the Disadvantaged Subpart A—Improving Basic Programs Operated by Local Educational Agencies LEA and School Improvement

§200.45 (b) (1) Supplemental Educational Services: *Only students from low-income families are eligible for supplemental educational services.* (2) The LEA must determine family income on the same basis that the LEA uses to make allocations to schools under subpart A of this part.

§200.45 (c) (1) If an LEA identifies a school for a second year of improvement under § 200.32, corrective action under § 200.33, or restructuring under § 200.34, the LEA must arrange, consistent with paragraph (d) of this section, for each eligible student in the school to receive supplemental educational services from a State-approved provider selected by the student's parents.

(2) Except as described in §§ 200.32(d) and 200.33(c), if a school was in school improvement status for two or more consecutive school years or subject to corrective action on January 7, 2002, the State must ensure that the LEA makes available, consistent with paragraph (d) of this section, supplemental educational services to all eligible students not later than the first day of the 2002-2003 school year.

Condition

The District’s Supplemental Education Services (SES) funded by the Title I Basic grant under the 20% set-aside provision is over-seen by the Beyond the Bell Division (BTB). To determine the student eligibility for the SES program, BTB collects the data provided by the Food Services Branch (FSB), a department of the District that operates the National Breakfast Program and the National School Lunch Program (SNBP) funded by the U.S. Department of Agriculture (USDA). FSB is required for school year 2011-2012 to verify the eligibility of a minimum sample of 1,000 households selected from applications that has been approved for the free and reduced price meals. The data for the student eligibility is then

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updated automatically on November 1st to reflect the status changes. Notifications must be provided to households by November 15th. On September 29th, BTB requests the updated eligibility data through the District's Information Technology Department (ITD) and uses it as the base to determine the final eligibility for the SES program. If the eligibility status of the student changes, BTB would notify the student's parents and remove those students from the SES program accordingly.

In our procedures performed to review expenditures charged to SES, we obtained a list of all students selected by the FSB for eligibility verification and noted that the eligibility status of 1,137 students was being adjusted to a "denied" status, i.e. ineligible for the SBP program. Furthermore, we compared those 1,137 students with the roster that BTB obtained from ITD on September 29th and noted that 22 of those ineligible students were included in the BTB list and were provided SES services.

In another procedure of reviewing the eligibility for SES, we noted that 7 out of 22,719 students who received SES services were attending schools that were not an eligible PI school in fiscal year 2011-12. As such, the SES service should not be provided to the students funded by the 20% set-aside. The total SES costs for services provided to the 7 students amounted to \$8,466.

Cause and Effect

The District was aware of the above issue concerning the ineligible students from audit finding cited in the prior year 2010-11. However, the SES program was already under way and a significant number of students had already completed the program or were about to complete the program for the 2011-12 when it was brought to the District's attention. Therefore, the corrective action was too late for the 2011-12 school year.

This is a repeat finding from Fiscal Year 2010-11 (F-11-06).

Questioned Costs

Based on the schedule maintained by BTB to track the SES hours and rates by student, the total SES cost resulting from the 22 ineligible students amounted to \$32,598, and \$8,466 for the 7 students' whose attending schools were ineligible schools.

Recommendation

We recommend that the District update its procedures to ensure that the data used for the SES eligibility determination is from the most updated file based on the SBP verification.

Views of Responsible Officials and Planned Corrective Actions, and Contact Information

In order to strengthen its monitoring process to ensure that schools are compliant with the submission of the principal certification requirement, the District will:

- Implement an electronic principal certification form
- Examine the submission date of the principal certification forms

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Name: Luis Mora
Title: SES Coordinator
Telephone: (213) 241-3082

Program Identification

Finding Reference Number: **F-12-05**

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number: **Bold Competition – Turning Around and Operating Its Low-Performance Schools, U.S. Department of Education (USED), CFDA No. 84.396, Grant Agreement U396C100336**

Compliance Requirement: **Matching**

State Audit Guide Finding Code: **30000 and 50000**

Criteria

Code of Federal Regulations – Title 34 – Education, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments – Subpart C – Post-Award Requirements, Section 80.24, Matching or cost sharing:

- Records. Costs and third-party in-kind contributions counting toward satisfying a cost sharing or matching requirement must be verifiable from the records of grantees and subgrantee or cost-type contractors. These records must show how the value placed on third-party in-kind contributions was derived. To the extent feasible, volunteer services will be supported by the same methods that the organization uses to support the allocability of regular personnel costs.

Federal Registration – Volume 75, 12062: *Cost Sharing or Matching*: To be eligible for an award, an eligible applicant must demonstrate that it has established one or more partnerships with an entity or organization in the private sector, which may include philanthropic organizations, and that the entity or organization in the private sector will provide matching funds in order to help bring project results to scale. An eligible applicant must obtain matching funds or in-kind donations equal to at least 20 percent of its grant award.

Condition

We reviewed the District’s annual performance report for the period October 1, 2010 through September 30, 2011 (due December 31, 2011), and noted that the District reported matching for the grant period totaling \$306,665. Through inquiry with the program coordinator, the match was provided by UNITE – LA, one of the Official Partners who provided services to the program. However, the District did not maintain any supporting documentation for the amount claimed as matching to ensure the services

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provided by UNITE-LA met the compliance requirements. Therefore, we were unable to determine if the District was in compliance with the grant's matching requirements.

Subsequent to the request, the District provided a spreadsheet which tracked the matching contributions. However, supporting documentation to support the "numbers" in the excel spreadsheet was not provided. As such, we are unable to form an opinion (or to conclude) whether or not the "numbers" in the spreadsheet were supported and allowable in accordance with the OMB Circulars.

Cause and Effect

There appears to be a lack of policies and procedures to ensure that cost sharing or matching provided to the District by third parties for this grant meets the federal matching.

Questioned Costs

The District's total grant expenditures for the period October 1, 2010 through September 30, 2011 amounted to \$881,951. The minimum amount for the matching (i.e. 20% of the grant expenditures) is \$176,390.

Recommendation

The District should establish policies and procedures to obtain verifiable records to properly document services provided by a third party and charged to the grant as matching cost.

Views of responsible Officials, Planned Corrective Actions, Contact Information

Documentation supporting (spreadsheet) the match from UNITE-LA for the period October 1, 2010 through September 30, 2011 has been obtained, and our review has shown that the matching expenditures of \$306,665 were allowable for the program.

Matching supporting documentation has been requested for the period of October 1, 2011 through September 30, 2012. We will review the information received to ensure its accuracy and compliance with the grant's matching requirements.

In addition, our office will conduct quarterly reviews of the matching funds pertaining to the i3 grant to ensure that the way in which the funds are expended are in compliance with the requirements of the grant.

Name: Monique Epps

Title: Director

Telephone: (213) 213-2554

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Program Identification

Finding Reference Number:

F-12-06

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), Passed through the California Department of Education , CFDA No. 84.048, Grant Agreements 11-14893-7443-00, 11-14893-6473-00 and 11-14894-6473-00.

Compliance Requirement:

Earmarking

State Audit Guide Finding Code:

30000 and 50000

Criteria

IV. Program and Administrative Requirements - Perkins IV and Chapter Five of the State Plan establish the requirements for local administration and the use of funds and policies for secondary and postsecondary CTE programs that will be assisted with Perkins IV funds. These policies and requirements must be followed by all LEAs receiving Perkins IV funds. This section is divided into three parts: Use of Perkins IV Funds; Program Requirements; and Assurances, Certifications, Terms, and Conditions.

The text that follows for Part A (Use of Perkins IV Funds) and Part B (Program Requirements) is taken directly from chapter five of the State Plan.

A. Use of Perkins IV Funds - Required Local Educational Agency Use of Section 131 and 132 Funds: Policy. No less than 85 percent of the LEA's Section 131 or 132 allocation must be expended to improve or expand CTE programs and courses approved in the local plan and annual application for funds.

Up to 5 percent of the allocation may be charged to direct or indirect costs for expenditures incurred in activities required administering the grant.

Up to 10 percent of the allocation may be expended to support other CTE activities that are consistent with the purpose of the Act. These activities include, but are not limited to the following:

- Involving parents, businesses, and labor organizations as appropriate, in the design, implementation, and evaluation of the CTE programs assisted with the funds
- Providing career guidance and academic counseling for students participating in CTE programs
- Developing and expanding program offerings for adults at times and in formats that are accessible for students, including working students
- Developing and supporting small, personalized, career-themed learning communities
- Providing CTE programs for adults and school dropouts to complete secondary education, or update the technical skills of the adults and school dropouts
- Providing CTE program completers and leavers with placement assistance in jobs and advanced education and training
- Supporting training and activities such as mentoring and outreach in nontraditional fields

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Condition

During our procedures performed to test the amounts charged to the program coded as earmarking for other CTE activities (category called Guidance and Counseling “G&C”), we noted that both Adult and Secondary Vocational Education programs used an estimated percentage of the program costs to allocate the G&C; however, the estimated percentage was not adequately supported. As such, we were unable to determine if the District’s other CTE activities met the requirements in accordance with the purpose of the program.

Section 131 – Secondary Vocational Education (contract number 11-14894-6473-00):

Effective February 2012, the Career Technical Education Unit (CTEU) required all CTE Advisors to prepare a Monthly Activity Log to document their activity information. The CTEU summarizes all activities into a Time Report based on the Monthly Activity Logs gathered for each month. Based on our review of the Time Report prepared for the months of February through June 2012, we noted that the Monthly Activity Logs did not provide the day and hour breakdown for daily activities; as such, we were unable to verify the activities summarized on the Time Report based on the Monthly Activity Logs. In addition, in our procedures to verify the amount reported for the G&C, we noted that the amount was not supported by these Time Reports. Based on our discussion with the Coordinator and the Specialist, the G&C amount reported was estimated based on the “Need Assessment”; however, no documentation was provided to support such analysis.

The total G&C expenditure of \$502,843 was reported for the program year 2011-12, which represented less than 10% of the total program cost of \$5,145,761. Although the amount reported for G&C cost did not exceed the 10% limitation, the allocation between G&C and non-G&C activities was not supported with any verifiable data (such as personnel activity logs or time study).

Section 132 – ROC/P Adult Vocational Education Basic Grants (contract numbers 11-14893-6473-00 and 11-14893-7443-00): Based on our discussion with the Program Analysis, the total G&C expenditures were computed and reported based on 5% of the total certificated salaries and benefits; however, the percentage was not adequately supported. The reported G&C expenditures for the program year 2011-12 was 1% of the program costs for contract number 11-14893-7443-00, and 2% of the program costs for contract number 11-14893-6473-00.

Cause and Effect

Existing policies and procedures do not provide adequate support for the percentage used in meeting the earmarking provision.

This is a repeat finding from Fiscal Year 2010-11 (F-11-05).

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Questioned Costs

Section 131 – A questioned cost could not be determined as the total G&C expenditures of \$502,843 and \$31,009 for Sections 131 and 132, respectively, could not be traced back to the total hours associated with the G&C and non-G&C activities recorded in the Monthly Activity Log.

Recommendation

The District should strengthen policies and procedures to ensure that the percentages used to allocate costs are adequately supported in accordance with the federal guidelines.

Views of responsible Officials, Planned Corrective Actions, and Contact Information

Section 131 – Secondary Vocational Education: We are not aware or have not been informed of any California Dept. of Education (CDE), Perkins CTE Secondary Grant and/or Federal guidelines and regulations that require or provide methodology or procedure in allocating or identifying direct program salary costs to the seven Perkins Object Classifications or Categories (Instruction, Curriculum Development, Special Population, Guidance & Counseling, etc.).

A planned set of program objectives and monthly activity logs were required by CTEU for each CTE adviser (certificated employee) and monthly summary reports of allocation and compliance by the advisers. Accounting and documenting on a daily basis for the hours spent by the advisers is impractical and not cost efficient. These are compounded by the difficulty and confusion of classifying each action or work performed in an hourly basis or fraction thereof and wherein such work may be interpreted or viewed as Instruction, Curriculum Development, or Special Population by one employee but different by another employee.

CTEU will prepare a “Time Study” for, say, three months in FY2012-13 showing daily activity or allocation of hours spent by the advisers on, among others, Guidance & Counseling. CTEU will obtain prior approval from CDE of this Time Study project which will be the basis of compliance on supporting documents to be required by the auditors in the future.

Name: Kathy Halsey
Title: Coordinator
Telephone: (213) 241-5687

Section 132 – ROC/P Adult Vocational Education Basic Grant: The Division will provide instructions, monitoring and follow-up support to ensure that the percentages used to allocate costs are adequately supported. Written information will be shared with school administrators and all appropriate staff by June 2013. Adjustments, if necessary, to the planning budget, will be submitted to CDE for approval.

Name: Judy De La Torres
Title: Specialist, Career Technical Education
Telephone: (213) 241-3800

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Program Identification

Finding Reference Number:

F-12-07

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.048, Grant Agreement 11-14894-6473-00;

Child Care and Development Fund: Child Care and Development Block Grant, and Child Care Mandatory and Matching Funds of the Child Care and Development Fun, Department of Health and Human Services, Passed through the California Department of Education, CFDA Nos. 93.575 and 93.596, Grant Agreement Nos. CCTR-0124 and CSPP-0227;

Twenty-First Century Community Learning Centers, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.287, Grant Agreement 11-14349-6473-4A, 11-14349-6473-5A, 11-14535-6473-4A, 11-14535-6473-5A, 11-14535-6473-6A, 11-14535-6473-6B, 11-14535-6473-6C, 11-14535-6473-6D, 11-14603-6473-6B, 11-14603-6473-6C, 11-14603-6473-6D, 11-14350-6473-SC.

Compliance Requirement:

Earmarking

State Audit Guide Finding Code:

30000 and 50000

Criteria

Vocational Educational Basic Grants to States: United States Code Title 20 – Education, Chapter 44 – Vocational and Technical Education, Subchapter I – Vocational and Technical Education Assistance to the States, Part C – Local Provisions, Section 2355, Local uses of funds, d) Administrative costs:

- Each eligible recipient receiving funds under this part shall not use more than 5% of the funds for administrative costs associated with the administration of activities assisted under this section.

