

LOS ANGELES UNIFIED SCHOOL DISTRICT



COMPREHENSIVE ANNUAL FINANCIAL REPORT



For Fiscal Year Ended June 30, 2013

2012-2013

Los Angeles, CA

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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2013**

MR. JOHN E. DEASY
SUPERINTENDENT OF SCHOOLS

MS. MEGAN K. REILLY
CHIEF FINANCIAL OFFICER

MR. V. LUIS BUENDIA
CONTROLLER



**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, 2013

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INTRODUCTORY SECTION

RICHARD A. VLADOVIC, Ed.D., PRESIDENT
TAMAR GALATZAN
MÓNICA GARCÍA
BENNETT KAYSER
MÓNICA RATLIFF
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
Controller

January 15, 2014

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, 2013, 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 2012-13 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, 2013, the District is operating 456 elementary schools, 86 middle/junior high schools, 106 senior high schools, 56 options schools, 21 multi level schools, 16 special education schools, 28 magnet schools and 145 magnet centers, 6 community adult schools, 3 regional occupational centers, 1 skills centers, 1 regional occupational program center, 82 early education centers, 4 infant centers, and 18 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, 2013, the District employed 38,158 certificated, 26,646 classified, and 10,829 unclassified employees. Enrollment as of September 2012 was 566,604 students in K-12 schools, 59,331 students in adult schools and centers, and 11,899 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

Due to the federal government's failure to adopt a timely budget for fiscal year 2014, 800,000 federal workers went on furlough on October 1, 2013. Several sectors of the government were closed such as the national parks, monuments, and all the memorials in Washington, D.C. In addition to these closures, the Treasury debt ceiling was the bigger issue that the government leaders had to deal with. Indecision of the government whether to raise the Treasury debt ceiling would have affected the government's payment of its obligations, such as Social Security and Medical benefits, etc. Failure to pay the federal government's bills would have affected the national credit rating.

In spite of the fact that the Republicans wanted some changes to the Affordable Care Act (ACA) as a condition to agreeing to the budget, a budget measure was signed on October 17, 2013 without any change to the ACA that extended government funding up to January 15, 2014. In addition to providing back pay for those who were furloughed, the budget measure allowed the president to authorize a 1% raise for federal employees effective January 2014. The executive order was signed by President Obama on December 23, 2013, ending a four-year freeze in salary rates.

Aside from the federal sequestration, Los Angeles Unified School District has not been affected by the federal government's delay in implementing their budget. What the District is dealing with is the change in the funding formula called the Local Control Funding Formula (LCFF) that was introduced by Governor Jerry Brown for simplification and transparency of funding formula, and to let the local agencies decide as to how funds would be spent with the students' success in mind.

California's unemployment rate has improved more than twice as much as the nation's unemployment rate. Comparison of the average monthly change shows that California's unemployment rate declined by 1.57% from 2012 to 2013, while the nation's unemployment rate declined by 0.64%. New Jersey and Florida have the second and third highest over-the-year unemployment rate change from November 2012 to November 2013 at -1.8% and -1.6%, respectively, with North Carolina topping the list at -2.0%. On the other hand, Texas, California, and Florida lead the nation with over-the-year job increases of 274,200, 226,200, and 183,100, respectively.

Month (2013)	U.S.	California
January	7.9%	9.8%
February	7.7%	9.6%
March	7.6%	9.4%
April	7.5%	9.0%
May	7.6%	8.6%
June	7.6%	8.5%
July	7.4%	8.7%
August	7.3%	8.9%
September	7.2%	8.7%
October	7.3%	8.7%
November	7.0%	8.5% (P)

P – Preliminary estimate

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

According to UCLA economists, the US unemployment rate will steadily decline to about 6.5% by 2015 and unemployment gains could be slowed down due to the requirements of the Federal Affordable Care Act. Due to the ACA, small business employers could be discouraged from hiring workers or encouraged to hire part-time employees instead of full-time employees. Jerry Nickelsburg, the Anderson Senior Economist, said that California is experiencing a “bifurcated recovery” because much of the Bay Area, Los Angeles, Orange, and San Diego enjoy a robust employment growth due to the high-tech and biotech employment growth. However, the East Bay, Central Valley, and Inland Empire are struggling to add jobs.

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 be 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 assigned fund balance for subsequent year expenditures.

Financial Results

In 2012-13, the Statement of Changes in Net Position shows that the District's Net Position decreased \$918.7 million during the year after restating Net Position beginning balance. The change to the beginning balance is due to the cumulative effect of prior year's adjustment on depreciation as a result of untimely transfer of completed construction projects to capital asset accounts and incorrect capitalization of certain facilities costs. The Unrestricted Net Position, which is negative, declined from (\$3,211.8 million) to (\$4,035.2 million). The negative Unrestricted Net Position is 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 \$4,787.8 million, an increase of \$792.8 million from 2011-12. The latest actuarial report estimates the net 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 2012-13, the fund balance of the General Fund decreased \$232.1 million from \$824.8 million to \$592.7 million. This decrease was primarily due to lower Revenue Limit Revenue brought about by the continuing decline in enrollment resulting to lower Average Daily Attendance plus a decrease in appropriation received from major categorical programs.

Audit Results

The District received an Unmodified financial audit. An unmodified or "clean" opinion is issued when the auditor can state, without reservation, that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles (GAAP). For the federal compliance audit, 19 programs received an Unmodified audit and 4 programs were Qualified. The District received an Unmodified state compliance audit.

The District is pleased that the number of findings declined from 18 in 2011-12 to 13 in 2012-13. In addition, the amount of the questioned costs declined 1.1%, from \$0.476 million in 2011-12 to \$0.470 million in 2012-13. 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, 2012. 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.

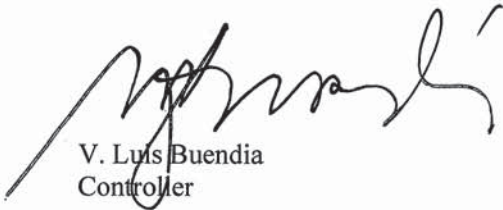
Acknowledgments

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.

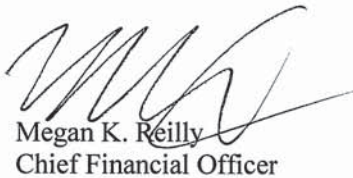
Respectfully submitted,

John E. Deasy
Superintendent of Schools

Prepared by:



V. Luis Buendia
Controller



Megan K. Reilly
Chief Financial Officer



Government Finance Officers Association

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, 2012

Executive Director/CEO

BOARD OF EDUCATION

Richard Vladovic
President

Marguerite Poindexter LaMotte
(In Memoriam 2003 – 2013)

Bennett Kayser

Mónica García

Nury Martinez
(July 2, 2009 – June 30, 2013)

Tamar Galatzan

Mónica Ratliff
(Effective July 1, 2013)

Steve Zimmer

PRINCIPAL SCHOOL DISTRICT OFFICIALS

John E. Deasy
Superintendent of Schools

Megan K. Reilly
Chief Financial Officer

V. Luis Buendia
Controller

EDUCATIONAL SERVICE CENTERS

Instructional Area Superintendents: Administrator of Operations: Administrator of Parent & Community Engagement:

North: Byron Maltez Juan A. Flecha Marilu Pigliapoco

South: Dr. Robert Bravo Dr. James Noble Rene Robinson

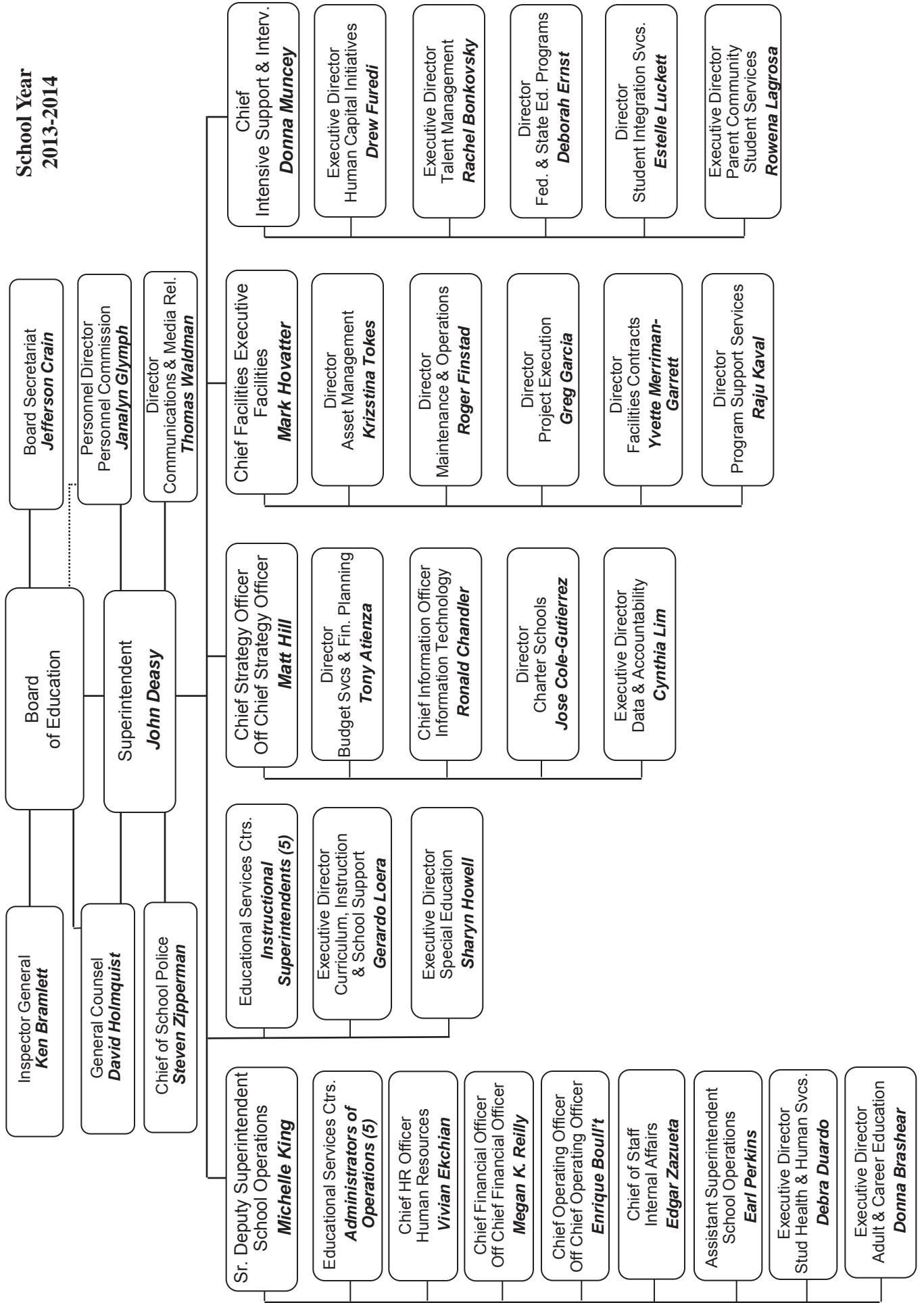
East: Roberto A. Martinez Eugene L. Hernandez Dr. Fatima Castaneda-Gutierrez

West: Cheryl Hildreth Jan Davis Sara Lasnover

ISIC: Tommy Chang, Ed. D. Daryl Narimatsu Kevin Baker, D.M.

LAUSD Organization Chart – Effective July 1, 2013

School Year
2013-2014



FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To The Honorable Board of Education
Los Angeles Unified School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1(q) to the financial statements, the fiscal year 2012 government-wide financial statements have been restated to correct a misstatement in capital assets and related depreciation and accumulated depreciation balances. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 and the required supplementary information on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, the supplementary information, and 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 basic financial statements. The 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 basic financial statements.

The supplementary information on pages 65 to 110 and the schedule of expenditures of federal awards on pages 242-246, the information on pages 189 to 235 and page 241 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.



The introductory and statistical sections and the information on pages 159 to 188 and 236 to 240 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2014, 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* in considering the District's internal control over financial reporting and compliance.

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

Los Angeles, California
January 15, 2014

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2013

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, 2013. 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 \$2.2 billion (net position). This amount is net of a \$4.0 billion deficit in unrestricted net position resulting from the cumulative increase in unfunded liabilities for other postemployment benefits (OPEB).
- The District's total net position decreased by \$918.7 million from prior year total after restatement of net position beginning balance, primarily due to lower revenues as a result of the continuous decline in enrollment and lower average daily attendance plus decrease in appropriation received from major categorical programs.
- As of the close of the 2013 fiscal year, the District's governmental funds reported combined ending fund balances of \$3.8 billion, a decrease of \$587.3 million from June 30, 2012.
- At the end of the current fiscal year, committed, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was \$435.7 million, or 7.5% of total General Fund expenditures.
- The District's total long-term obligations increased by \$521.8 million (3.1%) during the current fiscal year. The increase resulted primarily from additional net OPEB obligation offset by the decrease 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 position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between these elements as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

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

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

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

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

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

The District maintains 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.

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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.

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 25-63 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 65-99 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, assets plus deferred outflow of resources exceeded liabilities plus deferred inflows of resources by \$2.2 billion at the close of the most recent year.

By far the largest portion of the District's net position (\$5.1 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 position (\$1.2 billion) represent resources that are subject to external restrictions on how they may be used. Majority of this pertains to Federal Funded Programs. The remaining negative balance in unrestricted net position (-\$4.0 billion) resulted primarily from the recognition of \$4.8 billion of net OPEB obligation.

At the end of the 2013 fiscal year, the District is able to report positive balances in all categories of net position except for unrestricted net position.

The \$71.1 million increase in capital assets primarily relates to the continuing school construction and modernization projects throughout the District.

Long-term liabilities increased by \$521.8 million primarily due to additional net OPEB obligation offset by the decrease in certificate of participations and general obligation bonds payable as a result of debt service payments and debt refunding to avail of lower interest rates.

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Management's Discussion and Analysis

June 30, 2013

Summary Statements of Net Position (in thousands)

As of June 30, 2013 and 2012:

	Governmental Activities	
	2013	2012
	(As Restated)	
Current Assets	\$ 6,357,673	\$ 6,809,562
Capital Assets, net	14,668,690	14,597,626
Total Assets	<u>21,026,363</u>	<u>21,407,188</u>
Deferred Outflows of Resources	—	—
Current Liabilities	1,632,823	1,616,724
Long-term Liabilities	17,152,004	16,630,225
Total Liabilities	<u>18,784,827</u>	<u>18,246,949</u>
Deferred Inflows of Resources	—	—
Net Position:		
Net investment in capital assets	5,078,764	5,059,121
Restricted for:		
Debt service	459,309	416,294
Program activities	738,668	896,626
Unrestricted	<u>(4,035,205)</u>	<u>(3,211,802)</u>
Total Net Position	<u>\$ 2,241,536</u>	<u>\$ 3,160,239</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2013

Summary Statements of Changes in Net Position (in thousands)

As of June 30, 2013 and 2012:

	Governmental Activities	
	2013	2012
	2013	(As Restated)
Revenues:		
Program Revenues:		
Charges for services	\$ 104,263	\$ 99,508
Operating grants and contributions	2,569,029	3,016,200
Capital grants and contributions	166,197	95,183
Total Program Revenues	2,839,489	3,210,891
General Revenues:		
Property taxes levied for general purposes	1,139,313	901,213
Property taxes levied for debt service	965,955	850,359
Property taxes levied for community redevelopment	13,841	9,789
State aid – formula grants	1,774,431	2,066,980
Grants, entitlements, and contributions not restricted to specific programs	553,115	434,512
Unrestricted investment earnings	20,727	21,175
Miscellaneous	(18,464)	41,342
Total General Revenues	4,448,918	4,325,370
Total Revenues	7,288,407	7,536,261
Expenses:		
Instruction	3,604,189	3,773,915
Support services:		
Support services – students	306,293	316,132
Support services – instructional staff	363,839	403,779
Support services – general administration	80,969	43,047
Support services – school administration	382,251	395,728
Support services – business	298,548	173,489
Operation and maintenance of plant services	535,754	568,113
Student transportation services	152,485	158,177
Data processing services	66,306	83,517
Operation of noninstructional services	451,192	430,061
Facilities acquisition and construction services	157,361	111,859
Other uses	1,240	1,203
Interest expense	571,076	578,278
Depreciation – unallocated	442,802	406,910
Unfunded OPEB expense – unallocated	792,805	819,296
Total Expenses	8,207,110	8,263,504
Changes in Net Position	(918,703)	(727,243)
Net position – beginning, restated	3,160,239	3,887,482
Net position – ending	\$ 2,241,536	\$ 3,160,239

The District's net position decreased by \$918.7 million in the current fiscal year after restatement of beginning net position. The major components of this decrease is the restatement of beginning balance to reflect the

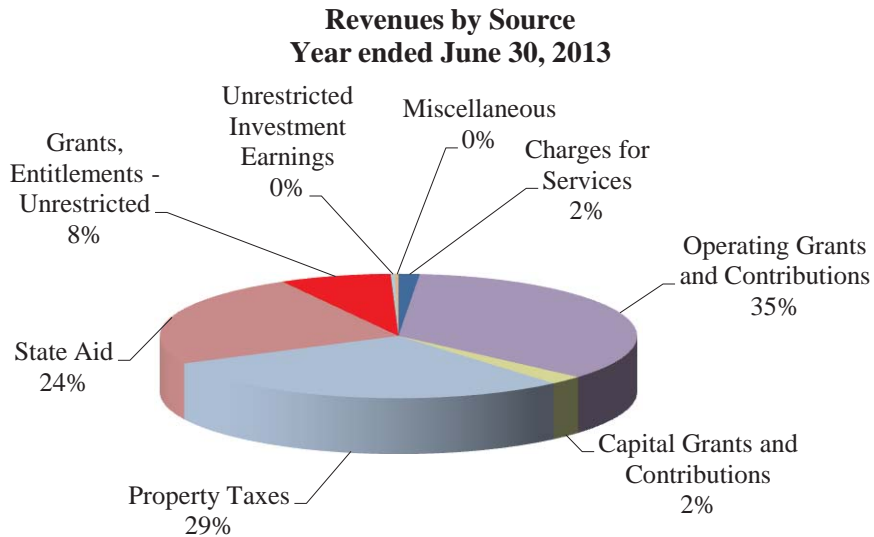
LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

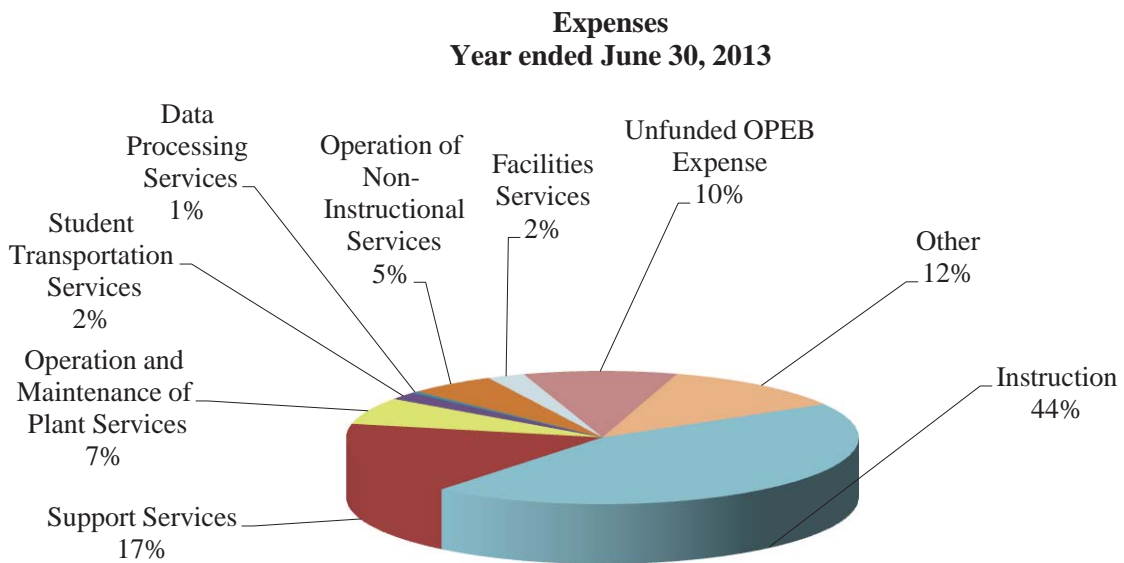
June 30, 2013

cumulative effect of prior year's adjustment on depreciation as a result of untimely transfer of completed construction projects to capital asset accounts and incorrect capitalization of certain facilities expense that totaled to \$639.5 million. In addition, operating grants and contributions is lower by \$447.2 million resulting from decreased funding appropriation for major categorical programs.

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



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



LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

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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 \$3.8 billion, a decrease of \$587.3 million in comparison with the prior year. Approximately 14.3% (\$546.8 million) of this total combined ending fund balance constitutes unrestricted fund balance, which is available for spending at the District's discretion. The remaining 85.8% are either restricted or nonspendable and are not available for new spending: restricted balances (\$3.3 billion), nonspendable inventories and revolving cash (\$32.5 million).

The General Fund is the primary operating fund of the District. At the end of the 2013 fiscal year, the unrestricted fund balance of the General Fund was \$435.7 million, while the total fund balance is \$592.7 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 7.5% of the total General Fund expenditures, while the total fund balance represents 10.2% of that same amount.

The fund balance of the District's General Fund decreased by \$232 million during the current fiscal year. This is primarily due to lower federal revenues as a result of a decrease in funding appropriation. Revenue limit sources also decreased resulting from the continuous decline in the District's ADA. In addition, the District incurred higher legal costs.

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, 2013:						
Nonspendable						
Revolving cash and imprest funds	\$ 3,800	\$ —	\$ 63	\$ —	\$ —	\$ 63
Inventories	—	—	10,140	—	—	10,140
Restricted	1,725,266	750,540	14,711	54,698	573,575	642,984
Committed	—	—	8,789	—	—	8,789
Assigned	—	—	702	—	101,556	102,258
Total	1,729,066	750,540	34,405	54,698	675,131	764,234
Fund balance, July 1, 2012	2,106,630	681,562	28,957	59,708	722,217	810,882
Increase (decrease) in fund balance	\$ (377,564)	\$ 68,978	\$ 5,448	\$ (5,010)	\$ (47,086)	\$ (46,648)

Majority of the fund balances decreased during the current year: for the District Bonds, due to continued spending for school construction, modernization projects and renovation; for the Debt Service, mainly due to

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2013

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 favorable operating results for cafeteria; for the Bond and Interest Redemption, primarily from higher property taxes levied to pay principal and interest on bond issues.

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 position of \$333.4 million. The net increase of \$29.6 million in the current year can be attributed to the lower net operating loss for worker's compensation due to lower premium and claim expenses.

General Fund Budgetary Highlights

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

Modified Final Budget vs. Original Final Budget

The District's Original Final Budget is based on assumptions from the State's May Revision Budget. The Modified Final Budget incorporates subsequent State budgetary changes and changes to the District's priority of program implementations and/or planned expenditures. Differences between the 2012-13 General Fund Original Final Budget adopted by the Board of Education in June 2012 and the Modified Final Budget resulted in a reduction to the budgeted ending balance by \$144.3 million – from \$525.5 million to \$381.2 million. Adjustments to the Original Final Budget were an increase in beginning balance by \$66.4 million, a decrease in budgeted revenues by \$11.5 million, an increase in other financing sources by \$18.2 million, and an increase in budgeted expenditures and other financing uses by \$217.3 million.

The increase in beginning balance by \$66.4 million was to reflect the actual ending balance as of June 30, 2012 as opposed to the estimated June 30, 2012 ending balance. The net increase in budgeted revenues and other financing sources of \$6.7 million was mainly due to a larger Transfer-In from Measure Y – Capital Improvement Program Reserve (CIPR) of \$14.3 million to support the Integrated Student Information System (ISIS) project.

The main increases in estimated expenditures were in Certificated Salaries (\$173.5 million), Services and Other Operating Expenditures (\$112.0 million), and Transfers-Out (\$69.6 million). Certificated Salaries increased due to furlough restoration. The increase in Services and Other Operating Expenditures was due to increases in Liability Insurance Premium (\$60.2 million) and COPs for Replacement of the Integrated Financial System (\$30.5 million). The increase in the Transfers-Out was due to a transfer of a portion of the Adult Education entitlement to Adult Education Fund, which was used to support the Adult Education operation (\$60.0 million), and support to Cafeteria operations (\$8.6 million).

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Management's Discussion and Analysis

June 30, 2013

Actual vs. Modified Final Budget

The beginning balance remained the same on both the actual and the Modified Final Budget. The unfavorable variance of \$100.9 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.

The favorable variance of \$312.4 million in expenditures and other financing uses between the actual and the Modified Final Budget was due to lower than anticipated expenditures across all major objects of expenditures. The largest decreases in expenditures were in Certificated Salaries (\$82.5 million), Classified Salaries (\$31.4 million), Fringe Benefit (\$37.4 million), and Books and Supplies (\$126.4 million).

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$14.7 billion (net of accumulated depreciation), a 0.5% increase from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment and construction in progress, net of any related accumulated depreciation.

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

- A total of 30 new schools were completed in the 2012-13 fiscal year. These various building additions and modernizations were completed at a cost of \$1.4 billion.
- Capital asset beginning balance was restated to reflect the cumulative impact of net under depreciation resulting from either the untimely transfer of completed projects to the proper capital asset account or improper capitalization of certain facilities costs.

Capital Assets (net of accumulated depreciation)

As of June 30, 2013 and 2012 (in thousands):

	Governmental Activities	
	2013	2012 (As Restated)
Sites	\$ 3,180,152	\$ 3,144,097
Improvement of sites	205,463	211,573
Buildings and improvements	10,375,371	9,328,573
Equipment	332,394	345,894
Construction in progress	575,310	1,567,489
Total	\$ 14,668,690	\$ 14,597,626

Additional information on the District's capital assets can be found in Note 1q on pages 34-35 and Note 7 on pages 42-43 of this report.

Long-term obligations. At the end of the current fiscal year, the District had total long-term obligations of \$17.2 billion. Of this amount, \$11.2 billion comprises debt to be repaid by voter-approved property taxes and not by the General Fund of the District.

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Management's Discussion and Analysis

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Outstanding Obligations

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

	Governmental Activities	
	2013	2012
General Obligation Bonds	\$ 11,151,210	\$ 11,507,002
Certificates of Participation (COPs)	416,597	442,884
Capital Lease Obligations	1,308	2,185
Children's Center Facilities Revolving Loan	634	792
Liability for Compensated Absences	61,595	65,075
Liability for Other Employee Benefits	87,870	108,431
Self-insurance Claims	644,947	507,738
Other Postemployment Benefits (OPEB)	4,787,843	3,995,038
Arbitrage Payable	—	1,080
Total	<u>\$ 17,152,004</u>	<u>\$ 16,630,225</u>

The District's total long-term obligations increased by \$521.8 million (3.1%) during the current fiscal year. The key factor in this increase was the recognition of additional net OPEB obligation and increase in legal cost accrual 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 COPs are currently rated A1 and A+ by 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, 2013 is \$12.0 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 52-57 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 Position
June 30, 2013
(in thousands)

	<u>Governmental Activities</u>
Assets:	
Cash and cash equivalents	\$ 4,565,223
Investments	659,445
Property taxes receivable	60,052
Accounts receivable, net	908,380
Accrued interest receivable	6,290
Prepaid expense	42,668
Unamortized issuance costs	57,611
Inventories	25,958
Accounts receivable, non current	32,046
Capital assets:	
Sites	3,180,152
Improvement of sites	559,575
Buildings and improvements	14,091,455
Equipment	1,622,452
Construction in progress	575,310
Less accumulated depreciation	<u>(5,360,254)</u>
Total Capital Assets, Net of Depreciation	<u>14,668,690</u>
Total Assets	<u>21,026,363</u>
Deferred Outflows of Resources	<u>—</u>
Liabilities:	
Vouchers and accounts payable	124,980
Contracts payable	42,320
Accrued payroll	199,014
Accrued interest	282,375
Other payables	177,644
Unearned revenue	12,796
Tax and revenue anticipation notes and related interest payable	793,694
Long-term liabilities:	
Portion due within one year	644,448
Portion due after one year	<u>16,507,556</u>
Total Liabilities	<u>18,784,827</u>
Deferred Inflows of Resources	<u>—</u>
Net Position:	
Net investment in capital assets	5,078,764
Restricted for:	
Debt service	459,309
Program activities	738,668
Unrestricted	<u>(4,035,205)</u>
Total Net Position	<u>\$ 2,241,536</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2013
(in thousands)

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 3,604,189	\$ 17,063	\$ 1,148,684	\$ —	\$ (2,438,442)
Support services – students	306,293	—	261,735	—	(44,558)
Support services – instructional staff	363,839	91	324,794	—	(38,954)
Support services – general administration	80,969	—	1,888	—	(79,081)
Support services – school administration	382,251	—	62,682	—	(319,569)
Support services – business	298,548	10,110	49,105	—	(239,333)
Operation and maintenance of plant services	535,754	23,036	35,484	42	(477,192)
Student transportation services	152,485	—	265,013	—	112,528
Data processing services	66,306	—	—	—	(66,306)
Operation of non-instructional services	451,192	6,730	382,678	—	(61,784)
Facilities acquisition and construction services*	157,361	47,233	36,166	166,155	92,193
Other Uses	1,240	—	—	—	(1,240)
Interest expense	571,076	—	800	—	(570,276)
Depreciation – unallocated**	442,802	—	—	—	(442,802)
Unfunded OPEB expense – unallocated	792,805	—	—	—	(792,805)
Total Governmental Activities	\$ 8,207,110	\$ 104,263	\$ 2,569,029	\$ 166,197	(5,367,621)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,139,313
Property taxes, levied for debt service					965,955
Property taxes, levied for community redevelopment					13,841
State aid – formula grants					1,774,431
Grants, entitlements, and contributions not restricted to specific programs					553,115
Unrestricted investment earnings					20,727
Miscellaneous					(18,464)
Total General Revenues					4,448,918
Change in Net Position					(918,703)
Net Position – Beginning of Year, restated					3,160,239
Net Position – End of Year					\$ 2,241,536

* 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, 2013
(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>
Assets:					
Cash in county treasury, in banks, and on hand	\$ 303,350	\$ 1,762,360	\$ 776,630	\$ 697,922	\$ 3,540,262
Cash held by trustee	30,007	—	—	48,808	78,815
Investments	659,445	—	—	—	659,445
Taxes receivable	—	—	60,052	—	60,052
Accounts receivable – net	842,790	4,597	—	43,345	890,732
Accrued interest receivable	1,417	2,692	—	1,031	5,140
Due from other funds	8,400	—	—	—	8,400
Prepaid Expenses	22	—	—	—	22
Inventories	15,819	—	—	10,139	25,958
Total Assets	<u>1,861,250</u>	<u>1,769,649</u>	<u>836,682</u>	<u>801,245</u>	<u>5,268,826</u>
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 1,861,250</u>	<u>\$ 1,769,649</u>	<u>\$ 836,682</u>	<u>\$ 801,245</u>	<u>\$ 5,268,826</u>
Liabilities and Fund Balances:					
Vouchers and accounts payable	\$ 114,685	\$ 6,217	\$ —	\$ 3,185	\$ 124,087
Contracts payable	2,198	34,356	—	5,766	42,320
Accrued payroll	203,897	8	—	1	203,906
Other payables	143,165	2	—	17,757	160,924
Due to other funds	—	—	—	8,400	8,400
Unearned revenue	10,894	—	86,142	1,902	98,938
Tax and revenue anticipation notes and related interest payable	793,694	—	—	—	793,694
Total Liabilities	<u>1,268,533</u>	<u>40,583</u>	<u>86,142</u>	<u>37,011</u>	<u>1,432,269</u>
Deferred Inflows of Resources	—	—	—	—	—
Fund Balances:					
Nonspendable	18,513	3,800	—	10,203	32,516
Restricted	138,469	1,725,266	750,540	—	2,614,275
Restricted, reported in:					
Special revenue funds	—	—	—	14,711	14,711
Debt service funds	—	—	—	54,698	54,698
Capital projects funds	—	—	—	573,575	573,575
Committed, reported in:					
Special revenue funds	—	—	—	8,789	8,789
Assigned	370,359	—	—	—	370,359
Assigned, reported in:					
Special revenue funds	—	—	—	702	702
Capital projects funds	—	—	—	101,556	101,556
Unassigned					
Reserved for economic uncertainties	65,376	—	—	—	65,376
Unassigned	—	—	—	—	—
Total Fund Balances	<u>592,717</u>	<u>1,729,066</u>	<u>750,540</u>	<u>764,234</u>	<u>3,836,557</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,861,250</u>	<u>\$ 1,769,649</u>	<u>\$ 836,682</u>	<u>\$ 801,245</u>	<u>\$ 5,268,826</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 Position
 June 30, 2013
 (in thousands)

Total Fund Balances – Governmental Funds	\$ 3,836,557
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$20,028,944 and the accumulated depreciation is \$5,360,254.	14,668,690
Property taxes receivable will be collected this year, but are not available soon enough to pay the current period's expenditures and therefore are unearned in the funds.	60,051
Receivables that will be collected in the following year and thereafter that are not available soon enough to pay the current period's expenditures.	35,605
Federal subsidies tied to debt service expenditures are recognized in the governmental funds only when the corresponding expenditure is recognized.	33,669
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.	333,376
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.	(16,784,023)
Other assets – unamortized issuance costs are not reflected in the fund financials.	57,611
Total Net Position – Governmental Activities	<u>\$ 2,241,536</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, 2013
(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	\$ 2,913,744	\$ —	\$ —	\$ —	\$ 2,913,744
Federal revenues	629,853	—	73,752	313,621	1,017,226
Other state revenues	2,002,517	—	5,401	257,537	2,265,455
Other local revenues	125,480	27,477	891,814	95,447	1,140,218
Total Revenues	5,671,594	27,477	970,967	666,605	7,336,643
Expenditures:					
Current:					
Certificated salaries	2,589,670	—	—	72,114	2,661,784
Classified salaries	771,484	60,963	—	135,126	967,573
Employee benefits	1,344,795	28,114	—	136,492	1,509,401
Books and supplies	165,374	7,701	—	181,439	354,514
Services and other operating expenditures	858,239	39,694	—	20,814	918,747
Capital outlay	52,270	413,166	—	105,921	571,357
Debt service – principal	882	—	333,930	24,847	359,659
Debt service – bond, COPs, and capital leases interest	66	—	568,059	16,471	584,596
Other outgo	1,240	—	—	—	1,240
Total Expenditures	5,784,020	549,638	901,989	693,224	7,928,871
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,426)	(522,161)	68,978	(26,619)	(592,228)
Other Financing Sources (Uses):					
Transfers in	23,577	263,112	—	294,505	581,194
Transfers – support costs	12,627	—	—	(12,627)	—
Transfers out	(171,029)	(118,515)	—	(302,046)	(591,590)
Issuance of refunding COPs	—	—	—	24,780	24,780
Payment to refunded COPs escrow agent	—	—	—	(24,641)	(24,641)
Insurance proceeds – fire damage	15,154	—	—	—	15,154
Capital leases	4	—	—	—	4
Total Other Financing Sources (Uses)	(119,667)	144,597	—	(20,029)	4,901
Net Changes in Fund Balances	(232,093)	(377,564)	68,978	(46,648)	(587,327)
Fund Balances, July 1, 2012	824,810	2,106,630	681,562	810,882	4,423,884
Fund Balances, June 30, 2013	<u>\$ 592,717</u>	<u>\$ 1,729,066</u>	<u>\$ 750,540</u>	<u>\$ 764,234</u>	<u>\$ 3,836,557</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, 2013
 (in thousands)

Total Net Changes in Fund Balances – Governmental Funds	\$ (587,327)
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.	71,064
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 position.	(4)
Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.	359,520
Premiums, discounts, refunding charges and issuance costs are reported as other financing sources and uses in the governmental funds, but presented as liabilities or unamortized issuance costs, net of amortization in the statement of net position.	(3,695)
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.	(46,168)
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).	25,731
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.	31,047
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.	1,080
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.	(792,805)
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.	29,621
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	(3,559)
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.	(3,208)
Changes in Net Position of Governmental Activities	\$ (918,703)

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, 2013
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Revenue limit sources	\$ 2,912,119	\$ 2,907,801	\$ 2,913,744	\$ 5,943
Federal revenues	733,800	711,280	629,853	(81,427)
Other state revenues	2,002,038	2,018,732	2,002,517	(16,215)
Other local revenues	128,839	127,440	125,480	(1,960)
Total Revenues	<u>5,776,796</u>	<u>5,765,253</u>	<u>5,671,594</u>	<u>(93,659)</u>
Expenditures:				
Current:				
Certificated salaries	2,498,670	2,672,128	2,589,670	82,458
Classified salaries	779,722	802,863	771,484	31,379
Employee benefits	1,459,191	1,382,190	1,344,795	37,395
Books and supplies	389,423	291,794	165,374	126,420
Services and other operating expenditures	748,658	860,670	858,239	2,431
Capital outlay	39,510	53,251	52,270	981
Debt service – principal	1,838	1,785	882	903
Debt service – bond, COPs, and capital leases interest	—	70	66	4
Other outgo	1,654	1,674	1,240	434
Total Expenditures	<u>5,918,666</u>	<u>6,066,425</u>	<u>5,784,020</u>	<u>282,405</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(141,870)</u>	<u>(301,172)</u>	<u>(112,426)</u>	<u>188,746</u>
Other Financing Sources (Uses):				
Transfers in	11,067	28,399	23,577	(4,822)
Transfers – support costs	11,948	12,812	12,627	(185)
Transfers out	(131,475)	(201,053)	(171,029)	30,024
Insurance proceeds – fire damage	17,387	17,387	15,154	(2,233)
Capital leases	—	—	4	4
Total Other Financing Uses	<u>(91,073)</u>	<u>(142,455)</u>	<u>(119,667)</u>	<u>22,788</u>
Net Changes in Fund Balances	<u>(232,943)</u>	<u>(443,627)</u>	<u>(232,093)</u>	<u>211,534</u>
Fund Balances, July 1, 2012	<u>758,422</u>	<u>824,810</u>	<u>824,810</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ 525,479</u>	<u>\$ 381,183</u>	<u>\$ 592,717</u>	<u>\$ 211,534</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
Governmental Activities – Internal Service Funds
June 30, 2013
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	\$ 946,146
Accounts receivable – net	6,511
Accrued interest and dividends receivable	1,150
Prepaid expense	<u>42,646</u>
Total Assets	<u>996,453</u>
Liabilities:	
Current:	
Vouchers and accounts payable	897
Accrued payroll	513
Other payables	16,719
Estimated liability for self-insurance claims	<u>241,715</u>
Total Current Liabilities	259,844
Noncurrent:	
Estimated liability for self-insurance claims	<u>403,233</u>
Total Liabilities	<u>663,077</u>
Total Net Position – Unrestricted	<u><u>\$ 333,376</u></u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2013
(in thousands)

Operating Revenues:	
In-district premiums	\$ 1,191,933
Others	1,078
Total Operating Revenues	<u>1,193,011</u>
Operating Expenses:	
Certificated salaries	165
Classified salaries	5,354
Employee benefits	2,872
Supplies	214
Premiums and claims expenses	1,152,497
Claims administration	12,685
Other contracted services	4,257
Total Operating Expenses	<u>1,178,044</u>
Operating Income	<u>14,967</u>
Nonoperating Revenues (Expenses):	
Interest income	4,284
Miscellaneous expense	(26)
Total Nonoperating Revenues	<u>4,258</u>
Income before transfers	19,225
Transfers in	<u>10,396</u>
Change in Net Position	29,621
Total Net Position, July 1, 2012	<u>303,755</u>
Total Net Position, June 30, 2013	<u><u>\$ 333,376</u></u>

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, 2013
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	\$ (8,325)
Cash payments for goods and services	(1,105,984)
Receipts from assessment to other funds	1,191,944
Other operating revenue	1,078
Net Cash Provided by Operating Activities	<u>78,713</u>
Cash Flows from Non-Capital Financing Activities	
Transfer from other funds	10,396
Loan payments from other funds	332,500
Net Cash Provided by Non-Capital Financing Activities	<u>342,896</u>
Cash Flows from Investing Activities:	
Earnings on investments	4,030
Net Cash Provided by Investing Activities	<u>4,030</u>
Net Increase in Cash and Cash Equivalents	425,639
Cash and Cash Equivalents, July 1	<u>520,507</u>
Cash and Cash Equivalents, June 30	<u>\$ 946,146</u>
Reconciliation of Operating Income to Cash Provided by Operating Activities:	
Operating income	\$ 14,967
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Increase in accounts receivable	(4,768)
Increase in prepaid expense	(30,555)
Decrease in vouchers and accounts payable	(53,309)
Increase in accrued payroll	66
Increase in other payables	15,101
Increase in estimated liability for self-insurance claims – current	133,170
Increase in estimated liability for self-insurance claims – noncurrent	4,041
Total Adjustments	<u>63,746</u>
Net Cash Provided by Operating Activities	<u>\$ 78,713</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, 2013
(in thousands)

Assets	
Cash in county treasury, in banks, and on hand	\$ 39,335
Total Assets	<u>\$ 39,335</u>
Liabilities	
Other payables	\$ 39,335
Total Liabilities	<u>\$ 39,335</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(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, 2013

(b) *Government-wide and Fund Financial Statements*

The District's basic financial statements consist of fund financial statements and government-wide statements which are intended to provide an overall viewpoint of the District's finances. The government-wide financial statements, which are the statement of net position and the statement of activities, report information on all nonfiduciary District funds excluding the effect of interfund activities. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by fees and service charges. The District does not conduct any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements on pages 16 and 18. Nonmajor funds are aggregated in a single column.

(c) *Measurement Focus and Basis of Accounting*

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and trust funds. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. The agency funds report only assets and liabilities and therefore have no measurement focus.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when susceptible to accrual, i.e., both measurable and available to finance expenditures of the fiscal period. "Available" means collectible within the current period or soon enough thereafter to pay current liabilities. Application of the "susceptibility to accrual" criteria requires consideration of the materiality of the item in question and due regard for the practicality of accrual, as well as consistency in application.

Federal revenues and State apportionments and allowances are determined to be available and measurable when entitlement occurs or related eligible expenditures are incurred. Secured and unsecured property taxes related to debt service and community redevelopment purposes that are estimated to be collectible and receivable within 60 days of the current period are recorded as revenue. Investment income is accrued when earned. All other revenues are not considered susceptible to accrual.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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 position 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 position. 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 2012-13:

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, 2013

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.

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 2012-13.

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 2012-13.

Proprietary Funds

The District has the following Proprietary Funds:

Internal Service Funds – Internal Service Funds are used to account for all financial resources intended to provide self-insurance services to other operating funds of the District on a cost-reimbursement basis. The District maintains the following Internal Service Funds: Health and Welfare Benefits, Workers' Compensation Self-Insurance, and Liability Self-Insurance. The Health and Welfare Benefits Fund was established to pay for claims, administrative costs, insurance premiums, and related expenditures; the Workers' Compensation Self-Insurance Fund and the Liability Self-Insurance Fund were established to pay for claims, excess insurance coverage, administrative costs, and related expenditures.

Under the full accrual basis of accounting that is generally accepted for Internal Service Funds, total estimated liabilities for self-insurance are recorded based on estimated claims liabilities, including the estimated liability for incurred but not reported claims. For the Workers' Compensation and

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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.

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

Formal budgetary integration is employed as a management control device during the year for all budgeted funds. The District employs budgetary control by minor (sub) object and by individual program accounts. Expenditures may not legally exceed budgeted appropriations by major object level as follows: Certificated Salaries, Classified Salaries, Employee Benefits, Books and Supplies, Services and Other Operating Expenditures, Capital Outlay, Other Outgo, and Other Financing Uses.

The District utilizes an encumbrance system for all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid or liabilities are incurred. All encumbrances expire at June 30. Appropriation authority lapses at the end of the fiscal year.

(g) *Cash and Investments*

Cash includes amounts in demand deposits with the Los Angeles County Treasury and various financial institutions, imprest funds for schools and offices, and cafeteria change funds. The District maintains some cash deposits with various banking institutions for collection clearing, check clearing, or revolving fund purposes. The District also maintains deposit accounts held by various trustees for the acquisition or construction of capital assets, for the repayment of long-term debts, and for the 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 investments are stated at fair value based on quoted market prices.

(h) *Short-term Interfund Receivables/Payables*

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(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:

<u>Assets</u>	<u>Years</u>
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

(k) ***Contracts Payable***

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2013.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(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 position. Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are 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 as an adjustment to interest expense using the effective-interest method over the shorter of the life of the new bonds or the remaining term of the bonds refunded.

In the fund financial statements, debt issuances including any related premiums or discounts as well as issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

(n) *Revenue Limit Sources/Property Taxes/Education Protection Account (EPA)*

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, EPA, and state apportionments. For the fiscal year 2012-13, the District received \$992.4 million of local property taxes, \$659.4 million of EPA, and \$1,261.9 million of State aid.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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.

Starting in fiscal year 2013, there is another funding component to the total revenue limit – the Education Protection Account (EPA). The EPA provides local educational agencies (LEAs) with general purpose state aid funding pursuant to Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. Proposition 30 temporarily increases the state's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers. A portion of the revenues generated by the measure's temporary tax increases is deposited into the EPA which is used to support increased school funding.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue and EPA entitlement. The balance is paid from the State General Fund, and is known as the State Apportionment. As a result, a receivable has not been recorded for the related property taxes in the General Fund as any receivable is offset by a payable on the state apportionment.

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.

(p) ***New Accounting Pronouncements***

The GASB has issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* effective for period beginning after December 15, 2011. This statement establishes accounting guidance and improves financial reporting for service concession arrangements (SCAs), which are a type of private or public-public partnership. The District does not have any SCA transactions. Accordingly, the statement did not have an impact on the District's financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

The GASB has issued Statement No. 61, *The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No.34* effective for period beginning after June 15, 2012. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. The District’s adoption of this statement did not have a material impact on its financial statements.

