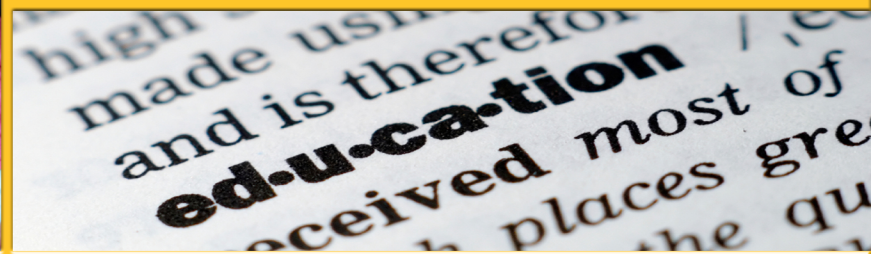


LOS ANGELES UNIFIED SCHOOL DISTRICT

Comprehensive Annual
FINANCIAL REPORT



For Fiscal Year Ended June 30, 2015

2014 - 2015

Los Angeles, CA

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

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2015**

MR. RAMON C. CORTINES
SUPERINTENDENT OF SCHOOLS
(EFFECTIVE OCTOBER 20, 2014)

MR. JOHN E. DEASY
SUPERINTENDENT OF SCHOOLS
(APRIL 18, 2011 – OCTOBER 15, 2014)

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, 2015

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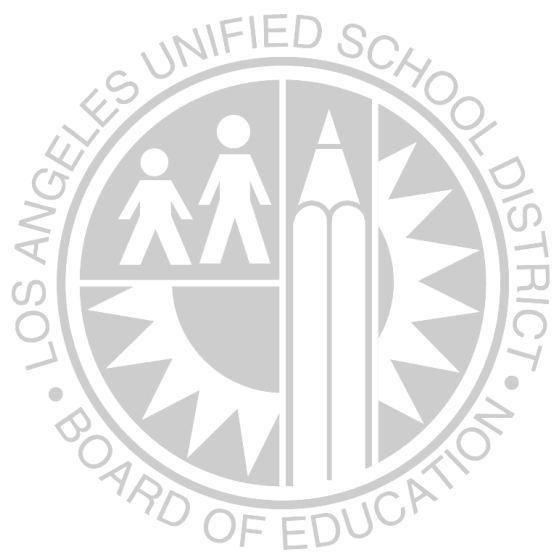
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INTRODUCTORY SECTION

STEVEN ZIMMER, PRESIDENT
 MÓNICA GARCÍA
 DR. GEORGE J. MCKENNA III
 MÓNICA RATLIFF
 DR. REF RODRIGUEZ
 SCOTT M. SCHMERELSON
 DR. RICHARD A. VLADOVIC



RAMON C. CORTINES
Superintendent of Schools

MICHELLE KING
Chief Deputy Superintendent

MEGAN K. REILLY
Chief Financial Officer

V. LUIS BUENDIA
Controller

December 15, 2015

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, 2015, 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 2014-15 is Simpson & Simpson, CPAs. The independent auditor's report on the basic financial statements is presented in the Financial Section of this report on page 1.

Management Discussion and Analysis (MD&A)

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

Profile of the Los Angeles Unified School District

The District encompasses approximately 710 square miles in the western section of Los Angeles County. The District 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, 2015, the District is operating 455 elementary schools, 84 middle/junior high schools, 96 senior high schools, 55 options schools, 20 multi-level schools, 15 special education schools, 39 magnet schools and 152 magnet centers, 6 community adult schools, 3 regional occupational centers, 1 skills center, 1 regional occupational program center, 86 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, 2015, the District employed 38,403 certificated, 26,549 classified, and 11,473 unclassified employees. Enrollment as of September 2014 was 542,433 students in K-12 schools, 39,997 students in adult schools and centers, and 12,616 children in early education centers.

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

Economic Condition and Outlook

According to the September 2015 UCLA Anderson Forecast, the national economy based on U.S. Gross Domestic Product (GDP) will grow in the 2% to 3% range in the next two years through 2017, with an improving labor market, declining unemployment, and a slim chance of a recession. In the California forecast, total employment growth will be at 2.7% in 2015, 2.2% in 2016, and 1.4% in 2017. On the other hand, unemployment will drop below 6% through the balance of 2015 and will continue to fall throughout the next year to an average of 5.2%. In 2017, it is expected to be at 4.8%. Real personal income growth is estimated to be 3.8% for California compared to 3.2% for the U.S. in 2016, and 3.4% for California versus 3.3% for the U.S. in 2017.

California is experiencing a higher unemployment rate than the nation as a whole. Below is a table that shows the unemployment rates for 2015 for both the nation and the state of California.