Child Care and Development Fund: CCTR-9129 General Child Care and Development (Center-based) Funding Terms and Conditions and Program Requirements states:

- V.C. Administrative Costs – Contractors may claim administrative costs as defined in Section I above which are directly related to the provision of child care and development services. Reimbursement of administrative costs shall not exceed fifteen percent (15%) of net reimbursable program costs or actual administrative costs and audits, whichever is less. The fifteen percent (15%) includes any

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allowance for indirect costs and audits. Contractors shall maintain written documentation of the rationale used in determining direct and administrative costs.

- CSPP 9233 California State Preschool Program Funding Terms and Conditions and Program Requirements states:
- V.C. Administrative Costs – Contractors may claim administrative costs as defined in Section I above which are directly related to the provision of child care and development services. Reimbursement of administrative costs shall not exceed fifteen percent (15%) of net reimbursable program costs or actual administrative costs and audits, whichever is less. The fifteen percent (15%) includes any allowance for indirect costs and audits. Contractors shall maintain written documentation of the rationale used in determining direct and administrative costs.

21st Century Community Learning Centers: California Department of Education (CDE), 21st Century Community Learning Centers Program Budget and Information Packet, After School Partnerships Office, October 2005, Budget Information, Administrative and Indirect Costs:

- No more than 15% of paid grant funds may be used for administrative costs each year. Indirect costs are included in administrative costs, and cannot exceed an agency’s CDE-approved indirect cost rate or 5%, whichever is less.

Condition

Vocational Educational Basic Grants to States: *Section 131 – Secondary Vocational Education (contract number 11-14894-6473-00):* During our procedures performed over program earmarking requirements, we noted that the District’s administrative cost was separately accounted for in the IFS program code 3347. Based on our review of the program cost reported, we noted that the following positions (81 employees) totaling \$46,522 appear to be an administrative function but their salaries were not included in the program code 3347. However, their salaries were included in the program expenditures for the fiscal year 2011-12.

Clerk	\$	648
Financial Manager		437
School Accounting Clerk		1,295
School Administrative Assistant		18,717
Office Technicians		13,011
Senior Office Technician		12,414
	\$	<u>46,522</u>

We further sampled 18 employees totaling \$17,350 out of the positions in question and requested documentation to determine if their activities claimed were direct program related and supported; however, the Program Coordinator explained to us that these employees were not instructed to fill out any activity report to support the program activity.

The District’s claim for the administrative expenditures amounted to \$244,492 for the fiscal year 2011-12. The maximum allowed administrative cost amounted to \$245,063 which is 5% (excluding the

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administrative costs) of the total direct program expenditures of \$4,901,268 (including obligations) for the fiscal year 2011-12. Therefore, the expenditures in question listed above would cause the District to exceed its administrative earmarking limitation by \$45,951 (46,522+244,492-245,063) for the fiscal year ended June 30, 2012.

Child Care and Development Fund: During procedures performed over program earmarking requirements, we noted that the District's Early Childhood Education Division designated certain program codes to account for administrative costs. The Division's claim for the administrative costs amounted to \$299,498 on the final CDFS 9500 (CCTR-0124) and \$3,067,495 on the final CDFS 8501 (CSPP-0227) for the fiscal year ended June 30, 2011 (which was due in February 2012).

Based upon our additional analysis, we identified positions including Secretary, Accounting Technician, Clerk, and Office Technician, whose salaries totaled \$1,489,819 which appeared to be administrative functions, but their salaries were included in the program expenditures for the fiscal year 2010-11.

The maximum allowed amount for administrative cost amounted to \$19,533,012 which is 15% of the combined total direct program expenditures of \$130,220,081, (\$11,583,222 for CCTR-0124 and \$118,636,859 for CSPP-0227) for the fiscal year 2010-11. Therefore, the un-reported administrative expenditures in question may not have caused the District to exceed its administrative earmarking limitation for the fiscal year ended June 30, 2011. However, our estimate only included the salaries and benefits recorded in the District's payroll system and did not include any non-personnel costs (object codes 4000 – 7000) related to the administrative functions, if any.

Twenty-First Century Community Learning Centers: The District tracked the administrative costs on a spreadsheet to support the earmarking provision. In our review of the expenses recorded on the spreadsheet used for program classes 7G364 and 7L365, the District's calculated administrative costs did not exceed its 15% administrative earmarking limitation for those grants awarded in the fiscal year. However, based on our review of the detailed expenses on the spreadsheet, the salary expenditures for two (2) Coordinators' salaries totaling \$122,666 were split between program and administrative; However, the allocation was based on predetermined percentages and no other supporting documentation was provided to support these percentages.

It is not uncommon that an employee is assigned to more than just one activity between direct and indirect or administrative and program direct. Such multiple functions/activities must be accounted for adequately and supported properly to meet the time documentation requirements for allowable activity as well as the earmarking provisions.

Cause and Effect

Vocational Educational Basic Grants to States: The Program Director explained further to us that these positions were "supplemental" (that is, outside of their normal day to day work duties). Their time funded by this grant is to gather information from the students for the E2 reporting and these activities are allowable program direct costs. To substantiate that these activities were in fact performed by the positions in question; the Program Coordinator provided us with the E2 survey completed by the

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employees. These surveys contain the preparer's name, the date of the data entry, and the data collected from the students. However, these surveys were not certified (signed and dated) by the employees and/or the supervisor, as such, these surveys may not be used in lieu of personnel activity logs to support the activities performed by the employees.

The District's policy (BUL2643.5) requires an employee who works on more than one function to fill out the daily activity log to support the allowed activity. It appears that such policy was not strictly adhered to by the department that operates the grant.

Child Care and Development Fund: Starting fiscal year 2011-12, the District had set up a separate program code to account for all administrative costs for reporting purposes. The District had also established policies requiring all positions that may appear to be administrative position to prepare activity logs when performing program activities. Since such implementation was not effective until 2011-12, the condition noted is a repeat finding for the program year 2010-11.

Twenty-First Century Community Learning Centers: The District's policy (BUL2643.5) requires an employee who works on more than one function to fill out the daily activity log to support the allowed activity. It appears that such policy was not strictly adhered to by the department that operates the grant.

This is a repeat finding from Fiscal Years 2006-07 to 2010-11 (F-07-15, F-08-07, F-09-08, F-10-07, and F-11-07).

Questioned Costs

Vocational Educational Basic Grants to States: \$45,951

Child Care and Development Fund: The questioned cost may not be applicable as our estimate is below the limitation of the administrative cost.

Twenty-First Century Community Learning Centers: Not applicable as the claimed administrative cost and the questioned administrative cost together did not exceed the required limitation.

Recommendation

Vocational Educational Basic Grants to States: We recommend that the District should enforce the Secondary Programs to follow the District's BUL-2643.5 and document the activity to support the daily functions.

Child Care and Development Fund: We recommend that the Division enforce the District's policies and procedures to ensure that administrative costs are appropriately computed and accounted for the child development programs.

Twenty-First Century Community Learning Centers: We recommend that the District reinforce compliance of all program staff with the District's BUL-2643.5 to document and support the earmarking requirements of this grant.

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Views of responsible Officials, Planned Corrective Actions, and Contact Information

Vocational Educational Basic Grants to States:

We will have personnel that are doing overtime to make phone calls to students sign their survey summary.

Name: Kathy Halsey
Title: Coordinator
Telephone: (213) 241 -5687

Child Care and Development Fund: The District agrees with the finding. Early Childhood Education (ECE) Fiscal Services will annually work with the District's accounting department prior to submission of the final report to correctly identify administrative cost that should be included in the report. ECE Division will also require individuals that are in positions that appear to be administrative (office technician, secretary, etc.) but are actually performing program activities to complete monthly activity reports as outlined in the District's policy bulletin BUL-5399.0.

Name: Maureen Diekmann
Title: Executive Director
Telephone: (213) 241-7511

Twenty-First Century Community Learning Centers: The following is a summary of the corrective measures implemented to ensure the programs comply with the requirement in the Education Code.

Beyond The Bell Branch agrees with the audit finding. Consequently we will implement the following procedures effective January 1, 2013 to ensure we provide "Time and Effort Reporting" training. Furthermore, as a result of future training, personnel will be aware of "Direct vs. Indirect" (Ed Code 63001) documentation procedures.

1. Beyond the Bell Branch program personnel will be required to attend an annual "**Time & Effort Reporting**" training. Extensive training on "**Direct vs. Indirect**" documentation will be offered during this meeting.
2. Beyond the Bell Branch Program Management will periodically evaluate personnel functions and determine personnel funding source based on requirements per LAUSD District's policy (BUL5399.0).

We will continue to monitor these changes in protocol to ensure that the procedures are followed and all information is reported accurately and documented as necessary for auditing purposes. Should problems arise in any area for staff, Beyond the Bell will alter and refine the process accordingly to ensure continuous improvement in operations.

Name: Harry Talbot
Title: Administrative Coordinator
Telephone: (213) 241-7900

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Program Identification

Finding Reference Number:

F-12-08

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:

Title I Grants to Local Educational Agencies, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA Nos. 84.010 and 84.389; Grant Agreements 14329-6473 and 15005-6473;

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No 84.048, Grant Agreements 10-14894-64733 and 11-14893-7443;

Title II, Part D, Enhancing Education Through Technology, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.318, Grant Agreement No: 09-14368-64733;

American Recovery and Reinvestment Act of 2009, Enhancing Education Through Technology, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.386, Grant Agreement No: 10-15126-6473;

American Recovery and Reinvestment Act of 2009; Special Education: IDEA Basic Local Assistance Entitlement; U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.391, Grant Agreement No: 09-15003-6473-01.

Compliance Requirement:

Procurement, Suspension and Debarment

State Audit Guide Finding Code:

30000 and 50000

Criteria

Code of Federal Regulations, Title 34 – Education, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments – Subpart C – Post-Award Requirements, Section 80.36, Procurement:

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- Procurement standards:
 - i. Grantees and subgrantees will use their own procurement procedures, which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable federal law and the standards identified in this section.
 - ii. Grantees and subgrantees will maintain records sufficient to detail the significant history of a procurement. These records will include, but are not necessarily limited to the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price.
- Methods of procurement to be followed:
 - i. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source, or after solicitation of a number of sources, competition is determined inadequate.
 - a. Procurement by noncompetitive proposals may be used only when the award of a contract is infeasible under small purchase procedures, sealed bids or competitive proposals and one of the following circumstances applies:
 - (A) The item is available only from a single source;
 - (B) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
 - (C) The awarding agency authorizes noncompetitive proposals; or
 - (D) After solicitation of a number of sources, competition is determined inadequate.
 - ii. Cost analysis, i.e., verifying the proposed cost data, the projections of the data, and the evaluation of the specific elements of costs and profits, is required.

Condition

In our procurement sample testing of 83 transactions, 66 samples were related to purchases of supplies and equipment through a master contract between the District and the vendors. In our procedures performed to verify if contract rates were properly applied, we noted that items purchased for 45 transactions totaling \$6,065,200 were not covered in the master contracts. These items were quoted separately with a discounted price; however, the quotation presented only the discounted price and it did not include the original price.

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Program Name	CFDA	Program Code	# of Samples ¹	# of Exceptions	Transaction Amount
Title I Basic	84.010	1046, 1047, 2070	37	31	\$ 1,011,547
Title I Basic ²	84.389	3166	37	1	330,000
Vocational Education	84.048	3339, 3227	4	3	209,149
Ed Tech-ARRA	84.386	3327	8	1	173,095
Ed Tech ²	84.318	3197	8	1	119,826
Special Education - ARRA	84.391	2162	17	8	4,221,583
					<u>\$ 6,065,200</u>

¹ Samples related to Master Contract/Agreement

² not a separate set of samples

Cause and Effect

The District’s current policies do not include procedures to ensure that purchases through master contracts are subject to the normal competitive bid process if the items were not covered in the contracts when originally procured.

This is a repeat finding from Fiscal Year 2010-11 (F-11-10).

Questioned Costs

Not applicable. This is an internal control issue over procurement procedures for purchases through the master agreement.

Recommendation

The District should update the existing policies and procedures to require additional price analysis to be performed for items purchased from a vendor master contract that was not covered/listed in the master contract.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

We agree with the finding and will modify our appropriate desktop procedures to require procurement staff to validate discounts received. Additionally, and as a result of the upcoming SAP implementation, scheduled to begin July 1, 2013, new tools and technology will be available to target available discounts more efficiently and accurately, whereby once Procurement has included the discount information in SAP, the discount will be applied to the purchase order.

Name: Duane Johnson
 Title: Director of Compliance, Grants, and Strategic Contracting
 Telephone: 213 241-3087

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Program Identification

Finding Reference Number: **F-12-09**

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Domestic Assistance (CFDA) Number, Award Number: Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No. 84.048, Grant Agreement 11-14894-6473-00, 11-14893-7443-00, 11-14893-6473-00;

Twenty-First Century Community Learning Centers, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA No 84.287, Grant 11-14535-6473-4A, 11-14535-6473-5A, 11-14349-6473-5A, 11-14535-6473-4A.

Compliance Requirement: Reporting

State Audit Guide Finding Code: 30000 and 50000

Criteria

Code of Federal Regulations Title 34 – Education, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Subpart C – Post – Award Requirements, Section 80.20, Standards for financial management systems:

- A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
- Permit preparation of reports required by this part and the statutes authorizing the grant, and
- Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions or applicable statutes.

The financial management systems of other grantees and subgrantees must meet the following standards:

- Financial reporting: Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- Accounting records: Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

Code of Federal Regulations Title 34 – Education, Part 80 – Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments, Subpart C – Post – Award Requirements, Section 80.20, Standards for financial management systems:

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- A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:
- Permit preparation of reports required by this part and the statutes authorizing the grant, and
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Condition

Vocational Education Basic Grants to States:

Section 131 - Secondary Vocational Education Basic Grants (contract number 10-14894-6473-00): In our procedures performed over programmatic reporting, we noted that the District compiled CDE Form 101: E1 Report of Career Technical Education Enrollment and Program Completion (CDE Form 101 or E1) for secondary education by retrieving data submitted by individual schools and the Student Information System (SIS). Further, we noted that the District class code was converted to the CBED code for secondary education.