The GASB has issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, effective for periods beginning after December 15, 2011. The requirements in this statement provides improved financial reporting by contributing to the GASB’s efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. The District’s adoption of this statement did not have a material impact on its financial statements.

The GASB has issued Statement No.63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* effective for period beginning after December 15, 2011. This statement provides financial reporting guidance for deferred outflows of resources, deferred inflows of resources and net position including required notes to financial statements disclosures. The District’s adoption of this statement did not have a material impact on its financial statements. The primary change to the financial statements was changing references from net assets to net position.

(q) Restatement

The District staff has been engaged in the on-going work of migrating capital asset data from the Legacy System to the new SAP Finance System. While working on this migration, staff discovered two issues: 1) certain Facilities expense costs were capitalized as construction in progress (CIP), and 2) a number of capital projects completed in prior years remained in the CIP account. As a result, depreciation expenses have been understated in the District’s previously issued government-wide financial statements. The beginning Net Position has been restated to give effect to the cumulative effects of these reporting errors. Net Position Beginning as of July 1, 2013, has been reduced by \$639.5 million to correct the aggregate effect of the errors noted.

The following table illustrates the correction of errors as shown on the face of the District’s Statement of Activities (amounts in thousands).

Net position at beginning of year, as previously reported	\$ 3,799,726
Prior period adjustment – see Note 1 (q)	<u>(639,487)</u>
Net position at beginning of year, as restated	3,160,239
Change in net position	<u>(918,703)</u>
Net position at end of year	<u><u>\$ 2,241,536</u></u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

Below is a summary of the impact of these reporting errors on affected captions in the 2012 financial statements (amounts in thousands):

	Governmental Activities		
	2012		
	(As Previously Reported)	Restatement Adjustment	2012 (As Restated)
Capital Assets			
Sites	\$ 3,144,862	\$ (765)	\$ 3,144,097
Improvement of sites	528,870	21,418	550,288
Buildings and improvements	11,063,327	1,572,035	12,635,362
Equipment	1,260,356	322,856	1,583,212
Construction in progress	3,536,934	(1,969,445)	1,567,489
Total	<u>19,534,349</u>	<u>(53,901)</u>	<u>19,480,448</u>
Accumulated Depreciation:			
Improvement of sites	(335,134)	(3,581)	(338,715)
Buildings and Improvements	(2,922,417)	(384,372)	(3,306,789)
Equipment	(1,039,685)	(197,633)	(1,237,318)
	<u>(4,297,236)</u>	<u>(585,586)</u>	<u>(4,882,822)</u>
Capital Assets, net of Depreciation	<u>15,237,113</u>	<u>(639,487)</u>	<u>14,597,626</u>
Expenses			
Instruction	3,773,834	81	3,773,915
Support services:			
Support services – instructional staff	403,585	194	403,779
Support services – general administration	43,048	(1)	43,047
Support services – school administration	393,922	1,806	395,728
Support services – business	173,516	(27)	173,489
Operation and maintenance of plant services	567,829	284	568,113
Student transportation services	158,202	(25)	158,177
Data processing services	61,072	22,445	83,517
Operation of noninstructional services	430,137	(76)	430,061
Facilities acquisition and construction services	87,588	24,271	111,859
Depreciation, unallocated	401,920	4,990	406,910
	<u>\$ 6,494,653</u>	<u>\$ 53,942</u>	<u>\$ 6,548,595</u>
Net position – beginning, July 1, 2011	<u>\$ 4,473,027</u>	<u>\$ (585,545)</u>	<u>\$ 3,887,482</u>

(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, 2013

On July 2, 2012, the District issued a total of \$600.0 million of 2012-13 TRANs with an overall true interest cost of 0.16% and total premium of \$7.0 million. The principal and interest on the notes were retired on their due date of February 28, 2013.

On February 26, 2013, the District issued a total of \$780.0 million of 2012-13 TRANs, Series B with an overall true interest cost of 0.32% and total premium of \$13.2 million. The principal and interest on the notes were retired on their due date of November 28, 2013.

TRANs – Short-Term Notes Payable
(in thousands)

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Beginning balance, July 1, 2012	\$ 550,000	\$ 11,782	\$ 561,782
Additions	1,380,000	35,114	1,415,114
Deductions	(1,150,000)	(33,202)	(1,183,202)
Ending balance, June 30, 2013	<u>\$ 780,000</u>	<u>\$ 13,694</u>	<u>\$ 793,694</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 Position*

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.” The details of the \$16,784,023 difference are as follows (in thousands):

Bonds payable and related accrued interest	\$ (11,151,210)
Certificates of participation (COPs)	(416,597)
Capital lease obligations	(1,308)
Children center facilities revolving loan	(634)
Liability for compensated absences	(59,762)
Retirement bonus	(71,481)
Early retirement incentive	(12,813)
Other Post Employment Benefits (OPEB)	(4,787,843)
Accrued interest	<u>(282,375)</u>
Net adjustment to reduce <i>total fund balances – governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (16,784,023)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(b) *Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities*

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *total net changes in fund balances – governmental funds* and *changes in net position of governmental activities* as reported in the accompanying government-wide statement of activities. One element of that reconciliation explains that “Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” The details of this \$71,064 difference are as follows (in thousands):

Capital related expenditures	\$ 571,357
Depreciation expense	(500,234)
Loss on disposal of capital assets	<u>(59)</u>
Net adjustment to increase net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 71,064</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 position.” The details of this \$359,520 difference are as follows (in thousands):

Debt issued or incurred:	
Certificates of participation	\$ (24,780)
Principal repayments:	
General obligation bonds	333,930
Certificates of participation	24,689
Refunding COPs	24,641
Children Center Facilities Loan	158
Capital leases	<u>882</u>
Net adjustment to increase net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 359,520</u>

(4) Budgetary Appropriation Amendments

During the fiscal year, modifications were necessary to increase appropriations for expenditures and other financing uses for the General Fund by \$216 million.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(5) Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:	
Cash and investments	\$ 5,145,853
Cash and investments held by trustee	78,815
Subtotal	5,224,668
Fiduciary funds:	
Cash and investments	39,335
Total cash and investments	\$ 5,264,003

Cash and investments as of June 30, 2013 consist of the following (in thousands):

Cash on hand (cafeteria change funds) (a)	\$ 3
Deposits with financial institutions and LA County Pool (a)	4,604,555
Investments (b)	659,445
Total cash and investments	\$ 5,264,003

- (a) Deposits with financial institutions include cash in the Los Angeles County Pooled Surplus Investment Fund (\$4,494,259), cash held by fiscal agents or trustees (\$78,815), and cash deposited with various other financial institutions, including cash on hand (\$3) and imprest funds for schools and offices (\$31,481).

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 (\$659,445).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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	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 with no more than 10% in any one fund	
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, 2013

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, 2013, 64.20% of district funds in the County PSI Fund does not exceed one year. In addition, variable-rate notes that comprised 3.30% 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, 2013, 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, 2013

(6) Receivables/Payables

Receivables by Fund at June 30, 2013 consist of the following (in thousands):

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Internal Service Funds	Total
Taxes	\$ —	\$ —	\$ 60,052	\$ —	\$ —	\$ 60,052
Accrued grants and entitlements	811,945	—	—	33,114	—	845,059
Other	30,845	4,597	—	10,231	6,511	52,184
Interest and dividends	1,417	2,692	—	1,031	1,150	6,290
Total Receivables	<u>\$ 844,207</u>	<u>\$ 7,289</u>	<u>\$ 60,052</u>	<u>\$ 44,376</u>	<u>\$ 7,661</u>	<u>\$ 963,585</u>

Payables by Fund at June 30, 2013 consist of the following (in thousands):

	General	District Bonds	Other Governmental	Internal Service Funds	Total
Vouchers and accounts	\$ 114,685	\$ 6,217	\$ 3,185	\$ 897	\$ 124,984
Contracts	2,198	34,356	5,766	—	42,320
Accrued payroll	203,897	8	1	513	204,419
Other	143,165	2	17,757	16,719	177,643
Total payables	<u>\$ 463,945</u>	<u>\$ 40,583</u>	<u>\$ 26,709</u>	<u>\$ 18,129</u>	<u>\$ 549,366</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(7) Capital Assets

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

	Balance, June 30, 2012 (As Restated)	Increases	Decreases	Balance, June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 3,144,097	\$ 36,055	\$ -	\$ 3,180,152
Construction in progress	1,567,489	409,511	(1,401,690)	575,310
Total capital assets, not being depreciated	4,711,586	445,566	(1,401,690)	3,755,462
Capital assets, being depreciated:				
Improvement of sites	550,288	9,287	-	559,575
Buildings and improvements	12,635,362	1,456,093	-	14,091,455
Equipment	1,583,212	62,101	(22,861)	1,622,452
Total capital assets, being depreciated	14,768,862	1,527,481	(22,861)	16,273,482
Less accumulated depreciation for:				
Improvement of sites	(338,715)	(15,397)	-	(354,112)
Buildings and improvements	(3,306,789)	(409,295)	-	(3,716,084)
Equipment	(1,237,318)	(75,542)	22,802	(1,290,058)
Total accumulated depreciation	(4,882,822)	(500,234)	22,802	(5,360,254)
Total capital assets, being depreciated, net	9,886,040	1,027,247	(59)	10,913,228
Governmental activities capital assets, net	\$ 14,597,626	\$ 1,472,813	\$ (1,401,749)	\$ 14,668,690

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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

Governmental activities:

Instruction	\$	3,655
Support services – students		489
Support services – instructional staff		1,648
Support services – general administration		186
Support services – school administration		4,065
Support services – business		1,785
Operation and maintenance of plant services		5,626
Student transportation services		7,777
Data processing services		31,067
Operation of noninstructional services		1,132
Depreciation – unallocated		442,804
		442,804
Total depreciation expense – governmental activities	\$	500,234

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

(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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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).

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 2012-13 were 11.417% for miscellaneous and 33.233% 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, 2013, 2012, and 2011 (in thousands).

Schedule of Employer Contributions:

	<u>2013</u>		<u>2012</u>	<u>2011</u>
	<u>Safety</u>	<u>Miscellaneous</u>	<u>Safety and Miscellaneous</u>	<u>Safety and Miscellaneous</u>
District contributions:				
Regular	\$ 8,489	\$ 101,952	\$ 112,011	\$ 112,871
Annual Savings Recapture – AB 702 Credits	<u>(5,132)</u>	<u>7,502</u>	<u>6,623</u>	<u>9,772</u>
Total district contributions	<u>3,357</u>	<u>109,454</u>	<u>118,634</u>	<u>122,643</u>
Employee contributions:				
Paid by Employees	495	48,085	51,374	52,420
Paid by District	<u>1,820</u>	<u>14,034</u>	<u>17,801</u>	<u>19,966</u>
Total employee contributions	<u>2,315</u>	<u>62,119</u>	<u>69,175</u>	<u>72,386</u>
Total CalPERS contributions	<u>\$ 5,672</u>	<u>\$ 171,573</u>	<u>\$ 187,809</u>	<u>\$ 195,029</u>
Percentage of required contributions made	100%	100%	100%	100%

The District's contributions for all members for the fiscal years ended June 30, 2013, 2012, and 2011 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, 2013, 2012, and 2011.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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

Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	29 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, 2012, the most recent actuarial valuation date, the actuarial value of plan assets was \$227,075,678 and the actuarial accrued liability for benefits was \$266,875,028. The unfunded actuarial liability was \$39,799,350. The actuarial value of assets as a percentage of the actuarial accrued liability was 85.1% (funded ratio). The covered payroll (annual payroll of active employees covered by the plan) was \$24,937,992, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 159.6%.

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 64 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, 2013

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

Plan Description

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan and a tax-deferred supplemental program established and administered by the State Teachers' Retirement Law (Section 22000 et seq.) of the California Education Code. The Teachers' Retirement Fund (TRF) is a defined benefit pension plan under the CalSTRS. At June 30, 2013, there were 1,659 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. CalSTRS 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 CalSTRS 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 CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2012-13 was 8.25% of annual payroll. The contribution requirements of the plan members are established by State statute. Required contributions to CalSTRS for fiscal years ended June 30, 2013, 2012, and 2011 (in thousands) are as follows:

	Percentage of applicable member earnings	2013	2012	2011
District contributions	8.25%	\$ 213,485	\$ 224,963	\$ 236,730
Employee contributions (including adjustments)	8.00%	208,248	218,026	233,207
Total STRS contributions	16.25%	\$ 421,733	\$ 442,989	\$ 469,937
Percentage of required contributions made		100%	100%	100%

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Notes to Basic Financial Statements

Year Ended June 30, 2013

The District's contributions for all members for the fiscal years ended June 30, 2013, 2012, and 2011 were in accordance with the required contribution rates calculated by the CalSTRS 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 CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. 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 52,549 as of June 30, 2013. District and employee contributions to the plan for the last three fiscal years are as follows: 2012-13 – \$7,697,655, 2011-12 – \$9,001,987, and 2010-11 – \$10,486,286.

The District's contributions for all members for the fiscal years ended June 30, 2013, 2012, and 2011 were in accordance with the required contributions.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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 \$12.8 million as of June 30, 2013.

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 was \$3.7 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 CalSTRS/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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Notes to Basic Financial Statements

Year Ended June 30, 2013

- f. Those hired on or after April 1, 2009, except School Police, must have at least 85 years combined total of qualifying service and age. In addition, the employee must have a minimum of 25 consecutive years of qualifying service immediately prior to retirement.
- g. School Police (sworn personnel) hired on or after April 1, 2009 must have at least 80 years combined total of qualifying service and age. In addition, the employee must have a minimum of 20 consecutive years of qualifying service immediately prior to retirement.

In order to maintain coverage, the retirees must continue to receive a CalSTRS/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, 2013, approximately 38,000 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 2013, the District contributed \$245.4 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 ("The Act"), were signed into law in March 2010. The 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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	199,752
Adjustment to annual required contribution	<u>(247,508)</u>
Annual OPEB cost (expense)	1,038,193
Contributions made	<u>(245,388)</u>
Increase in net OPEB obligation	792,805
Net OPEB obligation – beginning of year	<u>3,995,038</u>
Net OPEB obligation – end of year	<u><u>\$ 4,787,843</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 2013, 2012, and 2011 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>
6/30/2013	\$ 1,038,193	24 %	\$ 4,787,843
6/30/2012	1,047,987	22	3,995,038
6/30/2011	1,022,031	23	3,175,742

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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Notes to Basic Financial Statements

Year Ended June 30, 2013

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 \$30 million coverage above a \$10 million self-insurance retention. No settlements exceeded insurance coverage in the last four fiscal years ended June 30, 2013.

The District has implemented an Owner Controlled Insurance Program (OCIP) covering new construction and renovation projects funded by school bonds. Under an OCIP, the District provides general liability and workers' compensation insurance coverage for construction contractors. Because contractors remove insurance costs from their bids, potential savings accrue to the District. Under the District's OCIP program, workers' compensation coverage with statutory limits and primary general liability and excess liability coverage with limits of \$100 million have been underwritten by seven major insurance carriers.

The District has also purchased contractors' pollution liability insurance coverage for the construction program. The policy protects contractors and the District from losses resulting from pollution liability related incidents occurring during construction. The policy provides optional coverage to ensure that site

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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, 2013, the amount of the total claims liabilities recorded for health and welfare, liability self-insurance, and workers' compensation was \$645.0 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 decrease in workers' compensation liability is due to a campaign to resolve claims, effective cost containment strategies, and a decrease in newly reported claims. The Health and Welfare Benefits Fund lowered its estimated liability due to a reduction in active participants and an increase in Medicare-eligible retirees. Changes in the reported liabilities since July 1, 2011 (in thousands) are summarized as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2012-2013				
Health and welfare benefits	\$ 24,246	\$ 216,728	\$ (218,611)	\$ 22,363
Workers' compensation	433,988	89,286	(102,443)	420,831
Liability self-insurance	49,504	168,345	(16,096)	201,753
Total	<u>\$ 507,738</u>	<u>\$ 474,359</u>	<u>\$ (337,150)</u>	<u>\$ 644,947</u>
2011-2012				
Health and welfare benefits	\$ 37,764	\$ 206,838	\$ (220,356)	\$ 24,246
Workers' compensation	430,840	98,418	(95,270)	433,988
Liability self-insurance	34,702	24,829	(10,027)	49,504
Total	<u>\$ 503,306</u>	<u>\$ 330,085</u>	<u>\$ (325,654)</u>	<u>\$ 507,738</u>

(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, 2013 are as follows:

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

<u>COPs Issue</u>	<u>Sale Date</u>	<u>Original Principal Amount (in thousands)</u>	<u>Outstanding June 30, 2013 (in thousands)</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>
2004 Series A	2004	\$ 50,700	\$ 4,590	4.0%	2014
Series 2005 (QZAB)	2005	10,000	10,000	0.0	2020
2007 Series A	2007	99,660	51,986	5.0	2017
2009 Series A	2009	40,728	24,960	3.92	2019
2010 Series A	2010	69,685	48,480	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	51,565	4.0 - 5.75	2020
2012 Series A	2012	87,845	86,675	2.0 - 5.0	2031
2012 Series B	2012	72,345	71,715	2.0 - 5.0	2031
2013 Series A	2013	24,780	24,780	2.29	2028
			<u>\$ 396,366</u> *		

* The total amount shown above excludes net unamortized premium of \$20,231.

On June 24, 2013, the District issued Refunding COPs 2013 Series A (Refunding Lease) in the amount of \$24.78 million. Interest is payable semiannually at 2.29%. Principal payments are due annually through 2028. The proceeds were used to refinance COPs 2003 Series B. The refunding resulted in a reduction of debt service payments of \$4.8 million over 14 years and an economic gain of \$4.1 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, 2013, \$33.9 million of defeased COPs were still outstanding.

In prior years, the District defeased certain sinking fund payments for its 2005 Certificates of Participation (Qualified Zone Academy Bonds) by placing proceeds of general obligation bonds, interest earnings on all said deposits and interest earnings on forward delivery agreements into the sinking fund account held by the trustee to provide for the payment of the 2005 Certificates of Participation (Qualified Zone Academy Bonds) at maturity. While the District's financial statements indicate that the full principal amount of the 2005 Certificates of Participation (Qualified Zone Academy Bonds) are outstanding as of June 30, 2013, a total of \$4.57 million of accumulated sinking fund payments have been made, which amount reflects the portion of the certificates of participation that are considered economically defeased.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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. The leases expire over the next 70 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 2 years.

The total expenditure for all operating leases amounted to \$11.0 million in 2012-13. The future minimum commitments for noncancelable operating lease of the District as of June 30, 2013 are as follows (in thousands):

	Amount (in thousands)
Fiscal year ending:	
2014	\$ 7,948
2015	6,974
2016	5,587
2017	4,753
2018	4,884
2019-2023	16,103
2024-2028	12,418
2029-2033	15,223
2034-2038	18,051
2039-2043	18,895
2044-2048	10,764
2049-2053	11,885
2054-2058	13,122
2059-2063	14,487
2064-2068	15,995
2069-2073	17,660
2074-2078	19,498
2079-2083	21,341
	<u>\$ 235,588</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(11) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2013 (in thousands):

	<u>Balance, July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2013</u>	<u>Due Within One Year</u>	<u>Interest Expense</u>
General Obligation Bonds*	\$ 11,507,002	\$ 12,471	\$ 368,263	\$ 11,151,210	\$ 350,937	\$ 537,912
Certificates of Participation (Note 10)**	442,884	24,796	51,083	416,597	33,360	14,507
Capital Lease Obligations	2,185	4	881	1,308	650	66
Children Center Facilities Revolving Loan	792	-	158	634	79	-
Liability for Compensated Absences	65,075	59,956	63,436	61,595	1,382	-
Liability for Other Employee Benefits	108,431	-	20,561	87,870	16,325	-
Self-Insurance Claims (Note 9)	507,738	474,358	337,149	644,947	241,715	-
Other Postemployment Benefits (OPEB)	3,995,038	1,038,193	245,388	4,787,843	-	-
Arbitrage Payable	1,080	-	1,080	-	-	-
Total	<u>\$ 16,630,225</u>	<u>\$ 1,609,778</u>	<u>\$ 1,087,999</u>	<u>\$ 17,152,004</u>	<u>\$ 644,448</u>	<u>\$ 552,485</u>

* 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
2014	\$ 327,270	\$ 23,667	\$ 551,369	\$ 31,158	\$ 2,852	\$ 16,078	\$ 79	\$ —	\$ 358,507	\$ 26,519	\$ 567,447
2015	332,225	22,446	536,007	38,770	2,828	16,443	79	—	371,074	25,274	552,450
2016	338,870	21,757	519,918	37,802	2,564	14,748	79	—	376,751	24,321	534,666
2017	341,215	20,300	503,377	38,793	2,192	12,964	79	—	380,087	22,492	516,341
2018	370,490	17,868	486,063	48,014	1,709	10,911	79	—	418,583	19,577	496,974
2019-2023	2,126,805	55,757	2,133,606	87,367	5,196	38,274	239	—	2,214,411	60,953	2,171,880
2024-2028	3,290,070	20,046	1,542,439	57,800	2,333	23,410	—	—	3,347,870	22,379	1,565,849
2029-2033	2,527,450	12,306	786,693	52,195	573	8,340	—	—	2,579,645	12,879	795,033
2034-2036	1,302,160	508	82,431	5,775	(16)	724	—	—	1,307,935	492	83,155
	<u>\$ 10,956,555</u>	<u>\$ 194,655</u>	<u>\$ 7,141,903</u>	<u>\$ 397,674</u>	<u>\$ 20,231</u>	<u>\$ 141,892</u>	<u>\$ 634</u>	<u>\$ —</u>	<u>\$ 11,354,863</u>	<u>\$ 214,886</u>	<u>\$ 7,283,795</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

The General Obligation Bonds balance of \$11.2 billion, which includes unamortized bond premiums (net of unamortized discount and refunding charges) of \$194.7 million, consists of:

<u>Bond Issue</u>	<u>Sale Date</u>	<u>Original Principal Amount (in thousands)</u>	<u>Outstanding June 30, 2013 (in thousands)</u>	<u>Interest Rates to Maturity</u>	<u>Final Maturity</u>
Proposition BB, Series A	1997	\$ 356,000	\$ 49,500	6.0%	2015
Proposition BB, Series F	2003	507,345	17,885	3.6 - 4.5	2013
Measure K, Series A	2003	2,100,000	45,075	3.9 - 5.0	2013
Measure K, Series B	2007	500,000	435,015	4.0 - 5.0	2031
Measure K, Series C	2007	150,000	130,845	4.0 - 5.0	2032
Measure K, Series D	2009	250,000	228,410	2.5 - 5.3	2034
Measure R, Series C	2004	50,000	35,355	3.6 - 5.0	2029
Measure R, Series E	2005	400,000	218,770	3.75 - 5.0	2030
Measure R, Series F	2006	500,000	421,605	3.625 - 5.0	2030
Measure R, Series G	2006	400,000	323,950	4.0 - 5.0	2031
Measure R, Series H	2007	550,000	462,715	3.75 - 5.0	2032
Measure R, Series I	2009	550,000	505,425	5.0 - 5.25	2034
Measure Y, Series A	2006	56,785	16,025	3.625 - 5.0	2022
Measure Y, Series B	2006	80,200	18,875	3.625 - 4.4	2028
Measure Y, Series C	2006	210,000	168,345	5.0	2030
Measure Y, Series D (taxable)	2006	47,400	15,395	6.0	2014
Measure Y, Series E	2007	300,000	263,430	4.75 - 5.0	2032
Measure Y, Series F	2009	150,000	137,425	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	139,255	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	131,080	1.5 - 5.0	2018
2002 GO Refunding Bonds	2002	258,375	175,645	4.5 - 5.75	2017
2004 GO Refunding Bonds, Series A-1	2004	90,740	90,060	3.4 - 5.0	2018
2004 GO Refunding Bonds, Series A-2	2004	128,385	126,840	3.4 - 5.0	2022
2005 GO Refunding Bonds, Series A-1	2005	346,750	346,005	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	557,045	4.0 - 5.0	2027
2007 GO Refunding Bonds, Series A-1	2007	1,153,195	1,130,055	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	51,560	3.0 - 5.0	2019
2010 GO Refunding Bonds, Series A	2010	74,995	72,570	3.0 - 5.0	2015
2011 GO Refunding Bonds, Series A-1	2011	206,735	203,150	2.0 - 5.0	2024
2011 GO Refunding Bonds, Series A-2	2011	201,070	197,635	2.0 - 5.0	2023
2012 GO Refunding Bonds, Series A	2012	156,000	156,000	2.0 - 5.0	2028
			<u>\$ 10,956,555</u>		*

* The total amount shown above excludes net unamortized premium of \$194,655.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

There were no GO Refunding bonds during 2012-13.

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, 2013, \$2.395 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 equal installments to commence on July 1, 2012 and each year thereafter until July 1, 2021.

The Arbitrage Payable balance reflects amounts due to the United States Treasury in order to comply with Internal Revenue Code Section 148(f). When the District issues tax-exempt debt, 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 fiscal year 2013, approximately 79% has been paid by the General Fund, 7% by the Cafeteria Fund, 7% by the District Bonds Fund, 5% by the Child Development Fund, and 1% 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. The General Fund assumes 100% of liability self-insurance claims. For workers' compensation and health benefit claims, including retiree health benefits, the General Fund currently bears approximately 89% of the cost, while the Cafeteria Fund carries 6%; no other individual fund is charged more than 3% of the total amount.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(12) Interfund Transactions

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

Interfund receivables/payables are eliminated on the government-wide statement of net position 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, 2013 (in thousands) are as follows:

<u>Fund Group</u>	<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General:	Unrestricted	\$ 8,400	\$ —
	Total General	<u>8,400</u>	<u>—</u>
Special Revenue:	Cafeteria	—	6,400
	Child development	—	2,000
	Total Special Revenue	<u>—</u>	<u>8,400</u>
	Total Interfund Receivables/Payables	<u>\$ 8,400</u>	<u>\$ 8,400</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(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, 2013 were as follows (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	
General	Cafeteria	Cafeteria repayment per MOU dated March 18, 2011	\$ 38,583
General	Cafeteria	Cafeteria support	15,000
General	Child Development	Child development support	15,322
General	Adult Education	Apportionment	60,481
General	Capital Services	Debt service	30,263
General	Health & Welfare	Medicare Part D subsidy	10,396
General	Building – Measure R	Reimbursement of capital expenditures	8
General	Building – Measure Y	Reimbursement of capital expenditures	976
Adult Education	General	Flexibility transfer	10,431
Adult Education	Special Reserve	Reimbursement of capital expenditures	971
Cafeteria	Capital Services	Debt service	787
Capital Services	General	Reimbursement of capital expenditures	99
Capital Services	Building – Measure Y	Reimbursement of capital expenditures	5,744
Special Reserve	General	Funding for capital expenditures	140
Special Reserve	Adult Education	Funding for capital expenditures	27
Special Reserve	Building – Measure K	Reimbursement of capital expenditures	4,583
Special Reserve	Building – Measure R	Reimbursement of capital expenditures	4,614
Special Reserve	Building – Measure Y	Reimbursement of capital expenditures	7,118
Special Reserve	Building – Bond Proceeds	Reimbursement of capital expenditures	773
Special Reserve	County School Facilities	Reimbursement of capital expenditures	1
Special Reserve	CSF – Prop 47	Reimbursement of capital expenditures	343
Special Reserve	CSF – Prop 55	Reimbursement of capital expenditures	1,233
Special Reserve	Capital Facilities	Reimbursement of capital expenditures	11
Special Reserve	SSBldg Lease/Purchase	Reimbursement of capital expenditures	1
Capital Facilities	Special Reserve	Reimbursement of capital expenditures	22
Capital Facilities	Capital Services	Debt service	9,574
Capital Facilities	Building – Measure K	Reimbursement of capital expenditures	499
Capital Facilities	Building – Measure R	Reimbursement of capital expenditures	259
Capital Facilities	CSF – Prop 55	Reimbursement of capital expenditures	1
Building – Bond Proceeds	Building – Measure K	Reimbursement of capital expenditures	1,423
Building – Bond Proceeds	Building – Measure R	Reimbursement of capital expenditures	11,222
Building – Bond Proceeds	Building – Measure Y	Reimbursement of capital expenditures	8,236
Building – Bond Proceeds	County School Facilities	Reimbursement of capital expenditures	1,005
Building – Bond Proceeds	CSF – Prop 47	Reimbursement of capital expenditures	2,087
Building – Bond Proceeds	CSF – Prop 55	Reimbursement of capital expenditures	3,284
Building – Bond Proceeds	CSF – Prop 1D	Reimbursement of capital expenditures	414
Building – Bond Proceeds	SSBldg Lease/Purchase	Reimbursement of capital expenditures	13
Building – Measure K	Building – Measure R	Reimbursement of capital expenditures	288
Building – Measure K	Building – Measure Y	Reimbursement of capital expenditures	10,583
Building – Measure K	Building – Bond Proceeds	Reimbursement of capital expenditures	1
Building – Measure K	CSF – Prop 55	Reimbursement of capital expenditures	716
Building – Measure K	CSF – Prop 1D	Reimbursement of capital expenditures	984
Building – Measure K	General	Reimbursement of capital expenditures	567
Building – Measure K	Special Reserve	Reimbursement of capital expenditures	200

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

Transfers between funds for the year ended June 30, 2013 (continued) (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	
Building – Measure R	General	Reimbursement of capital expenditures	510
Building – Measure R	Building – Bond Proceeds	Reimbursement of capital expenditures	1,283
Building – Measure R	Building – Measure K	Reimbursement of capital expenditures	9,876
Building – Measure R	Building – Measure Y	Reimbursement of capital expenditures	7,395
Building – Measure R	County School Facilities	Reimbursement of capital expenditures	529
Building – Measure R	CSF – Prop 47	Reimbursement of capital expenditures	309
Building – Measure R	CSF – Prop 55	Reimbursement of capital expenditures	7,765
Building – Measure R	CSF – Prop 1D	Reimbursement of capital expenditures	6,116
Building – Measure R	SSBldg Lease/Purchase	Reimbursement of capital expenditures	76
Building – Measure Y	General	Reimbursement of capital expenditures	11,830
Building – Measure Y	Special Reserve	Reimbursement of capital expenditures	994
Building – Measure Y	Adult Education	Reimbursement of capital expenditures	44
Building – Measure Y	Cafeteria	Reimbursement of capital expenditures	1,082
Building – Measure Y	Capital Services	Debt service	542
Building – Measure Y	Building – Bond Proceeds	Reimbursement of capital expenditures	1,551
Building – Measure Y	Building – Measure K	Reimbursement of capital expenditures	11,747
Building – Measure Y	Building – Measure R	Reimbursement of capital expenditures	3,932
Building – Measure Y	County School Facilities	Reimbursement of capital expenditures	355
Building – Measure Y	CSF – Prop 47	Reimbursement of capital expenditures	18
Building – Measure Y	CSF – Prop 55	Reimbursement of capital expenditures	7,795
Building – Measure Y	CSF – Prop 1D	Reimbursement of capital expenditures	3,743
County School Facilities	Building – Bond Proceeds	Reimbursement of capital expenditures	473
County School Facilities	Building – Measure K	Reimbursement of capital expenditures	883
County School Facilities	CSF – Prop 47	Reimbursement of capital expenditures	11
CSF – Prop 47	Building – Bond Proceeds	Reimbursement of capital expenditures	2,963
CSF – Prop 47	Building – Measure K	Reimbursement of capital expenditures	8,086
CSF – Prop 47	Building – Measure R	Reimbursement of capital expenditures	39
CSF – Prop 47	Building – Measure Y	Reimbursement of capital expenditures	5
CSF – Prop 47	CSF – Prop 55	Reimbursement of capital expenditures	62,000
CSF – Prop 47	Capital Facilities	Reimbursement of capital expenditures	384
CSF – Prop 47	SSBldg Lease/Purchase	Reimbursement of capital expenditures	24
CSF – Prop 55	Special Reserve	Reimbursement of capital expenditures	193
CSF – Prop 55	Building – Bond Proceeds	Reimbursement of capital expenditures	11,133
CSF – Prop 55	Building – Measure K	Reimbursement of capital expenditures	40,256
CSF – Prop 55	Building – Measure R	Reimbursement of capital expenditures	21,175
CSF – Prop 55	Building – Measure Y	Reimbursement of capital expenditures	19,823
CSF – Prop 55	County School Facilities	Reimbursement of capital expenditures	2
CSF – Prop 55	CSF – Prop 1D	Reimbursement of capital expenditures	422
CSF – Prop 1D	Special Reserve	Reimbursement of capital expenditures	571
CSF – Prop 1D	Capital Facilities	Reimbursement of capital expenditures	9,152
CSF – Prop 1D	SSBldg Lease/Purchase	Reimbursement of capital expenditures	35
CSF – Prop 1D	Building – Bond Proceeds	Reimbursement of capital expenditures	10,916
CSF – Prop 1D	Building – Measure K	Reimbursement of capital expenditures	6,931
CSF – Prop 1D	Building – Measure R	Reimbursement of capital expenditures	19,078
CSF – Prop 1D	Building – Measure Y	Reimbursement of capital expenditures	29,240
CSF – Prop 1D	County School Facilities	Reimbursement of capital expenditures	838
CSF – Prop 1D	CSF – Prop 55	Reimbursement of capital expenditures	10,182
Sub-total			591,590
Adult Education	General	Transfer of support costs	81
Cafeteria	General	Transfer of support costs	9,300
Child Development	General	Transfer of support costs	3,246
Total			<u>\$ 604,217</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

(13) Fund Equity

The following is a summary of fund balances at June 30, 2013 (in thousands):

	General Fund	District Bonds	Bond Interest and Redemption	Other Governmental Funds
Nonspendable:				
Revolving cash and imprest funds	\$ 2,673	\$ 3,800	\$ —	\$ 63
Inventories	15,818	—	—	10,140
Prepays	22	—	—	—
Total Nonspendable Balances	18,513	3,800	—	10,203
Restricted for:				
Child Nutrition: School Programs	—	—	—	14,711
Medi-Cal Billing Options	1,849	—	—	—
FEMA Public Assistance Funds	82	—	—	240
Cops More Program	35	—	—	—
School Mental Health Medi-Cal Rehabilitation	6,043	—	—	—
English Language Acquisition Program, Teacher Training & Student Assistance	3,764	—	—	—
Special Education	3,467	—	—	—
Special Ed: Early Ed Individuals with Exceptional Needs (Infant Program)	139	—	—	—
Economic Impact Aid (EIA)	1,349	—	—	—
Economic Impact Aid: Limited English Proficiency (LEP)	60,048	—	—	—
Quality Education Investment Act (QEIA)	32,018	—	—	—
State School Facilities Projects	—	—	—	458,589
California Energy Commission Loan Expenditures	397	—	—	—
CDE Grant Olive Vista Middle School	—	—	—	44
Employment Training Panel – ROC/P	60	—	—	—
Capital Projects	—	—	—	114,702
Certificates of Participation (Acquisition Accounts) Proceeds	28,539	—	—	—
Clean Cities Grant	86	—	—	—
Cognitive Behavioral Intervention Therapy	490	—	—	—
B.E.S.T. Behavior – Special Education	103	—	—	—
Debt Service Reserve	—	—	750,540	54,698
District Bonds	—	1,725,266	—	—
Total Restricted Balances	138,469	1,725,266	750,540	642,984
Committed to:				
Adult Education	—	—	—	8,789
Assigned to:				
Subsequent year expenditures	370,359	—	—	102,258
Unassigned				
Reserved for economic uncertainties	65,376	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	\$ 592,717	\$ 1,729,066	\$ 750,540	\$ 764,234

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

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 designated executive committee.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2013

employees, to remedy alleged noncompliance regarding special education schools, and to change existing instructional programs, pupil integration methods, and employment and administration procedures. In many proceedings, monetary damages are sought including, for example, claims for retroactive pay and benefits and future pay and benefits. Based on the opinion of counsel, management believes that the ultimate outcome of such lawsuits will not have a material effect on the District's financial condition.

(b) Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement will not be material to the financial statements.

(c) Construction Contracts

The District has entered into various contracts for the construction of facilities throughout the campuses. During fiscal year 2012-13 the District entered into approximately 117 contracts with a combined value of \$66.57 million. The durations of the contracts range from three weeks to two years.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Required Supplementary Information
 Year Ended June 30, 2013
 (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		
06/30/10	\$ 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
06/30/12	266,875	227,076	190,589	39,799	85.1	71.4	24,938	159.6

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, 2013
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other local revenues	\$ 32,950	\$ 32,950	\$ 27,477	\$ (5,473)
Total Revenues	<u>32,950</u>	<u>32,950</u>	<u>27,477</u>	<u>(5,473)</u>
Expenditures:				
Current:				
Classified salaries	78,030	107,915	60,963	46,952
Employee benefits	28,220	44,836	28,114	16,722
Books and supplies	1,199	75,593	7,701	67,892
Services and other operating expenditures	1,101	103,966	39,694	64,272
Capital outlay	<u>1,586,979</u>	<u>1,452,151</u>	<u>413,166</u>	<u>1,038,985</u>
Total Expenditures	<u>1,695,529</u>	<u>1,784,461</u>	<u>549,638</u>	<u>1,234,823</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,662,579)</u>	<u>(1,751,511)</u>	<u>(522,161)</u>	<u>1,229,350</u>
Other Financing Sources (Uses):				
Transfers in	—	263,113	263,112	(1)
Transfers out	<u>(1,511)</u>	<u>(125,532)</u>	<u>(118,515)</u>	<u>7,017</u>
Total Other Financing Sources (Uses)	<u>(1,511)</u>	<u>137,581</u>	<u>144,597</u>	<u>7,016</u>
Net Changes in Fund Balances	<u>(1,664,090)</u>	<u>(1,613,930)</u>	<u>(377,564)</u>	<u>1,236,366</u>
Fund Balances, July 1, 2012	<u>2,156,790</u>	<u>2,106,630</u>	<u>2,106,630</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ 492,700</u>	<u>\$ 492,700</u>	<u>\$ 1,729,066</u>	<u>\$ 1,236,366</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, 2013
 (in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal revenues	\$ 73,752	\$ 73,752	\$ 73,752	\$ —
Other state revenues	5,453	5,453	5,401	(52)
Other local revenues	804,159	804,159	891,814	87,655
Total Revenues	<u>883,364</u>	<u>883,364</u>	<u>970,967</u>	<u>87,603</u>
Expenditures:				
Debt service – principal	799,794	717,742	333,930	383,812
Debt service – refunding bond issuance cost	—	—	—	—
Debt service – bond and COPs interest	452,570	568,684	568,059	625
Total Expenditures	<u>1,252,364</u>	<u>1,286,426</u>	<u>901,989</u>	<u>384,437</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(369,000)</u>	<u>(403,062)</u>	<u>68,978</u>	<u>472,040</u>
Other Financing Sources (Uses):				
Premium on bonds issued	—	—	—	—
Issuance of refunding bonds	—	—	—	—
Payment to refunded bond escrow agent	—	—	—	—
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(369,000)</u>	<u>(403,062)</u>	<u>68,978</u>	<u>472,040</u>
Fund Balances, July 1, 2012	<u>786,500</u>	<u>681,562</u>	<u>681,562</u>	<u>—</u>
Fund Balances, June 30, 2013	<u><u>\$ 417,500</u></u>	<u><u>\$ 278,500</u></u>	<u><u>\$ 750,540</u></u>	<u><u>\$ 472,040</u></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, 2013
 (in thousands)

	Special Revenue			
	Adult Education	Cafeteria	Child Development	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 82	\$ 323	\$ 2,340	\$ 2,745
Cash held by trustee	—	—	—	—
Accounts receivable – net	9,595	23,295	1,204	34,094
Accrued interest receivable	22	8	1	31
Inventories	—	10,139	—	10,139
Total Assets	9,699	33,765	3,545	47,009
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 9,699	\$ 33,765	\$ 3,545	\$ 47,009
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ 728	\$ 546	\$ 458	\$ 1,732
Contracts payable	1	—	—	1
Accrued payroll	—	—	—	—
Other payables	9	1,673	50	1,732
Due to other funds	—	6,400	2,000	8,400
Unearned revenue	110	295	334	739
Total Liabilities	848	8,914	2,842	12,604
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	62	10,140	1	10,203
Restricted	—	14,711	—	14,711
Committed	8,789	—	—	8,789
Assigned	—	—	702	702
Total Fund Balances	8,851	24,851	703	34,405
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,699	\$ 33,765	\$ 3,545	\$ 47,009

See accompanying independent auditors' report.

Debt Service

Tax Override	Capital Services	Total
\$ 332	\$ 10,328	\$ 10,660
—	44,014	44,014
—	—	—
—	24	24
—	—	—
332	54,366	54,698
—	—	—
\$ 332	\$ 54,366	\$ 54,698
\$ —	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
332	54,366	54,698
—	—	—
—	—	—
332	54,366	54,698
\$ 332	\$ 54,366	\$ 54,698

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2013
 (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	\$ 3,632	\$ 14,684	\$ 98,349	\$ 240
Cash held by trustee	—	—	4,794	—
Accounts receivable – net	—	—	—	—
Accrued interest receivable	4	23	148	—
Inventories	—	—	—	—
Total Assets	<u>3,636</u>	<u>14,707</u>	<u>103,291</u>	<u>240</u>
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 3,636</u>	<u>\$ 14,707</u>	<u>\$ 103,291</u>	<u>\$ 240</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ —	\$ 133	\$ 171	\$ —
Contracts payable	—	174	2,484	—
Accrued payroll	—	—	—	—
Other payables	171	9,991	5,437	—
Due to other funds	—	—	—	—
Unearned revenue	—	—	1,163	—
Total Liabilities	<u>171</u>	<u>10,298</u>	<u>9,255</u>	<u>—</u>
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	4,255	94,036	240
Committed	—	—	—	—
Assigned	3,465	154	—	—
Total Fund Balances	<u>3,465</u>	<u>4,409</u>	<u>94,036</u>	<u>240</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,636</u>	<u>\$ 14,707</u>	<u>\$ 103,291</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	
\$ 2,043	\$ 21,455	\$ 87,029	\$ 18,429	\$ 55,304	\$ 221,755	\$ 161,597	\$ 457,085
—	—	—	—	—	—	—	—
—	—	9,251	—	—	—	—	—
—	18	122	27	80	318	236	661
—	—	—	—	—	—	—	—
2,043	21,473	96,402	18,456	55,384	222,073	161,833	457,746
—	—	—	—	—	—	—	—
<u>\$ 2,043</u>	<u>\$ 21,473</u>	<u>\$ 96,402</u>	<u>\$ 18,456</u>	<u>\$ 55,384</u>	<u>\$ 222,073</u>	<u>\$ 161,833</u>	<u>\$ 457,746</u>
\$ —	\$ 760	\$ 57	\$ 5	\$ 11	\$ 248	\$ 68	\$ 332
—	—	27	—	18	1,825	1,237	3,080
—	1	—	—	—	—	—	—
—	2	424	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	763	508	5	29	2,073	1,305	3,412
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	20,710	—	18,451	55,355	220,000	160,528	454,334
—	—	—	—	—	—	—	—
2,043	—	95,894	—	—	—	—	—
2,043	20,710	95,894	18,451	55,355	220,000	160,528	454,334
<u>\$ 2,043</u>	<u>\$ 21,473</u>	<u>\$ 96,402</u>	<u>\$ 18,456</u>	<u>\$ 55,384</u>	<u>\$ 222,073</u>	<u>\$ 161,833</u>	<u>\$ 457,746</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2013
 (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	\$ 684,517	\$ 697,922
Cash held by trustee	4,794	48,808
Accounts receivable – net	9,251	43,345
Accrued interest receivable	976	1,031
Inventories	—	10,139
Total Assets	<u>699,538</u>	<u>801,245</u>
Deferred Outflows of Resources	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 699,538</u>	<u>\$ 801,245</u>
Liabilities and Fund Balances:		
Vouchers and accounts payable	\$ 1,453	\$ 3,185
Contracts payable	5,765	5,766
Accrued payroll	1	1
Other payables	16,025	17,757
Due to other funds	—	8,400
Unearned revenue	1,163	1,902
Total Liabilities	<u>24,407</u>	<u>37,011</u>
Deferred Inflows of Resources	—	—
Fund Balances:		
Nonspendable	—	10,203
Restricted	573,575	642,984
Committed	—	8,789
Assigned	101,556	102,258
Total Fund Balances	<u>675,131</u>	<u>764,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 699,538</u>	<u>\$ 801,245</u>



LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2013
 (in thousands)

	Special Revenue			
	Adult Education	Cafeteria	Child Development	Total
Revenues:				
Federal revenues	\$ 20,406	\$ 268,068	\$ 24,559	\$ 313,033
Other state revenues	7,984	18,556	68,355	94,895
Other local revenues	1,734	6,610	5,919	14,263
Total Revenues	<u>30,124</u>	<u>293,234</u>	<u>98,833</u>	<u>422,191</u>
Expenditures:				
Current:				
Certificated salaries	36,736	—	35,378	72,114
Classified salaries	10,119	86,048	35,230	131,397
Employee benefits	21,334	78,764	34,905	135,003
Books and supplies	7,694	163,345	2,134	173,173
Services and other operating expenditures	3,498	1,924	2,466	7,888
Capital outlay	989	1,739	5	2,733
Debt service – principal	—	—	158	158
Debt service – bond and COPs interest	—	—	—	—
Total Expenditures	<u>80,370</u>	<u>331,820</u>	<u>110,276</u>	<u>522,466</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(50,246)</u>	<u>(38,586)</u>	<u>(11,443)</u>	<u>(100,275)</u>
Other Financing Sources (Uses):				
Transfers in	60,552	54,665	15,322	130,539
Transfers – support costs	(81)	(9,300)	(3,246)	(12,627)
Transfers out	(11,402)	(787)	—	(12,189)
Issuance of refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources (Uses)	<u>49,069</u>	<u>44,578</u>	<u>12,076</u>	<u>105,723</u>
Net Changes in Fund Balances	<u>(1,177)</u>	<u>5,992</u>	<u>633</u>	<u>5,448</u>
Fund Balances, July 1, 2012	<u>10,028</u>	<u>18,859</u>	<u>70</u>	<u>28,957</u>
Fund Balances, June 30, 2013	<u>\$ 8,851</u>	<u>\$ 24,851</u>	<u>\$ 703</u>	<u>\$ 34,405</u>

See accompanying independent auditor's report.