In order to test the accuracy of the data reported on the E1, for Secondary Vocational Education, we selected 10 CBEDs and traced student population data reported on the E1 to SIS and noted discrepancies between the numbers of the students reported. In the E1 report for school year 2009-2010, we were unable to reconcile the data on 2 CBEDs to the baseline information from SIS. The discrepancies noted in E1 were also carried forward to the numbers of the students reported in E2 because numbers of students reported on E1 was the basis for the E2 report.

CBED	CTE Category	SIS School Data	E1 Report	Over-Reported
4400	12 th Grade Concentrators Ethnicity	649	782	133
4400	12 th Grade Concentrators Special	679	816	137
5707	Concentrators in Capstone course receiving a "C" or better Special	461	464	3

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Section 132 – ROC/P Adult Vocational Education Basic Grants (contract numbers: 11-14893-7443-00 and 11-14893-6473-00): In our procedures performed over the accuracy of the data reported on the CDE From 101 Form, (called E1), we selected 71 students out of 10 CBEDs and traced the student information reported to the source documents (i.e. Registration Form, SIS data, Carl D. Perkins Declaration of Eligibility form, and classroom attendance sheet) and noted the following exceptions:

- **CBED 4050** (sample size: 26 students)
 - Registration form was not signed by a District employee i.e. either an administrator of the Perkins or instructional staff for one (1) student.
 - Course number for 1 student was erroneously reported on the E1.
 - Carl D. Perkins Declaration Eligibility forms were not provided for 9 students
 - Adult-weekly Attendance Forms were not signed by the instructor to support the completer status for 3 students
- **CBED 4400** (sample size: 5 students)
 - Registration form was not signed by a District employee i.e. either an administrator of the Perkins or instructional staff for one (1) student
- **CBED 5510** (sample size: 20 students)
 - Registration Form was not signed by one (1) student
 - Carl D. Perkins Eligibility Form was not provided for 8 students
 - One (1) student did not qualify for economically disadvantaged status per Carl D. Perkins Declaration Eligibility form for FY 2010-11.
 - Adult-weekly Attendance Forms were not signed by the instructor to support the completer status for 15 students
- **CBED 5755** (sample size: 2 students)
 - Carl D. Perkins Declaration Eligibility form was not provided for one (1) student
- **CBED 4280** (sample size: 8 students)
 - Adult-weekly Attendance Form was not signed by the instructor to support the completer status for one (1) student
- **CBED 5555** (sample size: 1 student)
 - Adult-weekly Attendance Form was not signed by the instructor to support the completer status for one (1) student
- **CBED 5706** (sample size: 2 students)
 - Adult-weekly Attendance Forms were not signed by the instructor to support the completer status for two (2) students

In another procedure performed over the E2 report submitted to CDE, we selected 10 CBEDs and noted that the number of students reported for the following categories were not supported by the data recorded in the SIS system:

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CBED	CTE Category	SIS School Data	CDE E2 Report	Variance Over/(Under)
4050	Ethnicity	0	33	33
4050	Special Population	0	4	4
4226	Ethnicity	20	94	74
4226	Special Population	24	97	73
4267	Ethnicity	18	54	36
4267	Special Population	7	32	25
4280	Ethnicity	11	21	10
4280	Special Population	11	24	13
4400	Ethnicity	0	26	26
4400	Special Population	0	31	31
5561 ROCP Adult	Ethnicity	6	21	15
5561 ROCP Adult	Special Population	8	23	15
5561 ROCP Sec.	Ethnicity	0	21	21
5561 ROCP Sec.	Special Population	0	2	2
5759	Ethnicity	1	15	14
5759	Special Population	0	8	8

Twenty-First Century Community Learning Centers: In our procedure performed over the attendance reported by the District’s sub-recipients funded by 21st CCLC, we obtained the Monthly Attendance Reports (MAR) submitted by the agencies for 30 schools and compared the attendance information to the attendance documentation (sign-in/out sheets) for 120 students for a sample day. The following are the details of the exceptions:

- **Bell Senior High** –1 student signed in, but did not properly sign out for one (1) day.
- **Carson High** – 2 students’ sign-in/out sheets did not specify a time of arrival and departure for one (1) day.
- **Susan Miller Dorsey Senior High** – 2 students’ sign-in/out sheets did not specify a time of arrival or departure for one (1) day each. 1 student did not meet the time requirements to satisfy a “present” status for one (1) day.
- **Venice High School** - 1 student’s sign-in/out sheets did not specify a time of arrival or departure.
- **San Pedro High School** – 1 student did not stay throughout the required time duration to meet the attendance status as present.
- **Jefferson High School** – 1 student did not stay throughout the required time duration to meet the attendance status as present.
- **Normont Elementary** – 4 students’ sign-in/out sheets did not specify “sign-in” time for one (1) day each.

In addition, the District’s attendance reporting was contracted out to an outside vendor to compile the data for the District starting 2011-12. The vendor provided attendance reports to the District for reporting to CDE. However, through our discussions with the program director of the program, the District has not

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established any policies and procedures to review or monitor its contracted vendor to ensure that the attendance provided is reliable.

Cause and Effect

Section 131 – Secondary Vocational Education Basic Grants: The cause of the above condition was attributed to a formula problem in the data extraction from SIS and human error in failing to detect errors.

Section 132 – ROC/P Adult Vocational Education Basic Grants: The District's policy does not require reconciliation between the information submitted by the individual schools and SIS and human error in inputting data in SIS.

This is a repeat finding from Fiscal Years 2005-06 to 2010-11 (F-06-25, F-07-25, F-08-18, F-09-15, F10-11, and F-11-12).

Twenty-First Century Community Learning Centers: The exceptions above could have over-reported the attendance to CDE.

This is a repeat finding from Fiscal Years 2005-06 to 2010-11 (F-06-36, F-07-33, F-08-22, F-09-20, F-10-12, and F-11-12).

Questioned Costs

Vocational Education Basic Grants to States: Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control system over the reporting to CDE.

Twenty-First Century Community Learning Centers: Questioned cost is not applicable as the payments for this program is not made based on the basis of attendance.

Recommendation

Vocational Education Basic Grants to States: The District should implement policies and procedures to strengthen its controls over reporting for the Secondary Vocational Education program, to ensure that reports are accurately reconciled to the actual data. The District should consult with CDE to determine if it is required to resubmit the revised reports with corrections.

Twenty-First Century Community Learning Centers: The District should continue to strengthen its control procedures to closely monitor its outside vendor to ensure that attendance data is compiled and reported accurately in accordance with the State requirements.

Views of Responsible Officials, Planned Corrective Actions, and Contact Information

Section 131 - Secondary Vocational Education Basic Grants: In the future, the report will be reviewed by another staff for accuracy or correctness.

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Name: Kathy Halsey
Title: Coordinator
Telephone: (213) 241-5687

Section 132 – ROC/P Adult Vocational Education Basic Grants: The Division will implement “corrective action” to ensure that these important procedural items on data collection for the E-1 report are addressed by:

1. Written explanations of these oversights plus written steps to be taken will be shared with appropriate school administrators and program staff now and at the beginning of each program year;
2. Specific attention will be paid to these items by staff who monitor and review program files.

With regards to the specific findings related to the E2 report submitted to CDE, the numbers and data reported to CDE are accurate; the report created locally for audit purposes will be re-programmed to increase accuracy for next year.

Name: Judy De La Torre
Title: Specialist
Telephone: (213) 241-3800

Twenty-First Century Community Learning Centers: Beyond The Bell Branch has implemented the following procedures effective July 1, 2012 to ensure we monitor agencies on the implementation on attendance policies and procedures at the sites to ensure documentation of reported attendance figures is readily available and accurate for auditing purposes. In addition, Beyond the Bell Branch has implemented procedures to strengthen our control procedures to closely monitor outside vendors and City-Span, Beyond the Bell’s outside vendor contracted to compile data for the district, to ensure attendance data is compiled and reported accurately in accordance with State requirements.

1. Contractors and agency program personnel are required to attend a **Federal Program Monitoring (FPM)** training. The FPM training reflects the CDE’s Program Dimensions. Extensive training on “attendance documentation” is offered during this meeting.
2. Through the Federal Program Monitoring (FPM) process, Beyond the Bell Branch conducts **“Random Reviews/Audits of Monthly Attendance Reports”** to examine agency sign-in/sign-out procedures. During this process, agencies must produce documentation that reflects the most current submitted attendance documentation and is reconciled with attendance documentation collected from City-Span.
3. Effective immediately, through the Federal Program Monitoring (FPM) process, Beyond the Bell Branch will begin conducting **“Random Reviews/Audits of Monthly Attendance Reports”** to

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examine agency sign-in/sign-out procedures to ensure attendance data submitted semi-annually is reconciled with attendance documentation collected and reported by City-Span.

We will continue to monitor these changes in protocol to ensure that the procedures are followed and all information is reported accurately and documented as necessary for auditing purposes. Should problems arise in any area for contractors or staff, Beyond the Bell will alter and refine the process accordingly to ensure continuous improvement in operations.

Name: Harry Talbot
Title: Administrative Coordinator
Telephone: (213) 241-7900

Program Identification

Finding Reference Number:	F-12-10
Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:	Title I Grants to LEAs, U.S. Department of Education (USED), Passed through the California Department of Education , CFDA No. 84.010, Grant Agreement 14329-6473; English Language Acquisition Program, U.S. Department of Education (USED), Passed through the California Department of Education, CFDA 84.365, Grant Agreement 14346-64733.
Compliance Requirement:	Special Tests and Provisions – Highly Qualified Teachers and Paraprofessionals Special Tests and Provisions – Parental Notifications (Annual & Initial and AMAO)
State Audit Guide Finding Code:	30000 and 5000

Criteria

Title 34 – Education, Secondary Education, Department of Education, Part 200 – Title I – Improving the Academic Achievement of the Disadvantaged, Subpart A – Improving Basic Programs Operated by Local Educational Agencies, Section 200.58, Qualifications of paraprofessionals:

- New paraprofessionals. A paraprofessional covered under paragraph (a) of this section, who is hired after January 8, 2002, must have:
 - (1) Completed at least two years of study at an institution of higher education;
 - (2) Obtained an associate’s or higher degree; or
 - (3) (i) Met a rigorous standard of quality, and can demonstrate through a formal State or local academic assessment knowledge of, and the ability to assist in instructing, as appropriate:

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- (a) Reading/language arts, writing, and mathematics or
- (b) Reading readiness, writing readiness, and mathematics readiness.
- (ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(i) of this section.

No Child Left Behind Act Section 1119, (i) Verification of Compliance:

- (1) In General – In verifying compliance with this section, each local educational agency, at a minimum, shall require that the principal of each school operating a program under section 1114 or 1115 attest annually in writing as to whether such school is in compliance with the requirements of this section.

MEM-5633: F – Principal Certification Form for the 2011-2012 School Year

Upon reviewing the teacher roster, if a “No” (not in compliance) or “Pending” appears after any teacher who is assigned to a core academic setting, then the school is not yet in compliance with NCLB with respect to teacher. Once the information for your school is verified, please complete the principal certification form and submit the original to Certificated Employment Operations by Friday, December 2, 2011.

Elementary & Secondary Education Act, Subpart 5 – Administration, Part C – General Provisions, Section 3302, Parental Notification:

- a. In General – Each eligible entity using funds provided under this title to provide a language instruction educational program shall, no later than 30 days after the beginning of the school year, inform a parent or the parents of a limited English proficient child identified for participation in, or participating in, such program of:
 - (1) The reasons for the identification of their child as limited English proficient and in need of placement in a language instruction educational program;
 - (2) The child’s level of English proficiency, how such level was assessed, and the status of the child’s academic achievement;
 - (3) The method of instruction used in the program in which their child is, or will be, participating, and the methods of instruction used in other available programs, including how such programs differ in content, instruction goals, and use of English and a native language in instruction;
 - (4) How the program in which their child is, or will be participating will meet the educational strengths and needs of the child;
 - (5) How such program will specifically help their child learn English, and meet age-appropriate academic achievement standards for grade promotion and graduation;
 - (6) The specific exit requirements for such program, the expected rate of transition from such program into classrooms that are not tailored for limited English proficient children, and the expected rate of graduation from secondary school for such program if funds under this title are used for children in secondary schools;
 - (7) In the case of a child with a disability, how such program meets the objectives of the individualized education program of the child; and
 - (8) Information pertaining to parental rights that includes written guidance:

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- A. Detailing:
- The right that parents have to have their child immediately removed from such program upon their request and
 - The options that parents have to decline to enroll their child in such program or to choose another program or method of instruction, if available and
- B. Assisting parents in selecting among various programs and methods of instruction, if more than one program or method is offered by the eligible entity.
- b. Separate Notification – In addition to providing the information required to be provided under subsection (a), each eligible entity that is using funds provided under this title to provide a language instruction educational program, and that has failed to make progress on the annual measurable achievement objectives described in Section 3122 for any fiscal year for which part A is in effect, shall separately inform a parent or the parents of a child identified for participation in such program, or participating in such program, of such failure not later than 30 days after such failure occurs.
- c. Receipt of Information – The information required to be provided under subsections (a) and (b) to a parent shall be provided in an understandable and uniform format and, to the extent practicable, in a language that the parent can understand.
- d. Special rule applicable during school year for a child who has not been identified for participation in a language instruction educational program prior to the beginning of the school year, the eligible entity shall carry out subsections (a) through (c) of this section with respect to the parents of the child within 2 weeks of the child being placed in such a program.

Condition

Title I Grants to LEAs: In our procedures of verifying the schools' compliance of the Principal Attestation over the certifications and notices on teacher and paraprofessional qualifications, on March 13, 2012, we obtained a log maintained by the Certificated Workforce Management & Qualification Division (Division) and noted 178 out of 829 schools had not submitted the annual Principal Certification Form (PCF) to the Division as required by MEM-5633.0. Subsequent to March 2012, the Division collected all of the 178 annual PCFs, which represented late submission over 120 days.