Debt Service

Tax Override	Capital Services	Total
\$ —	\$ 588	\$ 588
25	—	25
2	212	214
<u>27</u>	<u>800</u>	<u>827</u>
—	—	—
—	—	—
—	—	—
—	—	—
—	24,689	24,689
—	16,471	16,471
<u>—</u>	<u>41,160</u>	<u>41,160</u>
<u>27</u>	<u>(40,360)</u>	<u>(40,333)</u>
—	41,166	41,166
—	—	—
—	(5,843)	(5,843)
—	—	—
<u>—</u>	<u>35,323</u>	<u>35,323</u>
<u>27</u>	<u>(5,037)</u>	<u>(5,010)</u>
<u>305</u>	<u>59,403</u>	<u>59,708</u>
<u>\$ 332</u>	<u>\$ 54,366</u>	<u>\$ 54,698</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, 2013
 (in thousands)

				Capital
	Building	State School Building Lease – Purchase	Special Reserve	Special Reserve – FEMA – Earthquake
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	2,066	97	14,238	—
Total Revenues	<u>2,066</u>	<u>97</u>	<u>14,238</u>	<u>—</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	6	—	409	—
Employee benefits	2	—	170	—
Books and supplies	—	—	1,470	—
Services and other operating expenditures	—	—	10,662	—
Capital outlay	31	156	29,172	—
Debt service – principal	—	—	—	—
Debt service – bond and COPs interest	—	—	—	—
Total Expenditures	<u>39</u>	<u>156</u>	<u>41,883</u>	<u>—</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,027</u>	<u>(59)</u>	<u>(27,645)</u>	<u>—</u>
Other Financing Sources (Uses):				
Transfers in	—	149	2,951	—
Transfers – support costs	—	—	—	—
Transfers out	—	—	(18,844)	—
Issuance of refunding COPs	—	—	24,780	—
Payment to refunded COPs escrow agent	—	—	(24,641)	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>149</u>	<u>(15,754)</u>	<u>—</u>
Net Changes in Fund Balances	<u>2,027</u>	<u>90</u>	<u>(43,399)</u>	<u>—</u>
Fund Balances, July 1, 2012	<u>1,438</u>	<u>4,319</u>	<u>137,435</u>	<u>240</u>
Fund Balances, June 30, 2013	<u>\$ 3,465</u>	<u>\$ 4,409</u>	<u>\$ 94,036</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	
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	6,221	62,154	94,242	162,617
—	13,939	47,774	104	718	1,187	847	2,856
—	13,939	47,774	104	6,939	63,341	95,089	165,473
—	—	—	—	—	—	—	—
—	2,689	345	11	16	95	158	280
—	1,046	160	2	8	39	62	111
—	6,776	5	—	15	—	—	15
—	1,369	668	—	9	—	218	227
—	1,064	1,928	842	1,402	39,334	29,259	70,837
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	12,944	3,106	855	1,450	39,468	29,697	71,470
—	995	44,668	(751)	5,489	23,873	65,392	94,003
—	—	9,547	2,730	2,768	92,976	11,679	110,153
—	—	—	—	—	—	—	—
—	—	(10,355)	(1,367)	(73,501)	(93,004)	(86,943)	(254,815)
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	(808)	1,363	(70,733)	(28)	(75,264)	(144,662)
—	995	43,860	612	(65,244)	23,845	(9,872)	(50,659)
2,043	19,715	52,034	17,839	120,599	196,155	170,400	504,993
\$ 2,043	\$ 20,710	\$ 95,894	\$ 18,451	\$ 55,355	\$ 220,000	\$ 160,528	\$ 454,334

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)
 Year Ended June 30, 2013
 (in thousands)

	<u>Capital Projects</u>	
	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:		
Federal revenues	\$ —	\$ 313,621
Other state revenues	162,617	257,537
Other local revenues	80,970	95,447
Total Revenues	<u>243,587</u>	<u>666,605</u>
Expenditures:		
Current:		
Certificated salaries	—	72,114
Classified salaries	3,729	135,126
Employee benefits	1,489	136,492
Books and supplies	8,266	181,439
Services and other operating expenditures	12,926	20,814
Capital outlay	103,188	105,921
Debt service – principal	—	24,847
Debt service – bond and COPs interest	—	16,471
Total Expenditures	<u>129,598</u>	<u>693,224</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>113,989</u>	<u>(26,619)</u>
Other Financing Sources (Uses):		
Transfers in	122,800	294,505
Transfers – support costs	—	(12,627)
Transfers out	(284,014)	(302,046)
Issuance of refunding COPs	24,780	24,780
Payment to refunded COPs escrow agent	(24,641)	(24,641)
Total Other Financing Sources (Uses)	<u>(161,075)</u>	<u>(20,029)</u>
Net Changes in Fund Balances	(47,086)	(46,648)
Fund Balances, July 1, 2012	722,217	810,882
Fund Balances, June 30, 2013	<u>\$ 675,131</u>	<u>\$ 764,234</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, 2013
(in thousands)

	Adult Education			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 22,804	\$ 21,016	\$ 20,406	\$ (610)
Other state revenues	10,679	7,258	7,984	726
Other local revenues	2,954	1,903	1,734	(169)
Total Revenues	<u>36,437</u>	<u>30,177</u>	<u>30,124</u>	<u>(53)</u>
Expenditures:				
Current:				
Certificated salaries	12,879	39,022	36,736	2,286
Classified salaries	1,356	10,281	10,119	162
Employee benefits	5,852	21,598	21,334	264
Books and supplies	15,502	10,068	7,694	2,374
Services and other operating expenditures	56	3,590	3,498	92
Capital outlay	—	4,113	989	3,124
Debt Service – principal	—	—	—	—
Total Expenditures	<u>35,645</u>	<u>88,672</u>	<u>80,370</u>	<u>8,302</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>792</u>	<u>(58,495)</u>	<u>(50,246)</u>	<u>8,249</u>
Other Financing Sources (Uses):				
Transfers in	—	60,026	60,552	526
Transfers – support costs	(71)	(101)	(81)	20
Transfers out	(11,067)	(11,402)	(11,402)	—
Total Other Financing Sources (Uses)	<u>(11,138)</u>	<u>48,523</u>	<u>49,069</u>	<u>546</u>
Net Changes in Fund Balances	<u>(10,346)</u>	<u>(9,972)</u>	<u>(1,177)</u>	<u>8,795</u>
Fund Balances, July 1, 2012	<u>10,441</u>	<u>10,028</u>	<u>10,028</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ 95</u>	<u>\$ 56</u>	<u>\$ 8,851</u>	<u>\$ 8,795</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		
\$ 226,446	\$ 241,698	\$ 268,068	\$ 26,370	\$ 44,306	\$ 35,106	\$ 24,559	\$ (10,547)
18,009	18,009	18,556	547	52,839	51,839	68,355	16,516
9,235	9,235	6,610	(2,625)	7,624	5,656	5,919	263
253,690	268,942	293,234	24,292	104,769	92,601	98,833	6,232
—	—	—	—	35,172	35,668	35,378	290
82,097	87,410	86,048	1,362	44,132	38,981	35,230	3,751
74,892	81,537	78,764	2,773	33,100	35,018	34,905	113
144,957	163,395	163,345	50	15,287	5,507	2,134	3,373
5,189	2,550	1,924	626	2,468	2,966	2,466	500
1,008	3,340	1,739	1,601	572	96	5	91
—	—	—	—	—	200	158	42
308,143	338,232	331,820	6,412	130,731	118,436	110,276	8,160
(54,453)	(69,290)	(38,586)	30,704	(25,962)	(25,835)	(11,443)	14,392
63,283	74,165	54,665	(19,500)	29,168	29,168	15,322	(13,846)
(8,619)	(9,319)	(9,300)	19	(3,258)	(3,393)	(3,246)	147
(787)	(787)	(787)	—	—	—	—	—
53,877	64,059	44,578	(19,481)	25,910	25,775	12,076	(13,699)
(576)	(5,231)	5,992	11,223	(52)	(60)	633	693
11,922	18,859	18,859	—	65	70	70	—
\$ 11,346	\$ 13,628	\$ 24,851	\$ 11,223	\$ 13	\$ 10	\$ 703	\$ 693

(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, 2013

(in thousands)

	Total			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 293,556	\$ 297,820	\$ 313,033	\$ 15,213
Other state revenues	81,527	77,106	94,895	17,789
Other local revenues	19,813	16,794	14,263	(2,531)
Total Revenues	<u>394,896</u>	<u>391,720</u>	<u>422,191</u>	<u>30,471</u>
Expenditures:				
Current:				
Certificated salaries	48,051	74,690	72,114	2,576
Classified salaries	127,585	136,672	131,397	5,275
Employee benefits	113,844	138,153	135,003	3,150
Books and supplies	175,746	178,970	173,173	5,797
Services and other operating expenditures	7,713	9,106	7,888	1,218
Capital outlay	1,580	7,549	2,733	4,816
Debt Service – principal	—	200	158	42
Total Expenditures	<u>474,519</u>	<u>545,340</u>	<u>522,466</u>	<u>22,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(79,623)</u>	<u>(153,620)</u>	<u>(100,275)</u>	<u>53,345</u>
Other Financing Sources (Uses):				
Transfers in	92,451	163,359	130,539	(32,820)
Transfers – support costs	(11,948)	(12,813)	(12,627)	186
Transfers out	(11,854)	(12,189)	(12,189)	—
Total Other Financing Sources (Uses)	<u>68,649</u>	<u>138,357</u>	<u>105,723</u>	<u>(32,634)</u>
Net Changes in Fund Balances	<u>(10,974)</u>	<u>(15,263)</u>	<u>5,448</u>	<u>20,711</u>
Fund Balances, July 1, 2012	<u>22,428</u>	<u>28,957</u>	<u>28,957</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ 11,454</u>	<u>\$ 13,694</u>	<u>\$ 34,405</u>	<u>\$ 20,711</u>

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2013
(in thousands)

	Tax Override			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	25	25
Other local revenues	—	—	2	2
Total Revenues	<u>—</u>	<u>—</u>	<u>27</u>	<u>27</u>
Expenditures:				
Debt service – principal	304	305	—	305
Debt service – bond and COPs interest	—	—	—	—
Total Expenditures	<u>304</u>	<u>305</u>	<u>—</u>	<u>305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(304)</u>	<u>(305)</u>	<u>27</u>	<u>332</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	(304)	(305)	27	332
Fund Balances, July 1, 2012	<u>304</u>	<u>305</u>	<u>305</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 332</u>	<u>\$ 332</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		
\$ —	\$ —	\$ 588	\$ 588	\$ —	\$ —	\$ 588	\$ 588
615	615	—	(615)	615	615	25	(590)
267	266	212	(54)	267	266	214	(52)
882	881	800	(81)	882	881	827	(54)
25,232	25,232	24,689	543	25,536	25,537	24,689	848
16,734	16,789	16,471	318	16,734	16,789	16,471	318
41,966	42,021	41,160	861	42,270	42,326	41,160	1,166
(41,084)	(41,140)	(40,360)	780	(41,388)	(41,445)	(40,333)	1,112
41,699	41,755	41,166	(589)	41,699	41,755	41,166	(589)
—	(5,843)	(5,843)	—	—	(5,843)	(5,843)	—
41,699	35,912	35,323	(589)	41,699	35,912	35,323	(589)
615	(5,228)	(5,037)	191	311	(5,533)	(5,010)	523
60,433	59,403	59,403	—	60,737	59,708	59,708	—
\$ 61,048	\$ 54,175	\$ 54,366	\$ 191	\$ 61,048	\$ 54,175	\$ 54,698	\$ 523

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, 2013
 (in thousands)

	Building			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	400	400	2,066	1,666
Total Revenues	<u>400</u>	<u>400</u>	<u>2,066</u>	<u>1,666</u>
Expenditures:				
Current:				
Classified salaries	—	7	6	1
Employee benefits	—	3	2	1
Books and supplies	—	—	—	—
Services and other operating expenditures	21	—	—	—
Capital outlay	2,188	1,828	31	1,797
Total Expenditures	<u>2,209</u>	<u>1,838</u>	<u>39</u>	<u>1,799</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,809)</u>	<u>(1,438)</u>	<u>2,027</u>	<u>3,465</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(1,809)</u>	<u>(1,438)</u>	<u>2,027</u>	<u>3,465</u>
Fund Balances, July 1, 2012	<u>1,809</u>	<u>1,438</u>	<u>1,438</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,465</u>	<u>\$ 3,465</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	97	(203)	31,490	31,490	14,238	(17,252)
300	300	97	(203)	34,019	34,019	14,238	(19,781)
—	—	—	—	—	1,275	409	866
—	—	—	—	—	698	170	528
—	—	—	—	—	5,193	1,470	3,723
—	—	—	—	450	10,880	10,662	218
4,419	4,768	156	4,612	134,549	79,853	29,172	50,681
4,419	4,768	156	4,612	134,999	97,899	41,883	56,016
(4,119)	(4,468)	(59)	4,409	(100,980)	(63,880)	(27,645)	36,235
—	149	149	—	—	2,960	2,951	(9)
—	—	—	—	—	(18,844)	(18,844)	—
—	—	—	—	—	24,780	24,780	—
—	—	—	—	—	(24,651)	(24,641)	10
—	149	149	—	—	(15,755)	(15,754)	1
(4,119)	(4,319)	90	4,409	(100,980)	(79,635)	(43,399)	36,236
4,119	4,319	4,319	—	158,780	137,435	137,435	—
\$ —	\$ —	\$ 4,409	\$ 4,409	\$ 57,800	\$ 57,800	\$ 94,036	\$ 36,236

(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, 2013
 (in thousands)

	Special Reserve – FEMA – Earthquake			
	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	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	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
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, 2012	240	240	240	—
Fund Balances, June 30, 2013	<u>\$ 6,516</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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	3,401	3,401	13,939	10,538
—	—	—	—	3,401	3,401	13,939	10,538
—	—	—	—	83	4,620	2,689	1,931
—	—	—	—	36	1,149	1,046	103
—	—	—	—	—	8,261	6,776	1,485
—	—	—	—	99	1,511	1,369	142
—	—	—	—	15,376	1,365	1,064	301
—	—	—	—	15,594	16,906	12,944	3,962
—	—	—	—	(12,193)	(13,505)	995	14,500
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	(12,193)	(13,505)	995	14,500
2,043	2,043	2,043	—	18,793	19,715	19,715	—
\$ 2,043	\$ 2,043	\$ 2,043	\$ —	\$ 6,600	\$ 6,210	\$ 20,710	\$ 14,500

(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, 2013
 (in thousands)

	Capital Facilities Account			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	30,348	30,348	47,774	17,426
Total Revenues	<u>30,348</u>	<u>30,348</u>	<u>47,774</u>	<u>17,426</u>
Expenditures:				
Current:				
Classified salaries	381	431	345	86
Employee benefits	148	181	160	21
Books and supplies	34	34	5	29
Services and other operating expenditures	25,077	39,803	668	39,135
Capital outlay	11,939	20,922	1,928	18,994
Total Expenditures	<u>37,579</u>	<u>61,371</u>	<u>3,106</u>	<u>58,265</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,231)</u>	<u>(31,023)</u>	<u>44,668</u>	<u>75,691</u>
Other Financing Sources (Uses):				
Transfers in	—	9,547	9,547	—
Transfers out	(9,577)	(10,358)	(10,355)	3
Issuance of refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources (Uses)	<u>(9,577)</u>	<u>(811)</u>	<u>(808)</u>	<u>3</u>
Net Changes in Fund Balances	<u>(16,808)</u>	<u>(31,834)</u>	<u>43,860</u>	<u>75,694</u>
Fund Balances, July 1, 2012	37,008	52,034	52,034	—
Fund Balances, June 30, 2013	<u>\$ 20,200</u>	<u>\$ 20,200</u>	<u>\$ 95,894</u>	<u>\$ 75,694</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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	6,129	6,129	6,221	92
150	150	104	(46)	1,350	1,350	718	(632)
150	150	104	(46)	7,479	7,479	6,939	(540)
—	11	11	—	—	17	16	1
—	2	2	—	—	8	8	—
—	63	—	63	—	267	15	252
—	—	—	—	—	28	9	19
19,033	19,276	842	18,434	98,321	52,425	1,402	51,023
19,033	19,352	855	18,497	98,321	52,745	1,450	51,295
(18,883)	(19,202)	(751)	18,451	(90,842)	(45,266)	5,489	50,755
—	2,730	2,730	—	—	2,768	2,768	—
—	(1,367)	(1,367)	—	—	(73,501)	(73,501)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	1,363	1,363	—	—	(70,733)	(70,733)	—
(18,883)	(17,839)	612	18,451	(90,842)	(115,999)	(65,244)	50,755
18,883	17,839	17,839	—	115,442	120,599	120,599	—
\$ —	\$ —	\$ 18,451	\$ 18,451	\$ 24,600	\$ 4,600	\$ 55,355	\$ 50,755

(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, 2013
 (in thousands)

	County School Facilities – Prop 55			County School
				Variance
	Original	Final	Actual	with Final Budget – Favorable (Unfavorable)
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	68,783	68,783	62,154	(6,629)
Other local revenues	2,280	2,280	1,187	(1,093)
Total Revenues	<u>71,063</u>	<u>71,063</u>	<u>63,341</u>	<u>(7,722)</u>
Expenditures:				
Current:				
Classified salaries	—	96	95	1
Employee benefits	—	40	39	1
Books and supplies	—	1,090	—	1,090
Services and other operating expenditures	—	222	—	222
Capital outlay	237,356	206,442	39,334	167,108
Total Expenditures	<u>237,356</u>	<u>207,890</u>	<u>39,468</u>	<u>168,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(166,293)</u>	<u>(136,827)</u>	<u>23,873</u>	<u>160,700</u>
Other Financing Sources (Uses):				
Transfers in	—	92,976	92,976	—
Transfers out	—	(93,004)	(93,004)	—
Issuance of refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(28)</u>	<u>(28)</u>	<u>—</u>
Net Changes in Fund Balances	<u>(166,293)</u>	<u>(136,855)</u>	<u>23,845</u>	<u>160,700</u>
Fund Balances, July 1, 2012	<u>225,593</u>	<u>196,155</u>	<u>196,155</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ 59,300</u>	<u>\$ 59,300</u>	<u>\$ 220,000</u>	<u>\$ 160,700</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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
37,266	37,266	94,242	56,976	112,178	112,178	162,617	50,439
1,490	1,490	847	(643)	5,270	5,270	2,856	(2,414)
<u>38,756</u>	<u>38,756</u>	<u>95,089</u>	<u>56,333</u>	<u>117,448</u>	<u>117,448</u>	<u>165,473</u>	<u>48,025</u>
—	170	158	12	—	294	280	14
—	67	62	5	—	117	111	6
—	767	—	767	—	2,187	15	2,172
—	325	218	107	—	575	227	348
<u>153,068</u>	<u>94,263</u>	<u>29,259</u>	<u>65,004</u>	<u>507,778</u>	<u>372,406</u>	<u>70,837</u>	<u>301,569</u>
<u>153,068</u>	<u>95,592</u>	<u>29,697</u>	<u>65,895</u>	<u>507,778</u>	<u>375,579</u>	<u>71,470</u>	<u>304,109</u>
<u>(114,312)</u>	<u>(56,836)</u>	<u>65,392</u>	<u>122,228</u>	<u>(390,330)</u>	<u>(258,131)</u>	<u>94,003</u>	<u>352,134</u>
—	11,679	11,679	—	—	110,153	110,153	—
—	(86,943)	(86,943)	—	—	(254,815)	(254,815)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	(75,264)	(75,264)	—	—	(144,662)	(144,662)	—
<u>(114,312)</u>	<u>(132,100)</u>	<u>(9,872)</u>	<u>122,228</u>	<u>(390,330)</u>	<u>(402,793)</u>	<u>(50,659)</u>	<u>352,134</u>
<u>152,612</u>	<u>170,400</u>	<u>170,400</u>	<u>—</u>	<u>512,530</u>	<u>504,993</u>	<u>504,993</u>	<u>—</u>
<u>\$ 38,300</u>	<u>\$ 38,300</u>	<u>\$ 160,528</u>	<u>\$ 122,228</u>	<u>\$ 122,200</u>	<u>\$ 102,200</u>	<u>\$ 454,334</u>	<u>\$ 352,134</u>

(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, 2013

(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	115,275	115,275	162,617	47,342
Other local revenues	71,209	71,209	80,970	9,761
Total Revenues	<u>192,192</u>	<u>192,192</u>	<u>243,587</u>	<u>51,395</u>
Expenditures:				
Current:				
Classified salaries	464	6,627	3,729	2,898
Employee benefits	184	2,148	1,489	659
Books and supplies	34	15,675	8,266	7,409
Services and other operating expenditures	25,647	52,769	12,926	39,843
Capital outlay	676,249	481,142	103,188	377,954
Total Expenditures	<u>702,578</u>	<u>558,361</u>	<u>129,598</u>	<u>428,763</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(510,386)</u>	<u>(366,169)</u>	<u>113,989</u>	<u>480,158</u>
Other Financing Sources (Uses):				
Transfers in	—	122,809	122,800	(9)
Transfers out	(9,577)	(284,017)	(284,014)	3
Issuance of refunding COPs	—	24,780	24,780	—
Payment to refunded COPs escrow agent	—	(24,651)	(24,641)	10
Total Other Financing Sources (Uses)	<u>(9,577)</u>	<u>(161,079)</u>	<u>(161,075)</u>	<u>4</u>
Net Changes in Fund Balances	<u>(519,963)</u>	<u>(527,248)</u>	<u>(47,086)</u>	<u>480,162</u>
Fund Balances, July 1, 2012	<u>735,322</u>	<u>722,217</u>	<u>722,217</u>	<u>—</u>
Fund Balances, June 30, 2013	<u>\$ 215,359</u>	<u>\$ 194,969</u>	<u>\$ 675,131</u>	<u>\$ 480,162</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 Position
June 30, 2013
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 319,509	\$ 424,091	\$ 202,546	\$ 946,146
Accounts receivable – net	6,377	134	—	6,511
Accrued interest and dividends receivable	481	617	52	1,150
Prepaid expense	40,321	—	2,325	42,646
Total Assets	<u>366,688</u>	<u>424,842</u>	<u>204,923</u>	<u>996,453</u>
Liabilities:				
Current:				
Vouchers and accounts payable	\$ 54	\$ 723	\$ 120	\$ 897
Accrued payroll	138	248	127	513
Other payables	16,010	611	98	16,719
Estimated liability for self-insurance claims	22,363	74,459	144,893	241,715
Total Current Liabilities	<u>38,565</u>	<u>76,041</u>	<u>145,238</u>	<u>259,844</u>
Noncurrent:				
Estimated liability for self-insurance claims	—	346,373	56,860	403,233
Total Liabilities	<u>38,565</u>	<u>422,414</u>	<u>202,098</u>	<u>663,077</u>
Total Net Position – Unrestricted	<u>\$ 328,123</u>	<u>\$ 2,428</u>	<u>\$ 2,825</u>	<u>\$ 333,376</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 Position
Year Ended June 30, 2013
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Operating Revenues:				
In-district premiums	\$ 915,071	\$ 104,188	\$ 172,674	\$ 1,191,933
Others	1,078	—	—	1,078
Total Operating Revenues	<u>916,149</u>	<u>104,188</u>	<u>172,674</u>	<u>1,193,011</u>
Operating Expenses:				
Certificated salaries	—	—	165	165
Classified salaries	1,686	2,837	831	5,354
Employee benefits	930	1,463	479	2,872
Supplies	178	28	8	214
Premiums and claims expenses	891,441	89,286	171,770	1,152,497
Claims administration	—	12,650	35	12,685
Other contracted services	3,953	296	8	4,257
Total Operating Expenses	<u>898,188</u>	<u>106,560</u>	<u>173,296</u>	<u>1,178,044</u>
Operating Income (Loss)	<u>17,961</u>	<u>(2,372)</u>	<u>(622)</u>	<u>14,967</u>
Nonoperating Revenues (Expenses):				
Investment income	1,987	2,063	234	4,284
Miscellaneous expense	—	(26)	—	(26)
Total Nonoperating Revenues	<u>1,987</u>	<u>2,037</u>	<u>234</u>	<u>4,258</u>
Income (Loss) before Transfers	<u>19,948</u>	<u>(335)</u>	<u>(388)</u>	<u>19,225</u>
Transfers in	<u>10,396</u>	<u>—</u>	<u>—</u>	<u>10,396</u>
Changes in Net Position	<u>30,344</u>	<u>(335)</u>	<u>(388)</u>	<u>29,621</u>
Total Net Position, July 1, 2012	<u>297,779</u>	<u>2,763</u>	<u>3,213</u>	<u>303,755</u>
Total Net Position, June 30, 2013	<u>\$ 328,123</u>	<u>\$ 2,428</u>	<u>\$ 2,825</u>	<u>\$ 333,376</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2013
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	\$ (2,589)	\$ (4,261)	\$ (1,475)	\$ (8,325)
Cash payments for goods and services	(967,565)	(118,039)	(20,380)	(1,105,984)
Receipts from assessment to other funds	915,071	104,199	172,674	1,191,944
Other operating revenue	1,078	—	—	1,078
Net Cash Provided (Used) by Operating Activities	<u>(54,005)</u>	<u>(18,101)</u>	<u>150,819</u>	<u>78,713</u>
Cash Flows from (to) Non-Capital Financing Activities:				
Transfer from other funds	10,396	—	—	10,396
Loan payment from other funds	—	332,500	—	332,500
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>10,396</u>	<u>332,500</u>	<u>—</u>	<u>342,896</u>
Cash Flows from Investing Activities:				
Earnings on investments	2,150	1,656	224	4,030
Net Cash Provided by Investing Activities	<u>2,150</u>	<u>1,656</u>	<u>224</u>	<u>4,030</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(41,459)	316,055	151,043	425,639
Cash and Cash Equivalents, July 1	<u>360,968</u>	<u>108,036</u>	<u>51,503</u>	<u>520,507</u>
Cash and Cash Equivalents, June 30	<u>\$ 319,509</u>	<u>\$ 424,091</u>	<u>\$ 202,546</u>	<u>\$ 946,146</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 17,961	\$ (2,372)	\$ (622)	\$ 14,967
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	(4,780)	12		(4,768)
(Increase) decrease in prepaid expense	(30,943)	—	388	(30,555)
Decrease in vouchers and accounts payable	(49,945)	(2,556)	(808)	(53,309)
Increase in accrued payroll	27	39		66
Increase (decrease) in other payables	15,558	(68)	(389)	15,101
Increase (decrease) in estimated liability for self-insurance claims – current	(1,883)	1,809	133,244	133,170
Decrease in estimated liability for self-insurance claims – noncurrent	—	(14,965)	19,006	4,041
Total Adjustments	<u>(71,966)</u>	<u>(15,729)</u>	<u>151,441</u>	<u>63,746</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (54,005)</u>	<u>\$ (18,101)</u>	<u>\$ 150,819</u>	<u>\$ 78,713</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, 2013
 (in thousands)

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Student Body Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 20,237	\$ 61,327	\$ 60,748	\$ 20,816
Total Assets	<u>\$ 20,237</u>	<u>\$ 61,327</u>	<u>\$ 60,748</u>	<u>\$ 20,816</u>
Liabilities				
Other payables	\$ 20,237	\$ 61,327	\$ 60,748	\$ 20,816
Total Liabilities	<u>\$ 20,237</u>	<u>\$ 61,327</u>	<u>\$ 60,748</u>	<u>\$ 20,816</u>
 <u>Attendance Incentive Reserve Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 21,140	\$ —	\$ 2,621	\$ 18,519
Total Assets	<u>\$ 21,140</u>	<u>\$ —</u>	<u>\$ 2,621</u>	<u>\$ 18,519</u>
Liabilities				
Other payables	\$ 21,140	\$ —	\$ 2,621	\$ 18,519
Total Liabilities	<u>\$ 21,140</u>	<u>\$ —</u>	<u>\$ 2,621</u>	<u>\$ 18,519</u>
 <u>Total Agency Funds</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 41,377	\$ 61,327	\$ 63,369	\$ 39,335
Total Assets	<u>\$ 41,377</u>	<u>\$ 61,327</u>	<u>\$ 63,369</u>	<u>\$ 39,335</u>
Liabilities				
Other payables	\$ 41,377	\$ 61,327	\$ 63,369	\$ 39,335
Total Liabilities	<u>\$ 41,377</u>	<u>\$ 61,327</u>	<u>\$ 63,369</u>	<u>\$ 39,335</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, 2013 and 2012
(in thousands)

	<u>2012-2013</u>	<u>2011-2012</u> <u>(As Restated)</u>
Governmental Funds Capital Assets:		
Sites	\$ 3,180,152	\$ 3,144,097
Improvement of sites	559,575	550,288
Building and improvements	14,091,455	12,635,362
Equipment	1,622,452	1,583,212
Construction in progress	575,310	1,567,489
	<u>\$ 20,028,944</u>	<u>\$ 19,480,448</u>
Total Governmental Funds Capital Assets		
Investments in Governmental Funds Capital Assets by Source:		
From revenues of:		
General Fund	\$ 1,533,967	\$ 1,506,740
Special Revenue Funds:		
Adult Education Fund	52,485	51,496
Cafeteria Fund	42,198	40,458
Child Development Fund	17,704	17,699
Deferred Maintenance Fund	18,510	18,510
Capital Projects Funds:		
Building Fund	36,412	36,382
Building Fund – Bond Proceeds	1,737,969	1,735,720
Building Fund – Measure K	3,011,692	2,980,169
Building Fund – Measure R	2,903,611	2,753,853
Building Fund – Measure Y	2,016,949	1,783,817
State School Building Lease – Purchase Fund	1,026,612	1,026,456
Special Reserve Fund	1,412,990	1,383,812
Special Reserve Fund – FEMA – Earthquake	12,670	12,670
Special Reserve Fund – FEMA – Hazard Mitigation	3,517	3,517
Special Reserve Fund – CRA	9,785	8,720
Capital Facilities Fund	495,559	493,631
County School Facilities Fund	831,473	830,143
County School Facilities Fund – Prop 47	840,890	839,488
County School Facilities Fund – Prop 55	1,950,293	1,911,008
County School Facilities Fund – Prop 1D	333,284	305,785
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
	<u>\$ 20,028,944</u>	<u>\$ 19,480,448</u>
Total Governmental Funds Capital Assets		

* 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, 2013
(in thousands)

	<u>Sites</u>	<u>Improvement of Sites</u>
Balances, July 1, 2012	\$ 3,144,862	\$ 528,870
Restatement	(765)	21,418
Restated Balances, July 1, 2012	3,144,097	550,288
Additions:		
Capital outlay from:		
General Fund	3	217
Adult Education Fund	—	41
Cafeteria Fund	—	—
Child Development Fund	—	—
Building Fund	—	—
Building Fund – Bond Proceeds	(2,308)	(2,143)
Building Fund – Measure K	(23,438)	(2,443)
Building Fund – Measure R	6,532	(1,380)
Building Fund – Measure Y	25,876	65
State School Building Lease – Purchase Fund	—	—
Special Reserve Fund	2,491	200
Special Reserve Fund – CRA	—	173
Capital Facilities Fund	339	—
County School Facilities Fund	(60)	(291)
County School Facilities Fund – Prop 47	1,224	33
County School Facilities Fund – Prop 55	22,480	486
County School Facilities Fund – Prop 1D	2,916	(70)
Completed Projects	—	14,399
Sub-totals	<u>36,055</u>	<u>9,287</u>
Deductions:		
Vehicle disposal	—	—
Return to salvage	—	—
Total Deductions	<u>—</u>	<u>—</u>
Net Increase	<u>36,055</u>	<u>9,287</u>
Balances, June 30, 2013	<u>\$ 3,180,152</u>	<u>\$ 559,575</u>

See accompanying independent auditor's report.

Building and Improvements	Equipment	Construction in Progress	Total
\$ 11,063,327	\$ 1,260,356	\$ 3,536,934	\$ 19,534,349
1,572,035	322,856	(1,969,445)	(53,901)
12,635,362	1,583,212	1,567,489	19,480,448
8,046	6,836	34,986	50,088
206	163	579	989
—	1,740	—	1,740
5	—	—	5
—	—	30	30
(1,823)	—	8,523	2,249
(38,366)	(176)	95,946	31,523
4,536	5,370	134,700	149,758
43,286	528	163,377	233,132
8	—	148	156
8,154	8,414	9,919	29,178
307	250	335	1,065
1,346	—	243	1,928
1,335	(248)	594	1,330
69,783	(147)	(69,491)	1,402
(29,028)	(934)	46,281	39,285
41,329	(17)	(16,659)	27,499
1,346,969	40,322	(1,401,690)	—
1,456,093	62,101	(992,179)	571,357
—	621	—	621
—	22,240	—	22,240
—	22,861	—	22,861
1,456,093	39,240	(992,179)	548,496
\$ 14,091,455	\$ 1,622,452	\$ 575,310	\$ 20,028,944

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Changes in Long-Term Obligations
 Year Ended June 30, 2013
 (in thousands)

	General Obligation Bonds	Certificates of Participation	Capital Leases	Children Centers Facilities Revolving Loan	Liability for Compensated Absences
Balances, July 1, 2012	\$ 11,507,002	\$ 442,884	\$ 2,185	\$ 792	\$ 65,075
Additions:					
Debt issuance	—	24,780	4	—	—
Refund charges amortization	12,420	—	—	—	—
Discount amortization	51	16	—	—	—
Vacation earned	—	—	—	—	59,956
Self-insurance claims	—	—	—	—	—
Annual required contribution	—	—	—	—	—
Total Additions	<u>12,471</u>	<u>24,796</u>	<u>4</u>	<u>—</u>	<u>59,956</u>
Deductions:					
Principal repayments	333,930	48,264	881	158	—
Premium amortization	34,333	2,819	—	—	—
Vacation used	—	—	—	—	63,436
Retirement bonus paid	—	—	—	—	—
Early retirement incentive paid	—	—	—	—	—
Self-insurance claims paid	—	—	—	—	—
OPEB contributions	—	—	—	—	—
Total Deductions	<u>368,263</u>	<u>51,083</u>	<u>881</u>	<u>158</u>	<u>63,436</u>
Balances, June 30, 2013	<u><u>\$ 11,151,210</u></u>	<u><u>\$ 416,597</u></u>	<u><u>\$ 1,308</u></u>	<u><u>\$ 634</u></u>	<u><u>\$ 61,595</u></u>

See accompanying independent auditor's report.

Liability for Other Employee Benefits	Self-Insurance Claims	Other Postemployment Benefits (OPEB)	Arbitrage Payable	Total
\$ 108,431	\$ 507,738	\$ 3,995,038	\$ 1,080	\$ 16,630,225
—	—	—	—	24,784
—	—	—	—	12,420
—	—	—	—	67
—	—	—	—	59,956
—	474,358	—	—	474,358
—	—	1,038,193	—	1,038,193
—	474,358	1,038,193	—	1,609,778
—	—	—	1,080	384,313
—	—	—	—	37,152
—	—	—	—	63,436
5,705	—	—	—	5,705
14,856	—	—	—	14,856
—	337,149	—	—	337,149
—	—	245,388	—	245,388
20,561	337,149	245,388	1,080	1,087,999
\$ 87,870	\$ 644,947	\$ 4,787,843	\$ —	\$ 17,152,004

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Certificates of Participation
Year Ended June 30, 2013
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2012</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2013</u>
2003B Certificates of Participation (Capital Project I):							
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			<u>\$ 24,575</u>	<u>\$ 24,575</u>	<u>\$ —</u>	<u>\$ 24,575</u>	<u>\$ —</u>
2004A Certificates of Participation (Refinancing Project I):							
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			<u>\$ 6,740</u>	<u>\$ 6,740</u>	<u>\$ —</u>	<u>\$ 2,150</u>	<u>\$ 4,590</u>
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			<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,000</u>
2007A Certificates of Participation (Information Technology Projects):							
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			<u>\$ 64,735</u>	<u>\$ 60,273</u>	<u>\$ —</u>	<u>\$ 6,881</u>	<u>\$ 53,392</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, 2013
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2012</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2013</u>
2009A Certificates of Participation (Food Services Project):							
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>\$ 31,984</u>	<u>\$ 25,554</u>	<u>\$ —</u>	<u>\$ 593</u>	<u>\$ 24,961</u>
2010A Refunding Certificates of Participation (Multiple Properties Project):							
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>\$ 55,735</u>	<u>\$ 58,352</u>	<u>\$ —</u>	<u>\$ 7,833</u>	<u>\$ 50,519</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, 2013
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2012</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2013</u>
2010B-1 Certificates of Participation (Capital Projects I):							
12/21/10	7.663%	12/01/21	\$ 965	\$ 725	\$ —	\$ (16)	\$ 741
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>\$ 21,145</u>	<u>\$ —</u>	<u>\$ (16)</u>	<u>\$ 21,161</u>
2010B-2 Certificates of Participation (Capital Projects I):							
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>\$ 57,020</u>	<u>\$ 59,477</u>	<u>\$ —</u>	<u>\$ 5,876</u>	<u>\$ 53,601</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, 2013
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2012</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2013</u>
2012A Refunding Certificates of Participation (Headquarters Building Projects):							
06/12/12	2.000%	10/01/12	\$ 1,170	\$ 2,279	\$ —	\$ 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 Refunding Certificates of Participation			\$ 87,845	\$ 97,964	\$ —	\$ 2,279	\$ 95,685
2012B Refunding Certificates of Participation (Headquarters Building Projects):							
06/12/12	2.000%	10/01/12	\$ 630	\$ 896	\$ —	\$ 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 Refunding Certificates of Participation			\$ 72,345	\$ 78,804	\$ —	\$ 896	\$ 77,908

* 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, 2013
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2012</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Outstanding* June 30, 2013</u>
2013A Refunding Certificates of Participation (Refunding Lease):							
06/24/13	2.290%	08/01/13	\$ 1,470	\$ —	\$ 1,470	\$ —	\$ 1,470
06/24/13	2.290	08/01/14	1,320	—	1,320	—	1,320
06/24/13	2.290	08/01/15	1,350	—	1,350	—	1,350
06/24/13	2.290	08/01/16	1,380	—	1,380	—	1,380
06/24/13	2.290	08/01/17	1,415	—	1,415	—	1,415
06/24/13	2.290	08/01/18	1,445	—	1,445	—	1,445
06/24/13	2.290	08/01/19	1,480	—	1,480	—	1,480
06/24/13	2.290	08/01/20	1,515	—	1,515	—	1,515
06/24/13	2.290	08/01/21	1,545	—	1,545	—	1,545
06/24/13	2.290	08/01/22	1,580	—	1,580	—	1,580
06/24/13	2.290	08/01/23	1,620	—	1,620	—	1,620
06/24/13	2.290	08/01/24	1,655	—	1,655	—	1,655
06/24/13	2.290	08/01/25	1,690	—	1,690	—	1,690
06/24/13	2.290	08/01/26	1,730	—	1,730	—	1,730
06/24/13	2.290	08/01/27	1,775	—	1,775	—	1,775
06/24/13	2.290	08/01/28	1,810	—	1,810	—	1,810
2013A Refunding Certificates of Participation			<u>\$ 24,780</u>	<u>\$ —</u>	<u>\$ 24,780</u>	<u>\$ —</u>	<u>\$ 24,780</u>
Grand Total			<u>\$ 457,374</u>	<u>\$ 442,884</u>	<u>\$ 24,780</u>	<u>\$ 51,067</u>	<u>\$ 416,597</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 Position
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Assets:			
Cash and cash equivalents	\$ 3,490,108	\$ 3,180,396	\$ 3,151,386
Investments	1,618,239	826,235	819,660
Property taxes receivable	137,575	156,065	41,360
Accounts receivable, net	614,630	685,059	817,504
Accrued interest receivable	10,819	24,799	47,476
Prepaid expense	24,959	20,718	21,257
Due from other funds	—	—	—
Unamortized issuance costs	—	4,858	17,398
Inventories	24,647	31,007	15,268
Accounts receivable, non current	—	—	—
Capital assets:			
Sites	1,671,373	1,805,711	2,105,429
Improvement of sites	344,671	345,725	386,968
Buildings and improvements	2,725,055	3,104,384	4,298,752
Equipment	1,087,143	1,094,832	1,124,779
Construction in progress	1,745,176	2,600,475	2,545,892
Less accumulated depreciation	(2,201,018)	(2,491,969)	(2,664,067)
Total Capital Assets, Net of Depreciation	<u>5,372,400</u>	<u>6,459,158</u>	<u>7,797,753</u>
Total Assets	<u>11,293,377</u>	<u>11,388,295</u>	<u>12,729,062</u>
Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities:			
Vouchers and accounts payable	390,008	387,872	395,174
Contracts payable	123,225	162,187	125,522
Accrued payroll	230,559	264,240	246,401
Accrued interest	—	—	—
Other payables	141,080	171,813	163,066
Unearned revenue	180,047	229,702	138,135
Tax and revenue anticipation notes and related interest payable	682,668	520,789	429,382
Long-term liabilities:			
Portion due within one year	311,191	338,635	329,152
Portion due after one year	5,443,889	5,596,973	6,724,029
Total Liabilities	<u>7,502,667</u>	<u>7,672,211</u>	<u>8,550,861</u>
Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>
Net Position:			
Net investment in capital assets	2,682,203	2,704,302	2,866,293
Restricted	1,034,896	701,779	1,089,165
Unrestricted	73,611	310,003	222,743
Total Governmental Activities	<u>3,790,710</u>	<u>3,716,084</u>	<u>4,178,201</u>
Total Net Position	<u>\$ 3,790,710</u>	<u>\$ 3,716,084</u>	<u>\$ 4,178,201</u>

See accompanying independent auditor's report.

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012 (As Restated)	2012-2013
\$	3,487,080	\$ 4,112,750	\$ 3,559,297	\$ 6,231,489	\$ 5,905,632	\$ 4,453,774	\$ 4,565,223
	923,425	825,398	592,741	785,256	22,835	561,917	659,445
	46,689	67,899	80,453	86,802	92,125	106,219	60,052
	786,845	854,789	1,097,781	928,327	1,212,902	1,584,436	908,380
	70,901	44,461	21,031	24,247	20,300	8,236	6,290
	15,597	16,101	13,354	12,866	12,478	12,091	42,668
	—	—	—	—	—	—	—
	32,730	37,349	40,479	66,845	12,459	61,306	57,611
	15,823	18,920	14,861	13,163	63,653	21,583	25,958
	—	—	—	—	—	—	32,046
	2,373,208	2,700,727	2,969,404	3,069,920	3,136,630	3,144,097	3,180,152
	430,979	468,039	507,963	523,083	528,607	550,288	559,575
	5,803,185	6,722,084	8,243,000	8,992,789	10,069,170	12,635,362	14,091,455
	1,145,089	1,143,953	1,156,042	1,169,506	1,228,062	1,583,212	1,622,452
	2,180,218	2,547,219	2,815,518	3,579,899	3,571,703	1,567,489	575,310
	(2,847,681)	(3,064,058)	(3,361,521)	(3,599,858)	(3,906,924)	(4,882,822)	(5,360,254)
	<u>9,084,998</u>	<u>10,517,964</u>	<u>12,330,406</u>	<u>13,735,339</u>	<u>14,627,248</u>	<u>14,597,626</u>	<u>14,668,690</u>
	<u>14,464,088</u>	<u>16,495,631</u>	<u>17,750,403</u>	<u>21,884,334</u>	<u>21,969,632</u>	<u>21,407,188</u>	<u>21,026,363</u>
	—	—	—	—	—	—	—
	374,553	534,898	489,547	439,134	488,599	393,208	124,980
	155,901	129,704	121,150	92,473	30,249	64,787	42,320
	586,384	397,407	243,458	207,437	205,323	191,418	199,014
	—	—	171,868	254,828	297,901	289,821	282,375
	6,099	126,880	117,802	74,677	155,502	99,991	177,644
	60,986	103,611	212,159	65,418	123,393	15,717	12,796
	360,998	615,599	514,343	764,355	—	561,782	793,694
	373,698	529,970	478,203	485,669	526,853	509,065	644,448
	<u>7,341,060</u>	<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>16,507,556</u>
	<u>9,259,679</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>	<u>18,784,827</u>
	—	—	—	—	—	—	—
	3,267,458	3,694,054	4,584,300	4,910,954	5,450,860	5,059,121	5,078,764
	1,540,422	1,893,302	1,639,962	1,282,553	1,495,022	1,312,920	1,197,977
	<u>396,529</u>	<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>(4,035,205)</u>
\$	<u>5,204,409</u>	<u>\$ 4,981,839</u>	<u>\$ 4,731,757</u>	<u>\$ 4,233,945</u>	<u>\$ 4,473,027</u>	<u>\$ 3,160,239</u>	<u>\$ 2,241,536</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Changes in Net Position

Last Ten Fiscal Years

(in thousands)

(Unaudited)

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

See accompanying independent auditor's report.