We further sampled 80 PCFs that were submitted prior to our request on March 13, 2012 and we noted that 30 schools submitted their annual Principal Certification Forms to the Division after December 2, 2011.

- 01-30 days late: 2 schools
- 31-60 days late: 23 schools
- 61-90 days late: 5 schools

English Language Acquisition Program: In our procedures performed over participating limited English proficiency (LEP) students, we requested copies of the required parental notifications for the students participating in the program during the 2011-2012 school year. We also requested copies of the school certification forms for notification sent to parents for failure of Annual Measurable Achievement Objectives (AMAO).

In our sample of 40 schools for certifications of AMAO, we noted the following:

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- 5 schools did not issue the AMAO Certification Form before September 23, 2011.
- 1 school could not locate the AMAO certification for the FY12 school year.

In our sample of 51 participating students for Annual parent notifications, we noted the following:

- 6 annual parent notifications were not provided by the schools.
- 10 annual parent notifications were issued after 30 days of the beginning of the school year (September 6, 2011)/or not within 2 weeks from the program enrollment.
- 1 annual parent notification was issued with a “blank” Notification date and was therefore indeterminable if it was sent on time.

In our sample of 47 participating students for Initial parental notification, we noted the following:

- 6 initial parent notifications were not located by the schools and were so confirmed by the schools’ checklist.
- 6 initial parent notifications, schools issued the certification after 30 days of the beginning of the school year/or not within 2 weeks from the program enrollment.
- 2 initial notifications contained no issue date per Notification Letter and were indeterminable as to time sent.
- 3 initial notifications were not provided. Instead 2 were for the school year 2012-13 and 1 initial notification was provided for the school year 2010-11.
- 3 initial notifications were classified incorrectly by the schools, should have been marked as “Annual”.

Cause and Effect

Title I Grants to LEAs: There does not appear to be internal control procedures over compliance with timely submission of the Principal Certification Form and follow-up procedures with the schools who did not report by the due date.

This is a repeat finding from Fiscal Year 2010-11 (F-11-17).

English Language Acquisition Program:

Although the schools have made an effort to maintain proper records regarding the Annual and Initial Notifications, there does not appear to be effective controls in place to ascertain that sufficient documentation is maintained to support the District’s compliance.

This is a repeat finding from Fiscal Years 2005-06 to 2010-11 (F-06-36, F-07-33, F-08-22, F-09-20, F-10-18, and F-11-18).

Questioned Costs

Title I Grants to LEA: Not applicable. The finding related to the Principal Attestation is a programmatic non-compliance issue and it does not constitute any questioned costs.

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English Language Acquisitions: Not applicable. This finding relates to a programmatic, non-compliance issue as well as a deficiency in the internal control system to properly monitor the parental notification process. No monetary costs are involved here.

Recommendation

Title I Grants to LEA: We recommend that the District strengthen its monitoring process to ensure that schools are compliant with the principal attestation requirement and submit accurate certifications timely.

English Language Acquisitions: We recommend the District continue to strengthen its policies and procedures to ensure that the schools comply with the requirement that all parental notifications are made in a timely manner and the supporting documentation is maintained on file to support the schools' compliance as per the English Language Acquisition Program.

Views of Responsible Officials and Planned Corrective Actions, and Contact Information

Title I Grants to LEAs: In order to strengthen its monitoring process to ensure that schools are compliant with the submission of the principal certification requirement the District will:

- Implement an electronic principal certification form
- Examine the submission date of the principal certification forms

Name: Derek Ramage

Title: Director, Certificated Workforce Management and Qualifications

Telephone: (213) 241-4663

English Language Acquisitions: We concur that the District should continue to strengthen its policies and procedures to ensure all schools comply with the requirement that parental notifications are made in a timely manner and the required documentation is on file in support of the schools' compliance for EL Programs through the following actions:

1. MMED Compliance staff, in conjunction with the Educational Service Center English Learner (EL) coordinators, will use the 2011-12 Single Audit findings along with the data provided by schools to the District's *English Learner Online Accountability System* to monitor and provide support to schools not meeting the parental notification timelines.
2. Provide additional training on the *English Learner Master Plan* to include training on the use of a *Accountabilities Time-Task calendar* to ensure timeliness of implementation of parental notification policies and procedures.
3. Review existing parental notification policies to include explicit guidelines regarding the mandates and procedures pertaining to parental notification. These policies will be posted on the District's *Inside LAUSD* and *Multilingual & Multicultural Education* websites and will be

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accessible to all employees. Reference to these policies will be included in the follow-up *English Learner Master Plan* professional development to all school-site administrators and EL Coordinators (Refer to timeline referenced in Item 4).

4. Monitor the use of the *English Learner Online Accountability System* by the principal and EL Coordinator to ensure and follow-up with implementation and evidence of compliance through random internal audits.

Professional Development

Title III Master Plan Institute

Monthly Professional Development (School-site Coordinators)

Training Date

July, August, September 2013

September 2013-May 2014

5. Ensure that Educational Service Center EL coordinators provide professional development in August 2013 to school-site EL Coordinators that focuses on federal and state mandates regarding initial and annual parent notification.

Name: Valerie Brewington

Title: English Learner Coordinator

Telephone: (213) 241-5582

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Section III – Findings and Questioned Costs Relating to State Awards

S-12-01 Regular and Special Day Classes – Elementary Schools – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Burton Street Elementary School
- Anatola Elementary School
- Kingsley Elementary School
- San Jose Elementary School

Criteria

California Education Code, Section 46300(a) – In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

Condition, Cause and Effect

In our sample of 25 elementary schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month five (5). SMASRs are system-generated reports from the District's Integrated Student Information System (ISIS), a system utilized by the teachers to electronically input, submit and certify student attendance on a daily basis. This system, which replaced the manual daily attendance recording through Student Apportionment Attendance Record Cards, was fully implemented for all of the District's elementary schools during FY 2009-2010. 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 verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to Revised Annual Attendance Ledgers (i.e. ACES Dump Reports), which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of 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 and P3. In addition, since the SMASRs are generated through ISIS, we also tested the system's general internal controls which included, but were not limited to appropriate access controls.

Out of the 42,625 days of attendance tested, 769 days of absences, we noted the following findings.

- **Burton Street Elementary School** - Of 1,919 days of attendance and 40 absences sampled, we noted the following exception:
 - One (1) student was absent for one (1) day, as evidenced by an absence note, but was marked as present in the school's monthly attendance summary.
- **Anatola Elementary School** - Of 1,330 days of attendance and 25 absences sampled, we noted the following exception:

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- One (1) student was absent for one (1) day, as evidenced by an absence note, but was marked as present in the school's monthly attendance summary.
- **Kingsley Elementary School** - Of 1,007 days of attendance and 14 absences sampled, we noted the following exception:
 - One student was absent for one (1) day, as evidenced by an absence note, but was marked as present in the school's monthly attendance summary.
- **San Jose Elementary School** - Of 1,843 days of attendance and 41 absences sampled, we noted the following exception:
 - One (1) student was absent for one (1) day, as evidenced by an absence note, but was marked as present in the school's monthly attendance summary.

These findings are repeat findings, having been reported previously at June 30, 2011 (S-11-1) but for different schools.

Questioned Costs

4 days / 121 days = 0.033 ADA overstated * \$5,209.39 = \$172

- **Burton Elementary School** – 1 days overstated/121 days in single track school year
- **Anatola Elementary School** – 1 day overstated/121 days in single track school year
- **Kingsley Elementary School** – 1 day overstated/121 days in single track school year
- **San Jose Elementary School** – 1 day overstated/121 days in single track school year

Recommendation

We recommend that the District continue to strengthen its controls over implementing District policies over student attendance reporting. Furthermore, we recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to.

Views of Responsible Officials and Planned Corrective Actions

District staff will work with the administrators of these schools to ensure in-service training is provided to staff regarding proper recording and clearing of absences, as well as to ensure that procedures to monitor accuracy of attendance reporting are in place.

S-12-02 Regular and Special Day Classes – Secondary Schools – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected:

- South Gate Middle School
- Southeast High School Tech – Media Magnet

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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 who were 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

In our sample of 13 secondary schools, we obtained the weekly attendance summaries for a sample of teachers for month four (4). The weekly attendance summaries are system-generated reports from the District's Integrated Student Information System (ISIS), a system utilized by the teachers to electronically input, submit and certify student attendance on a daily basis. We verified whether these weekly attendance summaries for the schools sampled were accurately reported in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the weekly attendance summaries are summarized, for our sampled schools and verified whether the weekly attendance summaries were completely and accurately summarized. We then traced these monthly statistical reports to the Revised Annual Attendance Ledgers (i.e. ACES Dump Reports), which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of data reported in the sampled weekly attendance summaries, we selected a sample of absences from notes, phone logs and other absence records and compared these to the weekly attendance summaries to verify that these were not included in the calculation of Average Daily Attendance reported in the P2 and P3. In addition, since the weekly attendance summaries are generated through ISIS, we also tested the system's general internal controls which included, but were not limited to appropriate access controls.

We selected a sample of 18,045 days of attendance and 409 absences for testing and noted the following findings:

- **Southgate Middle School** - Of 4,726 days of attendance and 75 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 school's weekly attendance summary.
- **Southeast High School** - Of 1,224 days of attendance and 39 absences sampled, we noted the following exception:
 - One (1) student was absent for one (1) day, as evidenced by an absence note, but was recorded as present in the school's weekly attendance summary.

These findings are repeat findings, having been reported previously at June 30, 2011 (S-10-02) but for different schools.

Questioned Costs

3 days / 121 days = 0.025 ADA overstated * \$5209.39 = \$129

- **Southgate Middle School** - 2 days overstated/121 days in single track school year

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- **Southeast High School** - 1 day overstated/121 days in single track school year

Recommendation

We recommend that the District continue to strengthen its controls over implementing District policies over student attendance reporting. Furthermore, we recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to.

Views of Responsible Officials and Planned Corrective Actions

District staff will work with the administrators of these schools to ensure in-service training is provided to staff regarding proper recording and clearing of absences, as well as to ensure that procedures to monitor accuracy of attendance reporting are in place.

S-12-03 Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

School Affected

- Evergreen High School
- Phoenix 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 two (2) continuation schools, we traced the total on *Worksheet for Completing the Statistical Report* and compared the totals to the monthly school's *Statistical Report* totals, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)* for the third school month. We also employed the same sample of two continuation schools and traced the days reported on the *Monthly School Statistical Report* and compared the totals to the Student Apportionment Attendance Cards and the supporting attendance records maintained by the selected teachers.

We noted the following findings:

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- **Evergreen High School** – Of the 1,047 hours (349 days) of attendance, 30 days of absences sampled and tested, we noted the following finding:
 - Attendance for 24 students was overstated by 60 hours or 20 days.
- **Phoenix High School** – Of the 1,928 hours (643 days) of attendance, 30 days of absences sampled and tested, we noted the following finding:
 - Attendance for 62 students was overstated by 408 hours or 136 days.

These findings are repeat findings, having been reported previously at June 30, 2011 (S-11-03) but for different schools.

Questioned Costs

156 days/126 days = 1.24 ADA overstated * \$5209.39 = \$6,450

- **Evergreen High School** - 20 days overstated/126 days in single track school year
- **Phoenix High School** - 136 days overstated/126 days in single track school year

Recommendation

We recommend that the District strengthen its review process over the compilation of the *Monthly Statistical Reports* to ensure that the reports accurately reflect student attendance data.

Views of Responsible Officials and Planned Corrective Actions

District staff will work with the administrators of these schools to provide in-service training regarding the proper recording of attendance for continuation schools, the proper reporting of attendance for apportionment, as well as ways to review and monitor attendance records for accuracy.

S-10-04 – After School Education and Safety Program

State Audit Guide Finding Codes: 40000

School Affected

- **Arminta Elementary School**
- **Madison Elementary School**
- **75th Street Elementary School**
- **Solano Elementary School**
- **White Elementary School**
- **10th Street Elementary School**
- **Camellia Elementary School**
- **Evergreen Elementary School**
- **President Elementary School**
- **Gardena Elementary School**
- **South Gate Middle School**
- **State Street Elementary School**
- **59th Street Elementary**
- **Broadway Elementary School**
- **Leland Elementary School**
- **Rosewood Elementary School**
- **Olive Vista Middle School**
- **Peary Middle School**
- **Stevenson Middle School**
- **Romer Middle School**
- **San Fernando Middle School**
- **Berendo Middle School**
- **Clinton Middle School**
- **Middleton Middle School**
- **Los Angeles Academy Middle School**

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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 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 requirements 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 pupils participate in the full day of the program every day during which pupils participate and that pupils in middle school or junior high school attend a minimum of nine hours a week and three days a week to accomplish program goals.

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 pupils participate in the full day of the program every day during which pupils participate and that pupils in the middle or junior high school attend a minimum of six hours a week or three days a week to accomplish program goals, except when arriving late in accordance with the late arrival policy 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 40 schools and 2,360 students who participated in the After School Education and Safety Program. We examined the attendance records for the selected students and verified that 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:

After School Component of the Program

On a sample basis, we tested the attendance documentation of 32 schools and 2,166 students who participated in the after school component of the After School Education and Safety Program.

There were a total of two (2) students in one (1) school who did not have complete sign-in and sign-out time on the sign-in/sign-out sheets. Due to the missing sign-out time, we were unable to determine whether the elementary school students participated in the full day of after school program

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on every day during which students participated except as consistent with the established early release policy. The following are the details of the exceptions:

- **Arminta Elementary School** – two (2) students signed in, but did not properly sign out for a total of 33 days.