					2011-2012	
2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	(As Restated)	2012-2013
\$ 4,142,927	\$ 4,416,790	\$ 4,291,864	\$ 3,900,813	\$ 3,986,263	\$ 3,773,915	\$ 3,604,189
310,786	366,514	359,087	317,859	320,787	316,132	306,293
589,566	731,016	623,621	428,734	432,202	403,779	363,839
56,323	51,873	60,395	43,561	43,448	43,047	80,969
477,168	502,506	518,838	466,481	426,288	395,728	382,251
123,791	136,540	134,008	204,002	145,401	173,489	298,548
638,201	727,090	758,813	660,647	581,731	568,113	535,754
168,121	173,167	168,837	155,813	151,286	158,177	152,485
114,630	108,451	98,013	68,949	54,205	83,517	66,306
288,736	324,348	370,016	403,956	404,211	430,061	451,192
92,799	89,029	119,137	115,474	175,584	111,858	157,361
418	882	240	615	181	1,203	1,240
278,053	350,420	551,163	495,266	623,044	578,279	571,076
39,371	—	—	—	—	—	—
180,328	217,052	302,298	245,712	315,745	406,910	442,802
—	832,665	821,261	739,885	781,931	819,296	792,805
<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>8,263,504</u>	<u>8,207,110</u>
3,357	5,482	6,497	6,440	20,741	19,819	17,063
184	251	183	211	156	117	91
—	—	—	—	—	—	—
10,592	8,337	8,694	18,002	7,814	9,198	10,110
4,496	5,206	6,999	13,496	16,378	21,657	23,036
18,886	16,979	15,777	12,229	9,727	7,511	6,730
95,222	65,426	24,259	18,747	33,810	41,206	47,233
<u>132,737</u>	<u>101,681</u>	<u>62,409</u>	<u>69,125</u>	<u>88,626</u>	<u>99,508</u>	<u>104,263</u>
1,707,841	1,662,599	1,538,356	1,705,758	1,815,305	1,339,908	1,148,684
205,621	223,250	243,391	240,346	234,844	264,016	261,735
472,633	532,258	641,554	348,196	353,459	344,793	324,794
1	87	133	852	9,141	3,893	1,888
145,581	139,550	131,204	143,125	132,805	120,610	62,682
85,947	72,513	121,542	70,894	46,629	94,492	49,105
150,877	151,932	162,386	168,318	135,826	113,407	35,484
163,325	170,100	156,509	154,069	157,528	264,619	265,013
10,135	7,326	10,986	3,369	8,753	4,886	—
236,113	249,817	269,543	342,381	369,578	337,493	382,678
893	14,609	1,287	375	5,692	127,188	36,166
—	—	—	—	—	—	—
—	559	1,591	—	—	895	800
<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>	<u>2,569,029</u>
—	—	—	—	—	—	—
137,763	11,216	48,382	4,293	2,354	187	42
298,645	653,191	876,570	295,879	777,990	94,996	166,155
436,408	664,407	924,952	300,172	780,344	95,183	166,197
3,748,112	3,990,688	4,265,843	3,546,980	4,138,530	3,210,891	2,839,489
<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>(5,052,613)</u>	<u>(5,367,621)</u>
811,282	806,413	927,441	938,189	909,484	901,213	1,139,313
444,951	539,735	598,980	740,719	935,428	850,359	965,955
4,479	5,775	1,295	6,054	5,320	9,789	13,841
2,901,720	2,817,720	2,517,499	2,039,028	2,146,870	2,066,980	1,774,431
531,067	505,638	453,643	393,192	402,110	434,512	553,115
149,311	156,817	74,859	58,323	66,795	21,175	20,727
12,456	85,547	87,949	27,470	76,852	41,342	(18,464)
—	—	—	—	—	—	—
<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>4,448,918</u>
<u>\$ 1,102,160</u>	<u>\$ (120,010)</u>	<u>\$ (250,082)</u>	<u>\$ (497,812)</u>	<u>\$ 239,082</u>	<u>\$ (727,243)</u>	<u>\$ (918,703)</u>

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

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Property Taxes, Levied for:					
General purposes	\$ 1,199,891	\$ 850,516	\$ 644,637	\$ 811,282	\$ 806,413
Debt service	236,121	308,537	331,097	444,951	539,735
Community redevelopment	3,756	3,394	1,713	4,479	5,775
Total	<u>\$ 1,439,768</u>	<u>\$ 1,162,447</u>	<u>\$ 977,447</u>	<u>\$ 1,260,712</u>	<u>\$ 1,351,923</u>

See accompanying independent auditor's report.

<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
\$ 927,441	\$ 938,189	\$ 909,484	\$ 901,213	\$ 1,139,313
598,980	740,719	935,428	850,359	965,955
1,295	6,054	5,320	9,789	13,841
<u>\$ 1,527,716</u>	<u>\$ 1,684,962</u>	<u>\$ 1,850,232</u>	<u>\$ 1,761,361</u>	<u>\$ 2,119,109</u>

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

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
General Fund:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Reserved	171,216	96,540	144,673	333,103
Unreserved	152,766	253,029	289,839	362,132
Total General Fund	<u>\$ 323,982</u>	<u>\$ 349,569</u>	<u>\$ 434,512</u>	<u>\$ 695,235</u>
District Bonds:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Reserved	—	7,328	3,300	3,300
Unreserved	1,676,001	1,123,595	1,096,859	949,738
Total District Bonds	<u>\$ 1,676,001</u>	<u>\$ 1,130,923</u>	<u>\$ 1,100,159</u>	<u>\$ 953,038</u>
Bond Interest and Redemption Fund				
Restricted	\$ —	\$ —	\$ —	\$ —
Reserved	165,837	211,449	282,984	360,140
Unreserved	—	—	—	—
Total Debt Service	<u>\$ 165,837</u>	<u>\$ 211,449</u>	<u>\$ 282,984</u>	<u>\$ 360,140</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	21,397	7,871	7,867	7,871
Unreserved, reported in:				
Special revenue funds	44,013	101,059	187,178	245,129
Debt service funds	39,982	12,949	19,498	23,135
Capital projects funds	1,330,959	736,408	773,041	804,840
Total All Other Governmental Funds	<u>\$ 1,436,351</u>	<u>\$ 858,287</u>	<u>\$ 987,584</u>	<u>\$ 1,080,975</u>

*Effective 2010-11, fund balances are presented to conform with GASB statement 54

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>	<u>2012-2013</u>
\$ —	\$ —	\$ —	\$ 10,417	\$ 11,231	\$ 18,513
—	—	—	266,418	186,563	138,469
—	—	—	147,035	465,272	370,359
—	—	—	479,661	161,744	65,376
403,518	565,333	304,762	—	—	—
253,718	184,629	358,145	—	—	—
<u>\$ 657,236</u>	<u>\$ 749,962</u>	<u>\$ 662,907</u>	<u>\$ 903,531</u>	<u>\$ 824,810</u>	<u>\$ 592,717</u>
\$ —	\$ —	\$ —	\$ 3,800	\$ 3,800	3,800
—	—	—	2,816,528	2,102,830	1,725,266
3,800	3,800	3,800	—	—	—
957,677	729,284	3,488,803	—	—	—
<u>\$ 961,477</u>	<u>\$ 733,084</u>	<u>\$ 3,492,603</u>	<u>\$ 2,820,328</u>	<u>\$ 2,106,630</u>	<u>\$ 1,729,066</u>
\$ —	\$ —	\$ —	\$ 724,608	\$ 681,562	\$ 750,540
—	—	—	—	—	—
447,880	489,381	630,810	—	—	—
<u>\$ 447,880</u>	<u>\$ 489,381</u>	<u>\$ 630,810</u>	<u>\$ 724,608</u>	<u>\$ 681,562</u>	<u>\$ 750,540</u>
\$ —	\$ —	\$ —	\$ 5,050	\$ 13,123	\$ 10,203
—	—	—	3,843	5,802	14,711
—	—	—	82,138	59,708	54,698
—	—	—	844,989	666,557	573,575
—	—	—	11,391	9,972	8,789
—	—	—	51	60	702
—	—	—	29,731	55,660	101,556
7,391	6,280	5,309	—	—	—
236,369	159,720	122,508	—	—	—
49,213	65,372	72,643	—	—	—
915,409	803,322	668,564	—	—	—
<u>\$ 1,208,382</u>	<u>\$ 1,034,694</u>	<u>\$ 869,024</u>	<u>\$ 977,193</u>	<u>\$ 810,882</u>	<u>\$ 764,234</u>

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

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>
Revenues:			
Revenue limit sources	\$ 3,436,839	\$ 3,575,257	\$ 3,724,599
Federal revenues	984,482	1,071,628	1,150,060
Other state revenues	2,434,073	2,109,674	2,419,412
Other local revenues	451,220	549,264	637,941
Total Revenues	<u>7,306,614</u>	<u>7,305,823</u>	<u>7,932,012</u>
Expenditures:			
Current:			
Certificated salaries	3,055,482	3,110,756	3,187,441
Classified salaries	1,065,409	1,069,595	1,098,558
Employee benefits	1,312,887	1,349,301	1,418,575
Books and supplies	468,036	499,411	567,167
Services and other operating expenditures	828,706	647,151	691,388
Capital outlay	1,003,568	1,398,243	1,532,862
Debt service – principal	114,150	110,501	94,843
Debt service – bond, COPs, and capital leases interest	225,574	232,333	241,131
Debt service – refunding bond issuance cost	—	1,337	2,732
Other outgo	40,529	33,748	41,695
Total Expenditures	<u>8,114,341</u>	<u>8,452,376</u>	<u>8,876,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(807,727)</u>	<u>(1,146,553)</u>	<u>(944,380)</u>
Other Financing Sources (Uses):			
Transfers in	172,148	598,061	381,658
Transfers out	(171,934)	(598,061)	(381,658)
Issuance of bonds	—	200,000	1,115,712
Premium on bonds issued	—	4,124	64,283
Issuance of refunding bonds	—	219,125	778,673
Premium on refunding bonds issued	—	16,338	64,058
Issuance of COPs	—	219,790	10,000
Premium on COPs issued	—	—	—
Discount on issuance of COPs	—	—	—
Discount on issuance of refunding bonds	—	—	—
Payment to refunded bonds escrow agent	—	(234,126)	(656,098)
Issuance of refunding COPs	—	—	—
Payment to refunded COPs escrow agent	—	(333,958)	(178,618)
CA Energy Commission loan	—	1,318	63
Special item – proceeds from Sullivan Canyon sale	11,918	—	—
Insurance proceeds – fire damage	—	—	—
Capital leases	7,630	1,999	1,318
Land and building sale/lease	—	—	—
Children center facilities revolving fund	—	—	—
Total Other Financing Sources	<u>19,762</u>	<u>94,610</u>	<u>1,199,391</u>
Net Change in Fund Balances	<u>\$ (787,965)</u>	<u>\$ (1,051,943)</u>	<u>\$ 255,011</u>
Debt Service as a Percentage of Noncapital Expenditures	4.8%	4.9%	4.6%

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>	<u>2012-2013</u>
\$ 3,892,689	\$ 3,624,134	\$ 3,444,940	\$ 2,977,215	\$ 3,056,350	\$ 2,968,193	\$ 2,913,744
1,023,992	1,016,465	1,357,169	1,289,543	1,463,899	1,179,268	1,017,226
2,853,979	3,307,609	3,223,201	2,566,534	2,966,361	2,222,007	2,265,455
835,529	925,869	904,663	918,438	1,198,389	1,084,248	1,140,218
<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>	<u>7,336,643</u>
3,362,475	3,469,214	3,384,912	2,929,870	2,948,806	2,799,485	2,661,784
1,180,482	1,269,680	1,236,448	1,126,477	1,058,084	1,025,679	967,573
1,440,468	1,464,061	1,440,404	1,581,239	1,508,612	1,546,789	1,509,401
507,486	574,902	441,855	395,886	495,998	392,154	354,514
785,742	880,455	872,470	867,482	826,514	729,903	918,747
1,494,934	1,644,450	2,113,952	1,677,858	1,241,249	1,021,845	571,357
153,258	200,514	302,688	289,680	303,329	339,789	359,659
285,315	334,525	363,050	410,978	582,330	592,942	584,596
9,665	6,020	—	26,604	—	1,608	—
46,865	882	240	615	181	1,203	1,240
<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>7,928,871</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>	<u>(592,228)</u>
362,932	499,947	575,839	539,641	604,246	874,499	581,194
(366,926)	(512,061)	(588,821)	(552,270)	(615,202)	(885,625)	(591,590)
900,000	1,000,000	945,774	4,082,645	—	—	—
33,649	42,258	—	92,908	—	—	—
1,889,000	—	—	149,760	—	563,805	—
49,073	—	—	—	—	77,207	—
—	105,374	120,950	40,728	83,345	—	—
—	—	—	3,771	3,034	16,648	—
—	—	—	—	(596)	—	—
(1,324)	—	—	—	—	—	—
(1,927,084)	—	—	(163,199)	—	(639,404)	—
—	—	—	69,685	—	160,190	24,780
—	—	(107,795)	(65,328)	(32,548)	(175,887)	(24,641)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
2,935	5,332	1,439	2,057	1,987	3,221	15,154
2,394	1,253	1,196	931	1,043	930	4
—	14,110	9,610	2,371	52	321	—
—	—	—	(518)	—	—	—
<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>	<u>4,901</u>
<u>\$ 284,148</u>	<u>\$ 185,587</u>	<u>\$ (267,854)</u>	<u>\$ 2,648,223</u>	<u>\$ (234,743)</u>	<u>\$ (1,001,776)</u>	<u>\$ (587,327)</u>
5.8%	6.6%	8.3%	9.5%	11.5%	12.6%	12.8%

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.
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
2012-2013	2,661,784	967,573	1,509,401	354,514	918,747

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
\$ 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
571,357	944,255	25,881	591,590	8,545,102

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

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Instructional Goals:					
General education	\$ 3,741,979	\$ 3,935,655	\$ 4,145,863	\$ 4,270,273	\$ 4,462,660
Special education	1,214,874	1,195,855	1,252,592	1,333,134	1,395,418
Others	99,995	94,496	93,176	94,206	100,135
	<u>5,056,848</u>	<u>5,226,006</u>	<u>5,491,631</u>	<u>5,697,613</u>	<u>5,958,213</u>
Noninstructional Goals:					
Community services	24,258	26,423	27,165	30,269	24,762
Child care services	5,234	7,887	3,656	4,408	4,663
	<u>29,492</u>	<u>34,310</u>	<u>30,821</u>	<u>34,677</u>	<u>29,425</u>
Support Services	<u>1,207,134</u>	<u>1,058,764</u>	<u>1,083,003</u>	<u>1,182,086</u>	<u>1,273,056</u>
Facilities Acquisition	<u>1,219,838</u>	<u>1,522,494</u>	<u>1,635,060</u>	<u>1,581,955</u>	<u>1,734,161</u>
Food Services	<u>212,280</u>	<u>222,640</u>	<u>241,888</u>	<u>253,798</u>	<u>286,769</u>
Other Outgo:					
Debt service	346,196	344,171	517,324	2,386,554	541,059
All other outgo	214,487	1,210,136	1,093,039	425,341	534,081
	<u>560,683</u>	<u>1,554,307</u>	<u>1,610,363</u>	<u>2,811,895</u>	<u>1,075,140</u>
Total Expenditures and Other Uses	<u>\$ 8,286,275</u>	<u>\$ 9,618,521</u>	<u>\$ 10,092,766</u>	<u>\$ 11,562,024</u>	<u>\$ 10,356,764</u>

See accompanying independent auditor's report.

<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
\$ 4,124,621	\$ 3,820,056	\$ 3,928,156	\$ 3,642,622	\$ 3,347,583
1,376,082	1,428,258	1,387,197	1,362,253	1,293,613
101,223	85,456	87,876	61,046	44,730
<u>5,601,926</u>	<u>5,333,770</u>	<u>5,403,229</u>	<u>5,065,921</u>	<u>4,685,926</u>
28,094	17,094	12,310	13,055	13,664
4,847	3,109	2,987	2,418	3,932
<u>32,941</u>	<u>20,203</u>	<u>15,297</u>	<u>15,473</u>	<u>17,596</u>
<u>1,270,702</u>	<u>1,131,009</u>	<u>988,664</u>	<u>1,007,304</u>	<u>1,208,376</u>
<u>2,234,066</u>	<u>1,789,389</u>	<u>1,362,715</u>	<u>1,098,376</u>	<u>718,990</u>
<u>323,009</u>	<u>288,760</u>	<u>288,691</u>	<u>311,558</u>	<u>334,033</u>
773,533	792,590	885,659	934,339	944,256
616,458	731,765	669,194	1,719,342	635,925
<u>1,389,991</u>	<u>1,524,355</u>	<u>1,554,853</u>	<u>2,653,681</u>	<u>1,580,181</u>
<u>\$ 10,852,635</u>	<u>\$ 10,087,486</u>	<u>\$ 9,613,449</u>	<u>\$ 10,152,313</u>	<u>\$ 8,545,102</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
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
2012-2013	2,913,744	1,017,226	2,265,455	1,140,218	621,132	7,957,775

See accompanying independent auditor's report.

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

Fiscal Year	Secured*	Unsecured*	Total Assessed Value	Total District Tax Rates	Increase (Decrease) Over Preceding Year		Total A.D.A.**	Assessed Value per Unit of A.D.A.
					Amount	Rate		
2003-2004	\$ 287,673,344	\$ 20,855,436	\$ 308,528,780	1.077145	\$ 21,002,845	7.30 %	758,605 ^a	\$ 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 ^b	823
2010-2011	442,092,473	21,753,078	463,845,551	1.186954	(11,131,740)	(2.34)	565,450 ^b	820
2011-2012	447,830,204	21,265,021	469,095,225	1.168187	5,249,674	1.13	547,592 ^{b,c}	857
2012-2013	458,767,053	21,308,439	480,075,492	1.175606	10,980,267	2.34	534,376 ^b	898

* Source: Los Angeles County Auditor-Controller "Taxpayers' Guide." Taxes which constitute a lien on real property are referred to as "secured." Almost all real property taxes are secured. Most personal property taxes are "unsecured." Some taxes on personal property may also be secured to the real property of the assessee, upon request and subject to certain conditions.

** Source: A.D.A. – Average Daily Attendance, Annual Report

^a Adjusted to exclude fiscally independent charter schools

^b 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.

^c Updated to reflect audited annual report.

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
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
2012-2013	—	0.175606	0.175606	1.000000	1.175606

Source: 2012-13 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
0.006100	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	—
0.003500	—	0.037694	—

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

2013			2004			
Rank	Property Owner ⁽¹⁾	Assessed Valuation	% of Total ⁽²⁾	Property Owner	Assessed Valuation	% of Total ⁽³⁾
1	Douglas Emmett Realty Funds	\$ 2,324,436	0.51%	Atlantic Richfield Company	\$ 2,019,855	0.70%
2	Universal Studios LLC	1,404,383	0.31	Tosco Corporation	1,056,730	0.37
3	Anheuser Busch Inc.	864,022	0.19	Universal Studios Inc.	952,485	0.33
4	One Hundred Towers LLC	594,498	0.13	Douglas Emmett Realty Fund 1995-2000	796,608	0.28
5	Donald T. Sterling	587,974	0.13	Ultramar, Inc.	786,784	0.27
6	LA Live Properties LLC	533,895	0.12	Anheuser Busch, Inc.	722,041	0.25
7	Paramount Pictures Corp.	513,058	0.11	MCA, Inc.	712,445	0.25
8	Tishman Speyer Archstone Smith	504,859	0.11	Equilon Enterprises LLC	647,799	0.23
9	Duesenberg Investment Company	497,714	0.11	One Hundred Towers LLC	511,890	0.18
10	BRE Properties Inc.	470,360	0.10	Maguire Partners 355 S. Grand LLC	446,436	0.16
11	Century City Mall LLC	468,777	0.10	2121 Avenue of the Stars LLC	352,696	0.12
12	Taubman Beverly Center	467,939	0.10	Paramount Pictures Corp.	347,769	0.12
13	Westfield Topanga Owner LP	452,160	0.10	Duesenberg Investment Company	323,931	0.11
14	Casden Park La Brea LLC	447,005	0.10	Trizecahn Hollywood LLC	322,656	0.11
15	Twentieth Century Fox Film Corp.	386,444	0.08	1999 Stars LLC	309,889	0.11
16	Trizec 333 LA LLC	383,700	0.08	BP 10880 Wilshire LLC/BP 10960 Wilshire LLC	293,868	0.10
17	Next Century Associates LLC	372,922	0.08	Twentieth Century Fox Film Corp.	291,828	0.10
18	1999 Stars LLC	357,311	0.08	Century City Mall LLC	282,989	0.10
19	BP West Coast Products LLC	351,348	0.08	Prime Park La Brea Holdings	273,901	0.10
20	AP Properties Ltd.	340,166	0.07	Maguire Partner 555 West Fifth LLC	258,000	0.09
		<u>\$ 12,322,971</u>	<u>2.69%</u>		<u>\$ 11,710,600</u>	<u>4.08%</u>

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

⁽²⁾ 2012-13 Local Secured Assessed Valuation: \$458,585,111.

⁽³⁾ 2003-04 Local Secured Assessed Valuation: \$287,673,344.

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
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
2012-2013	1,731,129	114,465	1,798,032	97.42	132,847	1,930,879	104.62

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

⁽²⁾ Includes prior years' delinquencies. The District is still in the process of determining an information source to be able to report delinquent taxes by levy year rather than by collection year.

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
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
2012-2013	5,266.00 ^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 is based on the District's 2007-08 proportionate share of funding to the State's total available funding for the program.

^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)

	2003-2004		2004-2005	
	Amount	Percent	Amount	Percent
Revenues and other sources				
Revenue limit sources	\$ 3,436,839	45.83%	\$ 3,575,257	41.73%
Federal revenues	984,482	13.13	1,071,628	12.51
Other state revenues	2,434,073	32.46	2,109,674	24.63
Other local revenues	451,220	6.02	549,264	6.41
Operating transfers in	172,148	2.30	598,061	6.98
Proceeds from issuance of bonds	—	—	200,000	2.33
Premium on bonds issued	—	—	4,124	0.05
Proceeds from refunding bonds issued	—	—	219,125	2.56
Premium on refunding bonds issued	—	—	16,338	0.19
Proceeds from Certif. of Participation/Long-term Capital Lease ⁽¹⁾	7,630	0.10	221,789	2.59
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Proceeds from CA Energy Commission loan	—	—	1,318	0.02
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	—	—	—	—
Total Revenues and Other Sources	<u>\$ 7,498,310</u>	<u>100.00%</u>	<u>\$ 8,566,578</u>	<u>100.00%</u>
Expenditures and other uses				
Current:				
Certificated salaries	\$ 3,055,482	36.88%	\$ 3,110,756	32.34%
Classified salaries	1,065,409	12.86	1,069,595	11.12
Employee benefits	1,312,887	15.84	1,349,301	14.03
Books and supplies	468,036	5.65	499,411	5.19
Services and other operating expenditures	821,490	9.91	646,373	6.72
Capital outlay	1,003,568	12.11	1,398,243	14.54
Debt service	346,196	4.18	344,171	3.58
Other outgo ⁽²⁾	41,273	0.50	34,526	0.36
Operating transfers out ⁽³⁾	171,934	2.07	598,061	6.22
Discount on issuance of refunding bonds	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to refunded bonds escrow agent	—	—	234,126	2.43
Payment to refunded COPs escrow agent	—	—	333,958	3.47
Total Expenditures and Other Uses	<u>\$ 8,286,275</u>	<u>100.00%</u>	<u>\$ 9,618,521</u>	<u>100.00%</u>

⁽¹⁾ 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 auditor's report.

2005-2006		2006-2007		2007-2008	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 3,724,599	35.99%	\$ 3,892,689	32.86%	\$ 3,624,134	34.38%
1,150,060	11.11	1,023,992	8.65	1,016,465	9.64
2,419,412	23.38	2,853,979	24.10	3,307,609	31.38
637,941	6.17	835,529	7.05	925,869	8.78
381,658	3.69	362,932	3.06	499,947	4.74
1,115,712	10.78	900,000	7.60	1,000,000	9.49
64,283	0.62	33,649	0.28	42,258	0.40
778,673	7.53	1,889,000	15.95	—	—
64,058	0.62	49,073	0.41	—	—
11,318	0.11	2,394	0.02	106,627	1.01
—	—	—	—	—	—
—	—	—	—	—	—
63	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	14,110	0.13
—	—	—	—	—	—
—	—	2,935	0.02	5,332	0.05
—	—	—	—	—	—
<u>\$ 10,347,777</u>	<u>100.00%</u>	<u>\$ 11,846,172</u>	<u>100.00%</u>	<u>\$ 10,542,351</u>	<u>100.00%</u>

\$ 3,187,441	31.58%	\$ 3,362,475	29.07%	\$ 3,469,214	33.50%
1,098,558	10.88	1,180,482	10.21	1,269,680	12.26
1,418,575	14.06	1,440,468	12.46	1,464,061	14.14
567,167	5.62	507,486	4.39	574,902	5.55
691,388	6.85	785,742	6.80	880,455	8.50
1,532,862	15.19	1,494,934	12.93	1,644,450	15.88
338,706	3.36	448,238	3.88	541,059	5.22
41,695	0.41	46,865	0.41	882	0.01
381,658	3.78	366,926	3.17	512,061	4.94
—	—	1,324	0.01	—	—
—	—	—	—	—	—
656,098	6.50	1,927,084	16.67	—	—
178,618	1.77	—	—	—	—
<u>\$ 10,092,766</u>	<u>100.00%</u>	<u>\$ 11,562,024</u>	<u>100.00%</u>	<u>\$ 10,356,764</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)

	2008-2009		2009-2010	
	Amount	Percent	Amount	Percent
Revenues and other sources				
Revenue limit sources	\$ 3,444,940	32.55%	\$ 2,977,215	23.37%
Federal revenues	1,357,169	12.82	1,289,543	10.12
Other state revenues	3,223,201	30.45	2,566,534	20.15
Other local revenues	904,663	8.55	918,438	7.21
Operating transfers in	575,839	5.44	539,641	4.24
Proceeds from issuance of bonds	945,774	8.94	4,082,645	32.06
Premium on bonds issued	—	—	92,908	0.73
Proceeds from refunding bonds issued	—	—	149,760	1.18
Premium on refunding bonds issued	—	—	—	—
Proceeds from Certif. of Participation/Long-term Capital Lease ⁽¹⁾	122,146	1.15	41,659	0.33
Issuance of refunding COPs	—	—	69,685	0.55
Premium on COPs issued	—	—	3,771	0.03
Proceeds from CA Energy Commission loan	—	—	—	—
Proceeds from Sullivan Canyon sale	—	—	—	—
Proceeds from Ramona HS	9,610	0.09	2,371	0.02
Proceeds from sale of surplus property	—	—	—	—
Insurance proceeds – fire damage	1,439	0.01	2,057	0.01
Children Center facilities fund	—	—	(518)	—
Total Revenues and Other Sources	<u>\$ 10,584,781</u>	<u>100.00%</u>	<u>\$ 12,735,709</u>	<u>100.00%</u>
Expenditures and other uses				
Current:				
Certificated salaries	\$ 3,384,912	31.19%	\$ 2,929,870	29.04%
Classified salaries	1,236,448	11.39	1,126,477	11.17
Employee benefits	1,440,404	13.27	1,581,239	15.68
Books and supplies	441,855	4.07	395,886	3.92
Services and other operating expenditures	872,470	8.04	867,482	8.60
Capital outlay	2,113,952	19.48	1,677,858	16.63
Debt service	665,738	6.14	727,262	7.21
Other outgo ⁽²⁾	240	—	615	0.01
Operating transfers out ⁽³⁾	588,821	5.43	552,270	5.47
Discount on issuance of refunding bonds	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to refunded bonds escrow agent	—	—	163,199	1.62
Payment to refunded COPs escrow agent	107,795	0.99	65,328	0.65
Total Expenditures and Other Uses	<u>\$ 10,852,635</u>	<u>100.00%</u>	<u>\$ 10,087,486</u>	<u>100.00%</u>

⁽¹⁾ 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.

2010-2011		2011-2012		2012-2013	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 3,056,350	32.59%	\$ 2,968,193	32.44%	\$ 2,913,744	36.62%
1,463,899	15.61	1,179,268	12.89	1,017,226	12.78
2,966,361	31.63	2,222,007	24.28	2,265,455	28.47
1,198,389	12.78	1,084,248	11.85	1,140,218	14.33
604,246	6.44	874,499	9.56	581,194	7.30
—	—	—	—	—	—
—	—	—	—	—	—
—	—	563,805	6.16	—	—
—	—	77,207	0.84	—	—
84,388	0.90	—	—	—	—
—	—	160,190	1.75	24,780	0.31
3,034	0.03	16,648	0.18	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
52	—	930	0.01	4	—
1,987	0.02	3,221	0.04	15,154	0.19
—	—	321	—	—	—
<u>\$ 9,378,706</u>	<u>100.00%</u>	<u>\$ 9,150,537</u>	<u>100.00%</u>	<u>\$ 7,957,775</u>	<u>100.00%</u>

\$ 2,948,806	30.67%	\$ 2,799,485	27.58%	\$ 2,661,784	31.15%
1,058,084	11.01	1,025,679	10.10	967,573	11.32
1,508,612	15.69	1,546,789	15.24	1,509,401	17.66
495,998	5.16	392,154	3.86	354,514	4.15
826,514	8.60	729,903	7.19	918,747	10.75
1,241,249	12.91	1,021,845	10.07	571,357	6.70
885,659	9.21	934,339	9.20	944,255	11.05
181	—	1,203	0.01	1,240	0.01
615,202	6.40	885,625	8.72	591,590	6.92
—	—	—	—	—	—
596	0.01	—	—	—	—
—	—	639,404	6.30	—	—
32,548	0.34	175,887	1.73	24,641	0.29
<u>\$ 9,613,449</u>	<u>100.00%</u>	<u>\$ 10,152,313</u>	<u>100.00%</u>	<u>\$ 8,545,102</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)

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

<u>From</u>	<u>To</u>	<u>2003-2004</u>	<u>2004-2005</u>
General	Adult Education	\$ —	\$ —
General	Cafeteria	—	—
General	Child Development	8,412	8,065
General	Deferred Maintenance	8,140	23,300
General	Capital Services	51,430	198,026
General	Special Reserve	12,970	110,540
General	Special Reserve – FEMA – Earthquake	3,806	—
General	Special Reserve – FEMA – Hazard Mitigation	25,681	2,225
General	Special Reserve – Community Redevelopment Agency	3,757	—
General	Capital Facilities	—	—
General	Building – Measure R	—	59
General	Building – Measure Y	—	—
General	Health & Welfare	—	—
Adult Education	General	2,583	—
Adult Education	Special Reserve	—	—
Adult Education	Building – Measure R	—	—
Cafeteria	General	2,642	1,251
Cafeteria	Capital Services	—	—
Child Development	General	1,980	2,100
Deferred Maintenance	General	—	—
Capital Services	General	—	7,370
Capital Services	State School Building Lease – Purchase	—	—
Capital Services	Special Reserve	—	17,155
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	—	17,155
Special Reserve	Adult Education	—	—
Special Reserve	Cafeteria	—	—
Special Reserve	Capital Services	20,633	28,800
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	628	213

<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>	<u>2012-2013</u>
\$ —	\$ 4,199	\$ —	\$ —	\$ 168,282	\$ —	\$ —	\$ 60,481
11,140	288	8,214	16,587	12,210	32,061	88,588	53,583
8,764	7,133	—	—	165	7,996	19,437	15,322
30,000	30,188	31,048	30,000	—	—	—	—
4,169	9,758	12,514	26,356	30,993	23,849	33,670	30,263
27,403	109	—	3	—	903	—	—
2,225	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	260	83	—	—	—
—	—	—	—	—	—	—	8
—	—	—	—	—	—	—	976
—	3,994	12,114	12,982	12,629	10,956	11,126	10,396
—	—	10,600	10,600	10,600	—	—	10,431
—	—	—	—	—	—	—	971
—	—	—	3,197	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	2,482	786	787	787
2,000	2,000	—	—	853	—	—	—
—	—	—	—	—	18,501	—	—
—	—	—	231	904	—	737	99
—	—	—	—	2,975	—	—	—
—	—	—	—	1,424	—	—	5,744
1	—	—	—	—	—	—	—
—	—	—	—	3,593	—	—	—
—	—	—	229	—	—	—	—
2,629	—	—	—	—	—	—	—
—	—	—	—	(29)	—	—	—
—	—	259	1	—	—	—	—
—	—	90	—	—	—	—	—
—	—	11,944	60	118	62	—	—
—	—	8,651	221	—	—	—	—
—	—	—	—	—	—	2	—
—	—	—	8	104	—	—	—
—	—	—	—	7	—	—	—
57,312	28,900	88,200	34,117	62,437	52,161	2,436	140
—	—	—	—	—	—	—	27
—	—	—	—	11,803	—	—	—
—	1,265	23,484	123,595	73,100	8,578	—	—
—	—	260	100	—	—	—	1
—	—	—	11	—	—	—	11
—	—	—	1,034	1,557	—	—	773
—	61,228	47,288	6,269	629	364	3	4,583
—	2	—	1,383	14,298	3	12	4,614
—	—	—	1	—	11	102	7,118
—	—	—	—	100	—	—	1
—	—	—	355	—	—	—	343
—	—	169	3,657	2,232	5,428	—	1,233
520	—	—	—	—	—	—	—

(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	2003-2004	2004-2005
Special Reserve – FEMA – Earthquake	County School Facilities – Prop 55	\$ —	\$ —
Special Reserve – FEMA – Hazard Mitigation	General	298	149
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	23,260	24,045
Capital Facilities	State School Building Lease – Purchase	5,714	7,613
Capital Facilities	Special Reserve	—	—
Capital Facilities	Building – Bond Proceeds	—	—
Capital Facilities	Building – Measure K	—	—
Capital Facilities	Building – Measure R	—	—
Capital Facilities	Building – Measure Y	—	—
Capital Facilities	County School Facilities – Prop 55	—	—
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	General	—	—
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	—	149,995
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	—	—

<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>	<u>2012-2013</u>
\$ —	\$ 120	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2,225	—	—	—	—	—	—	—
—	—	4,293	4,069	4,003	4,002	—	—
—	—	—	—	325	—	—	—
—	—	—	3,571	—	—	—	—
—	—	—	1,129	—	—	—	—
—	—	—	1,300	—	—	—	—
21,606	22,215	20,537	56,461	12,158	10,695	9,574	9,574
—	2,601	90	—	—	—	—	—
—	—	219	12	—	—	1	22
—	—	—	2	—	—	—	—
—	—	11,409	151	4	—	338	499
—	—	3	24	—	—	—	259
—	—	—	—	—	109	19	—
—	—	—	—	—	—	—	1
—	—	—	—	76	—	—	—
—	—	—	—	84	—	—	—
—	—	3,307	84	82	881	—	13
—	—	—	139	68	—	1	—
—	—	—	3	195	—	—	—
—	—	943	31,010	5,484	4,488	4,500	1,423
—	9	3,795	23,563	36,480	12,330	8,327	11,222
—	—	—	114	15	4	420	8,236
—	—	13	2,742	7,689	124	688	1,005
—	—	1,252	183	814	3,036	1,346	2,087
—	—	3,287	21,142	2,432	4,174	10,445	3,284
—	—	—	617	417	—	181	414
—	—	—	—	—	—	—	567
—	—	—	4	—	—	—	—
—	—	1	—	—	—	43	—
—	27,907	7,819	15,123	94	—	—	200
—	—	71	—	—	—	—	—
—	146	839	124	751	—	—	1
—	173	9,956	5,433	175	1,349	616	288
—	—	8	236	415	375	11,946	10,583
—	6,105	658	—	50	—	—	—
—	—	—	116	—	—	—	—
—	—	1,562	419	—	3,405	366	716
—	—	—	—	—	—	756	984
—	—	—	—	—	—	144	510
—	—	2,970	—	33	177	—	76
—	—	1,151	161	1,587	116	7,881	—
—	—	33	—	—	—	—	—
—	1	15,368	40	4,714	119	462	1,283
—	1,563	22,560	3,528	158	1,591	2,344	9,876
—	—	8,901	50	787	1,862	7,458	7,395
—	1,475	666	160	7,229	417	615	529
—	—	94	—	—	533	2,536	309
—	—	1,767	957	520	4,840	4,342	7,765
—	—	—	—	2,480	44	1,297	6,116
30,000	30,000	30,000	30,000	—	13,474	2,177	11,830
—	—	—	3	2	—	—	44

(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	2003-2004	2004-2005
Building – Measure Y	Cafeteria	\$ —	\$ —
Building – Measure Y	Capital Services	—	—
Building – Measure Y	Special Reserve	—	—
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	Special Reserve	—	—
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	—	—
		<u>\$ 171,934</u>	<u>\$ 598,061</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>	<u>2012-2013</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ 867	\$ 856	\$ 1,082
178,618	1,904	1,904	1,904	4,073	2,447	2,347	542
—	—	61	651	—	—	—	994
—	—	—	4	1,452	114	1	1,551
—	8,864	364	550	3,798	22	2,517	11,747
—	—	—	4,446	1,675	18,729	442,604	3,932
—	—	—	—	512	669	256	355
—	—	—	—	—	73	8	18
—	—	—	—	—	—	5,315	7,795
—	—	—	—	807	857	135	3,743
—	—	—	—	857	349	—	—
3,046	—	—	—	—	—	—	—
—	—	—	2	45	—	—	—
—	3	—	—	129	—	—	—
—	—	—	—	53	—	—	—
—	—	—	9,480	4,998	5,972	1,831	473
—	1	106	1,364	1,691	—	28	883
—	—	24	1,265	3,086	2,919	1,089	—
—	—	—	2	—	52	—	—
—	—	—	360	734	—	755	11
—	—	—	30	419	—	—	—
—	—	—	40	—	—	—	24
—	—	47	—	—	—	—	—
—	—	1,801	—	—	—	—	384
—	1,006	7,375	5,924	261	2,873	91	2,963
—	15	2,471	1,429	1,126	1	28	8,086
—	—	4,089	62	—	77	958	39
—	—	—	5	—	403	27	5
—	—	734	59	—	—	101	—
—	—	1,170	2	—	87	802	62,000
—	—	—	—	—	—	3,907	—
—	—	15,084	—	—	135	—	—
—	42,457	13,610	44	—	—	—	193
—	—	618	241	—	—	—	—
—	—	90	—	—	—	—	—
—	—	21,358	19,251	1,753	5,844	11,664	11,133
—	68,910	8,055	4,169	4,637	27,986	54,435	40,256
—	2,387	17,077	33,151	4,753	54,810	9,890	21,175
—	—	—	26	—	234,223	18,561	19,823
—	—	1,987	259	293	—	2,230	2
—	—	—	219	—	45	3	—
—	—	—	—	—	—	47	422
—	—	—	—	—	—	—	571
—	—	—	—	—	220	—	9,152
—	—	—	—	—	—	149	35
—	—	1,721	9,291	6,277	1,638	10,320	10,916
—	—	1,045	642	—	1,800	14,379	6,931
—	—	1,791	19,543	4,524	15,963	50,718	19,078
—	—	—	—	551	3,001	12,502	29,240
—	—	—	65	526	1,943	865	838
—	—	—	398	—	—	—	—
—	—	1,072	16	370	1,279	483	10,182
<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>	<u>\$ 591,590</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
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	10,088,004	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
2012-2013	358,619	580,893	939,512	8,545,102	10.99

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
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
2012-2013	4,610,596	480,075,491	11,569,749	459,309	11,110,440	2.3143	2,410

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, 2013
(in thousands)
(Unaudited)

Government	Percentage Applicable	Amount Applicable
Direct:		
Los Angeles Unified School District		
General Obligation Bonds	100.000%	\$ 11,151,210
Certificates of Participation	100.000	416,597
Capital Leases	100.000	1,308
Children Centers Facilities Revolving Loan	100.000	634
		<u>11,569,749</u>
Overlapping:		
Los Angeles County General Fund Obligations	44.099	762,665
Los Angeles County Superintendent of Schools Certificates of Participation	44.099	4,576
Los Angeles County Flood Control District	45.249	8,946
Metropolitan Water District	22.791	37,625
Los Angeles Community College District	80.533	2,989,832
Pasadena Area Community College District	0.001	1
City of Los Angeles	99.930	1,102,513
City of Los Angeles General Fund and Judgment Obligations	99.930	1,844,648
Other City General Fund and Pension Obligations	Various	181,553
Los Angeles County Sanitation Districts		
Nos. 1, 2, 3, 4, 5, 8, 9, 16 and 23 Authorities	Various	39,877
Los Angeles County Regional Park & Open Space Assessment District	44.099	63,004
City Community Facilities Districts	100.000	132,435
City of Los Angeles Landscaping and Special Tax Assessment District	99.930	40,302
Other City and Special District 1915 Act Bonds	99.899-100.000	23,333
Other Cities	Various	39,597
Palos Verdes Library District	4.805	220
City of Los Angeles Redevelopment Agency	100.000	621,005
Other Redevelopment Agencies	Various	411,231
Total Overlapping		<u>8,303,363</u>
Total Gross Direct and Overlapping Debt		19,873,112 ⁽¹⁾
Less:		
Los Angeles County General Fund Obligations supported by landfill revenues		2,422
Los Angeles Unified School District (amount accumulated in Sinking Fund for repayment of 2005 Qualified Zone Academic Bonds)		4,510
City supported obligations		20,491
Total Net Direct and Overlapping Debt		<u>\$ 19,845,689</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
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
2012-2013	12,001,887	10,400,670	1,601,217	86.66

Computation of Legal Debt Margin for Fiscal Year Ended June 30, 2013

Assessed valuation (net taxable)	\$ 476,992,930
Plus exempt property	3,082,561
Total Assessed Valuation	<u>\$ 480,075,491</u>
Debt limit – 2.5% of Assessed Valuation per Education Code Section 15106 ⁽¹⁾	\$ 12,001,887
Bonded Debt:	
General Obligation Bonds	11,151,210
Assets available for payment of principal:	
Bond Interest & Redemption Fund	<u>(750,540)</u>
Total Amount of Debt Applicable to Debt Limit	<u>10,400,670</u>
Legal Debt Margin (bonded debt) ⁽¹⁾	<u><u>\$ 1,601,217</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
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
2012-2013	3,864	4,611	9,958	1,564	638	10.9

* 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)

2013				2004		
Rank	Employer	Employees	Percentage of Total County Employment ⁽¹⁾	Employer	Employees	Percentage of Total County Employment ⁽²⁾
1	Kaiser Permanente	36,495	0.81%	Kaiser Permanente	29,593	0.67%
2	Northrop Grumman Corp.	16,100	0.36	Boeing Co.	20,593	0.46
3	Target Corp.	15,000	0.33	Northrop Grumman Corp.	20,400	0.46
4	University of Southern California	14,525	0.32	Ralphs Grocery Co.	16,287	0.37
5	Bank of America Corp.	13,746	0.30	Tenet Healthcare Corp.	14,733	0.33
6	Ralphs/Food 4 Less (Kroger Co. division)	13,500 *	0.30	University of Southern California	12,111	0.27
7	Providence Health & Services Southern California	10,983	0.24	Target Corp.	10,811	0.24
8	Cedars-Sinai Medical Center	10,663	0.24	ABM Industries Inc.	9,800	0.22
9	Home Depot	10,630	0.24	SBC Communications	9,500	0.21
10	Walt Disney Co.	10,500 *	0.23	May Department Stores Co.	8,900	0.20
	Total	<u>152,142</u>	<u>3.37%</u>	Total	<u>152,728</u>	<u>3.43%</u>

* Business Journal estimate

⁽¹⁾ Based on Los Angeles County Employment of 4,517,100

⁽²⁾ Based on Los Angeles County Employment of 4,432,300

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>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
Elementary:				
Kindergarten	49,775	48,806	47,876	46,131
Grades 1-3	169,239	160,224	151,592	145,181
Grades 4-6	159,617	159,615	152,341	143,384
Grades 7-8	97,978	94,396	91,576	92,832
Special Education	23,585	22,107	20,435	19,740
County Special Education	8	—	—	—
Opportunity Schools	8	14	10	12
Home or Hospital	152	158	159	159
Community Day Schools	196	190	172	148
County Community Schools	10	19	16	19
Total Elementary	<u>500,568</u>	<u>485,529</u>	<u>464,177</u>	<u>447,606</u>
Secondary:				
Regular Classes	150,239	152,901	152,848	151,323
Special Education	11,026	11,274	11,350	11,253
County Special Education	21	1	—	—
Compulsory Continuation Education	3,031	3,171	3,198	2,972
Opportunity Schools	328	400	407	399
Home or Hospital	96	121	120	125
Community Day Schools	733	736	757	716
County Community Schools	127	175	156	93
Total Secondary	<u>165,601</u>	<u>168,779</u>	<u>168,836</u>	<u>166,881</u>
Block grant funded fiscally affiliated charters	<u>5,143</u>	<u>5,990</u>	<u>5,958</u>	<u>5,936</u>
Total Block Grant Funded Fiscally Affiliated Charters	<u>5,143</u>	<u>5,990</u>	<u>5,958</u>	<u>5,936</u>
Adult program:				
ROC/P Mandated	20,125	19,110	14,395	18,857
Classes for Adults – Mandated	62,570	61,748	63,305	64,867
Concurrently Enrolled Adults	4,592	5,446	5,886	6,594
Full-time Independent Study***	6	3	7	29
Total Adult Program	<u>87,293</u>	<u>86,307</u>	<u>83,593</u>	<u>90,347</u>
Total Average Daily Attendance	<u><u>758,605</u></u>	<u><u>746,605</u></u>	<u><u>722,564</u></u>	<u><u>710,770</u></u>
Summer School Hours of Attendance				
Elementary	8,855,212	12,526,699	12,061,970	9,974,314
Secondary	5,941,513	6,350,873	8,929,199	8,357,150
Dependent Charter	*****	*****	*****	*****
Total Hours	<u><u>14,796,725</u></u>	<u><u>18,877,572</u></u>	<u><u>20,991,169</u></u>	<u><u>18,331,464</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.

^a Updated to reflect audited annual report.