There were 75 students in nine (9) schools that did not comply with the established early release policy. As a result, the following elementary schools had students that did not participate in the full day of the after school program on every day during which pupils participated, and the following middle schools had students that participated less than nine hours a week and three days a week:

- **Madison Middle School** - 20 students did not participate for nine hours and three days of the after school program for the week we tested that they participated and there were no early release forms or absence forms to explain why such requirement was not complied with.
- **Olive Vista Middle School** - 13 students did not participate for nine hours and three days of the after school program for the week we tested that they participated and there were no early release forms or absence forms to explain why such requirement was not complied with.
- **Peary Middle School** – 18 students did not participate for nine hours and three days of the after school program for the week we tested that they participated and there were no early release forms or absence forms to explain why such requirement was not complied with.
- **Stevenson Middle School** - 15 students did not participate for nine hours and three days of the after school program for the week we tested that they participated and there were no early release forms or absence to explain why such requirement was not complied with.
- **Romer Middle School** – two (2) students did not participate for nine hours and three days of the after school program for the week we tested that they participated and there were no early release forms or absence to explain why such requirement was not complied with.
- **San Fernando Middle School** - two (2) students did not participate for nine hours and three days of the after school program for the week we tested that they participated and there were no early release forms or absence to explain why such requirement was not complied with.
- **75th Street Elementary School** – one (1) student did not participate in the full period of the after school program for one (1) day that he participated and there was no early release forms to explain why such requirement was not complied with.
- **Solano Elementary School** – one (1) student did not participate in the full period of the after school program for a total of five (5) days that he participated and there were no early release forms to explain why such requirement was not complied with.
- **White Elementary School** – three (3) students did not participate in the full period of the after school program for a total of seven (7) days that they participated and there were no early release forms to explain why such requirement was not complied with.

We obtained the Monthly Attendance Report (MAR) for a sampled month for the same schools we sampled and compared the total attendance reported to the attendance records (e.g. sign in/sign out sheets) for the schools for a sample week during the school year 2011-2012. We also tested the completeness and accuracy of the reports by selecting a sample of the students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

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- **Madison Middle School** – MAR was understated by 84 days, compared to the sign-in sheets. We also noted two (2) students marked present for two (2) days in the sign-in sheets were not found on the MAR.
- **Olive Vista Middle School** - MAR was understated by 215 days, compared to the sign-in sheets. We also noted 20 students marked present for a total of 20 days in the sign-in sheets were not found on the MAR.
- **Peary Middle School** - MAR was understated by 122 days, compared to the sign-in sheets. We also noted two (2) students marked present for two (2) days in the sign-in sheets were not found on the MAR.
- **Stevenson Middle School** - MAR was understated by 26 days, compared to the sign-in sheets. We also noted one (1) student marked present for one(1) day in the sign-in sheets was not found on the MAR.
- **10th Street Elementary School** – MAR was understated by three (3) days, compared to the sign-in sheets. We also noted three (3) students marked present for a total of three (3) days in the sign-in sheets were not found on the MAR.
- **75th Street Elementary School** – MAR was understated by three (3) days, compared to the sign-in sheets.
- **Camellia Elementary School** – MAR was understated by two (2) days, compared to the sign-in sheets.
- **Evergreen Elementary School** – One (1) student marked present for a total of one (1) day in the MAR was not found in the sign in sheets. We also noted four (4) students marked present for a total of four (4) days in the sign-in sheets were not found on the MAR.
- **President Elementary School** – MAR was understated by 12 days, compared to the sign-in sheets. In addition, four (4) students marked present for a total of four (4) days in the MAR were not found in the sign in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.
- **Solano Elementary School** – MAR was understated by 25 days, compared to the sign-in sheets. We also noted three (3) students marked present for a total of three (3) days in the sign-in sheets were not found on the MAR.
- **Gardena Elementary School** – MAR was understated by seven (7) days, compared to the sign-in sheets. In addition, four (4) students marked present for a total of four (4) days in the MAR were not found in the sign in sheets.
- **White Elementary School** – MAR was understated by nine (9) days, compared to the sign-in sheets. In addition, two (2) students marked present for a total of two (2) days in the MAR were not found in the sign in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.
- **Berendo Middle School** – MAR was overstated by one (1) day, compared to the sign-in sheets
- **Clinton Middle School** – MAR was understated by six (6) days, compared to the sign-in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.

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- **Romer Middle School** – MAR was understated by eleven (11) days, compared to the sign-in sheets.
- **San Fernando Middle School** – MAR was overstated by 40 days, compared to the sign-in sheets. In addition, six (6) students marked present for a total of six (6) days in the MAR were not found in the sign in sheets.
- **Middleton Elementary School** – MAR was understated by eight (8) days, compared to the sign-in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.
- **Los Angeles Academy Middle School** – MAR was understated by seven (7) days, compared to the sign-in sheets.
- **South Gate Middle School** – MAR was understated by 35 days, compared to the sign-in sheets. In addition, one (1) student marked present for a total of one (1) day in the MAR was not found in the sign in sheets. We also noted four (4) students marked present for a total of four (4) days in the sign-in sheets were not found on the MAR.
- **State Street Elementary School** – MAR was understated by three (3) days, compared to the sign-in sheets. In addition, one (1) student marked present for a total of one (1) day in the MAR was not found in the sign in sheets.
- **59th Street Elementary School** – MAR was understated by three (3) days, compared to the sign-in sheets.
- **Broadway Elementary School** – MAR was understated by two (2) days, compared to the sign-in sheets. We also noted two (2) students marked present for a total of two (2) days in the sign-in sheets were not found on the MAR.
- **Leland Elementary School** – One (1) student marked present for a total of one (1) day in the MAR was marked absent in the sign in sheets.
- **Rosewood Elementary School** – MAR was understated by 68 days, compared to the sign-in sheets. In addition, five (5) students marked present for a total of five (5) days in the MAR were marked absent in the sign in sheets. We also noted four (4) students marked present for a total of four (4) days in the sign-in sheets were marked absent on the MAR.

Before School Component of the Program

Condition, Cause and Effect

On a sample basis, we tested the attendance documentation of eight (8) schools and 194 students who participated in the before school component of the After School Education and Safety Program.

There were four (4) students in two (2) schools that did not comply with the established late arrival policy.

- **Gridley Elementary School** - Three (3) students did not participate in at least one-half of the before school program for a total of nine (9) days that they participated and there were no late arrival forms to explain why such requirement was not complied with. The students were counted as present in the attendance summary.

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- **Vinedale Elementary School** – One (1) student did not participate in at least one-half of the before school program for a total of two (2) days that they participated and there was no late arrival form to explain why such requirement was not complied with. The student was counted as present in the attendance summary.

We also obtained the Monthly Attendance Reports (MAR) for the same schools we sampled and compared the total attendance reported to the attendance records (e.g. sign in/sign out sheets) for the schools for a sample week during the school year 2011-2012. We also tested the completeness and accuracy of the reports by selecting a sample of the students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

- **107th Elementary School** – MAR was understated by 10 days, compared to the sign in sheets. We also noted two (2) students marked present for a total of two (2) days in the sign-in sheets was not found on the MAR.
- **135th Elementary School** – MAR was understated by five (5) days, compared to the sign in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.
- **Gridley Elementary School** – MAR was understated by 16 days, compared to the sign in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets were not found on the MAR.
- **Breed Elementary School** – MAR was overstated by four (4) days, compared to the sign in sheets.
- **Dena Elementary School** – MAR was understated by nine (9) days, compared to the sign in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.
- **Hooper Elementary School** – MAR was understated by 20 days, compared to the sign in sheets. We also noted one (1) student marked present for a total of one (1) day in the sign-in sheets was not found on the MAR.
- **Sheridan Elementary School** – MAR was overstated by one (1) day, compared to the sign in sheets.
- **Vinedale Elementary School** – MAR was understated by 87 days, compared to the sign in sheets.

Questioned Costs

As a result of the above testing, the total under reporting of attendance was 774 days. 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 policies, specifically on maintaining accurate

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attendance records. We also recommend for the District to continue performing agency visits to make sure that the established policies are complied with.

Views of Responsible Officials and Planned Corrective Actions

LAUSD - Beyond The Bell Branch has implemented the following procedures effective July 1, 2011 to ensure that we are providing training on attendance policies and procedures as well as how we are monitoring how the procedures are being implemented at the sites to ensure documentation of reported attendance figures is readily available and accurate for auditing purposes.

1. Agency contractors and program personnel attended **“Start-Up Meeting”** held August 10, 2011. Extensive training on attendance documentation was offered during this meeting.
2. Contractors and agency program personnel were required to attend an annual **“Policies and Procedures/Risk Management”** training. As a result of the audit finding and reflection on best practices, Beyond the Bell has developed an attendance documentation training implemented for the 2011 – 2012 year. The training was offered on a monthly basis. The following **“Policies and Procedures/Risk Management”** training dates were scheduled for the 2011 – 2012 year (NOTE: Attendance Documentation has been implemented as a result of previous audit findings):
 - 8/30/11, 8/31/11, 9/6/11, 9/21/11, 10/22/11, 11/19/11, 12/14/11, 1/21/12, 2/16/12, 3/14/12, 4/21/12, 5/19/12, & 6/13/12
3. Contractors and agency program personnel attended a Federal Program Monitoring (FPM) training. The FPM training reflects the CDE’s Program Dimensions. Extensive training on attendance documentation was offered during this meeting.
4. Beyond the Bell conducted **“site visits”** to monitor program quality and student attendance through:
 - Field Office administrators
 - Certified Administrators conducted site visits to evaluate and monitor agency program implementation. Attendance documentation was closely monitored during these visits.
 - Field Office Travelling Playground Supervisors
 - Classified/Unclassified Travelling Playground Supervisors conducted weekly visits to evaluate and monitor agency program implementation. Attendance documentation to ensure appropriate staff-to-student ratio and observation of sign in/sign out procedures was closely monitored during these site visits.
 - Central Office Administrators
 - Central Office Administrators conducted site visits to evaluate and monitor agency program implementation. In addition to program quality and compliance, attendance documentation was closely monitored during these visits.
5. Beyond the Bell Branch conducted **“random reviews/audits of monthly attendance reports”** to examine agency sign in/sign out procedures.

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Beyond the Bell will continue to monitor these changes in protocol to ensure that the procedures are followed and all information is reported accurately and documented as necessary for auditing purposes. Should problems arise in any area for contractors and staff, Beyond the Bell will alter and refine its processes accordingly to ensure continuous improvement in operations.

S-12-05 - Exclusion of Pupils – Pertussis Immunization

State Audit Guide Finding Codes: 10000, 30000 and 40000

Schools Affected

Mt. Gleason G/HA Mag
South Gate Middle School
Apex Academy
Leadership Ent MA
Fremont Science and Magnet School
Huntington Park High School
Valley Academy Arts and Science
Gage Middle School
Burbank Middle School
Nimitz Middle School
Southeast High School

Criteria

California Health and Safety Code Section 120335 - (a) As used in this chapter, "governing authority" means the governing board of each school district or the authority of each other private or public institution responsible for the operation and control of the institution or the principal or administrator of each school or institution.

(d) The governing authority shall not unconditionally admit or advance any pupil to the 7th grade level of any private or public elementary or secondary school unless the pupil has been fully immunized against pertussis, including all pertussis booster appropriate for the pupil's age.

California Health and Safety Code Section 120335.1 (a) Notwithstanding Section 120335, the county office of education, the governing board of a school district of attendance, or the governing body of a charter school may allow a pupil, advancing to or enrolled in any of grades 7 to 12, inclusive, to conditionally attend school for up to 30 calendar days, commencing with the pupil's first day of attendance in the 2011-12 school year for that county office of education or school district, if that pupil has not been fully immunized with all pertussis boosters appropriate for the pupil's age and if all of the following conditions are met:

- (1) The pupil was enrolled in the county office of education or school district in the prior year, and is continuing in the same or advancing to the next grade level.
- (2) The pupil's first day of attendance in the 2011-12 school year for that county office of education or school district occurs on or before the sixth Friday following the first day on which classes are

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offered at the school in which the pupil is enrolled.

(3) The county office of education or school district work with the pupil's parent or legal guardian so that the pupil receives all immunizations or boosters necessary for continued attendance.

(b) It is the intent of the Legislature that any pupil allowed to conditionally attend pursuant to subdivision (a) be fully immunized pursuant to this chapter on or before the 30th day of conditional attendance allowed.

(c) This section shall become inoperative on July 1, 2012, and as of January 1, 2013, is repealed, unless a later enacted statute that is enacted before January 1, 2013, deletes or extends the dates on which it becomes inoperative and is repealed.

California Code Of Regulations Title 17, Division 1, Chapter 4 - (a) The required immunizations for admission to and attendance at a public or private elementary or secondary school, child care center, day nursery, nursery school, family day care home, or developmental center shall be those set forth, according to age, in Table 1.

Table 1 states that 1) Pupils must have received at least one dose of Tdap prior to admission or advancement into the 7th through 12th grades. 2) If DTP was given on or after age 7 years instead of Tdap, this dose may also be counted as a valid dose for this requirement.

Condition, Cause and Effect

In our sample of 13 secondary schools, we obtained the weekly attendance summaries for a sample of teachers for month four (4). The weekly attendance summaries are system-generated reports from the District's Integrated Student Information System (ISIS), a system utilized by the teachers to electronically input, submit and certify student attendance on a daily basis.

We obtained from the 13 sampled secondary schools the immunization records filed for all the students in attendance for the sampled teachers for month four (4), to test whether the students had the proper pertussis immunization and that the District appropriately filed the students' immunizations records, as required by California Health and Safety Code and California Code of Regulations. In addition, we also obtained immunization records filed at the District's central office for the same sampled students. We noted the following exceptions:

Mt. Gleason G/HA Mag– Out of the 88 students we tested, we noted two (2) students who were appropriately immunized but the District has no evidence that their immunization records were on file by the 30th calendar day after the students' first day of attendance in school year 2011-12. We also noted 24 students who were appropriately immunized but their records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

South Gate Middle School – Out of the 91 students we tested, we noted three (3) students who were appropriately immunized but their records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Apex Academy - Out of the 94 students we tested, we noted one (1) student who did not have pertussis immunization and four (4) students who were appropriately immunized but their records

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Leadership Ent MA – Out of the 69 students we tested, we noted one (1) student who did not have pertussis immunization, one (1) student who was immunized before his 7th birthday, and three (3) students who were appropriately immunized but their records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Fremont Science and Magnet School - Out of the 69 students we tested, we noted one (1) student who was immunized before his 7th birthday and eight (8) students who were appropriately immunized but their records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Huntington Park High School – Out of the 116 students we tested, we noted five (5) students who were appropriately immunized but their records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Valley Academy Arts and Science – Out of the 88 students we tested, we noted two (2) student who were appropriately immunized but the District has no evidence that his immunization records were on file by the 30th calendar day after the students' first day of attendance in school year 2011-12 and one (1) student who was appropriately immunized but his records were filed subsequent to the 30th calendar day after the student's first day of attendance in school year 2011-12.