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>	<u>2012-2013</u>
44,705	44,393	43,906	43,364	43,737	42,093
141,266	138,384	134,001	130,846	127,081	120,880
136,245	131,692	127,455	124,800	119,257	111,082
90,769	86,871	82,465	78,704	73,733 a	68,461
19,427	19,897	19,204	19,250	18,522	17,966
—	—	1	1	1	1
11	10	7	7	8	8
170	123	118	127	107	118
122	122	126	85	94	103
26	22	21	11	15	8
<u>432,741</u>	<u>421,514</u>	<u>407,304</u>	<u>397,195</u>	<u>382,555</u>	<u>360,720</u>
151,852	151,451	146,707	143,979	135,549 a	129,037
11,030	10,905	10,960	11,252	10,709	10,513
—	—	1	—	1	—
2,837	3,085	3,339	3,507	3,602 a	3,623
433	455	492	494	506	492
130	109	99	98	101	101
692	772	915	911	933	852
84	81	240	148	137	175
<u>167,058</u>	<u>166,858</u>	<u>162,753</u>	<u>160,389</u>	<u>151,538</u>	<u>144,793</u>
<u>6,482</u>	<u>6,655</u>	<u>6,906</u>	<u>7,866</u>	<u>13,499</u>	<u>28,863</u>
<u>6,482</u>	<u>6,655</u>	<u>6,906</u>	<u>7,866</u>	<u>13,499</u>	<u>28,863</u>
20,309	23,379	****	****	****	****
65,684	66,905	****	****	****	****
7,756	8,297	****	****	****	****
43	25	****	****	****	****
<u>93,792</u>	<u>98,606</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>700,073</u>	<u>693,633</u>	<u>576,963</u>	<u>565,450</u>	<u>547,592</u>	<u>534,376</u>
10,195,908	8,567,366	****	****	****	****
8,336,362	7,203,657	****	****	****	****
*****	*****	****	****	****	****
<u>18,532,270</u>	<u>15,771,023</u>	<u>—</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>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>
Governmental Activities:				
Instruction	54,151	53,601	52,608	52,769
Support services – students	2,954	3,074	3,091	3,060
Support services – instructional staff	5,079	5,327	5,560	5,280
Support services – general administration	173	193	209	222
Support services – school administration	5,720	5,780	5,870	6,045
Support services – business	1,748	1,441	1,119	1,154
Operation and maintenance of plant services	7,591	7,398	7,537	7,835
Student transportation services	1,279	1,229	1,174	1,236
Data processing services	515	519	557	722
Operation of noninstructional services	3,449	3,389	3,232	3,394
Facilities acquisition and construction services	545	884	937	994
Total Governmental Activities	<u>83,204</u>	<u>82,835</u>	<u>81,894</u>	<u>82,711</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>	<u>2012-2013</u>
51,839	52,317	46,896	45,115	44,907	41,817
3,459	3,455	3,226	3,057	2,810	2,700
5,883	5,332	4,105	3,970	3,137	2,652
220	219	193	187	195	180
6,097	6,047	5,470	4,741	4,218	3,894
1,217	1,121	1,134	880	909	1,052
7,830	8,016	6,842	6,137	6,241	5,814
1,346	1,354	1,290	1,178	1,041	1,034
680	571	384	357	414	442
3,685	3,976	4,604	4,702	3,186	3,046
1,093	1,090	1,077	700	844	981
<u>83,349</u>	<u>83,498</u>	<u>75,221</u>	<u>71,024</u>	<u>67,902</u>	<u>63,612</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Assets by Function

Last Ten Fiscal Years

(in thousands)

(Unaudited)

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Governmental Activities:					
Instruction	\$ 528,679	\$ 513,717	\$ 497,404	\$ 478,190	\$ 462,230
Support services – students	2,662	2,795	2,823	2,850	2,902
Support services – instructional staff	44,718	55,793	109,660	64,517	63,334
Support services – general administration	4,037	4,077	4,076	4,125	4,124
Support services – school administration	60,410	60,447	60,447	71,013	71,875
Support services – business	31,371	31,397	30,818	32,499	39,700
Operation and maintenance of plant services	140,029	165,668	177,094	139,831	198,985
Student transportation services	49,201	49,235	49,357	49,153	46,317
Data processing services	373,820	401,997	388,367	438,732	445,150
Operation of noninstructional services	9,712	9,750	9,977	11,806	15,574
Facilities acquisition and construction services	6,328,779	7,656,251	9,131,797	10,651,910	12,231,831
Total Governmental Activities	<u>\$ 7,573,418</u>	<u>\$ 8,951,127</u>	<u>\$ 10,461,820</u>	<u>\$ 11,944,626</u>	<u>\$ 13,582,022</u>

See accompanying independent auditor's report.

<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u> <u>(As Restated)</u>	<u>2012-2013</u>
\$ 445,482	\$ 441,818	\$ 430,887	\$ 418,744	\$ 390,030
2,902	2,902	3,820	5,167	5,507
111,596	111,842	112,492	112,530	67,995
4,125	4,125	4,126	4,136	4,124
72,027	73,901	73,973	74,117	72,116
46,924	46,924	53,672	57,483	55,837
201,531	201,826	213,453	223,913	147,987
45,033	54,060	87,166	83,925	95,854
398,032	402,311	406,813	614,302	690,137
22,463	23,777	25,381	26,346	28,114
<u>14,341,812</u>	<u>15,971,711</u>	<u>17,122,389</u>	<u>17,859,785</u>	<u>18,471,243</u>
<u>\$ 15,691,927</u>	<u>\$ 17,335,197</u>	<u>\$ 18,534,172</u>	<u>\$ 19,480,448</u>	<u>\$ 20,028,944</u>

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

Fiscal Year:	July 1 – June 30	<u>2006-2007</u>
Enrollment by Level: (As of September)	Elementary (grades K-5/6)	308,000
	Middle/Junior High (grades 6-8)	141,745
	Senior High (grades 9-12)	167,113
	Magnet Schools/Centers (grades K-12)	53,277
	Special Education Schools (grades K-12)	<u>3,673</u>
	Total K-12 Enrollment	<u>673,808</u>
	Community Adult Schools	108,096
	Occupational Centers and Skills Centers	<u>37,672</u>
	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	<u>825</u>	
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	2012-2013
295,260	289,969	282,469	281,108	277,269	272,804
136,315	128,528	119,534	106,097	99,726	98,437
165,459	161,689	155,740	154,001	142,669	133,601
52,525	53,261	56,503	56,952	58,244	58,471
3,656	3,604	3,552	3,555	3,537	3,291
<u>653,215</u>	<u>637,051</u>	<u>617,798</u>	<u>601,713</u>	<u>581,445</u>	<u>566,604</u>
105,668	103,440	80,407	80,618	66,937	19,377
42,955	43,966	50,068	55,782	52,826	39,954
148,623	147,406	130,475	136,400	119,763	59,331
801,838	784,457	748,273	738,113	701,208	625,935
<u>11,013</u>	<u>10,787</u>	<u>11,432</u>	<u>12,139</u>	<u>14,242</u>	<u>11,899</u>
<u>41,073</u>	<u>51,087</u>	<u>60,643</u>	<u>69,935</u>	<u>82,788</u>	<u>88,931</u>
812,851	795,244	759,705	750,252	715,450	637,834
36,564	33,166	33,387	32,429	30,100	28,779
22.23 : 1	23.98 : 1	22.75 : 1	23.14 : 1	23.77 : 1	22.16 : 1
\$ 9,028,343	\$ 9,005,723	\$ 8,247,767	\$ 8,442,307	\$ 8,209,562	\$ 8,207,110
\$ 11,107	\$ 11,324	\$ 10,857	\$ 11,253	\$ 11,475	\$ 12,867
85.48%	86.12%	86.48%	85.79%	85.31%	84.85%
90.23	91.23	91.34	90.10	89.52	88.61
86.94	87.82	88.18	87.22	86.62	85.91
1,862	807	618	497	351	303
894	533	489	379	300	242
2,988	1,881	1,776	1,564	1,237	1,110
3,657	2,732	2,555	2,384	1,999	1,867
3,490	2,908	2,734	2,555	2,292	2,172
3,327	2,986	2,861	2,736	2,458	2,365
3,310	3,085	2,930	2,782	2,574	2,415
10,108	10,426	11,839	11,496	10,125	8,779
3,079	4,384	3,496	3,989	4,723	5,438
1,548	1,554	2,225	2,224	2,301	2,438
1,307	1,081	1,040	999	946	953
994	789	824	824	794	697
<u>36,564</u>	<u>33,166</u>	<u>33,387</u>	<u>32,429</u>	<u>30,100</u>	<u>28,779</u>
<u>12,869</u>	<u>12,845</u>	<u>13,358</u>	<u>13,362</u>	<u>12,658</u>	<u>12,723</u>
<u>599</u>	<u>581</u>	<u>601</u>	<u>591</u>	<u>580</u>	<u>343</u>
\$ 43,757	\$ 45,474	\$ 46,186	\$ 46,699	\$ 47,561	\$ 47,747
47,301	48,926	48,630	49,574	50,775	51,425
50,035	52,293	51,801	52,228	53,390	53,980
53,524	55,817	55,296	55,752	56,583	56,869
57,067	59,095	58,574	59,036	59,884	60,206
61,182	62,779	62,288	62,730	63,368	63,865
64,605	66,136	65,558	66,225	67,037	67,312
69,688	70,396	70,122	70,581	71,069	71,444
75,024	75,024	75,024	75,024	75,024	75,024
75,597	75,597	75,597	75,597	75,597	75,597
77,598	77,598	77,598	77,598	77,598	77,598
78,906	78,906	78,906	78,906	78,906	78,906
+584	+584	+584	+584	+584	+584
+1,168	+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, 2013

Base Revenue Limit per A.D.A.		
Base revenue limit per A.D.A. (PY)	\$	6,505.56
Inflation increase		212.00
Other Adjustments *		57.35
Total Base Revenue Limit per A.D.A.	\$	<u>6,774.91</u>
Revenue Limit ADA		<u>548,796.78</u>
Total State Revenue Limit		
Base revenue limit	\$	6,774.91 x 548,796.78 A.D.A
Deficit (0.22272)		\$ 3,718,048,793 (828,083,827)
Unemployment insurance revenue		43,748,398
PERS reduction (including adjustment for safety members)		(2,370,261)
Total K-12 Revenue Limit		<u>2,931,343,103</u>
County office funds transfer		(933,412)
Property taxes and other local revenues		(1,139,313,020)
Charter schools in-lieu of taxes		194,844,726
Charter schools general purpose block grant offset		(168,905,656)
State Aid Portion of Revenue Limit – Current Year		<u>1,817,035,741</u>
Fiscally affiliated charter schools general purpose block grant		70,111,356
Fiscally affiliated charter schools in-lieu taxes		48,453,815
PERS reduction transfer		2,370,261
Education Protection Account		(627,191,891)
Prior year adjustments		(473,658)
Total State Aid K-12 Revenue Limit		<u>1,310,305,624</u>
Principal apportionments – other state revenues		
Core academic program (Supplemental instruction, grades K-12) **		
Current year		3,073,933
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		2,608,291
Prior year adjustments		59,671
Community day school additional funding **		
Current year		2,792,309
Community day additional for mandatory expelled pupils		
Current year		304,802
Prior year adjustments		(2,043)
Gifted and talented education (GATE)		
Current year		4,507,687
Prior year adjustments		(2)
Regional occupational center/program (ROC/P) **		
Current year		54,659,438
Prior year adjustments		174,663
ROC/P handicapped		
Current year		746,102
Special education		
Current year		361,457,881
Prior year adjustments		(8,190)
Charter Schools Categorical Block Grant		
Current year		14,474,894
Prior year		39,848
Total Principal Apportionment from State School Funds		<u>\$ 1,809,505,177</u>

* 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))

** 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.

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, 2013
 (in thousands)

	<u>Appropriations</u>	<u>Expenditures and Other Uses</u>	<u>Unexpended Balances</u>
Regular program:			
General Program – Schools	\$ 3,033,257	\$ 2,943,107	\$ 90,150
General Program – Support Services	726,752	507,285	219,467
General Program – Hourly Intervention/ Remediation	1,000	1,033	(33)
General Program – Interfund Transfers	162,685	145,311	17,374
General Program – Options Programs	68,606	64,995	3,611
Special Education – Schools	1,324,765	1,236,626	88,139
Special Education – Support Services	67,760	54,038	13,722
Special Education – Extended Session	20,615	17,858	2,757
Student Integration – Schools	147,548	123,203	24,345
Student Integration – Support Services	10,838	9,853	985
ROC/Skill Centers – Schools	44,353	33,298	11,055
ROC/Skill Centers – Support Services	1,148	1,928	(780)
Routine Repair & Gen Maintenance – Schools	18,281	19,908	(1,627)
Routine Repair & Gen Maintenance – Support Services	69,804	66,296	3,508
Community Services	10,483	11,157	(674)
Reserves and Resources Allocations	74,376	7,976	66,400
Total Regular Program	<u>5,782,271</u>	<u>5,243,872</u>	<u>538,399</u>
Specialy Funded Programs	<u>853,577</u>	<u>698,550</u>	<u>155,027</u>
Total General Fund	<u>\$ 6,635,848</u>	<u>\$ 5,942,422</u>	<u>\$ 693,426</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, 2013
 (in thousands)

Instruction	<u>\$ 4,500,268</u>
Support Services	
Supervision of instruction	36,516
Library, media, technology and other instructional resources	2,708
School administration	222,150
Pupil support services	47,201
Pupil transportation	9,807
Data processing services	38,567
Plant maintenance and operations	448,401
Facilities rents and leases	7,914
Central administration	<u>365,392</u>
Total Support Services	<u>1,178,656</u>
Other Goals	
Community services	13,665
Child care and development services	756
Food services	<u>2,448</u>
Total Other Goals	<u>16,869</u>
Facilities Acquisition and Construction	<u>57,359</u>
Other Outgo	
Debt service	948
All other outgo	<u>188,322</u>
Total Other Outgo	<u>189,270</u>
Total Expenditures and Other Uses	<u><u>\$ 5,942,422</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, 2013
 (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	\$ 2,591,728	\$ 3,961	\$ 2,587,767	\$ 4,844.27
Classified salaries	781,440	17,130	764,310	1,430.78
Employee benefits (excluding PERS reduction)	1,348,918	258,199	1,090,719	2,041.81
Books, supplies, and equipment replacement	167,765	3,073	164,692	308.30
Services and operating expense and direct support	762,804	4,820	757,984	1,418.94
Total	<u>\$ 5,652,655</u>	<u>\$ 287,183</u>	<u>\$ 5,365,472</u>	<u>\$ 10,044.10</u>

* Excluded amounts relate to:

Community Services	\$ 13,604
Facilities Acquisition & Construction	8,964
Food Services	2,340
Fringe Benefits to Retirees	252,642
Nonagency	9,633
Total	<u>\$ 287,183</u>

** Annual A.D.A. (Average Daily Attendance) used is 534,191.12. 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, 2013
(in thousands)

	Balances July 1, 2012	Revenues	Expenditures	Contributions	Balances June 30, 2013
Continuation Education	\$ —	\$ 18,918	\$ 28,010	\$ 9,092	\$ —
Community Day Schools	—	303	—	(303)	—
Medi-Cal Billing Options	11,956	13,821	23,928	—	1,849
FEMA Public Assistance Funds	91	—	9	—	82
Cops More Program	35	—	—	—	35
School Mental Health Medi-cal Rehabilitation	4,045	3,568	1,570	—	6,043
Teacher Recruitment and Retention	4,862	(4,862)	—	—	—
English Language Acquisition Program, Teacher Training & Student Assistance	3,798	—	34	—	3,764
Lottery: Instructional Materials	—	20,615	20,615	—	—
ROC/P: Training & Certification for Community Care	14	239	253	—	—
Pupils with Disabilities Attending ROC/P	—	746	769	23	—
Special Education	9,520	500,766	1,086,826	580,007	3,467
Special Ed: Early Ed Individuals with Exceptional Needs (Infant Program)	—	2,989	2,850	—	139
Economic Impact Aid (EIA)	6,482	1,151	6,282	—	1,351
Economic Impact Aid: Limited English Proficiency (LEP)	43,024	123,957	106,935	—	60,046
Transportation: Home to School	—	36,399	44,078	7,679	—
Transportation: Special Education	—	41,188	51,236	10,048	—
Quality Education Investment Act	43,126	81,030	92,138	—	32,018
California Energy Commission Loan Expenditure	397	—	—	—	397
Employment Training Panel – ROC/P	—	143	83	—	60
Ongoing and Major Maintenance Account	9,000	77,204	86,204	—	—
Certificates of Participation (Acquisition Accounts) Proceeds	49,679	9,622	30,734	(28)	28,539
Clean Cities Grant	86	—	—	—	86
B.E.S.T. Behavior – Special Education	—	103	—	—	103
Cognitive Behavioral Intervention Therapy	448	—	(42)	—	490
Total	<u>\$ 186,563</u>	<u>\$ 927,900</u>	<u>\$ 1,582,512</u>	<u>\$ 606,518</u>	<u>\$ 138,469</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, 2013
 (in thousands)

Revenues and Other Sources:	
Federal revenues	\$ 20,406
Other state revenues	7,984
Other local revenues	1,734
Interfund Transfers	<u>60,552</u>
Total Revenues and Other Sources	<u>90,676</u>
Expenditures and Other Uses	
Instruction	44,066
Support Services	
Supervision of instruction	11,097
School administration	10,376
Guidance and counseling services	3,482
Other pupil services	191
General administration cost transfers	81
Plant maintenance and operations	9,627
Facilities acquisition and construction	1,343
Facilities rents and leases	188
Interfund Transfers	<u>11,402</u>
Total Expenditures and Other Uses	<u>91,853</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(1,177)
Fund Balance, July 1, 2012	<u>10,028</u>
Fund Balance, June 30, 2013	<u><u>\$ 8,851</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, 2013
 (in thousands)

Revenues and Other Sources:	
Federal revenues	\$ 24,559
Other state revenues	68,355
Other local revenues	5,919
Interfund transfers	<u>15,322</u>
Total Revenues and Other Sources	<u>114,155</u>
Expenditures and Other Uses	
Instruction	89,404
Support Services	
Supervision of instruction	1,706
School administration	12,358
Food services	1
Other general administration	3,247
Plant maintenance and operations	6,336
Facilities acquisition and construction	312
Debt Service	<u>158</u>
Total Expenditures and Other Uses	<u>113,522</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	633
Fund Balance, July 1, 2012	<u>70</u>
Fund Balance, June 30, 2013	<u><u>\$ 703</u></u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Fund Equity
Year Ended June 30, 2013
(in thousands)

	General Fund	Adult Education Fund	Cafeteria Fund	Child Development Fund	Bond Interest & Redemption Fund	Tax Override Fund
Nonspendable:						
Revolving and imprest funds	\$ 2,673	\$ 62	\$ —	\$ 1	\$ —	\$ —
Inventories	15,818	—	10,140	—	—	—
Prepays	22	—	—	—	—	—
Total Nonspendable	<u>18,513</u>	<u>62</u>	<u>10,140</u>	<u>1</u>	<u>—</u>	<u>—</u>
Restricted	<u>138,469</u>	<u>—</u>	<u>14,711</u>	<u>—</u>	<u>750,540</u>	<u>332</u>
Committed	<u>—</u>	<u>8,789</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned	<u>370,359</u>	<u>—</u>	<u>—</u>	<u>702</u>	<u>—</u>	<u>—</u>
Unassigned						
Reserved for economic uncertainties	65,376	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Unassigned	<u>65,376</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Unrestricted net position	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Fund Equity/Net Position	<u>\$ 592,717</u>	<u>\$ 8,851</u>	<u>\$ 24,851</u>	<u>\$ 703</u>	<u>\$ 750,540</u>	<u>\$ 332</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	—	—	—
54,366	15,537	295,105	782,032	632,592	—	4,255	94,036
—	—	—	—	—	—	—	—
—	—	—	—	—	3,465	154	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 54,366</u>	<u>\$ 18,537</u>	<u>\$ 295,105</u>	<u>\$ 782,332</u>	<u>\$ 633,092</u>	<u>\$ 3,465</u>	<u>\$ 4,409</u>	<u>\$ 94,036</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Fund Equity (Continued)
Year Ended June 30, 2013
(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	—	—	—	—	—	—
Prepays	—	—	—	—	—	—
Total Nonspendable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Restricted	<u>240</u>	<u>—</u>	<u>20,710</u>	<u>—</u>	<u>18,451</u>	<u>55,355</u>
Committed	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned	<u>—</u>	<u>2,043</u>	<u>—</u>	<u>95,894</u>	<u>—</u>	<u>—</u>
Unassigned						
Reserved for economic uncertainties	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
Total Unassigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Unrestricted net position	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Fund Equity/Net Position	<u>\$ 240</u>	<u>\$ 2,043</u>	<u>\$ 20,710</u>	<u>\$ 95,894</u>	<u>\$ 18,451</u>	<u>\$ 55,355</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
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
220,000	160,528	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	328,123	2,428	2,825
<u>\$ 220,000</u>	<u>\$ 160,528</u>	<u>\$ 328,123</u>	<u>\$ 2,428</u>	<u>\$ 2,825</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2013
(in thousands)

	SACS Object Code	General Fund	Special Revenue		
			Adult Education	Cafeteria	Child Development
Revenue Limit Sources:					
Principal Apportionment:					
State Aid – Current Year	8011	\$ 1,189,844	\$ —	\$ —	\$ —
Education Protection Account Entitlement	8012	659,445	—	—	—
Charter School Gen Purpose Entitlement – State Aid	8015	70,111	—	—	—
State Aid – Prior Years	8019	(474)	—	—	—
Revenue Limit Transfers:					
PERS Reduction Transfer	8092	2,370	—	—	—
Transfer to Charter In Lieu Property Taxes	8096	(146,866)	—	—	—
Principal Apportionment Net of Transfers		1,774,430	—	—	—
Tax Relief Subventions:					
Homeowners’ Exemptions	8021	7,174	—	—	—
Other Subventions/In-lieu of Taxes	8029	5,997	—	—	—
County & District Taxes:					
Secured Roll Taxes	8041	821,206	—	—	—
Unsecured Roll Taxes	8042	32,809	—	—	—
Prior Years’ Taxes	8043	68,295	—	—	—
Supplemental Taxes	8044	10,921	—	—	—
Education Revenue Augmentation Fund (ERAF)	8045	114,465	—	—	—
Community Redevelopment Funds	8047	76,626	—	—	—
Penalties/Int. – Delinquent Revenue Limit Taxes	8048	1,821	—	—	—
Local Revenue Limit Sources		1,139,314	—	—	—
Total Revenue Limit Sources		2,913,744	—	—	—
Federal Revenues:					
Special Education Entitlement	8181	106,081	—	—	—
Special Education Discretionary Grant	8182	20,725	—	—	—
Child Nutrition Programs	8220	—	—	267,904	—
Forest Reserve Funds	8260	51	—	—	—
Flood Control Funds	8270	1	—	—	—
FEMA	8281	57	—	—	—
Interagency Contracts Between LEAs	8285	1,146	—	—	—
Other No Child Left Behind	8290	51,493	—	—	—
NCLB Title I Part A, Basic Grants Low Income and Neglected	8290	301,026	—	—	—
NCLB Title I Part D, Local Delinquent Programs	8290	905	—	—	—
NCLB Title II Part A, Teacher Quality	8290	51,745	—	—	—
NCLB Title III, Limited English Proficient	8290	19,544	—	—	—
Vocational & Applied Technology Education	8290	6,099	2,750	—	—
Other Federal Revenue	8290	70,980	17,656	164	24,559
Total Federal Revenues		629,853	20,406	268,068	24,559

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(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	\$ —	\$ —	\$ —	\$ —
Education Protection Account Entitlement	8012	—	—	—	—
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	—	—	—	—
Other No Child Left Behind	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	—	—	—	—
Other Federal Revenue	8290	—	—	—	—
Total Federal Revenues		—	—	—	—

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(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	\$ —	\$ —	\$ —
Education Protection Account Entitlement	8012	—	—	—
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	—	—	—
Other No Child Left Behind	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	—	—	—
Other Federal Revenue	8290	—	—	—
Total Federal Revenues		—	—	—

Funds		Internal Service Funds				
Building Account – Measure K	Total	Health and Welfare Benefits	Workers' Compensation	Liability	Total	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,189,844
—	—	—	—	—	—	659,445
—	—	—	—	—	—	70,111
—	—	—	—	—	—	(474)
—	—	—	—	—	—	2,370
—	—	—	—	—	—	(146,866)
—	—	—	—	—	—	1,774,430
—	—	—	—	—	—	7,174
—	—	—	—	—	—	5,997
—	—	—	—	—	—	821,206
—	—	—	—	—	—	32,809
—	—	—	—	—	—	68,295
—	—	—	—	—	—	10,921
—	—	—	—	—	—	114,465
—	—	—	—	—	—	76,626
—	—	—	—	—	—	1,821
—	—	—	—	—	—	1,139,314
—	—	—	—	—	—	2,913,744
—	—	—	—	—	—	106,081
—	—	—	—	—	—	20,725
—	—	—	—	—	—	267,904
—	—	—	—	—	—	51
—	—	—	—	—	—	1
—	—	—	—	—	—	57
—	—	—	—	—	—	1,146
—	—	—	—	—	—	51,493
—	—	—	—	—	—	301,026
—	—	—	—	—	—	905
—	—	—	—	—	—	51,745
—	—	—	—	—	—	19,544
—	—	—	—	—	—	8,849
—	—	—	—	—	—	187,699
—	—	—	—	—	—	1,017,226

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(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	\$ 305	\$ —	\$ —	\$ —
Prior years	8319	(2)	—	—	—
ROC/P Entitlement:					
Current Year	8311	746	—	—	—
Prior Years	8319	60	—	—	—
Spec. Ed. Master Plan:					
Current Year	8311	358,469	—	—	—
Prior Years	8319	(8)	—	—	—
Home-to-School Transportation	8311	36,399	—	—	—
Economic Impact Aid	8311	125,108	—	—	—
Special Education Transportation	8311	41,189	—	—	—
All Other State Apportionments – Current Year	8311	5,597	—	—	—
Class Size Reduction, K-3	8434	147,568	—	—	—
Child Nutrition Programs	8520	—	—	18,556	—
Mandated Costs Reimbursements	8550	15,233	—	—	—
School Facilities Apportionments	8545	—	—	—	—
Lottery – Unrestricted and Instructional Materials	8560	103,927	—	—	—
Voted Indebtedness Levies Homeowners' Exemptions	8571	—	—	—	—
Other Subventions/In-Lieu Taxes	8572	—	—	—	—
After School Education and Safety (ASES)	8590	72,612	—	—	—
Drug/Alcohol/Tobacco Funds	8590	594	—	—	—
Healthy Start	8590	190	—	—	—
School Community Violence Prevention Grant	8590	51	—	—	—
Quality Education Investment Act	8590	81,030	—	—	—
State Preschool	8590	—	—	—	68,355
All Other State Revenue	8590	1,013,449	7,984	—	—
Total Other State Revenues		<u>2,002,517</u>	<u>7,984</u>	<u>18,556</u>	<u>68,355</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	322	—	—	—
Food Service Sales	8634	—	—	6,390	—
Leases and Rentals	8650	14,588	4	—	—
Interest	8660	18,353	69	52	44
Fees and Contracts:					
Adult Education Fees	8671	—	672	—	—
Non-Resident Students	8672	245	—	—	—
Child Development Parent Fees	8673	—	—	—	2,574
In-District Premiums/Contributions	8674	—	—	—	—

<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>
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
18,556	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	5,401	—	—	5,401
—	—	25	—	25
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
68,355	—	—	—	—
7,984	—	—	—	—
94,895	5,401	25	—	5,426

—	773,641	—	—	773,641
—	33,388	—	—	33,388
—	64,552	—	—	64,552
—	11,603	—	—	11,603
—	—	—	—	—
—	6,801	—	—	6,801
—	—	—	—	—
6,390	—	—	—	—
4	—	—	—	—
165	1,776	2	212	1,990
672	—	—	—	—
—	—	—	—	—
2,574	—	—	—	—
—	—	—	—	—

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(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	—	—	—	—
Class Size Reduction, K-3	8434	—	—	—	—
Child Nutrition Programs	8520	—	—	—	—
Mandated Costs Reimbursements	8550	—	—	—	—
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	—	—	—	13,841
Penalties and Interest from Delinquent Non-Revenue Limit Taxes	8629	—	—	—	—
Sales:					
Sale of Equipment/Supplies	8631	—	—	—	—
Food Service Sales	8634	—	—	—	—
Leases and Rentals	8650	—	3	—	—
Interest	8660	541	88	635	98
Fees and Contracts:					
Adult Education Fees	8671	—	—	—	—
Non-Resident Students	8672	—	—	—	—
Child Development Parent Fees	8673	—	—	—	—
In-District Premiums/Contributions	8674	—	—	—	—

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(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	—	—	—
Class Size Reduction, K-3	8434	—	—	—
Child Nutrition Programs	8520	—	—	—
Mandated Costs Reimbursements	8550	—	—	—
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	301	4,288	5,054
Fees and Contracts:				
Adult Education Fees	8671	—	—	—
Non-Resident Students	8672	—	—	—
Child Development Parent Fees	8673	—	—	—
In-District Premiums/Contributions	8674	—	—	—

Funds		Internal Service Funds				
Building Account – Measure K	Total	Health and Welfare Benefits	Workers' Compensation	Liability	Total	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 305
—	—	—	—	—	—	(2)
—	—	—	—	—	—	746
—	—	—	—	—	—	60
—	—	—	—	—	—	358,469
—	—	—	—	—	—	(8)
—	—	—	—	—	—	36,399
—	—	—	—	—	—	125,108
—	—	—	—	—	—	41,189
—	—	—	—	—	—	5,597
—	—	—	—	—	—	147,568
—	—	—	—	—	—	18,556
—	—	—	—	—	—	15,233
—	—	—	—	—	—	162,617
—	—	—	—	—	—	103,927
—	—	—	—	—	—	5,401
—	—	—	—	—	—	25
—	—	—	—	—	—	72,612
—	—	—	—	—	—	594
—	—	—	—	—	—	190
—	—	—	—	—	—	51
—	—	—	—	—	—	81,030
—	—	—	—	—	—	68,355
—	—	—	—	—	—	1,021,433
—	—	—	—	—	—	2,265,455
—	—	—	—	—	—	773,641
—	—	—	—	—	—	33,388
—	—	—	—	—	—	64,552
—	—	—	—	—	—	11,603
—	—	—	—	—	—	13,841
—	—	—	—	—	—	6,801
—	—	—	—	—	—	322
—	—	—	—	—	—	6,390
—	—	—	—	—	—	16,650
1,755	11,398	1,987	2,063	234	4,284	40,419
—	—	—	—	—	—	672
—	—	—	—	—	—	245
—	—	—	—	—	—	2,574
—	—	915,071	104,188	172,674	1,191,933	1,191,933

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(in thousands)

	SACS Object Code	<u>Special Revenue</u>			
		General Fund	Adult Education	Cafeteria	Child Development
Mitigation/Developer Fees	8681	\$ —	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	26,034	—	—	—
All Other Local Revenue	8699	65,729	989	168	3,301
Tuition	8710	209	—	—	—
Total Other Local Revenues		<u>125,480</u>	<u>1,734</u>	<u>6,610</u>	<u>5,919</u>
Subtotal – Revenues		<u>5,671,594</u>	<u>30,124</u>	<u>293,234</u>	<u>98,833</u>
Other Financing Sources:					
Interfund Transfers In:					
From General Fund to Child Development Fund	8911	—	—	—	15,322
From Special Reserve Fund	8912	238	—	—	—
From All Other Funds to State School Building Fund/ County School Facilities Fund	8913	—	—	—	—
From General Fund to Cafeteria Fund	8916	—	—	53,583	—
Other Authorized Interfund Transfer In	8919	23,339	60,552	1,082	—
Subtotal, Interfund Transfers In		<u>23,577</u>	<u>60,552</u>	<u>54,665</u>	<u>15,322</u>
Other Sources:					
Proceeds from Certificates of Participation	8971	—	—	—	—
Proceeds from Capital Leases	8972	4	—	—	—
All Other Financing Sources	8979	15,154	—	—	—
Subtotal, Other Sources		<u>15,158</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources		<u>38,735</u>	<u>60,552</u>	<u>54,665</u>	<u>15,322</u>
Total Revenues and Other Financing Sources		<u>\$ 5,710,329</u>	<u>\$ 90,676</u>	<u>\$ 347,899</u>	<u>\$ 114,155</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>
\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—
4,458	53	—	—	53
—	—	—	—	—
14,263	891,814	2	212	892,028
422,191	970,967	27	800	971,794
15,322	—	—	—	—
—	—	—	—	—
—	—	—	—	—
53,583	—	—	—	—
61,634	—	—	41,166	41,166
130,539	—	—	41,166	41,166
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
—	—	—	—	—
130,539	—	—	41,166	41,166
<u>\$ 552,730</u>	<u>\$ 970,967</u>	<u>\$ 27</u>	<u>\$ 41,966</u>	<u>\$ 1,012,960</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(in thousands)

	SACS Object Code	Capital Projects			
		Capital Facilities Fund	State School Building Lease – Purchase	Special Reserve	Special Reserve CRA
Mitigation/Developer Fees	8681	\$ 47,233	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	—	—	—	—
All Other Local Revenue	8699	—	6	13,603	—
Tuition	8710	—	—	—	—
Total Other Local Revenues		<u>47,774</u>	<u>97</u>	<u>14,238</u>	<u>13,939</u>
Subtotal – Revenues		<u>47,774</u>	<u>97</u>	<u>14,238</u>	<u>13,939</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	—	149	—	—
From General Fund to Cafeteria Fund	8916	—	—	—	—
Other Authorized Interfund Transfer In	8919	9,547	—	2,951	—
Subtotal, Interfund Transfers In		<u>9,547</u>	<u>149</u>	<u>2,951</u>	<u>—</u>
Other Sources:					
Proceeds from Certificates of Participation	8971	—	—	24,780	—
Proceeds from Capital Leases	8972	—	—	—	—
All Other Financing Sources	8979	—	—	—	—
Subtotal, Other Sources		<u>—</u>	<u>—</u>	<u>24,780</u>	<u>—</u>
Total Other Financing Sources		<u>9,547</u>	<u>149</u>	<u>27,731</u>	<u>—</u>
Total Revenues and Other Financing Sources		<u>\$ 57,321</u>	<u>\$ 246</u>	<u>\$ 41,969</u>	<u>\$ 13,939</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
\$ —	\$ 47,233	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—
—	13,609	—	—	—	—	—
—	—	—	—	—	—	—
2,066	78,114	104	718	1,187	847	2,856
2,066	78,114	104	6,939	63,341	95,089	165,473
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	149	2,730	2,768	92,975	11,679	110,152
—	—	—	—	—	—	—
—	12,498	—	—	1	—	1
—	12,647	2,730	2,768	92,976	11,679	110,153
—	24,780	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	24,780	—	—	—	—	—
—	37,427	2,730	2,768	92,976	11,679	110,153
\$ 2,066	\$ 115,541	\$ 2,834	\$ 9,707	\$ 156,317	\$ 106,768	\$ 275,626

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2013
(in thousands)

	SACS Object Code	Building Account – Bond Proceeds	Building Account – Measure Y	District Bond Building Account – Measure R
Mitigation/Developer Fees	8681	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	—	—	—
All Other Local Revenue	8699	4	10,362	5,345
Tuition	8710	—	—	—
Total Other Local Revenues		<u>305</u>	<u>14,650</u>	<u>10,399</u>
Subtotal – Revenues		<u>305</u>	<u>14,650</u>	<u>10,399</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	29,093	89,120	60,615
Subtotal, Interfund Transfers In		<u>29,093</u>	<u>89,120</u>	<u>60,615</u>
Other Sources:				
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>29,093</u>	<u>89,120</u>	<u>60,615</u>
Total Revenues and Other Financing Sources		<u>\$ 29,398</u>	<u>\$ 103,770</u>	<u>\$ 71,014</u>

Funds		Internal Service Funds				
Building Account – Measure K	Total	Health and Welfare Benefits	Workers' Compensation	Liability	Total	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 47,233
—	—	—	—	—	—	26,034
368	16,079	1,078	—	—	1,078	101,006
—	—	—	—	—	—	209
2,123	27,477	918,136	106,251	172,908	1,197,295	2,337,513
2,123	27,477	918,136	106,251	172,908	1,197,295	8,533,938
—	—	—	—	—	—	15,322
—	—	—	—	—	—	238
—	—	—	—	—	—	110,301
—	—	—	—	—	—	53,583
84,284	263,112	10,396	—	—	10,396	412,146
84,284	263,112	10,396	—	—	10,396	591,590
—	—	—	—	—	—	24,780
—	—	—	—	—	—	4
—	—	—	—	—	—	15,154
—	—	—	—	—	—	39,938
84,284	263,112	10,396	—	—	10,396	631,528
\$ 86,407	\$ 290,589	\$ 928,532	\$ 106,251	\$ 172,908	\$ 1,207,691	\$ 9,165,466

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Structure
Year Ended June 30, 2013

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.

Name	Expiration of Term
Richard Vladovic, President	June 30, 2015
Marguerite Poindexter LaMotte (In Memoriam 2003 – 2013)	June 30, 2015
Mónica García	June 30, 2017
Tamar Galatzan	June 30, 2015
Steve Zimmer	June 30, 2017
Bennett Kayser	June 30, 2015
Nury Martinez (July 2, 2009 – June 30, 2013)	June 30, 2013
Mónica Ratliff (Effective July 1, 2013)	June 30, 2017

Principal School District Officials:	Name	Title
	John Deasy	Superintendent of Schools
	Michelle King	Senior Deputy Superintendent of School Operations
	Jaime Aquino	Deputy Superintendent of Instruction (Resigned Effective January 3, 2014)
	Matt Hill	Chief Strategy Officer
	Mark Hovatter	Chief Facilities Executive
	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
	Kenneth Bramlett	Inspector General (Effective August 5, 2013)
	Alfred Rodas	Inspector General (Interim July 2, 2012 – August 4, 2013)
	David Holmquist	General Counsel
	Steven Zipperman	Chief of School Police
	Janalyn Glymph	Personnel Director

Date of Establishment: 1854 as the Common Schools for the City of Los Angeles and became a unified school district in 1960.

Fiscal Year: July 1 – June 30

Number of Schools:	(As of October)	2009-2010	2010-2011	2011-2012	2012-2013
Elementary Schools		437	448	446	456
Middle/Junior High Schools		78	83	84	86
Senior High Schools		70	81	94	106
Options Schools		56	56	56	56
Special Education Schools		16	16	16	16
Magnet Schools		25	26	28	28
Magnet Centers		145	145	146	145
Community Adult Schools		24	24	24	6
Regional Occupational Centers		5	5	5	3
Skills Centers		5	5	5	1
Regional Occupational Program		1	1	1	1
Early Education Centers		100	102	107	82
Infant Centers		4	4	4	4
Primary School Centers		23	20	20	18
Newcomer Schools		—	—	—	—
Multi-level Schools		12	15	18	21
Total Schools and Centers		<u>1,001</u>	<u>1,031</u>	<u>1,054</u>	<u>1,029</u>
Independent Charter Schools		<u>150</u>	<u>171</u>	<u>179</u>	<u>185</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance/Hours of Attendance
 Year Ended June 30, 2013

	Second Period Report	Annual Report
Elementary:		
General Education:		
Kindergarten	42,018	42,093
Grades 1-3	120,950	120,880
Grades 4-8	179,839	179,543
Opportunity Schools	6	8
Home or Hospital	138	118
Community Day Schools	96	103
County Community Schools	9	8
Special Education	17,872	17,966
County Special Education	1	1
Total Elementary	360,929	360,720
Secondary:		
General Education:		
Regular Classes	130,663	129,037
Continuation Education	3,719	3,623
Opportunity Schools	486	492
Home or Hospital	122	101
Community Day Schools	878	852
County Community Schools	169	175
Special Education	10,615	10,513
County Special Education	—	—
Total Secondary	146,652	144,793
Block Grant Funded Fiscally Affiliated Charter	28,862	28,832
Adult Program:*		
Regional Occupational Centers & Programs	N/A	N/A
Classes for Adults – Mandated	N/A	N/A
Concurrently Enrolled Adults	N/A	N/A
Full-time Independent Study**	N/A	N/A
Total Adult Program	N/A	N/A
Total Average Daily Attendance	536,443	534,345
Hours of Attendance		
Summer School:*		
Elementary	N/A	N/A
Secondary	N/A	N/A
Total Hours	N/A	N/A

* 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.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

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

	Second Period Report	Annual Report
Kindergarten ADA – Total	108.28	107.03
Kindergarten ADA – Classroom-based	108.28	107.03
Grades 1-3 ADA – Total	330.89	330.73
Grades 1-3 ADA – Classroom-based	330.89	330.73
Grades 4-6 ADA – Total	168.67	168.44
Grades 4-6 ADA – Classroom-based	168.67	168.44
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	607.84	606.20
Classroom-based ADA	607.84	606.20

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Beckford Charter for Enriched Studies – 6015986

	Second Period Report	Annual Report
Kindergarten ADA – Total	93.97	94.35
Kindergarten ADA – Classroom-based	93.97	94.35
Grades 1-3 ADA – Total	276.09	276.45
Grades 1-3 ADA – Classroom-based	276.09	276.45
Grades 4-6 ADA – Total	170.24	170.45
Grades 4-6 ADA – Classroom-based	170.24	170.45
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	540.30	541.25
Classroom-based ADA	540.30	541.25

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Calabash Charter Academy – 6016240

	Second Period Report	Annual Report
Kindergarten ADA – Total	78.04	78.42
Kindergarten ADA – Classroom-based	78.04	78.42
Grades 1-3 ADA – Total	214.54	214.35
Grades 1-3 ADA – Classroom-based	214.54	214.35
Grades 4-6 ADA – Total	103.49	103.82
Grades 4-6 ADA – Classroom-based	103.49	103.82
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	396.07	396.59
Classroom-based ADA	396.07	396.59

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Canyon Charter School – 6016323

	Second Period Report	Annual Report
Kindergarten ADA – Total	59.44	59.92
Kindergarten ADA – Classroom-based	59.44	59.92
Grades 1-3 ADA – Total	197.61	198.16
Grades 1-3 ADA – Classroom-based	197.61	198.16
Grades 4-6 ADA – Total	126.08	126.21
Grades 4-6 ADA – Classroom-based	126.08	126.21
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	383.13	384.29
Classroom-based ADA	383.13	384.29

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Carpenter Community Charter School – 6016356

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	204.79	204.37
Kindergarten ADA – Classroom-based	204.79	204.37
Grades 1-3 ADA – Total	468.74	469.20
Grades 1-3 ADA – Classroom-based	468.74	469.20
Grades 4-6 ADA – Total	274.61	273.61
Grades 4-6 ADA – Classroom-based	274.61	273.61
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>948.14</u>	<u>947.18</u>
Classroom-based ADA	<u>948.14</u>	<u>947.18</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Castlebay Lane Elementary School – 6071435

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	138.42	138.73
Kindergarten ADA – Classroom-based	138.42	138.73
Grades 1-3 ADA – Total	334.26	333.93
Grades 1-3 ADA – Classroom-based	334.26	333.93
Grades 4-6 ADA – Total	218.02	217.95
Grades 4-6 ADA – Classroom-based	218.02	217.95
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>690.70</u>	<u>690.61</u>
Classroom-based ADA	<u>690.70</u>	<u>690.61</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Colfax Charter Elementary School – 6016562

	Second Period Report	Annual Report
Kindergarten ADA – Total	108.87	107.87
Kindergarten ADA – Classroom-based	108.87	107.87
Grades 1-3 ADA – Total	331.61	331.39
Grades 1-3 ADA – Classroom-based	331.61	331.39
Grades 4-6 ADA – Total	190.55	191.56
Grades 4-6 ADA – Classroom-based	190.55	191.56
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	631.03	630.82
Classroom-based ADA	631.03	630.82

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Community Magnet Charter Elementary School – 6094726

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	68.91	68.72
Kindergarten ADA – Classroom-based	68.91	68.72
Grades 1-3 ADA – Total	207.82	207.87
Grades 1-3 ADA – Classroom-based	207.82	207.87
Grades 4-6 ADA – Total	182.35	182.54
Grades 4-6 ADA – Classroom-based	182.35	182.54
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>459.08</u>	<u>459.13</u>
Classroom-based ADA	<u>459.08</u>	<u>459.13</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Dearborn Elementary Charter Academy – 6016729

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	95.29	95.43
Kindergarten ADA – Classroom-based	95.29	95.43
Grades 1-3 ADA – Total	230.35	230.81
Grades 1-3 ADA – Classroom-based	230.35	230.81
Grades 4-6 ADA – Total	178.67	179.07
Grades 4-6 ADA – Classroom-based	178.67	179.07
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>504.31</u>	<u>505.31</u>
Classroom-based ADA	<u>504.31</u>	<u>505.31</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Dixie Canyon Community Charter – 6016778

	Second Period Report	Annual Report
Kindergarten ADA – Total	118.07	118.00
Kindergarten ADA – Classroom-based	118.07	118.00
Grades 1-3 ADA – Total	344.53	344.87
Grades 1-3 ADA – Classroom-based	344.53	344.87
Grades 4-6 ADA – Total	184.37	184.62
Grades 4-6 ADA – Classroom-based	184.37	184.62
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	646.97	647.49
Classroom-based ADA	646.97	647.49

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

El Oro Way for Enriched Studies – 6016869

	Second Period Report	Annual Report
Kindergarten ADA – Total	73.62	73.77
Kindergarten ADA – Classroom-based	73.62	73.77
Grades 1-3 ADA – Total	226.20	225.28
Grades 1-3 ADA – Classroom-based	226.20	225.28
Grades 4-6 ADA – Total	157.18	156.91
Grades 4-6 ADA – Classroom-based	157.18	156.91
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	457.00	455.96
Classroom-based ADA	457.00	455.96

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Enadia Technology Enriched Charter – 0117036

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	35.99	36.31
Kindergarten ADA – Classroom-based	35.99	36.31
Grades 1-3 ADA – Total	122.87	122.47
Grades 1-3 ADA – Classroom-based	122.87	122.47
Grades 4-6 ADA – Total	56.88	56.72
Grades 4-6 ADA – Classroom-based	56.88	56.72
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	<u>215.74</u>	<u>215.50</u>
Classroom-based ADA	<u>215.74</u>	<u>215.50</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Encino Charter Elementary School – 6016935

	Second Period Report	Annual Report
Kindergarten ADA – Total	77.83	77.44
Kindergarten ADA – Classroom-based	77.83	77.44
Grades 1-3 ADA – Total	317.83	317.75
Grades 1-3 ADA – Classroom-based	317.83	317.75
Grades 4-6 ADA – Total	155.93	155.60
Grades 4-6 ADA – Classroom-based	155.93	155.60
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	551.59	550.79
Classroom-based ADA	551.59	550.79

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Germain Academy for Academic Achievement – 6017263

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	83.90	84.74
Kindergarten ADA – Classroom-based	83.90	84.74
Grades 1-3 ADA – Total	243.12	243.14
Grades 1-3 ADA – Classroom-based	243.12	243.14
Grades 4-6 ADA – Total	154.86	154.12
Grades 4-6 ADA – Classroom-based	154.86	154.12
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>481.88</u>	<u>482.00</u>
Classroom-based ADA	<u>481.88</u>	<u>482.00</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Hale (George Ellery) Charter Academy – 6061477

	<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	571.72	568.45
Grades 4-6 ADA – Classroom-based	571.72	568.45
Grades 7-8 ADA – Total	1,233.77	1,224.79
Grades 7-8 ADA – Classroom-based	1,233.77	1,224.79
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>1,805.49</u>	<u>1,793.24</u>
Classroom-based ADA	<u>1,805.49</u>	<u>1,793.24</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Hamlin Charter Academy – 6017438

	Second Period Report	Annual Report
Kindergarten ADA – Total	74.20	74.38
Kindergarten ADA – Classroom-based	74.20	74.38
Grades 1-3 ADA – Total	208.21	208.69
Grades 1-3 ADA – Classroom-based	208.21	208.69
Grades 4-6 ADA – Total	115.65	115.43
Grades 4-6 ADA – Classroom-based	115.65	115.43
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	398.06	398.50
Classroom-based ADA	398.06	398.50

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Haynes Charter for Enriched Studies – 6017529

	Second Period Report	Annual Report
Kindergarten ADA – Total	78.31	78.52
Kindergarten ADA – Classroom-based	78.31	78.52
Grades 1-3 ADA – Total	188.34	188.09
Grades 1-3 ADA – Classroom-based	188.34	188.09
Grades 4-6 ADA – Total	124.61	124.83
Grades 4-6 ADA – Classroom-based	124.61	124.83
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	391.26	391.44
Classroom-based ADA	391.26	391.44

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Hesby Oaks Leadership Charter – 0112060

	Second Period Report	Annual Report
Kindergarten ADA – Total	44.92	44.90
Kindergarten ADA – Classroom-based	44.92	44.90
Grades 1-3 ADA – Total	126.40	126.62
Grades 1-3 ADA – Classroom-based	126.40	126.62
Grades 4-6 ADA – Total	190.21	191.29
Grades 4-6 ADA – Classroom-based	190.21	191.29
Grades 7-8 ADA – Total	145.28	144.53
Grades 7-8 ADA – Classroom-based	145.28	144.53
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	506.81	507.34
Classroom-based ADA	506.81	507.34

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Justice Street Academy Charter – 6017693

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	76.40	76.23
Kindergarten ADA – Classroom-based	76.40	76.23
Grades 1-3 ADA – Total	180.17	180.45
Grades 1-3 ADA – Classroom-based	180.17	180.45
Grades 4-6 ADA – Total	140.77	140.49
Grades 4-6 ADA – Classroom-based	140.77	140.49
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>397.34</u>	<u>397.17</u>
Classroom-based ADA	<u>397.34</u>	<u>397.17</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Kenter Canyon Charter School – 6017701

	Second Period Report	Annual Report
Kindergarten ADA – Total	105.61	104.90
Kindergarten ADA – Classroom-based	105.61	104.90
Grades 1-3 ADA – Total	257.82	258.11
Grades 1-3 ADA – Classroom-based	257.82	258.11
Grades 4-6 ADA – Total	180.74	180.79
Grades 4-6 ADA – Classroom-based	180.74	180.79
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	544.17	543.80
Classroom-based ADA	544.17	543.80

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Knollwood Preparatory Academy – 6017743

	Second Period Report	Annual Report
Kindergarten ADA – Total	84.87	84.51
Kindergarten ADA – Classroom-based	84.87	84.51
Grades 1-3 ADA – Total	193.12	191.68
Grades 1-3 ADA – Classroom-based	193.12	191.68
Grades 4-6 ADA – Total	125.77	125.75
Grades 4-6 ADA – Classroom-based	125.77	125.75
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	403.76	401.94
Classroom-based ADA	403.76	401.94

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Lockhurst Drive Charter Elementary – 6017891

	Second Period Report	Annual Report
Kindergarten ADA – Total	59.53	60.04
Kindergarten ADA – Classroom-based	59.53	60.04
Grades 1-3 ADA – Total	138.24	138.64
Grades 1-3 ADA – Classroom-based	138.24	138.64
Grades 4-6 ADA – Total	94.30	94.34
Grades 4-6 ADA – Classroom-based	94.30	94.34
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	292.07	293.02
Classroom-based ADA	292.07	293.02

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Marquez Charter School – 6018063

	Second Period Report	Annual Report
Kindergarten ADA – Total	94.45	94.47
Kindergarten ADA – Classroom-based	94.45	94.47
Grades 1-3 ADA – Total	247.52	247.80
Grades 1-3 ADA – Classroom-based	247.52	247.80
Grades 4-6 ADA – Total	208.83	208.83
Grades 4-6 ADA – Classroom-based	208.83	208.83
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	550.80	551.10
Classroom-based ADA	550.80	551.10

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Millikan (Robert A.) Middle School – 6058150

	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	704.77	703.72
Grades 4-6 ADA – Classroom-based	704.77	703.72
Grades 7-8 ADA – Total	1,364.72	1,363.00
Grades 7-8 ADA – Classroom-based	1,364.72	1,363.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	2,069.49	2,066.72
Classroom-based ADA	2,069.49	2,066.72

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Nestle Avenue Charter School – 6018287

	Second Period Report	Annual Report
Kindergarten ADA – Total	94.96	95.22
Kindergarten ADA – Classroom-based	94.96	95.22
Grades 1-3 ADA – Total	306.24	307.08
Grades 1-3 ADA – Classroom-based	306.24	307.08
Grades 4-6 ADA – Total	148.86	148.87
Grades 4-6 ADA – Classroom-based	148.86	148.87
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	550.06	551.17
Classroom-based ADA	550.06	551.17

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Nobel (Alfred B.) Middle School – 6061543

	<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	812.91	810.68
Grades 4-6 ADA – Classroom-based	812.91	810.68
Grades 7-8 ADA – Total	1,587.20	1,583.35
Grades 7-8 ADA – Classroom-based	1,587.20	1,583.35
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	<u>2,400.11</u>	<u>2,394.03</u>
Classroom-based ADA	<u>2,400.11</u>	<u>2,394.03</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Open Magnet Charter School – 6097927

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	45.41	45.44
Kindergarten ADA – Classroom-based	45.41	45.44
Grades 1-3 ADA – Total	209.74	209.53
Grades 1-3 ADA – Classroom-based	209.74	209.53
Grades 4-6 ADA – Total	141.09	140.84
Grades 4-6 ADA – Classroom-based	141.09	140.84
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>396.24</u>	<u>395.81</u>
Classroom-based ADA	<u>396.24</u>	<u>395.81</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Palisades Charter Elementary – 6018634

	Second Period Report	Annual Report
Kindergarten ADA – Total	94.89	94.94
Kindergarten ADA – Classroom-based	94.89	94.94
Grades 1-3 ADA – Total	261.67	260.87
Grades 1-3 ADA – Classroom-based	261.67	260.87
Grades 4-6 ADA – Total	145.44	145.62
Grades 4-6 ADA – Classroom-based	145.44	145.62
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	502.00	501.43
Classroom-based ADA	502.00	501.43

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Plainview Academic Charter Academy – 6018725

	Second Period Report	Annual Report
Kindergarten ADA – Total	52.02	52.67
Kindergarten ADA – Classroom-based	52.02	52.67
Grades 1-3 ADA – Total	139.48	140.48
Grades 1-3 ADA – Classroom-based	139.48	140.48
Grades 4-6 ADA – Total	113.27	114.20
Grades 4-6 ADA – Classroom-based	113.27	114.20
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	304.77	307.35
Classroom-based ADA	304.77	307.35

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Pomelo Community Charter School – 6018774

	Second Period Report	Annual Report
Kindergarten ADA – Total	117.55	118.38
Kindergarten ADA – Classroom-based	117.55	118.38
Grades 1-3 ADA – Total	293.28	294.20
Grades 1-3 ADA – Classroom-based	293.28	294.20
Grades 4-6 ADA – Total	189.62	189.32
Grades 4-6 ADA – Classroom-based	189.62	189.32
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	600.45	601.90
Classroom-based ADA	600.45	601.90

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Revere (Paul) Charter Middle School – 6058267

	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	689.32	684.41
Grades 4-6 ADA – Classroom-based	689.32	684.41
Grades 7-8 ADA – Total	1,329.26	1,320.29
Grades 7-8 ADA – Classroom-based	1,329.26	1,320.29
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	2,018.58	2,004.70
Classroom-based ADA	2,018.58	2,004.70

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Riverside Drive Charter School – 6018923

	Second Period Report	Annual Report
Kindergarten ADA – Total	102.77	102.67
Kindergarten ADA – Classroom-based	102.77	102.67
Grades 1-3 ADA – Total	262.78	263.54
Grades 1-3 ADA – Classroom-based	262.78	263.54
Grades 4-6 ADA – Total	174.15	173.41
Grades 4-6 ADA – Classroom-based	174.15	173.41
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	539.70	539.62
Classroom-based ADA	539.70	539.62

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Serrania Avenue Charter School for Enriched Studies – 6019111

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	84.94	85.22
Kindergarten ADA – Classroom-based	84.94	85.22
Grades 1-3 ADA – Total	274.23	274.50
Grades 1-3 ADA – Classroom-based	274.23	274.50
Grades 4-6 ADA – Total	197.07	197.41
Grades 4-6 ADA – Classroom-based	197.07	197.41
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>556.24</u>	<u>557.13</u>
Classroom-based ADA	<u>556.24</u>	<u>557.13</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Sherman Oaks Elementary Charter School – 6019186

	Second Period Report	Annual Report
Kindergarten ADA – Total	179.39	179.23
Kindergarten ADA – Classroom-based	179.39	179.23
Grades 1-3 ADA – Total	445.75	445.67
Grades 1-3 ADA – Classroom-based	445.75	445.67
Grades 4-6 ADA – Total	255.42	254.81
Grades 4-6 ADA – Classroom-based	255.42	254.81
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	880.56	879.71
Classroom-based ADA	880.56	879.71

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Superior Street Elementary – 6019392

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	82.38	83.01
Kindergarten ADA – Classroom-based	82.38	83.01
Grades 1-3 ADA – Total	284.50	285.31
Grades 1-3 ADA – Classroom-based	284.50	285.31
Grades 4-6 ADA – Total	179.81	179.58
Grades 4-6 ADA – Classroom-based	179.81	179.58
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>546.69</u>	<u>547.90</u>
Classroom-based ADA	<u>546.69</u>	<u>547.90</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Topanga Learn-Charter Elementary – 6019525

	Second Period Report	Annual Report
Kindergarten ADA – Total	75.47	75.70
Kindergarten ADA – Classroom-based	75.47	75.70
Grades 1-3 ADA – Total	116.46	115.52
Grades 1-3 ADA – Classroom-based	116.46	115.52
Grades 4-6 ADA – Total	93.69	93.92
Grades 4-6 ADA – Classroom-based	93.69	93.92
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	285.62	285.14
Classroom-based ADA	285.62	285.14

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Topeka Charter School for Advanced Studies – 6019533

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	86.69	86.61
Kindergarten ADA – Classroom-based	86.69	86.61
Grades 1-3 ADA – Total	212.52	212.87
Grades 1-3 ADA – Classroom-based	212.52	212.87
Grades 4-6 ADA – Total	157.37	158.34
Grades 4-6 ADA – Classroom-based	157.37	158.34
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>456.58</u>	<u>457.82</u>
Classroom-based ADA	<u>456.58</u>	<u>457.82</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Van Gogh Charter School – 6019673

	Second Period Report	Annual Report
Kindergarten ADA – Total	71.76	72.13
Kindergarten ADA – Classroom-based	71.76	72.13
Grades 1-3 ADA – Total	269.09	269.15
Grades 1-3 ADA – Classroom-based	269.09	269.15
Grades 4-6 ADA – Total	147.19	147.39
Grades 4-6 ADA – Classroom-based	147.19	147.39
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	488.04	488.67
Classroom-based ADA	488.04	488.67

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

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

	Second Period Report	Annual Report
Kindergarten ADA – Total	67.18	68.40
Kindergarten ADA – Classroom-based	67.18	68.40
Grades 1-3 ADA – Total	405.17	405.51
Grades 1-3 ADA – Classroom-based	405.17	405.51
Grades 4-6 ADA – Total	317.45	317.09
Grades 4-6 ADA – Classroom-based	317.45	317.09
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	789.80	791.00
Classroom-based ADA	789.80	791.00

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Westwood Charter School – 6019939

	Second Period Report	Annual Report
Kindergarten ADA – Total	186.62	186.88
Kindergarten ADA – Classroom-based	186.62	186.88
Grades 1-3 ADA – Total	410.99	410.91
Grades 1-3 ADA – Classroom-based	410.99	410.91
Grades 4-6 ADA – Total	240.84	241.16
Grades 4-6 ADA – Classroom-based	240.84	241.16
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	838.45	838.95
Classroom-based ADA	838.45	838.95

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Wilbur Charter for Enriched Academics – 6019954

	Second Period Report	Annual Report
Kindergarten ADA – Total	102.94	102.41
Kindergarten ADA – Classroom-based	102.94	102.41
Grades 1-3 ADA – Total	318.22	318.54
Grades 1-3 ADA – Classroom-based	318.22	318.54
Grades 4-6 ADA – Total	207.39	207.01
Grades 4-6 ADA – Classroom-based	207.39	207.01
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	628.55	627.96
Classroom-based ADA	628.55	627.96

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2013

Woodlake Elementary Community Charter – 6020036

	<u>Second Period Report</u>	<u>Annual Report</u>
Kindergarten ADA – Total	95.44	95.29
Kindergarten ADA – Classroom-based	95.44	95.29
Grades 1-3 ADA – Total	251.74	250.01
Grades 1-3 ADA – Classroom-based	251.74	250.01
Grades 4-6 ADA – Total	192.52	192.33
Grades 4-6 ADA – Classroom-based	192.52	192.33
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>539.70</u>	<u>537.63</u>
Classroom-based ADA	<u>539.70</u>	<u>537.63</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2013

Woodland Hills Charter for Enriched Studies – 6020044

	Second Period Report	Annual Report
Kindergarten ADA – Total	109.35	109.32
Kindergarten ADA – Classroom-based	109.35	109.32
Grades 1-3 ADA – Total	361.13	360.89
Grades 1-3 ADA – Classroom-based	361.13	360.89
Grades 4-6 ADA – Total	196.48	196.87
Grades 4-6 ADA – Classroom-based	196.48	196.87
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	666.96	667.08
Classroom-based ADA	666.96	667.08

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Instructional Time Offered
 Year Ended June 30, 2013

Grade Level	1982-1983 Actual Minutes Offered	1986-1987 Minutes Requirements	2012-13 Actual Minutes Offered	Number of Days Traditional Calendar	Number of Days Multi-track Calendar ⁽³⁾	Complied with Instructional Minutes and Days Provisions
Kindergarten	31,680	36,000	36,000	180	177	Yes
Grades 1 to 3	48,800	50,400	55,100	180	177	Yes
Grades 4 to 6 ⁽¹⁾	48,800	54,000	55,100	180	177	Yes
Grades 7 to 8 ⁽²⁾	62,160	54,000	62,160 or 65,300	180	N/A	Yes
Grades 9 to 12	62,160	64,800	65,300	180	177	Yes

- (1) Elementary schools only.
- (2) Middle schools with grade configurations 6-8 approved for common planning time have at least 62,160 annual instructional minutes. Middle schools with grade configurations 6-8 not approved for common planning time have at least 65,300 annual instructional minutes.
- (3) One elementary and one high school that followed the multi-track calendar offered a reduced school year; however, annual minutes were not reduced.

Notes:

- 1. All charter schools included in this audit report conform to the above Schedule of Instructional Time Offered.
- 2. LAUSD received incentive funding for increasing instructional time pursuant to the Longer Year/Longer Instructional day.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
Year Ended June 30, 2013
(Dollars in thousands)

	<u>2013-2014 Budgeted</u>	<u>2012-2013 Actual</u>	<u>2011-2012 Actual</u>	<u>2010-2011 Actual</u>	<u>2009-2010 Actual</u>
General Fund:					
Revenues	\$ 6,042,820	\$ 5,671,594	\$ 5,882,516	\$ 6,328,532	\$ 6,208,625
Other Financing Sources	22,178	38,735	9,645	91,168	81,861
Total Revenues and Other Financing Sources	<u>6,064,998</u>	<u>5,710,329</u>	<u>5,892,161</u>	<u>6,419,700</u>	<u>6,290,486</u>
Expenditures	6,012,757	5,784,020	5,845,488	6,117,604	6,164,809
Other Financing Uses	208,914	158,402	125,394	66,531	212,732
Total Expenditures and Other Financing Uses	6,221,671	5,942,422	5,970,882	6,184,135	6,377,541
Change in Fund Balance	(156,673)	(232,093)	(78,721)	235,565	(87,055)
Beginning Fund Balance*	<u>638,691</u>	<u>824,810</u>	<u>903,531</u>	<u>667,966</u>	<u>749,962</u>
Ending Fund Balance	<u>\$ 482,018</u>	<u>\$ 592,717</u>	<u>\$ 824,810</u>	<u>\$ 903,531</u>	<u>\$ 662,907</u>
Available Reserves**	<u>\$ 112,069</u>	<u>\$ 65,376</u>	<u>\$ 161,744</u>	<u>\$ 479,661</u>	<u>\$ 184,918</u>
Unassigned Reserve for Economic Uncertainties	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>
Unassigned Fund Balance	<u>\$ 46,693</u>	<u>\$ —</u>	<u>\$ 96,368</u>	<u>\$ 414,285</u>	<u>\$ 119,542</u>
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	1.80%	1.10%	2.71%	7.76%	2.90%
Total Long-Term Debt	\$ 17,468,810	\$ 17,152,004	\$ 16,630,225	\$ 16,195,638	\$ 15,752,067
Average Daily Attendance (ADA) at P-2 excluding regional occupational centers programs and adult programs	527,208	536,449	550,954	567,816	580,112

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, 2013
(in thousands)

	<u>General</u>	<u>District Bonds</u>	<u>Adult Education</u>	<u>Child Development</u>	<u>State School Building Lease – Purchase</u>	<u>Liability Self- Insurance</u>
June 30, 2013 Unaudited Actual Financial Reports Fund Balances/Net Position	\$ 686,807	\$ 1,740,101	\$ 8,851	\$ 70	\$ 4,403	\$ 2,825
Adjustment:						
To reclassify expenditures from District Bonds to General Fund	(2,182)	2,182	—	—	—	—
To accrue unrecorded bond funded expenditures	—	(13,217)	—	—	—	—
To write-off long outstanding other payables	844	—	—	—	6	—
To increase the liability reserves in the Liability Self-Insurance Fund	—	—	—	—	—	(92,752)
To accrue additional contribution from the General fund to the Liability Self-Insurance Fund	(92,752)	—	—	—	—	92,752
To correct recognition of long-term loans – Children Center Facilities Loan	—	—	—	633	—	—
To reclassify fund balance:	—	—	—	—	—	—
From Assigned	—	—	(35)	—	—	—
To Committed	—	—	35	—	—	—
June 30, 2013 Audited Financial Statement Fund Balances/Net Position	<u>\$ 592,717</u>	<u>\$ 1,729,066</u>	<u>\$ 8,851</u>	<u>\$ 703</u>	<u>\$ 4,409</u>	<u>\$ 2,825</u>

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, 2013

	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	Castlebay Lane Elementary School	19 64733 6071435	x	Yes
7	Colfax Charter Elementary School	19 64733 6016562	x	Yes
8	Community Magnet Charter Elementary School	19 64733 6094726	x	Yes
9	Dearborn Elementary Charter Academy	19 64733 6016729	x	Yes
10	Dixie Canyon Community Charter School	19 64733 6016778	x	Yes
11	El Oro Way for Enriched Studies	19 64733 6016869	x	Yes
12	Enadia Technology Enriched Charter	19 64733 0117036	x	Yes
13	Encino Charter Elementary School	19 64733 6016935	x	Yes
14	Germain Academy for Academic Achievement	19 64733 6017263	x	Yes
15	Hale (George Ellery) Charter Academy	19 64733 6061477	x	Yes
16	Hamlin Charter Academy	19 64733 6017438	x	Yes
17	Haynes Charter for Enriched Studies	19 64733 6017529	x	Yes
18	Hesby Oaks Leadership Charter	19 64733 0112060	x	Yes
19	Justice Street Academy Charter School	19 64733 6017693	x	Yes
20	Kenter Canyon Charter School	19 64733 6017701	x	Yes
21	Knollwood Preparatory Academy	19 64733 6017743	x	Yes
22	Lockhurst Drive Charter Elementary	19 64733 6017891	x	Yes
23	Marquez Charter School	19 64733 6018063	x	Yes
24	Millikan (Robert A.) Middle School, Performing Arts Magnet and Science Academy STEM School	19 64733 6058150	x	Yes
25	Nestle Avenue Charter School	19 64733 6018287	x	Yes
26	Nobel (Alred B.) Middle School	19 64733 6061543	x	Yes
27	Open Magnet Charter School	19 64733 6097927	x	Yes
28	Palisades Charter Elementary	19 64733 6018634	x	Yes
29	Plainview Academic Charter Academy	19 64733 6018725	x	Yes
30	Pomelo Community Charter School	19 64733 6018774	x	Yes
31	Revere (Paul) Charter Middle School	19 64733 6058267	x	Yes
32	Riverside Drive Charter School	19 64733 6018923	x	Yes
33	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	x	Yes
34	Sherman Oaks Elementary Charter School	19 64733 6019186	x	Yes
35	Superior Street Elementary	19 64733 6019392	x	Yes
36	Topanga Learn-Charter Elementary	19 64733 6019525	x	Yes
37	Topeka Charter School for Advanced Studies	19 64733 6019533	x	Yes
38	Van Gogh Charter School	19 64733 6019673	x	Yes
39	Welby Way Charter Elementary & Gifted High Ability Magnet Center	19 64733 6019855	x	Yes
40	Westwood Charter School	19 64733 6019939	x	Yes
41	Wilbur Charter for Enriched Academics	19 64733 6019954	x	Yes
42	Woodlake Elementary Community Charter	19 64733 6020036	x	Yes
43	Woodland Hills Charter for Enriched Studies	19 64733 6020044	x	Yes
44	Academia Moderna	19 64733 0120097		No
45	Academic Performance Excellence Academy (APEX)	19 64733 0117077		No
46	Academy of Science and Engineering	19 64733 0126185		No
47	Accelerated Elementary School (ACES)	19 64733 0100743		No
48	Accelerated School, The (TAS)	19 64733 6112536		No
49	Alain Leroy Locke 3 College Preparatory Academy	19 64733 1935154		No
50	Alliance Christine O'Donovan Middle School (CRMS #3)	19 64733 0116533		No

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2013

	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
51	Alliance Cindy and Bill Simon Technology Academy High School	19 64733 0121285	x	No
52	Alliance College-Ready Academy High School #5	19 64733 0111492	x	No
53	Alliance College-Ready Academy High School #16	19 64733 0123141	x	No
54	Alliance College-Ready Middle Academy #4	19 64733 0120030	x	No
55	Alliance College-Ready Middle Academy #5	19 64733 0120048	x	No
56	Alliance College-Ready Middle Academy #7	19 64733 0121277	x	No
57	Alliance Dr. Olga Mohan High School	19 64733 0111500	x	No
58	Alliance Environmental Science & Technology High School	19 64733 0117606	x	No
59	Alliance Gertz-Ressler Academy High School	19 64733 0106864	x	No
60	Alliance Health Services Academy High School	19 64733 0117598	x	No
61	Alliance Huntington Park College-Ready Academy High School	19 64733 0108936	x	No
62	Alliance Jack H. Skirball Middle School	19 64733 0111518	x	No
63	Alliance Judy Ivie Burton Technology High School	19 64733 0108894	x	No
64	Alliance Marc & Eva Stern Math & Science, California State University Los Angeles Campus	19 64733 0111658	x	No
65	Alliance Media Arts & Entertainment Design High School	19 64733 0116509	x	No
66	Alliance Renee and Meyer Luskin High School	19 64733 0124891	x	No
67	Alliance Richard Merkin Middle Academy	19 64733 0108902	x	No
68	Alliance Susan and Eric Smidt Technology High School	19 64733 0123133	x	No
69	Alliance Tennenbaum Family Technology High School *	19 64733 0121293	x	No
70	Alliance William & Carol Ouchi High School	19 64733 0111641	x	No
71	Anahuacemecac International University Preparatory High School	19 64733 0118158	x	No
72	Animo Charter Middle School #3 – Clay Campus *	19 64733 0124016	x	No
73	Animo Charter Middle School #4 – Clay Campus*	19 64733 0124024	x	No
74	Animo College Preparatory Academy – Jordan Campus	19 64733 0124883	x	No
75	Animo Jackie Robinson	19 64733 0111583	x	No
76	Animo Jefferson Charter Middle School	19 64733 0122481	x	No
77	Animo Locke I College Prep Academy	19 64733 0118588	x	No
78	Animo Locke II College Prep Academy	19 64733 0118596	x	No
79	Animo Locke Technology High School	19 64733 0111617	x	No
80	Animo Oscar De La Hoya	19 64733 0101675	x	No
81	Animo Pat Brown High School	19 64733 0106849	x	No
82	Animo Ralph Bunche Charter High School	19 64733 0111575	x	No
83	Animo South Los Angeles Charter Senior High	19 64733 0102434	x	No
84	Animo Venice Charter High School	19 64733 0106831	x	No
85	Animo Watts College Preparatory Academy	19 64733 0111625	x	No
86	Animo Westside Charter Middle School	19 64733 0122499	x	No
87	Apple Academy Charter Public Schools (AACPS)	19 64733 0126078	x	No
88	Ararat Charter School	19 64733 0121079	x	No
89	Arts in Action Community Charter School	19 64733 0123158	x	No
90	Aspire Antonio Maria Lugo Academy	19 64733 0109660	x	No
91	Aspire Firestone Academy *	19 64733 0122622	x	No
92	Aspire Gateway Academy *	19 64733 0122614	x	No
93	Aspire Huntington Park Charter School	19 64733 0117960	x	No
94	Aspire Inskeep Academy *	19 64733 0124800	x	No
95	Aspire Juanita Tate Academy *	19 64733 0124792	x	No
96	Aspire Pacific Academy	19 64733 0122721	x	No
97	Aspire Slauson Academy *	19 64733 0124784	x	No
98	Bert Corona Charter School	19 64733 0106872	x	No
99	Birmingham Community Charter High School	19 64733 1931047	x	No
100	Bright Star Secondary Academy	19 64733 0112508	x	No

* PSC = Public School Choice

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2013

	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
101 California Academy for Liberal Studies Early College High School	19 64733 0109553		x	No
102 California Academy for Liberal Studies Middle School	19 64733 6118194		x	No
103 Camino Nuevo Academy 2-Harvard	19 64733 0122861		x	No
104 Camino Nuevo Charter Academy	19 64733 6117667		x	No
105 Camino Nuevo Charter Academy #4 *	19 64733 0124826		x	No
106 Camino Nuevo Charter High School	19 64733 0106435		x	No
107 Camino Nuevo Elementary School #3 *	19 64733 0122564		x	No
108 Celerity Cardinal Charter School	19 64733 0123984		x	No
109 Celerity Dyad Charter School	19 64733 0115766		x	No
110 Celerity Nascent Charter School	19 64733 0108910		x	No
111 Celerity Octavia Charter School	19 64733 0122655		x	No
112 Celerity Palmati Charter School	19 64733 0123166		x	No
113 Celerity Troika Charter School	19 64733 0115782		x	No
114 Centennial College Preparatory Academy	19 64733 0112128		x	No
115 Center for Advanced Learning	19 64733 0115139		x	No
116 Central City Value High School	19 64733 0100800		x	No
117 Charter High School of Arts Multimedia/ Performing High School (CHAMPS)	19 64733 0108878		x	No
118 Chime Charter Middle School	19 64733 0101634		x	No
119 Chime Institute Schwarzenegger Community School	19 64733 6119531		x	No
120 Citizens of the World Charter 2	19 64733 0126177		x	No
121 Citizens of the World Charter Hollywood	19 64733 0122556		x	No
122 City Charter Middle School	19-64733-0126102		x	No
123 Community Charter Early College High School	19 64733 0109876		x	No
124 Community Charter Middle School	19 64733 6116750		x	No
125 Crenshaw Arts-Technology Charter High School (CATCH)	19 64733 0101659		x	No
126 Crown Preparatory Academy	19 64733 0121848		x	No
127 Culture & Language Academy of Success Affirmation	19 64733 0100768		x	No
128 Discovery Charter Preparatory School #2	19 64733 0115253		x	No
129 Downtown Value School	19 64733 6119903		x	No
130 Early College Academy for Leaders & Scholars (ECALS) *	19 64733 0124933		x	No
131 El Camino Real Charter High School	19 64733 1932623		x	No
132 Endeavor College Preparatory Charter School	19 64733 0120014		x	No
133 Equitas Academy Charter Elementary School	19 64733 0119982		x	No
134 Excel Academy	19 64733 0112201		x	No
135 Extera Public School	19 64733 0124198		x	No
136 Fenton Avenue Charter School	19 64733 6017016		x	No
137 Fenton Primary Center	19 64733 0115048		x	No
138 Frederick Douglass Academy Elementary School	19 64733 0117952		x	No
139 Frederick Douglass Academy High School	19 64733 0112557		x	No
140 Frederick Douglass Academy Middle School	19 64733 0112433		x	No
141 Futuro College Preparatory Elementary School	19 64733 0120667		x	No
142 Gabriella Charter School	19 64733 0108886		x	No
143 Garr Academy of Mathematics and Entrepreneurial Studies (GAMES)	19 64733 0112334		x	No
144 Global Education Academy	19 64733 0114967		x	No
145 Goethe International Charter School	19 64733 0117978		x	No
146 Granada Hills Charter High School	19 64733 1933746		x	No
147 High Tech High – Los Angeles	19 64733 0100677		x	No
148 ICEF Vista Elementary Academy	19 64733 0117937		x	No
149 ICEF Vista Middle Academy	19 64733 0115287		x	No
150 Ivy Academia Charter School	19 64733 0106351		x	No

* PSC = Public School Choice

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Charter Schools (Continued)

Year Ended June 30, 2013

	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
151 Ivy Bound Academy	19 64733 0115113		x	No
152 James Jordan Middle School	19 64733 0109884		x	No
153 KIPP Academy of Opportunity	19 64733 0101444		x	No
154 KIPP Comienza Community Preparatory	19 64733 0121707		x	No
155 KIPP Empower Academy	19 64733 0121699		x	No
156 KIPP LA College Preparatory	19 64733 0100867		x	No
157 KIPP Philosophers Academy	19-64733-0125609		x	No
158 KIPP Raices Academy	19 64733 0117903		x	No
159 KIPP Scholar Academy	19-64733-0125625		x	No
160 Lakeview Charter Academy	19 64733 0102442		x	No
161 Lakeview Charter High School	19 64733 0122606		x	No
162 Larchmont Charter School	19 64733 0108928		x	No
163 Larchmont Charter School, West Hollywood	19 64733 0117929		x	No
164 Los Angeles Academy of Arts & Enterprise Charter (LAAAE)	19 64733 0110304		x	No
165 Los Angeles Leadership Academy	19 64733 1996610		x	No
166 Los Angeles Leadership Primary Academy	19 64733 0124818		x	No
167 Los Angeles Big Picture High School	19 64733 0122762		x	No
168 Los Feliz Charter for the Arts	19 64733 0112235		x	No
169 Lou Dantzer Preparatory Elementary School	19 64733 0117945		x	No
170 Lou Dantzer Preparatory High School	19 64733 0112540		x	No
171 Lou Dantzer Preparatory Middle School	19 64733 0112227		x	No
172 Magnolia Science Academy	19 64733 6119945		x	No
173 Magnolia Science Academy 2	19 64733 0115212		x	No
174 Magnolia Science Academy 3	19 64733 0115030		x	No
175 Magnolia Science Academy 4	19 64733 0117622		x	No
176 Magnolia Science Academy 5	19 64733 0117630		x	No
177 Magnolia Science Academy 6	19 64733 0117648		x	No
178 Magnolia Science Academy 7	19 64733 0117665		x	No
179 Magnolia Science Academy 8 (Bell) *	19 64733 0122747		x	No
180 Milagro Charter Elementary School	19 64733 0102426		x	No
181 Monsenor Oscar Romero	19 64733 0114959		x	No
182 Montague Charter Academy	19 64733 6018204		x**	No
183 Multicultural Learning Center	19 64733 6119044		x	No
184 N.E.W. Academy Canoga Park	19 64733 0102483		x	No
185 N.E.W. Academy of Science & Arts	19 64733 0100289		x	No
186 New Designs Charter School	19 64733 0102541		x	No
187 New Designs Charter School – Watts	19 64733 0120071		x	No
188 New Heights Charter School	19 64733 0111211		x	No
189 New Los Angeles Charter School	19 64733 0117614		x	No
190 New Millennium Secondary School	19 64733 0117911		x	No
191 New Village Charter High School	19 64733 0111484		x	No
192 North Valley Charter Academy	19 64733 0100776		x	No
193 Nueva Esperanza Charter Academy	19 64733 0120055		x	No
194 Ocean Charter School	19 64733 0102335		x	No
195 Our Community Charter School	19 64733 0109934		x	No
196 Pacoima Charter School	19 64733 6018642		x	No
197 Palisades Charter High School	19 64733 1995836		x	No
198 Para Los Ninos Charter Middle School	19 64733 0117846		x	No
199 Para Los Ninos Charter School	19 64733 6120489		x	No
200 Para Los Ninos – Evelyn Thurman Gratts Primary Center *	19 64733 0122630		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, 2013

	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
201	Port of Los Angeles High School (POLAH)	19 64733 0107755	x	No
202	Puente Charter School	19 64733 6120471	x	No
203	Renaissance Arts Academy	19 64733 0101683	x	No
204	Rise Ko Hyang Middle	19 64733 0124222	x	No
205	Santa Monica Boulevard Community Charter School	19 64733 6019079	x	No
206	Santa Rosa Charter Academy	19 64733 0119974	x	No
207	Stella Middle Charter Academy	19 64733 0100669	x	No
208	Synergy Charter Academy	19 64733 0106427	x	No
209	Synergy Kinetic Academy *	19 64733 0117895	x	No
210	Synergy Quantum Academy *	19 64733 0124560	x	No
211	TEACH Academy of Technologies	19 64733 0122242	x	No
212	Thurgood Marshall Charter Middle School	19 64733 0125261	x	No
213	Triump Academy	19 64733 0112193	x	No
214	Triump Charter High School	19 64733 0122598	x	No
215	USC Hybrid High	19 64733 0125864	x	No
216	Valley Charter Elementary School	19 64733 0122754	x	No
217	Valley Charter Middle School	19 64733 0122838	x	No
218	Valor Academy Charter School	19 64733 0120022	x	No
219	Vaughn Next Century Learning Center	19 64733 6019715	x	No
220	View Park Preparatory Accelerated Charter School	19 64733 6117048	x	No
221	View Park Preparatory Accelerated High School	19 64733 0101196	x	No
222	View Park Preparatory Accelerated Middle School	19 64733 6121081	x	No
223	Vista Charter Middle School	19 64733 0122739	x	No
224	Wallis Annenberg High School	19 64733 0100750	x	No
225	Watts Learning Center Charter Middle School	19 64733 0120527	x	No
226	Watts Learning Center Charter School	19 64733 6114912	x	No
227	Westside Innovative School House (WISH)	19 64733 0121012	x	No
228	Xinaxcalmecac Academia Semillas del Pueblo	19 64733 6119929	x	No

* PSC = Public School Choice

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to State Compliance Information

Year Ended June 30, 2013

(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, 2013

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	\$ 65,660,151	
Child Nutrition School Programs Lunch	10.555	PCA#13523, 13524	138,836,960	
Child Nutrition School Programs Snack	10.555	PCA#13755	294,547	
Donated Food Commodities	10.555	Not Available	14,677,815	
The Southland Bagel Company Settlement	10.555	Not Available	76,414	
Child Nutrition Summer Food Services Program Operations	10.559	PCA#13004	1,602,332	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA#13006	167,610	
Subtotal expenditures – Child Nutrition Cluster				221,315,829
Child Nutrition Child Care Food Program Claims	10.558	PCA#13529		42,663,079
Child Nutrition Child Care Food Program – Cash in Lieu of Commodities	10.558	PCA#13534		3,191,330
Subtotal CFDA 10.558				45,854,409
Child Nutrition Team Nutrition-Front Line Professional Education Mini Grants	10.574	PCA#14890		164,349
Passed through California Department of Health Services				
Network 4 Healthy California	10.561	10-10072		5,761,263
Forest Reserve	10.665	Not Available		50,588
Subtotal Pass-Through Programs				273,146,438
Total U.S. Department of Agriculture				273,146,438
U.S. Department of Defense:				
Flood Control Projects	12.unknown	Not Available		909
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available		2,247,638
Startalk: Exploring Arabic Through Technology, Visual Arts and Photography	12.900	H98230-12-1-0124		79,753
Subtotal Direct Programs				2,328,300
Total U.S. Department of Defense				2,328,300
U.S. Department of Housing & Urban Development:				
Passed through City of Carson				
Carson Guidance – CBDG Entitlement Grants Cluster	14.218	MOU		13,741
Subtotal Pass-Through Programs				13,741
Total U.S. Department of Housing and Urban Development				13,741
U.S. Department of Justice:				
Step Program Secondary Schools	16.684	2011-GW-AX-K008		160,617
Subtotal Direct Program				160,617
Total U.S. Department of Justice				160,617
U.S. Department of Labor:				
Passed through Employment Development Department:				
Employment Development Department Trade Act				
East Los Angeles Occupational Center	17.245	200344		24,554
Harbor Occupational Center	17.245	200348		9,284
North Valley Occupational Center	17.245	200522		17,346
West Valley Occupational Center	17.245	200458		58
Subtotal CFDA 17.245				51,242
LARCA Workforce Innovation Fund	17.283	C-122088		286,715

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

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	120970	\$ 81,631	
Passed through Los Angeles City College Workforce Investment Act – Youth Program-Harbor	17.259	4500187810	108,415	
Passed through Los Angeles City Workforce Investment Act – Youth Program	17.259	121599	793,000	
Passed through Para Los Ninos Workforce Investment Act – Youth	17.259	121136-13L	108,215	
Passed through Archdiocesan Youth Employment Services: Workforce Investment Act – Youth	17.259	T5241-12107	58,204	
Subtotal expenditures – Workforce Investment Act Cluster				1,149,465
Subtotal Pass-Through Programs				1,487,422
Total U.S. Department of Labor				1,487,422
National Science Foundation: Wide Chge. Experimental Study	47.076	0070 G ND220		244,456
Subtotal Direct Program				244,456
Total National Science Foundation				244,456
U.S. Environmental Protection Agency: Environmental Protection Agency–In-Home Asthma Trigger Ed	66.034	00T60101		52,194
Subtotal Direct Program				52,194
Total U.S. Environmental Protection Agency				52,194
U.S. Department of Education:				
Indian Education	84.060	S060A120283		207,665
Fund for Improv Edu Prog – Teach Am Hist	84.215	U215X100365		655,300
Small Learning Communities – COH 8	84.215	S215L080570		857,760
Subtotal CFDA 84.215				1,513,060
Gaining Early Awareness and Readiness for Undergraduate Programs (Gear-Up):				
Gear-Up-Project Steps	84.334	P334A050008		4,185
Gear-Up-Project Higher Learning	84.334	P334A050178		22,568
Gear-Up-Project Lasso	84.334	P334A050217		23,857
Gear-Up-District 8	84.334	P334A050205		8,059
Gear-Up-District 6	84.334	P334A060124		612,577
CA Gear Up	84.334	12-GEAR UP-1322/1326		7,220
Gear-Up 4 LA	84.334	P334A110166		3,199,163
Gear-Up-Project Steps	84.334	P334A110159		1,231,718
Subtotal CFDA 84.334				5,109,347
ARRA-I3 Fund LA'S Bold Competition	84.396	U396C100336		1,634,910
Teacher Incentive Fund (TIF)	84.374	S374A10066		3,390,582
Subtotal Direct Programs				11,855,564
Passed through California Department of Education: Workforce Investment Act – Adult Basic Ed/ESL	84.002	PCA#14508		15,520,547
Workforce Investment Act – Adult Secondary Ed	84.002	PCA#13978		2,051,951
Subtotal CFDA 84.002				17,572,498

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

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	\$ 208,989,931	
CE-NCLB T1 NPS	84.010	PCA#14329	6,568,245	
Elementary and Secondary Education Act, Title I Delinquent	84.010	PCA#14357	904,985	
Elementary and Secondary Education Act, Title I Neglected	84.010	PCA#14329	1,914,011	
CE-NCLB-Parent /Cluster resource	84.010	PCA#14329	1,546,232	
TI-A NCLB Supplemental Service	84.010	PCA#14329	47,602,964	
CE-NCLB T1-Reservations Schools	84.010	PCA#14329	1,229,370	
CE-NCLB-TI-Program Improvement School	84.010	PCA#14329	17,167,990	
CE-NCLB T1-Capital expenditure reimbursement NPS	84.010	PCA#14329	370,586	
NCLB-T1-Central Office	84.010	PCA#14329	6,385,909	
CE-NCLB T1-Professional Development	84.010	PCA#14329	7,300,618	
CE-NCLB-T1-Literacy Adoption	84.010	PCA#14329	420,959	
CE-NCLB-Public School Choice	84.010	PCA#14329	865,698	
CE-NCLB-T1 Lowest Performance School	84.010	PCA#14329	663,746	
Subtotal expenditures – Title I, Part A				301,931,244
Migrant Ed – Regular & Summer	84.011	PCA#14326		1,898,455
Special Ed: IDEA Local Assistance, Part B, Sec.611 Early Intervening Services	84.027	PCA#10119	4,408,062	
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	12-13379-6473-01	100,712,081	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	12-13379-6473-01	961,266	
Special Ed: IDEA Mental Health Allocation Plan	84.027	12-14468-6473-01,12-15197-647	5,328,148	
Special Ed: IDEA Pre-School Local Assistance Entitlement	84.027	PCA#13682	10,024,640	
IDEA Preschool Grant	84.173	PCA#13430	4,029,207	
PreSchool Expansion-Staff Development	84.173	PCA#13431	37,691	
IDEA-Preschool Desired Results	84.173	PCA#14688	96,637	
Subtotal expenditures – Special Education Cluster				125,597,732
Carl D. Perkins – SEC INSTR	84.048	PCA#14894		6,099,407
Carl D. Perkins – Vocational and Technical Education	84.048	PCA#14893/14896		2,749,773
Subtotal CFDA 84.048				8,849,180
Magnet Schools Assistance	84.165	U165A100057		2,770,974
Early Intervention Funds – Part C	84.181	PCA#23761		1,207,800
Title IV – Safe and Drug Free Schools & Community- National-Readiness Emergency Mgt 4 Schs.	84.184	Q184E100145		87,658
Title IV – Safe and Drug Free Schools-Healthy Student	84.184	Q184L080226		2,126,573
Subtotal CFDA 84.184				2,214,231
Homeless Education Project	84.196	PCA#14332		208,299
Twenty-first Century Learning Centers	84.287	PCA#14349		2,535,236
Twenty-first Century Learning Centers	84.287	PCA#14535		13,094,088
Twenty-first Century Learning Centers	84.287	PCA#14603		865,502
Subtotal CFDA 84.287				16,494,826
Advanced Placement	84.330	S330B110037, PCA#14831		2,494,060
GSU Development & Valid of a Behavioral Transition Teaching Program	84.324	R324B060005-05		1,001
Arts in Edu Model Dev & Dissem	84.350	U350A070039		276,974
School Dropout Prevention Program	84.351	U351D100117		457,057
Title III, Limited English Proficient Professional Development	84.365	S360A100054-11		2,197,220
Title III, Limited English Proficient Coaches PD Loc	84.365	PCA#14346		1,858,074
Subtotal CFDA 84.365				17,685,941
No Child Left Behind Title II-B – Math	84.366	PCA#14512		372,635
No Child Left Behind Title II-A – Teacher Quality	84.367	PCA#14341		51,744,752
No Child Left Behind Title II-A - CPEC-ITQ Project Frame	84.367	ITQ-10-708		79,145
Subtotal CFDA 84.367				51,823,897

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

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
School Improvement grant	84.377	PCA#15127/15183	\$ 15,523,882	
ARRA-School Improvement grant	84.388	PCA#15020	17,204,108	
Subtotal expenditures – School Improvement Grants Cluster				32,727,990
Passed through California Education Roundtable Intersegmental Coordinating Committee				
Alliance for Regional Collaboration to Heighten Educational Success (ARCHES)				
ARRA-Arches-I3 Slope	84.411	MOU		52,451
Passed through State Department of Rehabilitation: Rehab-Transition Partnership Program/Trans Part-Greater LA				
	84.126	27973		1,302,032
Passed through Center for Collaborative Education Principal Residency Network				
	84.363	MOA		225,409
Subtotal Pass-Through Programs				590,219,980
Total U.S. Department of Education				602,075,544
U.S. Department of Health & Human Services:				
SBHCC-Roosevelt HS Health Center	93.501	1C12CS21892-01-00		394,744
ACA GRT 4 School Based HealthCTR	93.501	1C12CS25600-01-00		60,461
School Health Program	93.938	3U87DP001201-05W1		409,591
CMS-Cycle II Chipra Outreach	93.767	1Z0CMS330872-01-00		440,935
Subtotal Direct Programs				1,305,731
Passed through University of California UCLA CEED Legacy Project Grant				
	93.738	5U58DP0009		16,247
Passed through Dibble Institute Dibble Inst-BldgBrighter Future				
	93.086	90FM0010-01-00		74,611
Passed through County of Los Angeles: Choose Health LA				
	93.531	PH-002164		315,594
Maternal Infant and Early Childhood Home Visiting Program				
	93.505	PH-002170		726,719
ARRA-Department of Public Health-Renew/Trust				
	93.724	PH-001130		7,280
Passed through California Department of Education: General Child Care Center-Block Grant				
	93.575	PCA#15136	7,635,156	
General Child Care Center-Mandatory & Matching Fund				
	93.596	PCA#13609	16,924,467	
Subtotal expenditures – Child Care Development Fund Cluster				24,559,623
Passed through University of California ARRA-NIMH School based Mental Program Research				
	93.701	1647 G NA105		70,021
Passed through County of Los Angeles: Passed through Los Angeles County Office of Education: Medi-Cal Administrative Activity				
	93.778	C-10606:08:09		7,720,033
Subtotal Pass-Through Programs				33,490,128
Total U.S. Department of Health & Human Services				34,795,859
Corporation for National and Community Service				
	94.013	11VSPCA014		5,658
Subtotal Direct Program				5,658
Total Corp for National and Comm Service				5,658
U.S. Department of Homeland Security:				
Passed through Governors Office of Emergency Services:				
Public Assistance – FEMA 1577 DR2005 Winter Storms	97.036	OES ID#037-91146-00		3,528
Public Assistance – FEMA-1810-DR-CA	97.036	OES ID#037-91146		5,200
Subtotal CFDA 97.036				8,728
Public Assistance – Disaster/FEMA 1810	97.039	OES ID #037-91146		57,058
Subtotal Pass-Through Programs				65,786
Total U.S. Department of Homeland Security				65,786
Total Expenditures of Federal Awards				\$ 914,376,015

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

(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) \$14,677,815 of donated food commodities received from the U.S. Department of Agriculture, passed-through the State of California, during the year ended June 30, 2013.