Gage Middle School - Out of the 211 students we tested, we noted 12 students who were appropriately immunized but their records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Burbank Middle School - Out of the 115 students we tested, we noted one (1) student who was appropriately immunized but his records were filed subsequent to the 30th calendar day after the students' first day of attendance in school year 2011-12.

Nimitz Middle School - Out of the 60 students we tested, we noted one (1) student who was appropriately immunized but the District has no evidence that their immunization records were on file by the 30th calendar day after the students' first day of attendance in school year 2011-12.

Southeast High School – Out of the 107 students we tested, we noted one (1) student who was immunized before his 7th birthday.

Questioned Costs

We examined the attendance records of the students who were not properly immunized or whose immunization records were not filed by the District, for the entire school. For the students whose immunization records were filed subsequent to the 30-calendar-day requirement, we examined their attendance records from the day after the 30th calendar day after the students' first day of attendance,

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to the date when the related immunization records were filed. From the attendance records examined, we calculated the overstated ADA claimed by the District accordingly.

For single track schools – 1,516 days / 126 days = 12.03 ADA overstated * \$5,209.39 = **\$62,678**

For three-track schools (C) – 351 days / 138 days = 2.54 ADA overstated * \$5,209.39 = **\$13,250**

For three-track schools (B) – 180 days / 119 days = 1.51 ADA overstated * \$5,209.39 = **\$7,880**

For the early start school - 232 days / 141 days = 1.65 ADA overstated * \$5,209.39 = **\$8,571**

- **Mt. Gleason** -941 days overstated/126 days in a single track school
- **South Gate Middle School** -123 days overstated/ 126 days in a single track school
- **Apex Academy** - 101 days overstated/ 126 days in a single track school
- **Leadership** - 232 days overstated/ 141 days in an early start school
- **Fremont Science & Magnet School** -338 days overstated/138 days in a three-track school (C)
- **Huntington Park High School** -13 days overstated/ 138 days in a three- track school (C)
- **Valley Academy Arts and Science** -157 days overstated/ 126 days in a single track school
- **Gage Middle School** -180 days overstated/ 119 days in a three- track school (B)
- **Nimitz Middle School** -104 days overstated/ 126 days in a single track school
- **Burbank Middle School** -3 days overstated/ 126 days in a single track school
- **Southeast High School** - 87 days overstated/ 126 days in a single track school

Recommendation

No recommendation is necessary to address this finding, as the requirements for Exclusion of Pupils - Pertussis Immunization will be inoperative for school year 2012-13.

Views of Responsible Officials and Planned Corrective Actions

The District acknowledges that five (5) students did not receive the appropriate immunizations. The corresponding questioned cost for these five (5) students equals \$15,263.51 (2.93 ADA * \$5,209.39).

For the remaining students, the appropriate immunization was obtained; however, the input date into the District's student information system was after the 30 day requirement. The District believes that schools had the immunization records in a timely manner, but due to workloads and other school site priorities, the clerical work of the data input was delayed.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER



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December 14, 2012

The Honorable Board of Education
Los Angeles Unified School District
Los Angeles, California

Members of the Board:

We have audited the financial statements of the **Los Angeles Unified School District** (the District) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 14, 2012. In planning and performing our audit of the basic financial statements of the District, 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 basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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. We consider items FS-12-01, FS 12-02 and FS 12-03 to be significant deficiencies in internal control.

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 pages 298 to 304.

We did not audit the District's response to the findings and comments identified in our audit, and accordingly, we express no opinion on it.





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 others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink that reads "Simpson E. Simpson". The signature is written in a cursive style with a large initial 'S'.

Current Year Management Letter Comments

ML-12-01 - ISIS Access at School Site Visits

Observation

We reviewed a sample of 30 ISIS users and noted two (2) inactive (i.e., one terminated and one retiree) employees formally assigned to Canoga High School still had ISIS access.

Impact

Unauthorized or erroneous changes to student data may not be prevented, potentially resulting in an over/understatement of attendance reporting.

Recommendation

Principals or Assistant Principals should review ISIS access periodically (e.g., monthly) to remove inappropriate access in a timely manner.

Management Response

In lieu of increased workload on school-sites to manually perform a periodic review, ITD will strive to maintain the integrity of the daily HRMF interface, which automatically grants and removes access to ISIS as appropriate. As a compensating review, ITD Security will perform quarterly audits of ISIS access.

ML-12-02 - Developer Access to Payroll Production Data

Observation

There is one (1) ITD development personnel (i.e., Associate Computer Application Specialists) with update access to production payroll Infotypes (e.g., 0000 Maintain HR Data, 0014 Recurring Payments, 0015 Additional Payments), this presents a segregation of duties condition. We were informed that this person requires such access to convert employee basis status (from 12 to 11 months) for a one time project via the use of SAP's LSMW utility. The person's access was subsequently deleted by ITD management upon completion of the project.

Impact

Inadequate restriction to modify/update access to production accounting data can result in unauthorized changes that could adversely impact the integrity of accounting and financial reporting information.

Recommendation

Management should continue to review access for all payroll infotypes and remove BTS' update access where possible. In the long term, ITD and Payroll management should develop a transition plan to migrate the need to update production payroll data from ITD-BTS to Payroll personnel.

Current Year Management Letter Comments

Management Response

Access is approved and assigned on a limited basis and then access is removed. There is no long term access to production maintenance of infotypes.

ML-12-03 - Construction in Progress and Transfers to Depreciable Capital Assets

Observation

Every year, the District undertakes numerous construction projects to either modernize existing school facilities or build new ones. Facilities Program Support Services, a branch within the District's Facilities Services Division (FSD) facilitates the proper accumulation and recording of the costs related to these construction projects. Also, part of the FSD Branch's responsibilities is to inform the General Accounting Branch whenever a construction of an asset is completed. The General Accounting Branch is in charge of the proper accounting of these assets, once they are put in service.

Construction in progress (CIP) is a District general ledger account that refers to the temporary classification of capital assets that are being built/assembled before being placed in service. The District tracks all its costs related to the building/assembly of such assets until the asset is completed. When the asset is completed or substantially completed, all these accumulated costs are transferred to another account, to indicate that such assets are ready to be put in service and as such, are to be depreciated. Subsequently, depreciation is accounted for using the most appropriate method to properly account for the asset's wear and tear.

Upon testing the correctness of the amounts accumulated in CIP and subsequently transferred to depreciable capital assets, we noted \$ 182.6 million in CIP for New Construction, Existing Facilities and Library Services that were transferred as depreciable capital assets but were confirmed to be not completed as of year-end. Depreciation expense of about \$ 9.7 Million related to these assets was recorded for the year and about \$2.6 Million was recorded in prior years.

Impact

Lack of proper coordination between the Facilities Services Division and the General Accounting Branch resulted in a misstatement of construction in progress, depreciable capital assets and depreciation expenses.

Recommendation

We continue to recommend that the FSD perform a more thorough analysis of costs incurred for New Construction, Existing Facilities and Library Services projects when deciding whether these projects are completed and are ready to be put into operation and therefore, are to be depreciated.

Specifically, the District should establish and implement a clearer policy that addresses proper identification of completed projects. Currently, FSD's trigger point in determining a project's completion

Current Year Management Letter Comments

is a “notice of completion” document for the project’s primary construction contractors. Supposedly, this document denotes that a project is completed or substantially completed. This information has to be verified by the facilities group and communicated to the General Accounting Branch. Same for ITD projects, ITD should thoroughly analyze all existing projects and evaluate each project’s completion. The results of the evaluation should be communicated as well to the General Accounting Branch for proper recording of the assets’ completion.

Management Response

Management concurs with the recommendation. Facilities and General Accounting Branch has already begun the process of cleaning the data in the Fixed Asset System for conversion to SAP. This is a higher degree of analysis than was required in the past. Facilities Services Division has found limitations due to master data setup and the continuous manual adjustment processes required in the legacy system.

Status of Prior Year Management Letter Comments

ML-11-01 - Data Center Physical Access

Recommendation

Data Center access reports should be reviewed and signed periodically (e.g., every 6 to 12 months) by ITD management to identify and remove inappropriate physical access to the data center.

Current Status

Corrective action(s) partially implemented. Data Center access has been reviewed but not yet formally documented with management sign-offs.

ML-11-02 - Computer Operations Procedures

Recommendation

Data Center procedures should be compiled and made accessible to ITD Computer Operations personnel either via storage on a shared network directory or distribution of multiple copies.

Current Status

Corrective action(s) implemented. A copy of the procedures has been made available to Data Center personnel.

ML-11-03 - Batch Program Run Instructions

Recommendation

Run book instructions should be developed for all IFS production batch jobs.

Current Status

Corrective action(s) not implemented. IFS is scheduled for retirement by June 2013.

ML-11-04 - IT Asset Inventory Management

Recommendation

An IT asset discovery tool should be implemented to support the management of IT asset inventory.

Current Status

Corrective action(s) not implemented. An IT asset inventory system has not been implemented

Status of Prior Year Management Letter Comments

ML-11-05 - Wireless Encryption

Recommendation

WPA encryption should be implemented for the district's Administration wireless network.

Current Status

Corrective action(s) implemented. WPA encryption has been implemented for the District's Administration wireless network.

ML-11-06 - Wireless Access Point Security

Recommendation

Wireless network war driving should be performed on a periodic basis; either by ITD personnel or by a contracted consultant incorporated into a periodic independent network vulnerability assessment.

Current Status

Corrective action(s) implemented. An IT vendor has been contracted to provide war driving services.

ML-11-07 - Mainframe Utility Management

Recommendation

Inappropriate access to mainframe system utilities should be deleted and RACF access profiles with such access should be reviewed and approved on a periodic basis (e.g., every 6 to 12 months).

Current Status

Corrective action(s) implemented. Inappropriate access has been deleted for mainframe system utility access.

ML-11-08 - Mainframe System Dataset Access

Recommendation

Inappropriate access to mainframe system utilities to production datasets should be deleted. Also, RACF access profiles for ZOS system production datasets should be reviewed and approved on a periodic basis (e.g., every 6 to 12 months).

Status of Prior Year Management Letter Comments

Current Status

Corrective action(s) implemented. RACF accounts for retirees have been removed/deleted.

ML-11-09 - IFS Dataset Access

Recommendation

Inappropriate access to IFS production datasets should be deleted. Also, RACF access profiles for IFS production datasets should be reviewed and approved on a periodic basis (e.g., every 6 to 12 months).

Current Status

Corrective action(s) implemented. Inappropriate IFS access removed.

ML-11-10 - SMF Logging

Recommendation

ITD management should consider the logging and review of the SMF record type 14 (INPUT Data Set Activity) subsequent to an appropriate assessment of any potential resource impact to the system.

Current Status

Corrective action(s) implemented. SMF record 14 type logging enabled.

ML-11-11 - Construction in Progress and Transfers to Depreciable Capital Assets

Recommendation

We continue to recommend that the FSD perform a more thorough analysis of costs incurred for New Construction and Existing Facilities projects and that ITD perform a similar analysis of costs for ITD projects, when deciding whether these projects are completed and are ready to be put into operation and therefore, are to be depreciated.

Specifically, the District should establish and implement a clearer policy that addresses proper identification of completed projects. Currently, FSD's trigger point in determining a project's completion is a "notice of completion" document for the project's primary construction contractors. Supposedly, this document denotes that a project is completed or substantially completed. This information has to be verified by the facilities group and communicated to the General Accounting Branch. Same for ITD projects, ITD should thoroughly analyze all existing projects and evaluate each project's completion. The results of the evaluation should be communicated as well to the General Accounting Branch for proper recording of the assets' completion.

Status of Prior Year Management Letter Comments

Current Status

FSD still considers the “Notice of Completion” document as the best and most consistent trigger point in determining whether a capital project has been completed to the point that the owner has received the benefits of the asset. ITD and Library Services have provided their lists of completed projects for this fiscal year to General Accounting Branch. The activities in the above management response are partially implemented. Continuing analysis is required for all completed projects and amounts in CIP and other fixed assets accounts.

ML 11-12 – Ineffective Accrual Process for Construction-Related Expenditures

Recommendation

The District should implement a systematic methodology or procedure to be used in determining what expenditures need to be recorded as accrued liabilities in the appropriate fiscal year, especially for departments that involve high volume of expenditure transactions. For construction-related expenditures where typically, actual billings by vendors take place at a much later date from when the services are rendered, project managers should be made responsible and held accountable to coordinate with Facilities Services Division and Accounts Payable in determining ongoing projects for which services have been rendered but have not been billed at year-end. Alternatively, project managers may be assigned the responsibility to coordinate with third party vendors to encourage timely submission of billings. Actual billings can then be the basis for the amount of expenditures to be accrued at year-end.

Current Status

FSD conferred with Accounts Payable and General Accounting Branch and implemented and succeeded with a more refined accrual process, as compared to prior year. FSD trained staff in January and coordinated accruals with Accounts Payable in June. FSD relied wholly on FSD Invoice Tracker data capture for the accruals data submitted in August to General Accounting Branch. Preliminary results for the audit of the accruals process reported no audit adjustments for FSD contract payables.

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Findings Related to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

FS-11-01 - IFS Change Control – Significant Deficiency

State Audit Guide Finding Code: 30000

Recommendation

IFS Migration Request Forms should be consistently approved by the appropriate business management personnel (i.e., business sponsor) prior to a changed or new program's operational use.

Current Status

Corrective action(s) implemented. Business sponsor signatures were obtained for IFS Migration Request Forms.

FS-11-02 - ISIS Change Control – Significant Deficiency

State Audit Guide Finding Code: 30000

Recommendation

ISIS Change tickets should be consistently approved by both the appropriate business management (i.e., business sponsor) and technical personnel prior to implementing the changed or new program.

Current Status

Corrective action(s) implemented. ISIS program changes currently adhere to change management procedures.

FS-10-01 - Lack of IFS Security Reporting

State Audit Guide Finding Code: 30000

Recommendation

IFS user access security reports be developed to facilitate management review of user access to IFS transactions. These reports should be reviewed periodically by Accounting Department management to ensure access to sensitive accounting system transactions is appropriate and restricted based upon the user's job function.

Current Status

Corrective action(s) implemented. IFS security reports developed.

LOS ANGELES UNIFIED SCHOOL DISTRICT

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1. Finding F-11-01 – Allowable Costs – Payroll Certifications and Documentation for Specially Funded Employee Positions

Program Identification:

Title I Grants to Local Educational Agencies: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA Nos. 84.010 and 84.389, Grant Agreements 14329, 14981, and 15005 (Recovery Act);

Special Education Cluster: Grants to States, Preschool Grants, U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.027, Grant Agreement 10-13379-6473-01;

English Language Acquisition Grants, U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.365, Grant Agreement 10-10084-6473;

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund; U.S. Department of Health and Human Services, Passed through the California Department of Education, CFDA Nos. 93.575 and 93.713, Contracts CCTR-0124 and CSPP-0227;

Workforce Investment Act, Title II: Adult Education and Family Literacy Act, U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.002, Grant Agreement 10-Multiple-64733;

Medical Assistance Program, U.S. Department of Health & Human Services, Passed through the California Department of Health Services, CFDA No. 93.778, Grant Agreement C-10606:08:09;

Head Start and Early Head Start (Recovery Act), Department of Health and Human Services (HHS), Los Angeles County Office of Education (LACOE), CFDA Nos. 93.708 and 93.709, Grant Agreements C-11730:10:11 and C-11724:10:11.

Recommendation

We recommend that the District continue to provide ongoing training to appropriate personnel on the updated procedures.

Current Status

Implemented

2. Finding F-11-02 – Allowable Costs – Not Allowable Activities and Unsupported Documentation to NonPayroll Expenditures

Program Identification:

Title I Grants to Local Educational Agencies: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA Nos. 84.010 and 84.389, Grant Agreements 14329, 14981, and 15005 (Recovery Act);

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School Improvement Grants, Recovery and Reinvestment Act: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.388 Grant Agreement 10-15020-6473;

English Language Acquisition Grants, U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.365, Grant Agreement 10-10084-6473.

Recommendation

We recommend that the District provide additional guidance/training to ensure appropriate documentation is maintained to support expenditures charged to federally funded programs. The District should also strengthen its controls over its charges to the federally funded programs to ensure that the reimbursement is in accordance with federal guidelines.

Current Status

Implemented

3. Finding F-11-03 – Eligibility- Lack of Effective and Timely Monitoring of CCTR Centers

Program Identification:

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fun, Department of Health and Human Services, and ARRA – Child Care and Development Block Grant.

Recommendation

We recommend the District strengthen its monitoring process to ensure that student files are reviewed on a regular basis in order to comply with the contract and records provision. The District should also continue to provide training sessions for the center managers to ensure that they are aware of the federal requirements in relation to eligibility and that the required documentation is being maintained.

Current Status

Implemented

4. Finding F-11- 04– Equipment – Equipment Management Policies

Program Identification:

Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, U.S. Department of Agriculture (USDA), Passed through the California Department of Education, CFDA Nos. 10.553, 10.555, and 10.559, Grant Agreement 19-64733-0000000-01;

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Child and Adult Care Food Program, U.S. Department of Agriculture (USDA), Passed through the California Department of Education, CFDA No. 10.558, Grant Agreement 19-2016-3A,

Title I Grants to Local Educational Agencies, U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.010, Grant Agreements 11-14329-6473 and 11-14981-6473,

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USDE), California Department of Education, CFDA No 84.048, Grant Agreements 10-14894-64733-00; 10-14893-64733 and 10-14893-7435-00;

Workforce Investment Act, Title II: Adult Education and Family Literacy Act, U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.002, Grant Agreement 10-Multiple-64733;

Fund for the Improvement of Education (FIE), U.S. Department of Education (USDE), CFDA No. 84.215, Grant Agreement Nos. S215L060084 and V215L052108.

Recommendation

We recommend the District continue to strengthen its controls over property management by providing adequate supervision/training to ensure that inventory management be performed properly.

Current Status

Child Nutrition Cluster: Implemented per CDE.

Child and Adult Care Food Program: Implemented per CDE.

Title I: Implemented

Vocational Education Basic Grants to States (Section 131 – Secondary): Implemented

Vocational Education Basic Grants to States (Section 132 – Adult): Implemented

Workforce Investment Act (Title II): Implemented

Fund for the Improvement of Education: Implemented

5. Finding F-11-05 – Matching, Level of Effort and Earmarking – Earmarking

Program Identification:

WIA Youth Activities – Department of Labor (DOL), City of Los Angeles - Community Development Department, CFDA No. 17.259, Grant Agreement T4685 (117892);

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USDE), California Department of Education (CDD), CFDA No. 84.048, Grant Agreements 10-14894-64733-00, 10-14893-64733 and 10-14893-7435-00;

ARRA – Head Start and ARRA Early Head Start, Department of Health and Human Services, Los Angeles County Office of Education (LACOE), CFDA Nos. 93.708 and 93.709, Grant Agreements C-11730:10:11 and C-11724:10:11.

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Recommendation

WIA Youth Activities: The District should implement policies and procedures to allocate and report the program costs between in-school and out-of-school programs separately.

Vocational Education Basic Grants to States: The District should strengthen policies and procedures to ensure that the percentages used to allocate cost are adequately supported in accordance with the federal guidelines.

ARRA – Head Start and ARRA Early Head Start: The programs ended on September 30, 2011 and the contracts with LACOE were not extended. As such, no recommendation would be applicable.

Current Status

WIA Youth Activities: Implemented

Vocational Education Basic Grants to States: Partially Implemented

ARRA – Head Start and ARRA Early Head Start: No applicable status. The programs ended on September 30, 2011.

6. Finding F-11-06 – Matching, Level of Effort and Earmarking - Earmarking – Targeting Funds for Choice-Related Transportation and Supplemental Education Services

Program Identification:

Title I Grants to Local Educational Agencies, U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.010, Grant Agreement 11-14329-6473

Recommendation

We recommend that the District update its procedures to ensure that the data used for the SES eligibility determination is updated based on the SBP verification.

Current Status

For the 2011-12 school year, the status was partially implemented. By the time the SES office received information about the findings, the SES program was already under way and a significant number of students had already completed the program or were about to complete the program. However, the office was able to remove from the SES list the students that had not started the program and had become ineligible for any of the following reasons:

1. Attending an ineligible school
2. Not qualifying for the free/reduced price meal program
3. Enrollment status was inactive

For the 2012-13 school year, the status will be fully implemented. On the one hand, the SES program will not start until December 1st, so the SES office does not expect this to be an issue any more. On the other hand, the SES office have requested from ITD monthly updates regarding SES eligibility,

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so they can monitor student status and drop any ineligible student from the program before services start.

7. **Finding F-11-07 – Matching, Level of Effort and Earmarking – Administrative Cost plus the Indirect Cost Rate Limitation**

Program Identification:

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USDE), California Department of Education (CDE), CFDA No. 84.048, Grant Agreement 10-14894-64733-00;

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fun, Department of Health and Human Services (HHS), and ARRA – Child Care and Development Block Grant. California Department of Education (CDE), CFDA Nos. 93.575, 93.596, and 93.713, Grant Agreement Nos. CCTR-9129 and CSPP-9233;

Head Start and Early Head Start (Recovery Act), Department of Health and Human Services (HHS), Los Angeles County Office of Education (LACOE), CFDA Nos. 93.708 and 93.709, Grant Agreements C-11730:10:11 and C-11724:10:11.

Recommendation

Vocational Educational Basic Grants to States: We recommend that the District should enforce the Secondary Programs to follow the District's BUL-5399, in which, schools and offices are required to document their activities if the position is administrative function including fiscal personnel.

Child Care and Development Fund: We recommend that the Division enforce the District's policies and procedures to ensure that administrative costs are appropriately computed and accounted for separately for the child development programs.

Head Start and Early Head Start (Recovery Act): The Head Start and Early Head Start programs ended on September 30, 2011 and the contracts with LACOE were not extended. As such, no recommendation would be applicable.

Current Status

Vocational Education Basic Grants to States: Partially Implemented.

Child Care and Development Fund: Implemented for fiscal year 2011-12, which is to be submitted to CDE in fiscal year 2012-13.

Head Start and Early Head Start (Recovery Act): No applicable status. The programs ended on September 30, 2011.

8. **Finding F-11-08 – Matching, Level of Effort, Earmarking, and Reporting – Matching Funds Reported**

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Program Identification:

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), U.S. Department of Education (USDE), CFDA NO. 84.334, Grant Agreements P334A050178 and P334A060124;

Head Start and Early Head Start (Recovery Act), Department of Health and Human Services (HHS), Los Angeles County Office of Education (LACOE), CFDA Nos. 93.708 and 93.709, Grant Agreements C-11730:10:11 and C-11724:10:11.

Recommendation

GEAR-UP: District should monitor and review the electronic spreadsheets used for tracking matching costs more closely to ensure that supporting documentation for matching is accurately filled out and summarized for inclusion in the APR.

Head Start and ARRA Early Head Start (Recovery Act): The ARRA Head Start and ARRA Early Head Start programs ended on September 30, 2011 and the contracts with LACOE were not extended. As such, no recommendation would be applicable.

Current Status

GEAR-UP: Implemented

Head Start and ARRA Early Head Start (Recovery Act): No applicable status. The programs ended on September 30, 2011.

9. Finding F-11-09 – Period of Availability – Expenses Not Claimed in Proper Period and Liquidation of Obligations

Program Identification:

Improving Teacher Quality State Grants: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.367, Grant Agreement PCA14344

Recommendation

We recommend that the District continue to closely monitor the expenditures charged to an appropriate grant award period.

Current Status

Implemented

10. Finding F-11-10— Procurement, Suspension, and Debarment – No Evidence of Required Quotations

Program Identification:

Title I Grants to Local Educational Agencies: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.010, Grant Agreements 11-14329-6473 and 11-14981-6473.

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Recommendation

The District should update the existing policies and procedures to require additional price analysis to be performed for items purchased from a vendor master contract that were not covered/listed in the master contract.

Current Status

Implemented

11. Finding F-11-11 – Program Income – Not Sufficient Controls over Timely Collection of Parent Fees

Program Identification:

Child Care and Development Fund Cluster: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund; U.S. Department of Health and Human Services, Passed through the California Department of Education, CFDA Nos. 93.575 and 93.596, Contracts CCTR-0124 and CSPP-0227.

Recommendation

We recommend the District implement an adequate system to monitor the collection of the parent fees timely and to ensure that the follow-up action is taken to comply with the Notice of Delinquency rule.

Current Status

Implemented

12. Finding F-11-12 – Reporting – Performance Reporting

Program Identification:

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USDE), California Department of Education (CDE), CFDA No. 84.048, Grant Agreement 09-14894-64733-00,

ARRA – Head Start, Department of Health and Human Services, Los Angeles County Office of Education (LACOE), CFDA No. 93.708, Grant Agreement C-11724:10:11;

Twenty-First Century Community Learning Centers, U.S. Department of Education (USDE), California Department of Education (CDE), CFDA No 84.287, Grant Nos. 10-14349-6473-4A, 10-14349-6473-5A, 10-14535-6473-4A, 10-14535-6473-5A, 10-14535-6473-6A.

Recommendation

Vocational Education Basic Grants to States: The District should implement policies and procedures to strengthen its controls over reporting for the Secondary Vocational Education program, to ensure that reports are accurately reconciled to the actual data. The District should consult with CDE to determine if it is required to resubmit the revised reports with corrections.

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ARRA – Head Start: The Head Start and Early Head Start programs ended on September 30, 2011 and the contracts with LACOE were not extended. As such, no recommendation would be applicable.

21st CCLC: The District should strengthen its procedures on attendance documentation to ensure that the agencies performing the services for these programs are aware of the District’s policies, specifically on maintaining accurate attendance records. The District should also continue to perform monitoring site visits to review closely the attendance report process of its agencies.

The District should strengthen its controls to ensure attendance data is compiled and reported accurately. The District should also maintain sufficient documentation to support its results of the reconciliation between the SAR and MAR.

Current Status

Vocational Education Basic Grants to States: Partially Implemented

ARRA – Head Start: No applicable status. The program ended on September 30, 2011.

Twenty-First Century Community Learning Centers: Implemented

13. Finding F -11- 13 – Reporting – Insufficient Controls over Meal Count Reconciliation

Program Identification:

Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, U.S. Department of Agriculture (USDA), Passed through the California Department of Education, CFDA Nos. 10.553, 10.555, and 10.559, Grant Agreement 19-64733- 0000000-01.

Recommendation

We recommend the District train its POS operators to be more diligent and careful while recording meal counts. This will ensure meals are claimed only for those students that were actually present. We recommend that the District strengthen its controls regarding the meal count reconciliation process to include a standard set of procedures, as well as the need to maintain documentation of analyses performed.

Current Status

Implemented per CDE.

14. Finding F-11-14 – Reporting – Insufficient Controls over Preparation of Schedule of Expenditure of Federal Award (SEFA)

Program Identification:

Federally Funded Programs: All Pass-through entities

Recommendation

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The District should implement policies and procedures to strengthen its controls over the preparation and review of the SEFA, to ensure that all federal grant information and awarded amounts are accurately reconciled and correctly reported.