(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.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To The Honorable Board of Education
Los Angeles Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 13-01 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as FS 13-02 to be a significant deficiency.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Los Angeles, California
January 15, 2014



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB A-133

Independent Auditor's Report

The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance for Each Major Federal Program

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements described in the *(OMB) 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, 2013. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Teacher Incentive Fund (CFDA No. 84.374), Bold Competition (CFDA No. 84.396), and Child Care Development Fund Cluster (CFDA Nos. 93.575 and 93.596)

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
Matching	Bold Competition, CFDA No. 84.396	F-13-05
Matching	Teacher Incentive Fund, CDA No. 84.374	F-13-05
Eligibility	Child Care Development Fund Cluster, CFDA No. 93.575 and 93.596	F-13-03

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

Qualified Opinion on Teacher Incentive Fund (CFDA No. 84.374), Bold Competition (CFDA No. 84.396), and Child Care Development Fund Cluster (CFDA Nos. 93.575 and 93.596)

In our opinion, except for the noncompliance described in the table above, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Teacher Incentive Fund (CFDA No. 84.374), Bold Competition (CFDA No. 84.396), and Child Care Development Fund Cluster (CFDA Nos. 93.575 and 93.596) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, 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-13-01 to F-13-07. Our opinion on each major federal program is not modified with respect to these matters.

The District’s response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report



on internal control over compliance in accordance with 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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-13-03, F-13-04, F-13-05, and F-13-06 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-13-01 – F-13-07 to be significant deficiencies.

The District's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

January 15, 2014
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

To The Honorable Board of Education
 Los Angeles Unified School District

Report on Compliance

We have audited the compliance of the **Los Angeles Unified School District** (the District), with the compliance requirements described in the *Standards and Procedures for Audits of California K-12 Local Educational Agencies 2012-2013* (the Guide) for the year ended June 30, 2013. The District’s programs are identified in the table below.

Management’s Responsibility

Management is responsible for compliance with the requirements of the state laws and regulations applicable to each program.

Auditor’s Responsibility

Our responsibility is to express an opinion on the District’s compliance with the requirements described in the Guide based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *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. However, our audit does not provide a legal determination of the District’s compliance with those requirements.

In connection with the audit referred to above, we selected and tested transactions and records to determine the District’s compliance with state laws and regulations applicable to the following programs:

	Number of Procedures in Education Audit Appeals Panel Audit Guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13	Procedures performed
Attendance Accounting: Attendance Reporting	6	Yes





	Number of Procedures in Education Audit Appeals Panel Audit Guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13	Procedures performed
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
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
Juvenile Court Schools	8	Not applicable
Class Size Reduction (including Charter Schools):		
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	1	Yes
Mode of Instruction, for Charter Schools	1	Yes



	Number of Procedures in Education Audit Appeals Panel Audit Guide, Standards and Procedures for Audits of California K-12 Local Education Agencies 2012-13	Procedures performed
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

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its programs for the year-ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and questioned costs as items S-13-01 to S-13-04.

The District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Los Angeles, California
January 15, 2014

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified 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:	Unmodified
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	Unmodified
	Department of Labor – Workforce Investment Act	Unmodified
17.258	WIA – Adult Program	
17.259	WIA – Youth Activities	
84.002	Department of Education – Workforce Investment Act, Title II: Adult Education and Family Literacy Act	Unmodified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

CFDA #	Name of Federal Program	Opinion
84.010	Title I Grants to Local Educational Agencies	Unmodified
	Department of Education – Special Education Cluster:	Unmodified
84.027	Special Education Grants to States (IDEA, Part B);	
84.173	Special Education Preschool Grants (IDEA Preschool);	
84.048	Department of Education – Vocational Education Basic Grants to States (Perkins IV)	Unmodified
84.165	Magnet Schools Assistance	Unmodified
84.287	Department of Education – Twenty-First Century Community Learning Centers	Unmodified
84.334	Department of Education – Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	Unmodified
84.365	Department of Education – English Language Acquisition Grants	Unmodified
84.367	Department of Education – Improving Teacher Quality State Grants	Unmodified
84.374	Teacher Incentive Fund Initiative	Qualified
	Department of Education – School Improvement Grants Cluster	Unmodified
84.377	School Improvement Grants	
84.388	School Improvement Grants, Recovery Act	
84.396	Department of Education – Bold Competition	Qualified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

CFDA #	Name of Federal Program	Opinion
	Department of Health and Human Services – Child Care Development Fund Cluster:	Qualified
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	Unmodified
•	Any audit findings disclosed which are required to be reported in accordance with Section 510(a) of Circular A-133:	Yes
•	Dollar threshold used to distinguish between type A and type B programs:	\$2,743,128
•	Auditee qualified as low risk auditee	No
State Awards		
	Type of auditor’s report issued on compliance for state programs:	Unmodified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

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

FS-13-01 Construction in Progress and Transfers to Depreciable Capital Assets–Material Weakness

State Audit Guide Finding Code: 30000

Criteria

An entity should have a “Capital Asset Management and Accounting System” including formal internal control policies and procedures, designed to provide a standardized process to ensure all capital assets, including infrastructure and intangible assets, are properly recorded, capitalized, reported, and depreciated in a timely manner in accordance with generally accepted accounting principles.

Condition

Since 1997, the District has undertaken numerous construction projects to either repair, or modernize existing school facilities, and starting in 2001, to build new schools. Facilities Services Division (FSD) facilitates the proper accumulation and recording of the costs related to construction projects. The Information Technology Division (ITD) and Integrated Library and Textbook Support Services (ILTSS) facilitate proper accumulation and recording of the costs related to School Network Modernization Projects and Library Renovation Programs, respectively. ITD also is responsible for all internally developed software used by the District.

The FSD, ITD and ILTSS are responsible to inform the General Accounting Branch, Financial Reporting (FR) whenever an asset is completed and put into service. The FR Branch is in charge of the proper accounting of these assets in the Integrated Financial System (IFS), once they are completed and put in service. At that time, the total cost of completed projects is transferred to the appropriate fixed asset account classification, and depreciation expense is computed accordingly.

Construction in progress (CIP) is a District general ledger account that refers to the temporary classification of capital assets that are being built/assembled/developed before being placed in service. The District tracks all its costs related to the building/assembly/development of such assets until the asset is completed. The District’s formal policy for the determination of when a FSD project is completed is the Notice of Completion (NOC), which is filed with the Los Angeles County Registrar-Recorder Office. For ITD School Network Modernization Projects the Test and Acceptance Form is the determination of completion. Internally developed software is moved to completed projects when substantially completed and put in service. For ILTSS projects, the “Budget Modification Form” issued to close the project is the determination of completion.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2013

In the past 6 years, audit testing of the accuracy of the amounts accumulated in CIP and subsequently transferred to depreciable capital assets, disclosed the following control deficiency; project costs (1) were capitalized too early, (2) capitalized in the wrong fiscal year, or (3) included indirect labor expenses unrelated to the construction of the related assets and expenses were improperly accumulated in CIP. Consequently, depreciation of such assets was either overstated or understated in the year the asset was incorrectly determined to be completed. The impact of the control deficiency in each prior year's audit was not material to each audit year's financial statements and was reported in the management letter. The District properly adjusted its government-wide financial statements to correct all audit adjustments for the misstatements found during each audit year.

Management's corrective action for this control deficiency previously reported was to enhance controls and procedures and perform a more thorough analysis to appropriately determine expenses to be capitalized as part of CIP and to properly transfer CIP to Depreciable Capital Assets. Management's corrective action reported in the FY 2012 audit indicated that FSD and FR had already begun a higher degree of analysis than was performed in the past in order to clean up the data in the Fixed Asset System in preparation for the conversion to the new SAP Financial System. However, FSD had found limitations due to the master data setup on the continuous manual adjustment processes found in the legacy system.

As a result of the District's migration of capital asset data from the IFS to the new SAP Financial System, District staff discovered that several projects completed in prior years had not been transferred from the CIP account in IFS. The number of projects in the CIP ledger was significantly more than the number of projects in progress in the FSD, ITD and ILTSS data bases. In addition, District Facilities staff identified expenses in the CIP account that were incurred over the last ten years, for repairs and maintenance of facilities, and therefore, should have been expensed in the years they were incurred. As a result, the FSD performed a review of the project numbers remaining in CIP and categorized them as either (1) projects completed in FY 2013, (2) projects completed prior to FY 2013, (3) cancelled projects which should have been expensed, (4) repair projects which should have been expensed, (5) indirect costs which had not been allocated to projects, and (6) active projects which should remain in CIP as of June 30, 2013. ITD and ILTSS performed a similar review process over their respective projects.

Our current year audit procedures performed to determine the completeness and accuracy of the ending CIP balance resulted in the identification of the following types of errors and misstatements, which the District has corrected with the restatement:

A. Facilities Services Division (FSD)

- Projects were prematurely capitalized or capitalized late, due to errors in the reported completion dates of the completed projects (i.e., completion dates reported to FR were inconsistent with the actual signed Notice of Completion (NOC) document from the FSD.

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- Various projects within ending CIP were found to have been completed prior to FY 2013 and should have been capitalized and transferred from CIP.
- Repair expenses and other expenses, which should not have been capitalized, were charged to Object Code 6000 – Capital Outlay, and were recorded in CIP in the government-wide financial statements.
- Allowable labor expenditures incurred in support of the capital program, which should not have been capitalized as a direct cost of a project, were charged to Object Code 6000 – Capital Outlay and should have expensed (i.e. program management, program support).
- Construction Management costs, which should have been capitalized, were charged to “temporary project numbers as a holding account, however, these costs were never allocated to actual project numbers and therefore, were never properly transferred to completed assets. As these project numbers are not true “construction projects”, there was no completion trigger, such as an “NOC” that would be used to inform FR of the asset completion.

B. Information Technology Division (ITD)

- Projects were prematurely capitalized or capitalized late.
- Projects within ending CIP were completed prior to FY 2013 and should have been capitalized and transferred from CIP.
- Project costs for BTS and ISIS were not all recorded as Object code 6000 – Capital Outlay, but were expensed instead of capitalized.

C. Integrated Library and Textbook Support Services (ILTSS)

- Projects were prematurely capitalized or capitalized late.

Cause and Effect

The recording of the District’s capital assets that are being built/assembled/developed is a very voluminous and complex process. There are several thousand transactions annually which are dependent upon employees from four different divisions, some of whom lack adequate knowledge of accounting for fixed assets and the financial criteria for “project completion” for the purpose of determination on whether expenditures should be capitalized or expensed. There is not a review process in place by employees with sufficient knowledge to detect and correct errors in a timely manner. Also, the annual review of CIP is not designed to reconcile all transactions between the legacy system (IFS) and the data bases maintained by the FSD, ITD and ILTSS divisions to ensure accuracy of the CIP ending balance.

The overall effect after all audit adjustments were booked is a restatement to the beginning net position of \$639.5 million, and the reclassification of asset cost from CIP to the appropriate fixed asset categories in the Government-wide financial statement.

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Recommendation

We recommend that the initial determination of what projects should be recorded to Object 6000-Capital Outlay, and the evaluation, determination and documentation related to the completion of projects, be performed by employees with adequate knowledge of the financial accounting for such assets.

The District's Financial Reporting Division should establish new and improved policies and procedures, with proper oversight by employees with adequate knowledge, to ensure that the CIP account is analyzed and reconciled on a timely basis by project level. The analysis should validate that (1) completed projects are moved timely from CIP to the appropriate fixed asset account to be depreciated; (2) projects remaining in CIP at year-end represent projects required to be capitalized in accordance with GAAP, (3) repair projects which do not meet the accounting standards to be capitalized, are timely expensed, (4) cancelled projects are timely expensed, and all costs in CIP have been properly allocated/direct charged to each project.

View of Responsible Officials and Planned Corrective Action

Management concurs with the finding of material weakness. Various issues were discovered in the detailed analysis and cleanup of the CIP which will be addressed in the policies and procedures described below. In the past four fiscal years, Divisions have made gradual improvements in recording completed projects; however, a major weakness (resulting in this recurring finding) was the manual processes used to evaluate the completion of capital project completion.

Management also concurs with the recommendation that the legacy process for accounting for capital assets requires re-engineering. The District will establish a comprehensive policy and procedure to address the gaps described in the condition above and will address the following areas: capitalization of project cost; the financial criteria for project completion for the purpose of capitalization; appropriate project completion documentation and reporting standards; adjustments for cancelled projects; expenses related to Assets Under Construction (AUC, formerly CIP); capitalization of project trailing charges; and adjustments in fixed asset accounts and values.

As part of the corrective action plan, the District will implement the following improvements to the controls related to capital assets:

- Finance will develop a reference guide for capitalization of fixed assets based on generally accepted accounting principles by approximately February 28th. Based on Finance's guidelines, FSD, ILTSS, and ITD will establish policies and procedures at a more detailed level for appropriate project types by approximately April 15th. In May, Divisions will provide training to staff with responsibilities for accounting and reporting of capital assets and conduct periodic review of asset reports.

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- Regular SAP reports will be developed for the proper categorization of all capital projects. This will be completed by approximately March 31st.
- FSD will modify non-SAP project control systems to a) enforce segregation of repair and capital activities and b) to embed capitalization events for project life-cycle tracking. An integrated reporting system will be developed to provide status of projects that will serve as a trigger for completion of assets. This will be completed by approximately May 30th.
- ITD will closely monitor all IT projects and reconcile to Quickbase (ITD asset tracking software) to ensure timely and accurate reporting of project completions in the fixed asset module.
- By approximately February 28th, Divisions will identify appropriate personnel with knowledge of financial accounting to identify capitalizable projects and evaluate and document completion of projects.

FS-13-02 Standardized Change Management Process – 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 noted inconsistent approval procedures to initiate and process program changes for LAUSD accounting systems (e.g., SAP, ISIS, CMS, IFS, etc.). For some accounting systems (e.g., SAP), user acceptance approvals were required and for others (e.g., ISIS), approvals were not required. For some systems (e.g., SAP), standard change request forms, documenting business sponsor approvals are required and for other systems, (e.g., ISIS, Welligent, etc.) such forms are not required. As a result, a lack of consistent change management approval procedures may impact management control over the integrity of program changes for mission critical accounting systems.

Cause and Effect

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

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Recommendation

Each system should have a change management process that adheres to consistent approvals for all LAUSD accounting systems. Procedures should include documenting business sponsor, ITD and user acceptance approval using an actual signature or workflow system user account for processing program change requests.

View of Responsible Officials and Planned Corrective Action

A change management process with consistent approvals will be implemented on the systems that lack standard consistent change management process and approvals.

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Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number: **F-13-01**

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, and Award Number: 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 12-13379-6473-01;

L.A.'s Bold Competition – Turning Around and Operating Its Low-Performance Schools, U.S. Department of Education, CFDA No. 84.396, Grant Agreement U396C100336;

Workforce Investment Act, Title II: Adult Education and Family Literacy Act, U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.002, Grant Agreement 13-Multiple-6473.

Compliance Requirement: Cost Principles

State Audit Guide Finding Code: 30000 and 50000

Criteria

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,

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- (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.

Special Education Cluster (CFDA #84.027): In our sample of 60 payroll expenditures, we noted 2 employees at two school sites totaling \$4,463 provided signed semiannual certifications; however, the certifications were signed and dated subsequent to our request.

Total exceptions amounted to \$4,463 of the \$185,263 sampled from the sample population of \$39,554,596.

L.A.'s Bold Competition (CFDA #84.396): In our sample of 25 payroll expenditures, we noted 2 employees at one office site totaling \$7,356 provided semiannual certifications; however, the certifications were signed and dated subsequent to our request.

Total exceptions amounted to \$7,356 of the \$41,700 sampled from the sample population of \$236,995.

Workforce Investment Act (CFDA No. 84.002): In our sample of 60 payroll expenditures selected respectively from the first 6 months and the last 6 months of fiscal year 2012-13, we noted 3 employees at one school site totaling \$15,599 from the first 6 months, that provided signed semiannual certifications; however, the certifications were signed and dated subsequent to our request.

Total exceptions amounted to \$15,599 of the \$264,751 sampled from the sample population of \$4,085,445.

Cause and Effect

The conditions appear to be control deficiencies where employees did not follow the District's policies and procedures.

This finding is a repeat finding and has been reported previously for June 30, 2008 to June 30, 2012 (F-08-01, F09-01, F-10-01, F-11-01, and F-12-01) for Special Education Cluster.

This finding is a repeat finding and has been reported previously for June 30, 2009 to June 30, 2011 (F09-01, F-10-01 and F-11-01) for Workforce Investment Act.

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Questioned Costs: \$27,418 (see summary below):

- **Special Education Cluster:** \$4,463 – untimely
- **The Bold Competition:** \$7,356 – untimely
- **Workforce Investment Act:** \$15,599 – untimely

Recommendation

We recommend that the District continue to provide ongoing training to appropriate personnel on the updated procedures and include a process to monitor compliance with those procedures.

View of Responsible Officials, Planned Corrective Action, and Contact Information

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

Response was provided by the Accounting Control of Los Angeles Unified School District
Telephone: (213) 241-1000 (Accounting Control Office)

L.A.'s Bold Competition (CFDA #84.396): All employees who are solely funded by a federal reward receive and are asked to complete and return a Semi-Annual Certification form within 30 days of the close of June 30th and December 31st annually. Multi-funded employees receive and are required to complete a MFTR on a monthly basis

Name: Monique Epps
Title: Director
Telephone: (213) 241-2554

Program Identification

Finding Reference Number:

F-13-02

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

Title I Grants to Local Educational Agencies: U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.010, Grant Agreement 14329;

Teacher Incentive Fund Initiative: U.S. Department of Education, CFDA No. 84.374, Grant Agreement S374A120066.

Compliance Requirement:

Allowable Costs

State Audit Guide Finding Code:

30000 and 50000

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Criteria

Code of Federal Regulations – Title 34 – Education, Part 75 – Direct Grant Programs – Subpart F – What Are the Administrative Responsibilities of a Grantee? Section 75.702 Fiscal control and fund accounting procedures.

- A grantee shall use fiscal control and fund accounting procedures that ensure proper disbursement of and accounting for federal funds.

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 80.23, Period of availability of funds:

- General: Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case, the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A, General Principles for Determining Allowable Costs, Part C, Basic Guidelines:

- Factors affecting allowability of costs. To be allowable under federal awards, costs must meet the following general criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of federal awards.
 - b. Be allocable to federal awards under the provisions of this circular.
 - c. Be authorized or not prohibited under state or local laws or regulations.
 - d. Conform to any limitations or exclusions set forth in these principles, federal laws, terms and conditions of the federal award, or other governing regulations as to types or amounts of cost items.
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both federal awards and other activities of the governmental unit.
 - f. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
 - g. Except as otherwise provided for in this circular, be determined in accordance with generally accepted accounting principles.
 - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other federal award in either the current or a prior period, except as specifically provided by federal law or regulation.
 - i. Be the net of all applicable credits.
 - j. Be adequately documented.
- Allocable costs.
 - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
 - b. Any cost allocable to a particular federal award or cost objective under the principles provided for in this circular may not be charged to other federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the federal awards, or for other reasons.

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Condition

Title I Grants to LEAs (CDFA #84.010): As part of our procedures over program expenditures, we selected a sample of non-payroll expenditures that were recorded and charged to the program to ascertain whether or not they were allowable per program regulations, accurately charged to the program, and appropriately supported in accordance with the OMB cost circular documentation requirement. We noted that the following non-payroll expenditures recorded to expenditure accounts were not allowable:

Based on 60 payment voucher (PV) samples, we noted the following:

- 1 sample totaling \$4,087 was charged for amusement park admission tickets. This purchase was not program related and thus, they were not allowable.
- 1 sample totaling \$2,320 was charged for a file cabinet and desk removers. This purchase was not program related and thus, it was not allowable.
- 1 sample totaling \$3,001 was charged for Korean books. This purchase was not allowable to the program.

Total exceptions of \$9,408 of the \$3,230,764 sampled of the \$33,843,104 PV expenditures.

Teacher Incentive Fund Initiative (CFDA #84.374): As part of our procedures over program expenditures, we selected a sample of adjusting journal vouchers that were recorded and charged to the program to ascertain if they were appropriately supported in accordance with OMB cost circular documentation requirements. We noted that one (1) of the two (2) journal vouchers was to transfer the training stipends totaling \$229,803 to the Teacher Incentive Fund Initiative program. However, program staff erroneously used the wrong expenditure lines from the SAP payroll data when preparing the journal entry totaling \$314,292. They inadvertently used expenditure code 110004 for supplemental payments instead of code 190004 for training stipends; as such, the transfer/charge to the program was overstated by \$84,489.

Total exceptions amounted to \$84,489 of the \$1,171,541 sampled from the \$1,364,336 of total journal voucher transfers for the fiscal year ended June 30, 2013.

Cause and Effect

The conditions appear to be control deficiencies where employees did not follow District policies and procedures.

Questioned Costs

Title I Grants to LEAs (CDFA #84.010): \$9,408

Teacher Incentive Fund Initiative (CFDA #84.374): \$84,489 (\$314,292 - \$229,803)

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Recommendation

Title I Grants to LEAs (CDFA #84.010): We recommend that the District continue to provide guidance/training to ensure appropriate costs are charged to federally funded programs.

Teacher Incentive Fund Initiative (CFDA #84.374): The District should prepare an adjusting journal entry to correct the above error and provide proof of correction for the grantor's follow-up.

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

Title I Grants to LEAs (CDFA #84.010): The District will continue to provide guidance and training to ensure expenditures fall within program guidelines. The District's handbooks and materials on budgeting that are part of the budget packet given to schools identifies allowable expenditures. In addition, currently, the funding of general supplies has been closed, and IMA may be restricted.

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

Teacher Incentive Fund Initiative (CFDA #84.374): The correcting journal entry was made and posted on October 2, 2013. Effective October 2013, the following monitoring and review procedures were implemented 1) a monthly tracking system for all TIF-related expenditures per the major federal line items, 2) biweekly budget meetings and 3) a three-step review process for budget reporting.

Name: Drew Furedi, Ed.D
Title: Executive Director, Human Capital Initiatives
Telephone: (213) 241-5878

Program Identification

Finding Reference Number:

F-13-03

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, 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, Passed through the California Department of Education, CFDA No. 93.575 and 93.596, Grant Agreements CSPP-2211 and CCTR-2210.

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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 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;

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- 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.
 - 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 40 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 the following:

- One (1) household income had been erroneously calculated resulting in incorrect eligibility determination where the child was classified as eligible for free meals instead of reduced-price meals.
- One (1) household income was properly documented and correctly calculated; however, it was erroneously recorded into CMS and resulted in incorrect eligibility determination where the child was classified as eligible for free meals instead of reduced-price meals.
- One (1) "Verification documentation of Households Applying for Free or Reduced-Price Meals" form was not signed by the second reviewer.

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 60 participants from 6 out of 100 Early

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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.

Our review of the participant files noted the following:

- Four (4) files lacked documentation supporting the single parent status
- One (1) file did not have sufficient proof of income (other than self-certification)
- Two (2) families' annual recertification were not done timely (more than 12 months)
- Two (2) files could not be located at one center
- One (1) CD 9600 Recertification form was not signed and dated by parent
- One (1) household income had been erroneously calculated resulting in over charging the family fee by 40 cents for half day or 80 cents for full day.

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.

This is a repeat finding and has been reported previously for June 30, 2012 (F-12-02).

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.

This is a repeat finding has been reported previously from June 30, 2009 to June 30, 2012 (F-09-04, F-10-03, F-11-03 and F-12-02).

Questioned Costs

Child Nutrition Cluster: The questioned cost is approximately \$480 based on the number of meals claimed for the 2 students for the school year 2012-13.

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

The questioned cost for the two (2) missing family files, inadequate support of one (1) family income and four (4) single parent status is estimated totaling \$58,327 based on the contract rate of \$34.29 per day multiplied by the total number of program operation days for fiscal year 2012-13.

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 continue to provide training to its staff that perform the verification of eligibility, to ensure that errors in calculations may be minimized.

Child Care and Development Fund: We recommend that 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: The District agrees with the recommendation. On December 12, 2013, the District had a re-training for staff on the verification process to be conducted. The training focused on calculating household incomes based on verification documents provided, determining eligibility and process for the second reviewer. In addition, the verification training has been scheduled in the yearly Food Services calendar to be conducted prior to September 30th of each calendar year to prepare for the verification process.

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 implemented the following corrective action plan:

1. All new Elementary School Administrative Assistants (SAA) and Early Childhood Office Managers have been trained on compliance requirements for eligibility.
2. Returning ECE Office Managers and Elementary SAA's were given refresher training on eligibility requirements.
3. ECE fiscal staff has revised their job duties to include one site visit per quarter at every ECE center for training, review of documentation, and overall assistance in helping sites meet compliance requirements.

The above listed actions have been implemented as of October 29, 2013 and are part of the standard ongoing operational procedures of the Division.

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

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Program Identification

Finding Reference Number:	F-13-04
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, 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, California Department of Education, CFDA No 84.048, Grant Agreements 12-14893-6473; 12-14893-7443; School Improvement Grants, Department of Education, California Department of Education, CFDA No 84.377 and 84.388, Grant Agreements Workforce Investment Act (WIA), Title II: Adult Education and Family Literacy Act, U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.002, Grant Agreement No: Multiple-6473. 12-13970-6473.
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: Major changes effective October 2012, each piece of equipment costing \$500 or more must be correctly labeled and inventoried. It is recommended that attractive equipment items, such as laptops, iPads, netbooks, iPod Touches, e-readers, etc., that have a unit cost of less than \$500 be labeled as well. Object code 4501 (General Supplies) should be used when purchasing equipment costing less than \$500.

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”.

BUL-3508.5 Section B - Inventory Form and Equipment Inventory Database: School or location is required to submit a Categorical Equipment Inventory (CEI) to Federal and State Education Programs, Beaudry Building, 16th Floor, or an electronic copy to FSEP@lausd.net by June 1 of each school year

BUL-3508.5 Section D: Letter of Certification requires school or location submit a Principal Certification if no equipment was purchase with categorical funds during the school year.

BUL-3508.5 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 1 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, “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-3508.5), 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 sampled a total of 60 schools that submitted the CEI or PC and verified if the PC Letter was received and CEI was completed in accordance with the policies. We noted that the CEI provided by 3 schools were missing certain components (i.e. serial number or location information) for a few items. Subsequent to November 21, 2013, 2 out of these 3 schools corrected the CEI with the missing items.

School Improvement Grants and ARRA: A total of 19 schools received SIG funding during fiscal year 2012-13. Of the total 19 schools, 14 provided CEI and 5 provided PC Letters to the central office. In our procedures performed for all schools to determine if the schools were in compliance with those policies and procedures, we noted the following exceptions:

1. Certain information is missing for the following required components from 3 schools:

Missing Required Component	Number of Schools	Number of Equipment
Serial Number	3	24
Purchase Date	1	14
Locations	1	21
Acquisition Cost	1	5
Delivery Date	1	14
Funding	1	14

Subsequent to the discussion with the program staff, the schools corrected the CEI with the missing items on November 15, 2013.

Vocational Education Basic Grants to States (Perkins IV): Section 132 – ROC/P Adult Vocational Education Basic Grants (contract numbers 12-14893-6473 and 12-14893-7443):

A total of 30 locations received Perkins funding during fiscal year 2012-13. Of the total 30 schools, all are required to provide CEI for fiscal year 2012-13. In our procedures performed for 15 schools to determine if the schools were in compliance with those policies and procedures, we noted the following exceptions:

1. Certain information is missing for the following required components from 5 locations:

Missing Required Component	Number of Schools	Number of Equipment
Serial Number	1	10
Model	1	14
Purchase Date	3	163

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<u>Missing Required Component</u>	<u>Number of Schools</u>	<u>Number of Equipment</u>
Acquisition Cost	2	149
Inspection Date	1	127
Condition	1	127

- Physical inspection check could not be verified for two (2) sampled locations. Note: Since attachment E is not submitted by any of the service areas, we looked at the inspection date along with signed principal assurance to satisfy the testing of physical check requirements.

Subsequent to the discussion with the program staff, the schools corrected the CEI with the missing items on December 19, 2013.

Vocation Education Secondary: According to the District’s Perkins Division of Intensive Support and Intervention, schools and offices funded with Secondary Perkins are required to submit the Perkins Inventory Sheet to the Perkins Division of Intensive Support and Intervention for equipment purchased during the fiscal year or certifying that no equipment was purchased. The District’s Perkins Advisors perform physical inventory based on the Perkins Inventory Sheets submitted, and documents the dates of the physical inventory inspection.

In our procedures performed for 15 schools to determine if the schools were in compliance with those policies and procedures, we noted the following exceptions:

- No evidence of physical inventory inspection was performed for 4 schools. Additionally, for physical inventory inspection of the remaining 11 schools, the Division only inspected equipment purchased during the fiscal year instead of all equipment funded by Perkins.
- 1 school mistakenly recorded an item with a unit cost less than \$500 in object code 4490.

Workforce Investment Act, Title II: Adult Education and Family literacy Act: In our procedures performed to determine if the schools were in compliance with the policies and procedures related to the equipment inventory for all 36 schools, we noted the following exceptions:

<u>Missing Required Component</u>	<u>Number of Schools</u>	<u>Number of Equipment</u>
Serial Number	1	2
Acquisition cost	1	1

Additionally, physical inventory inspection was done only for the equipment purchased during the fiscal year; however, none of the schools conducted the physical inventory for all equipment purchased prior to 2012-13.

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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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 finding is a repeat finding and has been reported previously for June 30, 2010 through June 30, 2012 (F-08-01, F09-01, F-10-04, F-11-04, and F-12-03) for Title I Grants to LEAs, Vocational Education Basic Grants to States (Perkins IV) and Workforce Investment Act, Title II.

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: Funding equipment will continue to be a **restricted** item, and schools must go through the budget adjustment request (BAR) process with approval from Federal and State Education Programs in order to purchase equipment. The guidelines are currently referenced in the *2013-2014 Program and Budget Handbook* and will be included in the *2014-2015 Program and Budget Handbook*.

Further, the ESC Title I coordinators will review the guidelines with the schools prior to the submission of the categorical equipment inventories for FY 2013-14.

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

Vocational Education Basic Grants to States (Section 132):

Equipment inventory procedures pursuant to federal, district and division policies will be reviewed with service area administrators and school based personnel involved with Perkins programs. A review of Perkins program compliance procedures will be presented at administrative meetings. All such reviews will be accomplished by the end of the current fiscal year.

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

Vocational Education Basic Grants to States (Section 131):

1. Currently a historical data base is being gathered and put together of all schools who received Perkins funding as far back as existing records will allow. Once that inventory is compiled the CTE school advisors will be assigned various schools to inventory.
2. Also, currently CTE / Perkins funded teachers are being asked to submit a full classroom inventory of all equipment as to follow CDE recommendations.
3. Schools who have submitted and intent to apply for additional Perkins funds FY 14-15 must submit a complete inventory of CTE/Perkins funded equipment prior being approved.

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4. Lastly, schools who have not purchased equipment will be asked to sign the waiver that states that items were not purchased for that year.

Name: Pia Damonte
Title: Admin Coordinator, Career Technical Education
Telephone: (213) 241-1031

School Improvement Grants (SIG): The three schools corrected the CEI with the missing items on November 15, 2013. The District and SIG Office will provide on-going guidance and training to ensure that SIG schools correctly identify and inventory all purchases.

Name: Nader Delnavaz
Title: Director
Telephone: (213) 241-2144

Workforce Investment Act, Title II: We agree with the auditor's findings. We will be conducting a physical inventory of the WIA equipment at our 10 Adult Education Service Area Schools to be completed by March 31st, 2014.

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

Program Identification

Finding Reference Number:	F-13-05
Federal Program Title, Awarding Agency, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:	Teacher Incentive Fund Initiative, U.S. Department of Education, CFDA No. 84.374A, Grant Agreement S374A120066; Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), U.S. Department of Education, CFDA No. 84.334, Grant Agreement P334A110166; Bold Competition (i3), U.S. Department of Education, CFDA No. 84.396, Grant Agreement U396C100336;
Compliance Requirement:	Matching
State Audit Guide Finding Code:	30000 and 50000

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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.

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.

Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.

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Condition

Teacher Incentive Fund Initiative - According to the District's Interim Annual Performance Report (APR) for the period October 1, 2012 through May 31, 2013, the District's matching for the grant period totaled \$547,512. Through inquiry with the program personnel, the District's match consisted of salaries and benefits of \$301,512 and other contractual expenditures of \$246,000. We also noted that the employees, whose salaries were being used for the matching to the grant, were not originally required to prepare additional time reporting such as semi-annual certifications (SAC) and/or personnel activity reports (PAR) as required by OMB Circular A-87. Subsequent to the request, the District provided the semi-annual certifications signed by each of the employees for the period of October 2012 through May 31, 2013. However, the certifications were untimely in that they were dated in October 2013. In addition, the program personnel represented to us that other contractual expenditures of \$246,000 reported as match had not been incurred as it was projected. As such, no supporting documentation was provided.

GEAR-UP - In our procedures performed over matching contributions, we noted that matching expenditures totaling \$1,652,187 for the reporting period October 1, 2011 through September 30, 2012 were reported. Of the total match, \$840,962 were derived from the District's employee salaries and benefits. We requested documentation to support the reported matched expenditures and noted that the Personnel Activity Reports were summarized and signed by the employees every 6 months instead of monthly.

Bold Competition - The District's Bold Competition matching fund was provided by one of the District's Office Partners, Unite-LA. For the performance period of 2011-12, the District has represented to us that salary expenses of \$157,826 was used as a matching cost to the program. In our procedures performed over these matching contributions, we were provided the following documentation to support the cost used to meet the matching requirement.

- Summary worksheet showing staff allocation by funding source.
- Monthly Time and Effort Report for Sponsored Agreement (Time Report) - A form that was signed by the employee to certify the percentage allocation for the pay periods reported for the match.
- Payroll registers and/or canceled checks.

Based upon our review of the above documentation, we selected 40 samples totaling \$36,481 to test if the salary match met the OMB criteria. We noted that the Time Reports were signed by the employees, however, none of them were dated; as such, we could not determine when the Time Report was actually prepared. In addition, payroll records (i.e. payroll registers) were not provided for 7 out of the 40 Time Reports we sampled, therefore we were unable to verify the payroll expense.

Questioned Costs

Teacher Incentive Fund Initiative - Of the District's total matching expenditure reported for the period October 1, 2012 through May 31, 2013, \$246,000 was not supported with any documentation. The untimely signed semi-annual certifications is a programmatic internal control deficiency.

GEAR-UP - Not applicable. Questioned cost for the untimely signed semi-annual certifications is a programmatic internal control deficiency.

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Bold Competition – The questioned cost of \$36,481 is related to the Time Reports that were not dated for the 40 samples which also includes the 7 samples totaling \$3,105 for unsupported payroll expense.

Cause and Effect

Teacher Incentive Fund Initiative - There appears to be lack of policies and procedures for how to document and support the amounts report for matching on this grant.

GEAR-UP -Current policies and procedures for this grant did not require their employees to prepare and sign the PAR on a monthly basis.

Bold Competition – The District program office did not have procedures in place to determine that the documents were sufficient to meet the OMB Circular requirements for the matching provided by Unite-LA during the period 10/1/2011 through 9/30/2012.

Recommendation

Teacher Incentive Fund Initiative - Program Staff should review the District’s established policies and procedures to ensure that proper documentation is prepared and maintained to support the matching.

GEAR-UP - Program staff should update its policies and procedures to require proper documentation be prepared and maintained to support the matching. We also recommend that the policy and procedure include proper timely review of the supporting documentation.

Bold Competition – Effective October 1, 2012, the District program office implemented a policy and procedure for reviewing the matching expenditures. We recommend that the program office continue to follow the procedures as described in the *Intensive Support and Intervention Division Public School Choice Office Process for Reviewing Matching Expenses*.

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

Teacher Incentive Fund Initiative - Effective October 2013, time cards are collected monthly and semi-annual certifications per district policies and procedures for all TIF project related employees—including those whose salaries are paid for with TIF funds as well as those accounted for in our matching funds will be completed.

While the matching on the interim APR was over-reported by \$246,000, it is anticipated that the required match over the course of the grant will be met.

Effective October 2013, the following monitoring and review procedures were implemented 1) a monthly tracking system for all TIF-related expenditures per the major federal line items, 2) biweekly budget meetings and 3) a three-step review process for budget reporting.

Name: Drew Furedi, Ed.D
Title: Executive Director, Human Capital Initiatives
Telephone: (213) 241-5878

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GEAR-UP - Effective 2013-14, a monthly timesheet to document matching will be used and policies and procedures will be updated.

Name: Lois Bramwell
Telephone: (213) 241-0150

Bold Competition – The District agrees with the recommendation and will continue to follow the procedures described in the referenced document.

Name: Monique Epps
Title: Director
Telephone: (213) 241-2554

Program Identification

Finding Reference Number:	F-13-06
Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Domestic Assistance (CFDA) Number, Award Number:	Teacher Incentive Fund Initiative, U.S. Department of Education, CFDA No. 84.374A, Grant Agreement Grant Agreement S374A120066; Magnet Schools Assistance, U.S. Department of Education, CFDA No 84.165, Grant Agreement U165A10057; Child Nutrition Cluster: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children, California Department of Education, U.S. Department of Agriculture CFDA 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, California Department of Education, CFDA No. 84.048, Grant Agreements 12-14894-6473-00, 12-14893-6473-00 and 12-14893-7443-00.
Compliance Requirement:	Reporting
State Audit Guide Finding Code:	30000 and 50000

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Criteria

Title 7 – Agriculture, Chapter II – Food and Nutrition Service, Department of Agriculture, Part 210 – National School Lunch Program, Subpart B – Reimbursement Process for States and School Food Authorities, Section 210.8, Claims for reimbursement:

Internal controls. The school food authority shall establish internal controls which ensure the accuracy of lunch counts prior to the submission of the monthly Claim for Reimbursement. At a minimum, these internal controls shall include: an on-site review of the lunch counting and claiming system employed by each school within the jurisdiction of the school food authority; comparisons of daily free, reduced-price and paid lunch counts against data that will assist in the identification of lunch counts in excess of the number of free, reduced-price, and paid lunches served each day to children eligible for such lunches; and a system for following up on those lunch counts that suggest the likelihood of lunch-counting problems.

School food authority claims review process. Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches.

Provision 2 – Provision 2 has a 4-year cycle for annual notification and certification for free and reduced price meals. In the first year, schools must take daily counts of the number of meals served by meal category (paid, free, reduced price) and establish the percentage of meals served by category each month. In the second, third and fourth school years, schools must count only the total number of reimbursable meals served each month; the monthly percentages established in the first year are then applied to the counts taken in the corresponding months of the current year. At the end of 4 years, the cycle may be extended for another 4 years if the State determines that the economic condition of the school's enrollment has not improved. Additional 4-year extensions may be approved on the same basis (42 USC 1759a (a)(1)(C) and (D); 7 CFR section 245.9(b)).

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 expend 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.

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- 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.

Condition

Child Nutrition Cluster (CDE #s 10.553, 10.555, and 10.559): During 2012-13, the District operated a total of 425 schools under Provision 2. To test the accuracy of the claim percentages used in year 2, 15 schools were sampled from 4 months (a total of 60 samples) to compare the monthly percentages by category for each month established in the Cafeteria Management System (CMS) with the percentages used in the final claim for lunch and breakfast for the corresponding months. Based on our review, we noted that the percentages claimed for breakfast (B) and lunch (L) for 5 schools did not agree with the percentages per CMS.

The following table shows only the results of the comparison of the percentages used between CMS and the final claims:

School ID	Type	Over / (Under) Billed to CDE (%)			Over / (Under) Billed to CDE (\$)			Total Claimed		Total
		Free	Reduced	Full	Free	Reduced	Full	Over	Under	Over/(Under)
13974	B	34%	9%	-43%	\$ 3,601	\$ 838	\$ (672)	\$ 4,439	\$ (672)	\$ 3,767
12027	B	-22%	-6%	27%	(1,093)	(239)	201	201	(1,332)	(1,131)
12397	B	5%	-1%	-4%	665	(131)	(74)	665	(205)	460
12767	B	9%	0%	-9%	724	(2)	(105)	724	(107)	617
18543	B	2%	-2%	0%	103	(102)	3	106	(102)	4
18543	L	-1%	2%	-1%	469	(608)	3	472	(608)	(136)
					\$ 4,469	\$ (244)	\$ (644)	\$ 6,607	\$ (3,026)	\$ 3,581

Magnet Schools Assistance (CFDA 84.165) and Teacher Incentive Fund Initiative (CFDA 84.374A)

In our procedures performed over performance reporting, we noted that the District prepares Annual Performance Report (APR) using information primarily from the general ledger. The District submitted a separate APR for the Teacher Incentive Fund Initiative (TIF) for period of October 1, 2012 through May 31, 2013 and the Magnet Schools Assistance for October 1, 2011 through September 30, 2012. In order to test the accuracy of the information on the reports, we traced data from the reports to the general ledger. We also verified that the APRs were approved by the applicable certifying official.

Teacher Incentive Fund Initiative (CFDA 84.374A): Program staff was unable to provide a supporting reconciliation of the expenditures totaling \$2,680,171 reported on the Interim APR to the general ledger. Based on our review of the general ledger for the respective reporting period, we noted that the total should have been \$2,643,634. Thus, the APR reported \$36,537 more than the amount shown in the general ledger.

Magnet Schools Assistance (CFDA 84.165): During our review of the APR reported for the period October 1, 2011 through September 30, 2012 we noted that the District’s total annual expenditures by school were reported based on the total expenditures divided equally by four (4) schools. Based on our inquiries with the program coordinator, the reporting methodology was provided to them by the

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Department of Education with instructions on how to report the expenditures. The program director also provided us with the training materials showing the instructions. However, based on our review of the instruction materials, it states that only shared costs are divided equally by the number of schools served by this grant. In other words, if the costs directly related to a specific school, such costs should be reported only for that school.

Section 132 – ROC/P Adult Vocational Education Basic Grants (contract numbers: 12-14893-7443-00 and 12-14893-6473-00):

In our procedures performed over the accuracy of the data reported on the CDE Form 101: E1 Report of Career Technical Education Enrollment and Program Completion ((called E1), we selected 60 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:

1. Eligibility Forms were not provided for 15 students
2. Registration Forms were not provided for 8 students
3. Discrepancy was noted between the E1 Report and Eligibility Form for 10 students
4. Discrepancy was noted between the E1 Report and Registration Form for 11 students
5. Attendance sheet were not provided for 5 students

In another procedure performed over the E1 report submitted to CDE, we selected 10 CBEDs and we compared the participants data reported to CDE, with the Report from SIS (in excel format) that was used for inputting data into the CDE reporting system. We noted that the number of students reported for the following categories were not supported by the data recorded in the SIS system. According to the Program Personnel, some variance is expected as he ran the detail reports on request from the auditor several months after running the original summary report. The detail report pulls current student status information which is dynamic. However, the original files were maintained by the program personnel, as such we were unable to confirm whether or not the variances noted were due to the timing of when the report was ran or due to clerical errors.

CBED	Category	SIS	E1 Report	Variance
5622 CAS Adult	Ethnicity	206	205	-1
5622 ROCP Adult	Ethnicity	1,260	1,273	13
5622 ROCP Adult	Special Population	1,505	1,506	1
5849 ROCP Adult	Ethnicity	34	36	1
5849 CAS Adult	Special Population	226	227	1
4401 CAS Adult	Special Population	481	478	-3
4420 CAS Adult	Special Population	66	63	-1
4242 ROCP Adult	Ethnicity	164	165	1
4276 ROCP Adult	Ethnicity	2,359	2,366	7
4276 ROCP Adult	Special Population	2,881	2,885	4
4280 ROCP Adult	Special Population	1,090	1,089	-1
4420 ROCP Adult	Ethnicity	312	320	8
4276 ROCP Adult	Column E	186	189	3
4276 ROCP Adult	Column F	1,124	1,127	3

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Cause and Effect

Magnet Schools Assistance (CFDA 84.165) and Teacher Incentive Fund Initiative (CFDA 84.374A): The Program's current policies do not include procedures to ensure that the Final and/or Interim APRs are reconciled with the general ledgers and reported accurately. Also, the program personnel misinterpreted the CDE training materials related to the reporting for expenditures under this grant on the APRs.

Child Nutrition Cluster (CDFA #s 10.553, 10.555, and 10.559): Program staff did not know the causes of the variances.

Section 132 – ROC/P Adult Vocational Education Basic Grants: There appears to be inadequate controls over E1 reporting.

This is a repeat finding and has been previously reported from June 30, 2006 through 2012 (F-06-25, F-07-25, F-08-18, F-09-15, F10-11, F-11-12, and F-12-09) for *Section 132 – ROC/P Adult Vocational Education Basic Grants*.

Questioned Costs

Child Nutrition Cluster (CDFA #s 10.553, 10.555, and 10.559): The known questioned costs from the sampled schools and months amounted to \$6,607.

Magnet Schools Assistance (CFDA 84.165) and Teacher Incentive Fund Initiative (CFDA 84.374A): 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 the Department of Education. The actual drawdowns are conducted by the District's accounting team under the Special Funded Program and the drawdowns were supported by the general ledger.

Section 132 – ROC/P Adult Vocational Education Basic Grants: 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.

Recommendation

Child Nutrition Cluster (CDFA #s 10.553, 10.555, and 10.559): We recommend the District determine the cause of the variances. Program staff should perform a reconciliation between the claimed percentages with the CMS for all other schools and months under Provision 2 and make an adjustment accordingly, if any. We also recommend that the District strengthen its controls to ensure the claim percentages be reconciled with the CMS and such review should be performed periodically.

Magnet Schools Assistance (CFDA 84.165) and Teacher Incentive Fund Initiative (CFDA 84.374A): Policies and procedures should be implemented to strengthen its controls over APR reporting for the TIF Program, to ensure that reports are accurately reconciled to the actual data.

With regards to the specific finding related to reporting expenditure for each school under the Magnet School Assistance, the District should report the total cost per school in accordance with the instructions and adjust the total accumulative expenditures per school in the next APR.

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Section 132 – ROC/P Adult Vocational Education Basic Grants: The District should continue to monitor and enforce the policies and procedures they have implemented which has strengthened and improved its controls over reporting for the Secondary and Adult Vocational Education program, to ensure that students' data are not lost and the data collection is documented adequately.

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

Child Nutrition Cluster (CDFA #s 10.553, 10.555, and 10.559): The District agrees with the recommendation. The District scheduled a meeting with the Finance team and the Cafeteria Management System (CMS) team on Friday, November 22, 2013 and arrived at an action plan to determine the cause of the variances in the Provision 2 percentages.

Action Plan

1. The Finance team provided the current process on how the percentages were determined. The calculated percentages are submitted to the Food Services Program Manager for review and approval to upload the data into the system by CMS team. – COMPLETED on 11/22/13
2. The Finance team will review the 2012-13 P2 percentages submitted to the Food Services Program Manager uploaded into CMS by comparing it with the P2 percentages data in CMS. – COMPLETED on 12/4/13
3. The CMS Team to review the upload process of Provision 2 percentages by 12/3/13.
 - a. If the upload process was inaccurate, the CMS team will review the program/coding in the system and conduct a reconciliation of the file.
 - b. If the upload process was accurate, the CMS Team and Finance team are to conduct a reconciliation of the percentages of both files for all Provision 2 schools by 12/6/13.
4. The Finance Team will conduct a reconciliation of the percentages of both files on all Provision 2 schools (425) by 12/6/13 to determine any discrepancies. – COMPLETED on 12/4/13 (Refer to Action Plan #2).
5. Any downward claim adjustments, if found, will be submitted in CNIPS accordingly by 1/31/14.
6. After the review of both processes, both CMS and Finance team will develop a process map for discussing the upload of Provision 2 percentages. The process map will include a timeline for the first upload and to schedule quarterly dates to reconcile the information originally uploaded and CMS output by 2/28/14.

Name: Laura Benavidez

Title: Deputy Director of Food Services – Operations

Telephone: (213) 241-2999

Teacher Incentive Fund Initiative: Effective October 2013, the following monitoring and review procedures were implemented: 1) a monthly tracking system for all TIF-related expenditures per the major federal line items, 2) biweekly budget meetings and 3) a three-step review process for budget reporting.

Name: Drew Furedi, Ed.D

Title: Executive Director, Human Capital Initiatives

Telephone: (213) 241-5878

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Magnet Schools Assistance: Staff believed they were acting upon the direction of the USDE when reporting the cost per school on the Ad Hoc Report. Staff will use the recommended procedure for future AD Hoc Reports.

Name: Estelle Lockett
Title: Administrative Coordinator
Telephone: (213) 241-7900

Section 132 – ROC/P Adult Vocational Education Basic Grants: The Division of Adult and Career Education will implement corrective action to ensure that these important procedural data collection and student data retention items for the E1 and E2 reports are addressed by:

- Written explanations of these oversights and the appropriate steps to be taken will be provided to school administrators and program staff now and at the beginning of each program year
- Specific attention will be paid to these items by Division staff who monitor and review program files.
- Staff will be directed to save hard copies of the SIS reports used to generate the E1 report in order to document the data.

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

Program Identification

Finding Reference Number:	F-13-07
Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, Award Number:	English Language Acquisition Program, U.S. Department of Education, Passed through the California Department of Education, CFDA 84.365, Grant Agreement 14346-64733; Title I Grants to LEAs, U.S. Department of Education, Passed through the California Department of Education, CFDA 84.010, Grant Agreement 14329-6473.
Compliance Requirement:	Special Tests and Provisions: English Language Acquisition Program: Parental Notifications (Annual & Initial and AMAO) Title I Grants to LEAs: Highly Qualified Teachers
State Audit Guide Finding Code:	30000 and 50000

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Criteria

English Language Acquisition Program (CFDA 84.365)

MEM-5633.0: F – Principal Certification Form for the 2012-2013 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, 2012.

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:
 - 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

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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.

MEM-5903: Title III Annual Measurable Achievement Objective (AMAO) Guidelines for Parent Notification FY12-13

Purpose: This memorandum provides guidelines and procedures for informing all parents of English Learners (ELs) when the District does not meet one or more of the Title III Annual Measurable Achievement Objective (AMAO) performance targets.

Instructions: When one or more of the AMAO performance targets are not met, Title III requires the District to notify all parents of ELs of such failure. This notification must be provided no later than 30 days after the official release of Title III accountability data from CDE. This Year the Title III accountability data were released on October 11, 2012.

Title I Grants to LEAs (CFDA #84.010)

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:
 - (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.

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MEM-5872.0: F – Principal Certification Form for the 2012-13 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, October 26, 2012.

Condition

English Language Acquisition Program (CFDA 84.365): 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 fiscal year 2012-13 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:

- 3 schools did not issue the AMAO Certification Form before November 10, 2012.
- 3 schools could not locate the AMAO certification for the FY13 school year.

In our sample of 31 participating students for Annual parent notifications, we noted the following:

- 5 annual parent notifications could not be located or provided by the schools.
- 1 annual parent notification has no parent signature/date to indicate that it was sent out by school and reviewed by parents or any supporting documentation showing attempted effort(s) to notify parents.

In our sample of 29 participating students for Initial parental notification, we noted the following:

- 4 initial parent notifications cannot be located or provided by the schools.
- 3 initial parent notifications has issue dates beyond the mandatory deadline of 30 days after the beginning of the school year/ or within two weeks of child being placed in program.
- 1 initial notification was not sent out.
- 1 initial notification has no parent signature/date to indicate they were sent out by school and reviewed by parents or any supporting documentation showing attempted effort(s) to notify parents.

Title I Grants to LEAs (CFDA #84.010): In our procedures of verifying the schools’ compliance with the Principal Attestation over the certifications and notices on teacher qualifications, on November 19, 2013, we obtained a log maintained by the Certificated Workforce Management & Qualification Division (Division) and noted 7 out of 675 schools had not submitted the annual Principal Certification Form (PCF) to the Division as required by MEM-5872.0.

We further sampled 40 PCFs that were submitted to the Division and noted that 2 schools did not date the form; as such, we were unable to determine whether or not the forms were submitted on time. In addition, 9 annual PCFs submitted by the schools were dated after October 26, 2012.

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- 20-30 days late: 2 schools
- 31-60 days late: 3 schools
- 61-90 days late: 1 schools
- 90 days or more: 3 schools

Cause and Effect

English Language Acquisition Program (CFDA 84.365): Although the schools have made an effort to maintain proper records regarding the Annual Measureable Achievement Objectives, and 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 2011-12 (F-06-36, F-07-33, F-08-22, F-09-20, F-10-18, F-11-18 and F-12-10).

Title I Grants to LEAs (CFDA #84.010): The District's internal control and follow-up procedures over compliance with timely submission of the Principal Certification Form may not be sufficient.

This is a repeat finding from fiscal year 2011-12 (F-12-10).

Questioned Costs

English Language Acquisition Program (CFDA 84.365): 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.

Title I Grants to LEAs (CFDA #84.010): Not applicable. The finding related to the Principal Attestation is a programmatic non-compliance issue and it does not constitute any questioned costs.

Recommendation

English Language Acquisition Program (CFDA 84.365): 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.

Title I Grants to LEAs (CFDA #84.010): We recommend that the District continue to strengthen its monitoring process to ensure that schools are compliant with the principal attestation requirement and submit accurate certifications timely.

View of Responsible Officials, Planned Corrective Action, and Contact Information

English Language Acquisition Program (CFDA 84.365): We concur that the District should continue to strengthen its policies and procedures to ensure all schools are in compliance with the requirement that parental notifications are made in a timely manner and the required documentation is on file at the school site.

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MMED will review existing parental notification policies to include clear and explicit guidelines in regards to mandates and procedures pertaining to Title III parental notifications prior to July 2014. These policies will be posted on the MMED website, the District's *In Brief* for school-site administrators and *Inside LAUSD*

During the 2013-14 school year, the EL Online Accountability system (OLAS) was overhauled to provide clarity and more functionality for school sites, Educational Service Center (ESC) and the Central District. Because of this major overhaul, school site principals, ESC EL staff and MMED EL program staff will be able to regularly and efficiently monitor compliance of the Title III Parental notifications.

In addition, monitoring of the Title III parent notifications have or will have occurred through the following additional actions:

- Local Educational Service Center (ESC) EL Program Coordinators will be informed (December 2013) by MMED EL Program staff, during a regularly scheduled monthly meeting, about schools not meeting parent notification requirements per 2012-13 audit findings.
- Non-Compliant schools, during the 2012-13 Single audit, were required to re-send missing parent notifications and create a corrective action plan to MMED (re-send notifications and provide a written explanation for missing documents)
- MMED EL Program will generate certification reports in OLAS in October 2014 (annual and initial parent notifications) and December 2014 (AMAO school certifications). These reports will be disseminated to the ESC EL Coordinators and Instructional Superintendents for use in determining compliance for their respective schools.
- The EL Online Accountability system will be monitored monthly by MMED staff to ensure school-site compliance with EL accountabilities, clarity of information on the system and to make updates to streamline Title III parental notification certification procedures, as needed.
- MMED and ESC EL Program staff will use the 2012-13 audit findings to provide professional development to school site coordinators during regularly scheduled monthly ESC meetings
- During the Title III Master Plan Institute (July, August, September 2014) for school-site coordinators/designees, training will be provided in the following topics related to Title III parental notifications:
 - importance of Title III parental notification
 - timelines/process for Title III parent notifications
 - EL Online Accountability parental notification certification process
- MMED/ESC EL Program staff will continue to provide ongoing training through regularly scheduled meetings (2013-14 school year) on the EL Master Plan to ensure timeliness of implementation of parental notification policies and procedures

Name: Valerie Brewington

Title: Coordinator

Phone: (213) 241-5582

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Title I Grants to LEAs (CFDA #84.010): In the fall of 2013, Certificated Operations Branch added the following in MEM-6161.0 “No Child Left Behind (NCLB): Qualifications for Teachers; Parent Notification Requirements and Right to Know Procedures, Annual Principal Certification Form”, which provides school site principals the means to electronically submit the Principal Certification Form: *Once the information for your school is verified, please complete the Principal Certification Form online at <http://go.teachinla.com/nclb> . The form will automatically be sent to the NCLB unit after you click the SUBMIT button.*

This feature simplifies the submission of the form and ease the gathering of data. Principal Certification Forms from the 2012-2013 school year will be on file prior to 01/31/14.

Name: Derek Ramage

Title: Director, Certificated Workforce Management and Qualifications

Telephone: (213) 241-4663

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Section IV - Findings and Questioned Costs Relating to State Awards

S-13-01 Regular and Special Day Classes – Elementary Schools – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Barton Hill Elementary School
- Manhattan Place Elementary School
- Darby Elementary School
- Eshelman Elementary School
- Aragon Elementary School
- Lanai Road 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 29,000 days of attendance tested, 372 days of absences, we noted the following findings.

- **Barton Hill Elementary School** - Of 886 days of attendance and 14 absences sampled, we noted the following exceptions:

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- One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **Manhattan Place Elementary School** - Of 867 days of attendance and 13 absences sampled, we noted the following exceptions:
 - Three (3) students were absent for a total of seven (7) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
- **Aragon Elementary School** - Of 986 days of attendance and 8 absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **Darby Elementary School** - Of 986 days of attendance and 10 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.
- **Eshelman Elementary School**- Of 942 days of attendance and 7 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.
- **Lanai Road Elementary School** - Of 1530 days of attendance and 13 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, 2012 (S-12-1) but for different schools.

Questioned Costs

14 days / 141 days = 0.10 ADA overstated * \$5,266 = \$522

- **Barton Hill Elementary School** – 2 days overstated/141 days in single track school year
- **Manhattan Place Elementary School** – 7 days overstated/ 141 days in single track school year
- **Aragon Elementary School** – 2 days overstated/141 days in single track school year
- **Darby Elementary School** – 1 day overstated/141 days in single track school year
- **Eshelman Elementary School** – 1 day overstated/141 days in single track school year
- **Lanai Road Elementary School** – 1 day overstated/141 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

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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 continue to work with various school staff throughout the school year to provide assistance, training, information, etc., as necessary to keep staff informed with the District policies and procedures pertaining to proper attendance/absence reporting.

S-13-02 - Regular and Special Day Classes – Secondary Schools – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected:

- Curtiss Middle School
- Markham Middle School
- Emerson Middle School
- Cortines High School
- University High 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 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.

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We selected a sample of 32,628 days of attendance and 419 absences for testing and noted the following findings:

- **Curtiss Middle School** - Of 798 days of attendance and 25 absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of two (2) days, as evidenced by absence notes, but were recorded as present in the school's weekly attendance summary.
- **Markham Middle School** - Of 2,550 days of attendance and 58 absences sampled, we noted the following exceptions:
 - Four (4) students were absent for four (4) days, as evidenced by absence notes, but were recorded as present in the school's weekly attendance summary.
- **Emerson Middle School** - Of 1,955 days of attendance and 25 absences sampled, we noted the following exception:
 - One (1) student was absent for a total of three (3) periods, as evidenced by absence notes, but was recorded as present in the school's weekly attendance summary.
- **Cortines High School** - Of 3,128 days of attendance and 16 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.
- **University High School** - Of 3,351 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, 2012 (S-12-02) but for different schools.

Questioned Costs

9 days / 141 days = 0.06 ADA overstated * \$5,266 = \$336

- **Curtiss Middle School** - 2 days overstated/141 days in single track school year
- **Markham Middle School** - 4 days overstated/ 141 days in single track school year
- **Emerson Middle School** - 1 day overstated/141 days in single track school year
- **Cortines High School** - 1 day overstated/141 days in single track school year
- **University High School** - 1 day overstated/141 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

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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 continue to work with various school staff throughout the school year to provide assistance, training, information, etc., as necessary to keep staff informed of District policies and procedures pertaining to proper attendance/absence reporting.

S-13-03- School Accountability Report Card

State Program: School Accountability Report Card

State Audit Guide Finding Code: 72000

Schools Affected

- Cimarron Elementary School
- Cortines School Of VPA
- Eshelman Elementary School
- Hope High School
- La Salle Elementary School
- Liechty Middle School
- Manhattan Place Elementary School
- University High School

Criteria

EC Section 33126 (a), (b)(8) - (a) The school accountability report card shall provide data by which a parent can make meaningful comparisons between public schools that will enable him or her to make informed decisions on the school in which to enroll his or her children.

(b) The school accountability report card shall include, but is not limited to, assessment of the following school conditions:

(8) Safety, cleanliness, and adequacy of school facilities, including any needed maintenance to ensure good repair as specified in Section 17014, Section 17032.5, subdivision (a) of Section 17070.75, and subdivision (b) of Section 17089.

Condition, Cause and Effect

In our sample of 42 elementary and secondary schools, we noted eight (8) schools that reported inaccurate information about their facilities' conditions in their 2012-2013 School Accountability Report Card (SARC). In the most recent Facilities' Conditions Evaluation conducted by the District, information on some/all categories (i.e., gas leaks, mechanical systems, hazardous materials, structural damage, fire safety, interior surface, pest/vermin infestation, drinking fountains, restrooms, sewer, roof, and overall cleanliness) was noted as "Not Applicable". However, in the SARC, these were noted as either poor, fair or good.

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Questioned Costs

None

Recommendation

We recommend that information on the District’s Facilities Conditions’ Evaluation be uploaded accurately in the District’s SARC. The District should conduct a review of the uploaded information in SARC to ensure its accuracy and its consistency with its source documents.

Views of Responsible Officials and Planned Corrective Actions

Effective December 2, 2013, changes will be made that will allow District’s Facilities conditions as provided in the source file to be uploaded to SARC. Exception reports will be generated to display any records or values not uploaded to SARC, if any, for further review and validation. Additional staff will be assigned to verify the accuracy of the populated SARC against source data file. These actions will be implemented prior to the publication of 2012-13 SARC in February 2014.

S-13-04 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Code: 40000

School Affected

- Melvin Elementary School
- Herrick Elementary School
- Madison Elementary School
- Byrd Middle School
- El Sereno Middle School
- Kittridge Elementary School
- Mack Elementary School
- Carver Middle School
- Gage Middle School
- Nimitz Middle School
- Beachy Elementary School
- Huntington Park Elementary School
- Sharp Elementary School
- Vernon Elementary School
- 6th Ave Elementary School
- 15th Street Elementary School
- West Vernon Elementary School
- 24th Street Elementary School
- Barrett Elementary School
- Emelita Elementary School
- Humphreys Elementary School
- City Terrace Elementary School
- Garden Grove Elementary School
- Heliotrope Elementary School
- Montara Elementary School
- Parmelee Elementary School
- Fernangeles Elementary School
- 49th St. Elementary School
- Valerio Elementary School

Criteria

California Education Code 8483(a) – (1)Every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day, and operate a minimum of 15 hours per week at least until 6:00 on every regular school day. Every after school component

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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 54 schools and 3,240 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 33 schools and 19,906 days of attendance in the after school component of the After School Education and Safety Program.

There were a total of four (4) students in three (3) schools who did not have complete sign-in and sign-out time on the sign-in/sign-out sheets. Some students didn't have either the sign-in time or sign-out time. Some students didn't have both. Due to the missing sign-in or sign-out time, we were unable to determine whether the elementary school students participated in the full day of after school program on every day during which students participated except as consistent with the established early release policy. There were also some students who did not have proper sign-in/ sign-out, as a result, we were unable to determine how long each student participated in the program. The following are the details of the exceptions:

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- **Madison Elementary School** – One (1) student did not have proper sign-in or sign-out time for one (1) day.
- **Herrick Elementary School** – two (2) students did not have proper sign-in or sign-out time for a total of two (2) days.
- **Melvin Elementary School** – One (1) student did not have proper sign-in or sign-out time for one (1) day.

There were 76 students in 11 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:

- **Byrd Middle School** - one (1) student 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.
- **El Sereno Middle School** - six (6) 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.
- **Kittridge Elementary School** – fourteen (14) students did not participate in the full period of the after school program for 41 days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **15th Street Elementary School** – three (3) students did not participate in the full period of the after school program for a total of 14 days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **West Vernon Elementary School** – two (2) students did not participate in the full period of the after school program for a total of four (4) days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **24th Street Elementary School** – three (3) students did not participate in the full period of the after school program for a total of three (3) days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **Barett Elementary School** - two (2) students did not participate in the full period of the after school program for a total of two (2) days that they participated and there were no properly early release forms to explain why such requirement was not complied with.
- **Emelita Elementary School** – 11 students did not participate in the full period of the after school program for a total of 35 days that they participated and there were no properly early release forms to explain why such requirement was not complied with.
- **Herrick Elementary School** – 11 students did not participate in the full period of the after school program for a total of 48 days that they participated and there were no properly early release forms to explain why such requirement was not complied with.
- **Humphreys Elementary School** – eight (8) students did not participate in the full period of the after school program for a total of 27 days that they participated and there were no properly early release forms to explain why such requirement was not complied with.

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- **Mack Elementary School** - 15 students did not participate in the full period of the after school program for a total of 44 days that they participated and there were no properly 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 sampled week during the school year 2012-2013. We also tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

- **Carver Middle School** – MAR was understated by 16 days, compared to the sign-in sheets.
- **Gage Middle School** - MAR was overstated by 63 days, compared to the sign-in sheets.
- **Nimitz Middle School** - MAR was understated by 14 days, compared to the sign-in sheets.
- **El Sereno Middle School** - MAR was overstated by one (1) day, compared to the sign-in sheets. In addition one (1) student was marked as present for a total of one day on MAR but marked not present on sign-in sheets.
- **Beachy Elementary School** – MAR was overstated by nine (9) days, compared to the sign in sheets.
- **Huntington Park Elementary School** – MAR was overstated by two (2) days, compared to the sign-in sheets.
- **Madison Elementary School** – MAR was understated by four (4) days compared to the sign-in sheets. In addition one (1) student was marked present on MAR but was marked not present on sign in sheets
- **Sharp Elementary School** – MAR was overstated by three (3) days, compared to the sign-in sheets.
- **Vernon Elementary School** – MAR was overstated by one (1) day, compared to the sign-in sheets.
- **24th St Elementary School** – MAR was overstated by 28 days, compared to the sign-in sheets.
- **6th Ave Elementary School** – MAR was understated by three (3) days, compared to the sign-in sheets. In addition, one (1) student **was** marked present for one (1) day on the sign in sheets but was marked not present on the MAR. One (1) student was marked present on MAR for one day but was marked not present on the sign-in sheets.
- **Barett Elementary School** – MAR was understated by 19 days, compared to the sign-in sheets. In addition, three (3) students were marked not present for a total of two (3) days on the sign in sheets but were marked present on the MAR. Four (4) students were marked present in the MAR for a total of four days but were marked not present on the sign-in sheets.
- **City Terrace Elementary School** – MAR was understated by two (2) days compared to the sign-in sheets. In addition, two (2) students were marked not present for a total of (2) days on the sign-in sheets but were marked present on the MAR.
- **Garden Grove Elementary School** – MAR was overstated by seven (7) days, compared to the sign-in sheets. We also noted one (1) student was marked not present for a total of one (1) day on the sign-in sheets but was marked present on the MAR.

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- **Heliotrope Elementary School** – MAR was understated by 62 days, compared to the sign-in sheets. We also noted three (3) students were marked not present for a total of three (3) days on the sign in sheets but were marked present on the MAR
- **Montara Elementary School** – MAR was overstated by ten (10) days, compared to the sign-in sheets. In addition, four (4) students were marked not present for a total of five (5) days on the sign in sheets were not found in the MAR.
- **Parmelee Elementary School** – MAR was understated by two (2) students compared to the sign-in sheets. We also noted two (2) students were marked present for a total of two (2) days on the sign-in sheets but were not found on the MAR.
- **Mack Elementary School** – MAR was overstated by one (1) student, compared to the sign-in sheets. In addition one (1) student was marked as not present on sign-in sheet for a total of one (1) day but was marked present on the MAR.
- **Herrick Elementary School** – MAR was understated by seven (7) days compared to the sign-in sheets.
- **Humphreys Elementary School** – MAR was overstated by one (1) day compared to sign-in sheets. In addition one (1) student was marked not present for one day on sign-in sheets but was marked present on the MAR.
- **Melvin Elementary School** – One (1) student was marked not present for a total of one (1) day on the sign-in sheets but was marked present on the MAR.

Before School Component of the Program

Condition, Cause and Effect

On a sample basis, we tested the attendance documentation of 8 schools and 1,304 days of attendance in the before school component of the After School Education and Safety Program.

There were nine (9) students in four (4) schools that did not comply with the established late arrival policy.

- **Fernangeles Elementary School** - One (1) student did not participate in at least one-half of the before school program for a total of one (1) day that the student 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.
- **West Vernon Elementary School** – three (3) students did not participate in at least one-half of the before school program for a total of eight (8) days that they participated and there was no late arrival form to explain why such requirement was not complied with. The students were counted as present in the attendance summary.
- **49th St. Elementary School** - three (3) students did not participate in at least one-half of the before school program for a total of four (4) days that they participated and there was no late arrival form to explain why such requirement was not complied with. The students were counted as present in the attendance summary

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- **Valerio Elementary School** – two (2) students 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 students were 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 2012-2013. 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:

- **Fernangeles Elementary School** – MAR was understated by 14 days compared to the sign in sheets. In addition two (2) students were marked present for total of six (6) days on the MAR, but were marked as not present on the sign-in sheets.
- **West Vernon Elementary School** – MAR was understated by 47 days, compared to the sign in sheets.
- **49th St. Elementary School** – MAR was understated by nine (9) days compared to the sign in sheets.
- **Hillside Elementary School** – MAR was understated by seven (7) days, compared to the sign in sheets.
- **Manchester Elementary School** – MAR was understated by 15 days, compared to the sign in sheets. We also noted one (1) student was marked present for a total of five (5) days on the sign-in sheets but was not found on the MAR.
- **Pinewood Elementary School** – MAR was understated by five (5) days, compared to the sign in sheets. We also noted one (1) student was marked present for a total of five (5) days on the sign-in sheets but was not found on the MAR.
- **Valerio Elementary School** – MAR was overstated by seven (7) days, compared to the sign in sheets. We also noted one (1) student was marked present for a total of five (5) days on the sign-in sheets but was not found on the MAR

Questioned Costs

As a result of the above testing, the total under reporting of attendance was 84 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 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

Beyond The Bell Branch agrees with the finding. Consequently we will continue to implement the following procedures to ensure that we are providing training on attendance policies and procedures, as

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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 are required to attend a "Start-Up Meeting" scheduled prior to the beginning of the school year. Extensive training on attendance documentation is offered during this meeting.

2. During the "Start-Up Meeting," extensive time is spent on training staff on the importance of properly documenting and maintaining accurate attendance.

3. Beyond the Bell Branch Administrators and Traveling Supervisors attend the training meeting and interject their role in monitoring attendance procedures as they travel to sites. Beyond the Bell staff routinely monitor attendance to ensure procedures are being used and documentation is maintained as required.

4. Contractors and agency program personnel are required to attend an annual "Policies and Procedures/Risk Management" training. As a result of previous audit findings and reflection on best practices, Beyond the Bell developed an attendance documentation training that was implemented during the 2011 - 2012 year. Currently, the training is offered on a monthly basis. Newly hired personnel must register for and attend the next available training date. Returning personnel must register for and attend the training during the fiscal year.

5. The following "Policies and Procedures/Risk Management" training dates were scheduled for the 2013 - 2014 year (NOTE: Attendance Documentation has been implemented as a result of previous audit findings): • 8/06/13, 8/07/13, 8/10/13, 8/17/13, 9/18/13, 10/19/13, 11/13/13, 12/11/13, 01/18/14, 02/11/14, 03/08/14, 04/09/14, 05/17/14.

6. Contractors and agency program personnel are invited to attend a Federal Program Monitoring (FPM) training. The FPM training reflects the CDE's Program Dimensions. The goal of this training is to offer personnel a best practices approach to running exemplary programs that comply with the requirements in the Education Code. Extensive training on "attendance documentation" is offered during this meeting.

7. Beyond The Bell Branch conducts "site visits" to monitor program quality and student attendance through:

- Field Office Administrators
- Certificated Administrators conduct site visits to evaluate and monitor agency program implementation. Attendance documentation is closely monitored during these site visits.
- Field Office Traveling Playground Supervisors
- Classified/Unclassified Traveling Playground Supervisors conduct weekly visits to evaluate and monitor agency program implementation.
- Attendance documentation to ensure appropriate staff-to-student ratio, observation of sign-in/sign-out procedures and application of the "Early Release Policy" is closely monitored during these site visits.
- Central Office Administrators
- Central Office Administrators conduct site visits to evaluate and monitor agency program implementation. In addition to program quality and compliance, attendance documentation is closely monitored during these site visits.

8. Beyond the Bell Branch conducts "Random Reviews/Audits of Monthly Attendance Reports" to examine agency sign-in/sign-out procedures. The agency's "Attendance Documentation" procedures are further evaluated to ensure the agency's record keeping corresponds to data submitted to Beyond the Bell. In addition, evaluation of these documents ensures they:

- Comply with Beyond the Bell's "Early Release Policy."

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- Verify the sign-in/sign-out forms are certified by Site Coordinator.
- Contain Student ID Numbers.

9. To ensure the documentation for the ASES Program accurately reflects the number of students served and reported to the California Department of Education by the District, Beyond the Bell Branch contracted with City-Span Technologies Incorporated (A nationally recognized service firm which specializes in administering online attendance monitoring programs.) to administer an online attendance reporting and monitoring system. Beyond the Bell Branch through our needs assessments and evaluations recognized the need to strengthen our internal controls to ensure attendance data is compiled and reported accurately. Furthermore, Beyond the Bell Branch recognizes the need to maintain sufficient documentation for the reconciliation between the District's Quarterly Attendance Reports (QAR) and information submitted to the California Department of Education. Consequently, Beyond the Bell's gathering of attendance data and reporting procedures has evolved. As a result of the current and previous audit findings, the following system and procedures have been implemented:

- Monitoring has been strengthened from quarterly to monthly and all contractors and staff are now required to submit attendance documentation monthly which has resulted in more accurate attendance reporting to the CDE.
- Beyond the Bell issues a current "Alpha Roster" containing student identification numbers to agencies. Prior to this practice, agencies were responsible for obtaining student identification numbers from schools. Frequently, the information was outdated or incomplete.
- Beyond the Bell is in the process of reviewing agency's Sign-in/Sign-out rosters to ensure required information is recorded on a daily basis. Upon review of agency documents, Beyond the Bell Branch will develop an attendance documentation training scheduled for implementation for the 2014 -2015 year.
- Agencies submit their attendance electronically through a secured website to City-Span Technologies Incorporated.
- A discrepancy report is issued to agencies requesting them to make corrections of errors when they are identified.
- Agencies correct and resubmit the reports and discrepancies are fixed in attendance reports.
- The reporting of attendance to the California Department of Education (CDE) is accomplished on-line bi-annually through ASSIST through close collaboration with CDE's technical staff to ensure accurate transfer of the information.
- As a result of the volume generated by Beyond the Bell programs, the CDE has approved the submission of attendance through an EXCEL program via email. Personnel at CDE then upload the data into ASSIST. Once the data is in the system, the Beyond the Bell designee approves the data submitted.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

January 15, 2014

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, 2013, and have issued our report thereon dated January 15, 2014. 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 was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider item **FS-13-01** to be a material weakness in internal control.

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 item **FS-13-02** to be a significant deficiency 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 312 to 319.

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 is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Simpson & Simpson

Current Year Management Letter Comments

ML-13-01 Lack of Sufficient Authorization for SAP Program Changes

Observation

We reviewed a sample of 40 SAP Transports processed during the audit year. We obtained SAP migration request forms for our samples and noted that two (2) transports were missing requestor signatories.

Impact

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

Management Response

We neglected to enter the information on the Requestor line, the forms were subsequently corrected. We had UAT tester's signature and Business Owner's signature on form but didn't complete the line for Requester. To mitigate in future, the Release Management Team will further review forms for accuracy.

ML-13-02 SAP Maintain Payroll Position Descriptions Access

Observation

A Basis Administrator has production update access to the maintain payroll position descriptions (PO13) transaction code. However, his job function does not require him to have such access.

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

ITD management should periodically review access to the maintain payroll position descriptions (PO13) transaction code and remove inappropriate access in a timely manner.

Current Year Management Letter Comments

Management Response

No one is assigned to the role for access to PO13 on Basis Team. The remediation is for the Security Team to reassign authorization to the correct role for Basis. Access was removed immediately. Employee didn't even know he had it. This will remove the risk for finding.

ML-13-03 Access To Mainframe System Parameter Datasets (SYS1*.*)

Observation

Our review of access to the IFS mainframe's system parameters revealed that a retired personnel had update access to the mainframe system parameter datasets (i.e., datasets with a SYS1*.* high-level)

Impact

Inappropriate access to operating system parameter settings could result in unauthorized changes to IFS accounting data and programs.

Recommendation

ITD management should periodically review access to SYS1*.* datasets and remove inappropriate access in a timely manner.

Management Response

IFS has been replaced as of July 2013 so no further action(s) will need to be taken.

ML-13-04 IFS Production Dataset Access

Observation

Our review of access to IFS production data revealed that the following ITD personnel have update access to IFS production datasets:

- A Comp Applications Assistant, has update access to the following IFS production datasets:
 - IFS.**
 - IFS.LEF10.**

▪ A mainframe user ID, SXS5683, not located in the RACF user database is assigned update access to the following IFS production datasets:

- IFS.CTD*.**

Such access is not in alignment or conflicts with the user's current job function.

Current Year Management Letter Comments

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

ITD management should periodically review access to IFS production data and remove inappropriate access in a timely manner.

Management Response

The ITD Personnel's access to Production dataset will be removed. She was granted access as she was the backup resource for the only Programmer responsible for IFS.

ML-13-05 Welligent Change Control

Observation

We reviewed program changes processed for the Welligent application during the audit year. For the one program change processed during the year reviewed, we noted that there were no documented Business Sponsor, ITD or User Acceptance testing approvals.

Impact

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

Recommendation

ITD management should implement program change control procedures that include documenting business sponsor, ITD and user acceptance approval.

Management Response

Change control procedures with the required approvals will implemented to prevent unauthorized programs and invalid data from being introduced into the system.

Current Year Management Letter Comments

ML-13-06 Ineffective Accrual Procedures for Construction-Related Payments

Observation

Generally accepted accounting principles for government entities require that expenditures be recorded in the period in which governments normally liquidate the related liability or when the transaction is expected to draw upon current spendable resources. Every year-end, the District, through Accounts Payable Department determines what expenditures need to be accrued in its financial statements by verifying through different departments what goods have been received or what services have been rendered from various vendors, and for which the District have not yet paid.

For goods and services related to construction/modernization of schools, due to the high volume of transactions and the nature of the construction program, Facilities Services Division (FSD) and Information Technology Division (ITD) administer the determination of accrual amounts at year-end. After verifying the correctness of accrued amounts by searching for unrecorded liabilities, the auditors noted that expenditures related to the construction/improvement of schools were under-accrued by approximately \$17.5 million. About \$10.4 million of these under-accruals was from ITD and about \$7.1 million was from FSD.

Impact

Ineffective coordination within FSD and ITD to determine expenses incurred for services rendered and goods received but not billed/paid at year-end, resulted in significant adjustments in expenditures to be reported in the financial statements for FY 2012-13.

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 and other employees responsible for overseeing delivery of goods and services from third party vendors should be made responsible and held accountable to coordinate with FSD, ITD and Accounts Payable Department in determining ongoing projects for which services have been rendered but have not been billed at year-end. Alternatively, these same project managers/employees may be assigned the responsibility to coordinate with third party vendors to encourage timely submission of billings/invoices. Actual billings/invoices can then be the basis for the amount of expenditures to be accrued at year-end.

Current Year Management Letter Comments

Management Response

The District agrees with the comment. The system improvements implemented as part of the SAP implementation will further improve the District's ability to capture all payments that should be accrued at year-end. The system will automatically record accruals based on the good receipts postings at the purchase order detail level. In addition, Divisions will review open contracts to ensure all appropriate accruals are done.

ML 13-07 Analysis of Accounts Receivable - Overpayments

Observation

Due to the nature of the District's payroll processing and the massive volume of transactions processed by the District's Payroll Department for approximately 75,000 employees, overpayments of District employees' salaries inevitably occur. Particularly, overpayments happen mainly due, but not limited, to the following reasons:

- Employee timesheets are approved and submitted before the end of the month that they pertain to in order to comply with the California Education Code's requirements for certificated, classified and semi-monthly employees' pay dates. Estimated time reporting of work performed during the last few days of each month take place to determine the employees' payroll for the month. Overpayments of payroll occur when employees take personal days (vacation or sick days) without pay, on days when they estimated on their timesheets that they will be working.
- Due to "after-the-fact" receipt of documents, Human Resources Department and Personnel Commission Department of the District may not timely reflect employee resignations and salary rate changes in the District's employee records system. As a consequence, payment of payroll to employees who had left the District or payment of payroll to employees whose payroll rate already changed, may take place.

The process of collecting overpayments is extremely complex with the state legal laws related to employee overpayments, the numerous collective bargaining unit agreements, state statute of limitations, and the process required to obtain repayment plans from the employees. Therefore, the District is currently accounting for these overpayments and repayments through the SAP payroll system, and they are currently using an excel spreadsheet system to track the overpayments and the corresponding payment plans by employee. However, the District does not have an accounts receivable subsidiary ledger accounting system interfaced with the SAP general ledger to account for these overpayments.

Upon testing of the manual analysis of the overpayments, the auditors noted the following control deficiencies in the District's current processing and accounting for the amounts due from the employee overpayments:

- There is no comprehensive listing of overpayments, netted by the District's corresponding collections of these overpayments, by employees, at any point in time during the year. As a consequence, it is a tedious process to assess the collectability of the overpayments by employees. Management's analysis of reserves for uncollectible accounts receivable is based on an annual review.

Current Year Management Letter Comments

- Collectability of these overpayments is determined by numerous factors, such as the nature and amount of overpayments, the agreed repayment plans acknowledged by the employees, among many others. Upon the District's identification of the overpayments and upon the employees' agreements of a repayment plan, no determination is made as to how much of these Accounts Receivable -overpayments is collectible within the next fiscal year and how much is collectible beyond that.

Impact

Current Year fund balance may be overstated by the District's recognition of all estimated Accounts receivable –overpayment collections in the current year. Modified accrual basis of accounting requires that these overpayment collections should only impact the fund financial statements when they are measurable and available to finance the expenditures of the fiscal period.

In addition, due to the process currently applied by the District's management to assess collectability of overpayments, management's estimate of reserves may be inaccurate.

Recommendation

We recommend that the District continue implementing procedures to develop and maintain an organized subsidiary ledger of Accounts Receivable – employee overpayments, where overpayments and corresponding collections of these overpayments, by employee, are accounted for. In that way, the District has a better basis of determining the overpayments' impact in the fund financial statements.

Management Response

LAUSD Payroll Administration agrees with the recommendation. Management is in the process of implementing an accounts receivable overpayment system which will be a subsidiary ledger. The subsidiary ledger will have information that reflects, at the employee level, the overpayments and corresponding collections made to the overpayments. This will also serve to improve the process currently applied by the District's management to assess the collectability of overpayments which are used to estimate the reserve for bad debts.

Status of Prior Year Management Letter Comments

ML-12-01 - ISIS Access at School Site Visits

Recommendation

Principals or Assistant Principals should review ISIS access periodically (e.g., monthly) to remove inappropriate access in a time manner.

Current Status

Corrective action implemented. We were informed that ISIS access is periodically reviewed.

ML-12-02 - Developer Access to Payroll Production Data

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 Status

Corrective action(s) implemented. Developer access to SAP Payroll infotypes removed.

ML-12-03 – 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, 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 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.

Current Status

In the process of cleaning the data in the Fixed Asset System for conversion to SAP, District staff discovered that several projects completed in prior years had not been transferred from the CIP account in IFS and certain facilities costs were improperly capitalized. See further discussion of this issue in **FS-13-01** of the Section II – Findings Relating to the Basic Financial Statements which are Required to be Reported in Accordance with GAS.

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 and documented. However, there are no management sign-offs.

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) partially implemented. ITD has contracted with a consultant to implement an IT asset discovery tool.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Status of Prior Year Findings and Recommendations
June 30, 2013

Findings Related to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*

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

State Audit Guide Finding Code: 30000

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.

Current Status

Corrective action(s) implemented. Conflicting access removed.

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

State Audit Guide Finding Code: 30000

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.

Current Status

Corrective action(s) implemented. Business Sponsor approval provided for SAP program changes.

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

State Audit Guide Finding Code: 30000

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.

Current Status

Corrective action(s) implemented. Business Sponsor approval provided for IFS program changes.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2013

1. Finding F-12-01 – Allowable Costs – Payroll Certifications and Documentation for Specially Funded Employee Positions

Program Identification:

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.

Recommendation

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

Current Status

Implemented

2. Finding F-12-02 – Eligibility- Lack of Effective and Timely Monitoring of CCTR Centers

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 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2013

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.

Current Status

Implemented

3. Finding F-12-03– Equipment – Equipment Management Policies

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 14329-6473 and 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 11-14893-6473 and 11-14893-7443;

Workforce Investment Act (WIA), 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 No: Multiple-6473. 11-13970-6473;

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

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

Implemented

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2013

4. Finding F-12-04 – Matching, Level of Effort and Earmarking - Earmarking – Targeting Funds for Choice-Related Transportation and Supplemental Education Services

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

Implemented

5. Finding F-12-05 – Matching, Level of Effort and Earmarking

Program Identification:

Bold Competition – Turning Around and Operating Its Low-Performance Schools: U.S. Department of Education (USED), CFDA No. 84.396, Grant Agreement U396C100336.

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.

Current Status

Implemented. The Department of Education issued a Program Determination Letter dated December 31, 2013 and informed the District that the finding is resolved.

6. Finding F-12-06 – Matching, Level of Effort and Earmarking – Earmarking

Finding F-11-05 – Matching, Level of Effort and Earmarking – Earmarking

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 Agreements 11-14893-7443-00, 11-14893-6473-00, 11-14894-6473-00, 10-14894-64733-00, 10-14893-64733 and 10-14893-7435-00.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2013

Recommendation

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.

Current Status

Implemented

7. Finding F-12-07 – Matching, Level of Effort and Earmarking – Administrative Cost plus the Indirect Cost Rate Limitation

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 11-14894-6473-00 and 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 Fund, Department of Health and Human Services (HSS), 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-0124, CCTR-9129, CSPP-0227 and CSPP-9233;

Twenty-First Century Community Learning Centers: U.S. Department of Education (USDE), 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.

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 separately 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

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Current Status

Implemented

8. Finding F-12-08 – 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 14329-6473 and 15005-6473;

Vocational Education Basic Grants to States (Perkins IV): U.S. Department of Education (USDE), 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 (USDE), 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 (USDE), 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 (USDE), Passed through the California Department of Education, CFDA No. 84.391, Grant Agreement No: 09-15003-6473-01.

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

9. Finding F-12-09 – Reporting – Performance Reporting

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 Nos. 11-14894-6473-00, 11-14893-7443-00, 11-14893-6473-00, and 09-14894-64733- 00;

LOS ANGELES UNIFIED SCHOOL DISTRICT

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Twenty-First Century Community Learning Centers, U.S. Department of Education (USDE), California Department of Education (CDE), CFDA No 84.287, Grant Nos. 11-14535-6473-4A, 11-14535-6473-5A, 11-14349-6473-5A, 11-14535-6473-4A, 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.

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.

Current Status

Partially Implemented – pending resolution letter from CDE Program Office.

10. Finding F-12-10 – Special Tests and Provisions (Highly Qualified Teachers and Paraprofessionals) – Qualifications

Finding F-11-17 – Special Tests and Provisions (Highly Qualified Teachers and Paraprofessionals) – Qualifications

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 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

Implemented

11. Finding F-12-10 – Special Tests and Provisions (Parent Notification Letters) – Support for Notifications

Finding F-11-18 – Special Tests and Provisions (Parent Notification Letters) – Support for Notifications

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2013

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 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 as per the English Language Acquisition Program.

Current Status

Partially Implemented. Internal audit by program staff was completed in December 2013; a second audit will be completed in May 2014.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Questioned Costs

June 30, 2013

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

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

Implemented

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

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

Implemented

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Questioned Costs

June 30, 2013

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

Implemented

S-10-04 – After School Education and Safety Program

State Audit Guide Finding Codes: 40000

School Affected

- Arminta Elementary School
- Madisson 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

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

Beyond the Bell will continue to implement the procedures to ensure that they are providing training on attendance policies and procedures, as well as how they 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Questioned Costs

June 30, 2013

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

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.

Current Status

Corrective actions implemented. The District revised the P-2 and Annual Report of Attendance appropriately adjusting the ADA. There was one student who had not received the pertussis immunization prior to start of FY 2012-13 school year, and the corresponding questioned cost equals \$4,897.38 (.93 ADA* \$5,266).