Current Status

Implemented

15. Finding F-11-15 – Reporting – Financial Reporting

Finding F-10-13 – Reporting

Program Identification:

Title I Grants to Local Educational Agencies: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.010, Grant Agreements 14329 and 14981;

Vocational Education Basic Grants to States: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.048, Grant Agreement 09-14894-64733-00;

Medical Assistance Program (Medicaid; Title XIX), Department of Health Services, Passed through the California Department of Education, CFDA 93.778, Grant Agreement C-10606:08:09.

Recommendation

Title I Basic Grants to LEAs: We recommend that the District amend its existing policies and procedures to require any adjustments made subsequent to the reporting period (September 30) for the Title I be communicated to the Budget Division timely for proper carryover calculations and reporting. The District should update its current accounting procedures to include timely refunding of any unspent grant funds be returned to grantors.

Vocational Education Basic Grants to States: We recommend that the District amend its existing current accounting procedures to include timely refunding of any unspent grant funds be returned to grantors.

Medical Assistance Program: The District should implement policies and procedures to strengthen its controls over reporting to ensure that reports are accurately reconciled to the accurate data and for the proper reporting period. We recommend that the District implement policies and procedures for the inclusion if any of journal entries recorded in the IFS to be part of the claims process to ensure all activities are accounted for.

Current Status

Implemented

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16. Finding F-11-16 – Subrecipient Monitoring – Monitoring Procedures Performed

Finding F-10-16 – Subrecipient Monitoring – Monitoring Procedures Performed

Finding F-09-17 – Subrecipient Monitoring – Monitoring Procedures Performed

Finding F-08-21 – Subrecipient Monitoring – Monitoring Procedures Performed

Finding F-07-29 – Subrecipient Monitoring – Monitoring Procedures Performed

Finding F-06-28 – Subrecipient Monitoring – Monitoring Procedures Performed

Finding F-05-30 – Subrecipient Monitoring – Monitoring Procedures over Subrecipients

Program Identification:

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), U.S. Department of Education (USDE), CFDA No. 84.334, Grant Agreements P334A050008, P334A050217, P334A050178;

Twenty-First Century Community Learning Centers, U.S. Department of Education (USDE), California Department of Education (CDE), CFDA No. 84.287, Grant Agreements 07-14349-6473-4A, 07-14535-6473-4A, 08-14349-6473-3A, 08-14349-6473-3B, 08-14349-6473-4A, 08-14349-6473-5A, 08-14535-6473-3A, 08-14535-6473-3B, 08-14535-6473-3C, 08-14535-6473-4A, 08-14535-6473-5A, 09-14349-6473-4A, 09-14349-6473-5A, 09-14535-6473-4A, 09-14535-6473-5A, 09-14535-6473-6A, 09-14535-6473-6B, 09-14535-6473-6C, 09-14535-6473-6D, 09-14603-6473-6B, 09-14603-6473-6C, 09-14603-6473-6D, 10-14349-6473-4A, 10-14349-6473-5A, 10-14535-6473-4A, 10-14535-6473-5A, 10-14535-6473-6A, 10-14535-6473-6B, 10-14535-6473-6C, 10-14535-6473-6D, 10-14603-6473-6B, 10-14603-6473-6C, 10-14603-6473-6D.

Recommendation

GEAR-UP: We recommend that the District finalize and implement the policies and procedure immediately to ensure that the subrecipient monitoring compliance requirement be met with the federal requirements.

Twenty-First Century Community Learning Centers: We recommend that the District establish policies and procedure to ensure compliance with the federal requirements for subrecipient monitoring.

Current Status

Implemented

17. Finding F-11-17 – Special Tests and Provisions (Highly Qualified Teachers and Paraprofessionals) – Qualifications

Program Identification:

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Title I Grants to Local Educational Agencies: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.010, Grant Agreement 11-14329-6473.

Recommendation

We recommend that the District strengthen its monitoring process to ensure that schools are compliant with the principal attestation requirement and submit the accurate certifications timely.

Current Status

Teachers: Partially Implemented

Paraprofessionals: Implemented

18. Finding F-11-18 – Special Tests and Provisions (Parent Notification Letters) – Support for Notifications

Program Identification:

English Language Acquisition Grants: U.S. Department of Education (USDE), Passed through the California Department of Education, CFDA No. 84.365, Grant Agreement 11-14346-64733-00.

Recommendation

We recommend the District continue to strengthen its policies and procedures to ensure that the schools comply with the requirement that all parental notifications are made in a timely manner and the supporting documentation is maintained on file to support the schools' compliance.

Current Status

The Multilingual and Multicultural Education Department (MMED), formally known as Language Acquisition Branch (LAB), developed a Corrective Action Plan to ensure that procedures are in place for schools to notify parents within the appropriate timeline and maintain supporting documentation. Below is the status and supporting documentation of the Corrective Action Plan.

1. Use 2010-11 Single Audit findings along with the data provided by schools to the *English Learner Online Accountability System*, the Language Acquisition Branch, in conjunction with Local District English Learner staff, to provide support to schools not meeting the parental notification timelines.

Status: Implemented

Documentation: The *English Learner Online Accountability System* has guidelines for schools to ensure parents receive notification within the appropriate timeline. Schools must document that notifications were sent to parents within the timeline; EL Coordinators attended the Master Plan

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Institute to review the parental notification timelines; Monthly EL Coordinator meetings supported school site coordinators with providing documentation to parents.

2. Rewrite the District's *Master Plan for English Learners* and include explicit guidelines regarding the mandates and procedures pertaining to parental notification. This publication will be distributed to all schools and professional development will be provided to all school-site, local district (Educational Service Centers), and central office staff.

Status: Partially Implemented

Documentation: The *English Learner Master Plan* was reviewed and approved by the LAUSD Board of Education in June 2012. Chapter 1 of this plan includes explicit guidelines pertaining to parental notification; the plan was distributed to all schools and is available on the MMED website; professional development was provided to ESC Superintendents, Instructional Directors, principals, teachers, EL Coordinators, and central office staff with a completion date of November 30, 2012.

3. Revise existing parental notification policies to include explicit guidelines regarding the mandates and procedures pertaining to parental notification. These policies will be posted on the District's *InsideLAUSD* website and will be accessible to all employees. Reference to these policies will be included in the *English Learner Master Plan* professional development to all schools (Refer to timeline referenced in Item 4).

Status: Partially Implemented

Documentation: The existing parental notification policies are currently in the revision stages to address the updates in the *English Learner Master Plan*. Upon completion, updated policies will be available on the District's *InsideLAUSD* and MMED websites; professional development on the *English Learner Master Plan* is being provided to ESC Superintendents, Instructional Directors, principals, EL Coordinators, and central office staff with a completion date of November 30, 2012. School site administrators will provide training to teachers on the *English Learner Master Plan* by November 30, 2012 in the form of four modules.

4. Provide professional development that is designed to ensure that school-site principals, EL Coordinators and teachers receive comprehensive training on federal and state mandates, as well as the District's instructional programs for ELs.

Professional Development

Title III Master Plan Institute

Training Date

June 2012

English Learner Master Plan (all schools)

May-June 2012

September-October 2012

Status: Implemented

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Documentation: Professional Development consisting of 4 modules for school site and ESC Coordinators on the *English Learner Master Plan* during the Master Plan Institutes (July 2012, August 2012, October 2012); School site administrators will provide training to all staff on the *English Learner Master Plan* by November 30, 2012 in the form of four modules.

5. Continue to work collaboratively with local district (Educational Service Center) staff to provide on-going professional development to school-site EL Coordinators that focuses on federal and state mandates. Each local district (Educational Service Center) meets with school-site EL Coordinators on a monthly basis.

Status: Implemented

Documentation: MMED Staff meets with Educational Service Centers EL Coordinators twice a month to provide on-going professional development; In addition, monthly EL Coordinator meetings at the Educational Service Centers for school-site EL Coordinators.

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Findings and Questioned Costs Related to State Awards

S-11-01 Regular and Special Day Classes – Elementary Schools – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Hooper Elementary School
- Alta California Elementary School
- Bandini Elementary School
- Monlux Elementary School
- Saticoy Elementary School
- Lane Elementary School
- Norwood Elementary School
- Mount Washington Elementary School
- Raymond Avenue Elementary School
- Beckford Elementary School
- Harvard Elementary School
- Cabrillo Elementary School

Recommendation

We recommend that the District continue to strengthen its controls over implementing District policies over student attendance reporting. Furthermore, we 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

Corrective actions were implemented by the subject schools.

S-11-02 Regular and Special Day Classes – Secondary Schools – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected:

- Carver Middle School
- Orchard Academies #2B
- Bethune Middle School
- Olive Vista Middle School
- Hale Middle School
- Marshall High School
- Bell High School
- San Pedro High School
- Torres ELA Performing Arts High School
- San Fernando High School
- Bravo Medical Magnet High School

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Recommendation

We recommend that the District continue to strengthen its controls over implementing District policies over student attendance reporting. Furthermore, we 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

Corrective actions were implemented by the subject schools.

S-11-03 Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

School Affected

- Metropolitan High School

Recommendation

We recommend that the District strengthen its review process over the compilation of the *Monthly Statistical Reports* to ensure that the reports accurately reflect student attendance data.

Current Status

Corrective action was implemented by the subject school.

S-11-04 Attendance Accounting – Dependent Charter School – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

School Affected

- Kenter Canyon Elementary School

Recommendation

We recommend that the District strengthen its review process over dependent charter schools to ensure accuracy of supporting documentation in order for proper reporting of attendance.

Current Status

Corrective action was implemented by the subject school.

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S-11-05 – After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Analee Elementary School
- Wilmington Elementary School
- Patrick Henry Middle School
- Herrick Elementary School
- Griffith Middle School
- Heliotrope Elementary School
- Apperson Elementary School
- Holmes Middle School
- 116th Elementary School
- 20th Elementary School
- Grape Elementary School
- Griffin Elementary School
- Bridge Elementary School
- Millikan Middle School
- San Fernando Middle School
- Commonwealth Elementary School
- Gulf Elementary School
- Edison Middle School
- Lilian Elementary School
- 66th Street Elementary School
- Angeles Mesa Elementary School
- Cimarron Elementary School
- Colfax Elementary School
- Ford Boulevard Elementary School
- 28th Elementary School
- Dyer Elementary School
- Richland Elementary School
- Eshelman Elementary School
- Audubon Middle School
- Dodson Middle School
- Drew Middle School
- Carver Middle School
- Gage Middle School
- Chavez Elementary School
- Lizarraga Elementary School
- Alta Loma Elementary School
- Grant Elementary School
- Burton Elementary School
- Fair Avenue Elementary School
- Gridley Elementary School
- State Street Elementary School
- Sylmar Elementary School
- Sylvan Elementary School
- West Vernon Elementary School
- Leo Politi Elementary School
- Barton Hill Elementary School

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 policies, specifically on maintaining accurate attendance records. We also recommend for the District to continue performing agency visits to make sure that the established policies are complied with.

Current Status

Corrective actions partially implemented. LAUSD - Beyond The Bell Branch has implemented the following procedures effective July 1, 2011 to ensure that we are providing training on attendance policies and procedures as well as how we are monitoring how the procedures are being implemented at the sites to ensure documentation of reported attendance figures is readily available and accurate for auditing purposes.

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1. Agency contractors and program personnel attended “**Start-Up Meeting**” held August 10, 2011. Extensive training on attendance documentation was offered during this meeting.
2. Contractors and agency program personnel were required to attend an annual “Policies and Procedures/Risk Management” training. As a result of the audit finding and reflection on best practices, Beyond the Bell has developed an attendance documentation training implemented for the 2011 – 2012 year. The training was offered on a monthly basis. The following “Policies and Procedures/Risk Management” training dates were scheduled for the 2011 – 2012 year (NOTE: Attendance Documentation has been implemented as a result of previous audit findings):
 - 8/30/11, 8/31/11, 9/6/11, 9/21/11, 10/22/11, 11/19/11, 12/14/11, 1/21/12, 2/16/12, 3/14/12, 4/21/12, 5/19/12, & 6/13/12
3. Contractors and agency program personnel attended a Federal Program Monitoring (FPM) training. The FPM training reflects the CDE’s Program Dimensions. Extensive training on attendance documentation was offered during this meeting.
4. Beyond the Bell conducted “site visits” to monitor program quality and student attendance through:
 - Field Office administrators
 - Certified Administrators conducted site visits to evaluate and monitor agency program implementation. Attendance documentation was closely monitored during these visits.
 - Field Office Travelling Playground Supervisors
 - Classified/Unclassified Travelling Playground Supervisors conducted weekly visits to evaluate and monitor agency program implementation. Attendance documentation to ensure appropriate staff-to-student ratio and observation of sign in/sign out procedures was closely monitored during these site visits.
 - Central Office Administrators
 - Central Office Administrators conducted site visits to evaluate and monitor agency program implementation. In addition to program quality and compliance, attendance documentation was closely monitored during these visits.
5. Beyond the Bell Branch conducted “random reviews/audits of monthly attendance reports” to examine agency sign in/sign out procedures.

S-11-06 After School and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- **Burton Elementary School**
- **Gridley El**
- **Politi El**
- **Sylmar El**
- **Sylvan Park El**
- **West Vernon El**
- **66Th St El**
- **Alta Loma El**
- **Angeles Mesa El**
- **Annalee El**

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- Commonwealth El
- Dyer El
- Eshelman El
- Grant El
- Gulf El
- Heliotrope El
- Herrick El
- Heliotrope El
- Wilmington Park El
- Henry MS
- Edison MS
- Griffith MS
- Holmes MS
- Dodson MS
- Drew MS
- Hollenbeck MS
- Carnegie MS
- Irving MS
- Carver MS
- Gage MS
- Nimitz MS
- San Fernando MS
- Audubon MS

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 policies, specifically on maintaining accurate attendance records. We also recommend for the District to perform agency visits to make sure that the established policies are complied with.

Current Status

See Current Status for Finding S-11-05.