Month	U.S.	California
January	5.7%	7.0%
February	5.5%	6.7%
March	5.5%	6.5%
April	5.4%	6.3%
May	5.5%	6.4%
June	5.3%	6.3%
July	5.3%	6.2%
August	5.1%	6.1%
September	5.1%	5.9%
October	5.0%	5.8% (P)

P – Preliminary estimate

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

UCLA Anderson Forecast also focused on the outlook of the state’s housing market. California’s housing market will continue to see a lack of affordability and shortage in housing. Home prices have been driven by limited supply and will make housing less affordable in the next several years to come as prices outpace income. California is experiencing higher home prices relative to other states. A Legislative Analyst Office (LAO) report, “California’s High Housing Costs: Causes and Consequences”, indicated that in today’s market, an average California home costs \$440,000, about two-and-a-half times the average national home price of \$180,000. California’s average rent is about \$1,240, 50% higher than the rest of the country’s \$840 per month. The report also mentions that high housing costs might prevent the state’s economy from

meeting its full potential as it will make California less attractive to live and making it difficult for companies to hire and retain qualified employees. However, favorable interest rates fueled by job growth will push housing demand and strengthen the housing market in 2016 according to the forecast published by California Association of Realtors. The forecast sees a rise in existing home sales of 6.3% and about 433,000 units in 2016. Current year sales are also expected to increase by 6.3% i.e, from 383,000 existing single family homes sold in 2014 to 407,500 homes in 2015. California's housing market is one of the key economic indicators impacting the state economy with its effect on employment, sales and property taxes, and population growth.

Although both the nation and California is seeing its economy growing stronger and staying stable, weakness in the world economy raises a concern. California's economic growth depends on international trade more than many other states. Slowdown in China, contractions in Japan and Germany, and stagnation in other world economies could create an imbalance in California's key trade industry that could dampen exports and lead to heavier focus on imports. GDP report for 2014 from the World Bank ranked California as the 8th largest economy of the world. US Bureau of Economic Analysis latest report shows California's gross state product, which is comparable to GDP, at \$2.31 trillion, slightly behind Brazil which claimed seventh place with a GDP of \$2.35 trillion. US (excluding California) top the list with a GDP of \$15.11 trillion.

Another area of concern for California residents is the ongoing drought, already in its record breaking 4th year. The economic impact of the drought is estimated at \$2.7 billion according to a UC Davis study. This is equivalent to about 5% of annual agricultural production and about one-tenth of 1% of California's total annual economic output. The credit rating agency Moody's said that California's drought would have little economic impact in the short term. Statistics suggests that the state's overall economy can withstand the impact. Although California produces nearly half of U.S. grown fruits, nuts, and vegetables, agriculture only represents a tiny portion of the state's huge overall economy, about \$28 billion or 1.4%. By comparison, financial sector account for 36% of the state's GDP. Manufacturing accounts for about 12%. LAO's analysis of the 2015-16 Budget states that the adopted budget includes \$1.8 billion for various drought-related activities. Ninety percent of the funding is from Proposition 1, the water bond measure passed by voters in November 2014, and about \$120 million is from the General Fund. This is in addition to \$1.1 billion in accelerated drought and flood protection funding approved by the Legislature and signed into law in March 2015.

California's economy has recovered from the Great Recession and economic indicators are pointing towards continued growth and stability in the next two years. Several policies and initiatives such as the extension of Proposition 30 income taxes, minimum-wage increases, and revamp of the California Environmental Quality Act for example, are looming and the impact of which could either push the state's recovery forward or hamper economic growth.

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 2014-15, the Statement of Changes in Net Position shows that the District's Net Position decreased by \$573.2 million during the year. This includes a net of \$5.3 billion restatement of beginning balance to reflect the cumulative effect of the change in accounting principle as a result of adopting Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and a change in accounting treatment for Federal E-Rate Program Discounts. The Unrestricted Net Position, which is negative, declined from (\$9,859.1 million) to (\$10,231.0 million). The negative Unrestricted Net Position is largely the result of the adoption of GASB 68, wherein the District is now required to recognize net pension liability for its various employee retirement plans coupled with the continuously increasing retiree health benefit (OPEB) liability. The OPEB liability reflected, which represents the previous year's liability increased by the current year's unfunded expense, is \$5,971.0 million, an increase of \$619.2 million from 2013-14. The latest actuarial report estimates the net present value of the entire 30-year liability to be \$10.9 billion. The District started to pre-fund its OPEB liability through an irrevocable Trust. However, the contribution made to the Trust is not enough to fully fund the existing or increase in the OPEB liability.

In 2014-15, the fund balance of the General Fund increased by \$119.5 million from \$700.3 million to \$819.8 million. This increase is primarily due to higher apportionment received from Local Control Funding Formula (LCFF) sources brought about by the new revenue apportionment calculation.

Audit Results

The District received an Unmodified financial audit. An unmodified or “clean” opinion is issued when the auditor is able to state that the financial statements are fairly presented in all material respects in conformity with generally accepted accounting principles (GAAP). For the federal compliance audit, all 20 programs audited received an Unmodified audit. The District also received an Unmodified state compliance audit.

There were 18 audit findings in 2014-15. The amount of the questioned costs declined 27.8%, from \$381,870 in 2013-14 to \$275,633 in 2014-15. 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, 2014. 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.

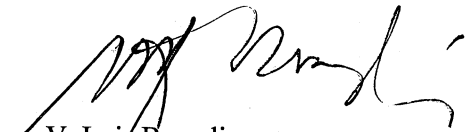
Acknowledgments

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,

Ramon C. Cortines
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, 2014

Executive Director/CEO

BOARD OF EDUCATION

Steven Zimmer
President

George McKenna III

Ref Rodriguez

Mónica García

Mónica Ratliff

Scott Schmerelson

Richard Vladovic

PRINCIPAL SCHOOL DISTRICT OFFICIALS

Ramon C. Cortines
Superintendent of Schools
(Effective October 20, 2014)

John E. Deasy
Superintendent of Schools
(April 18, 2011 – October 15, 2014)

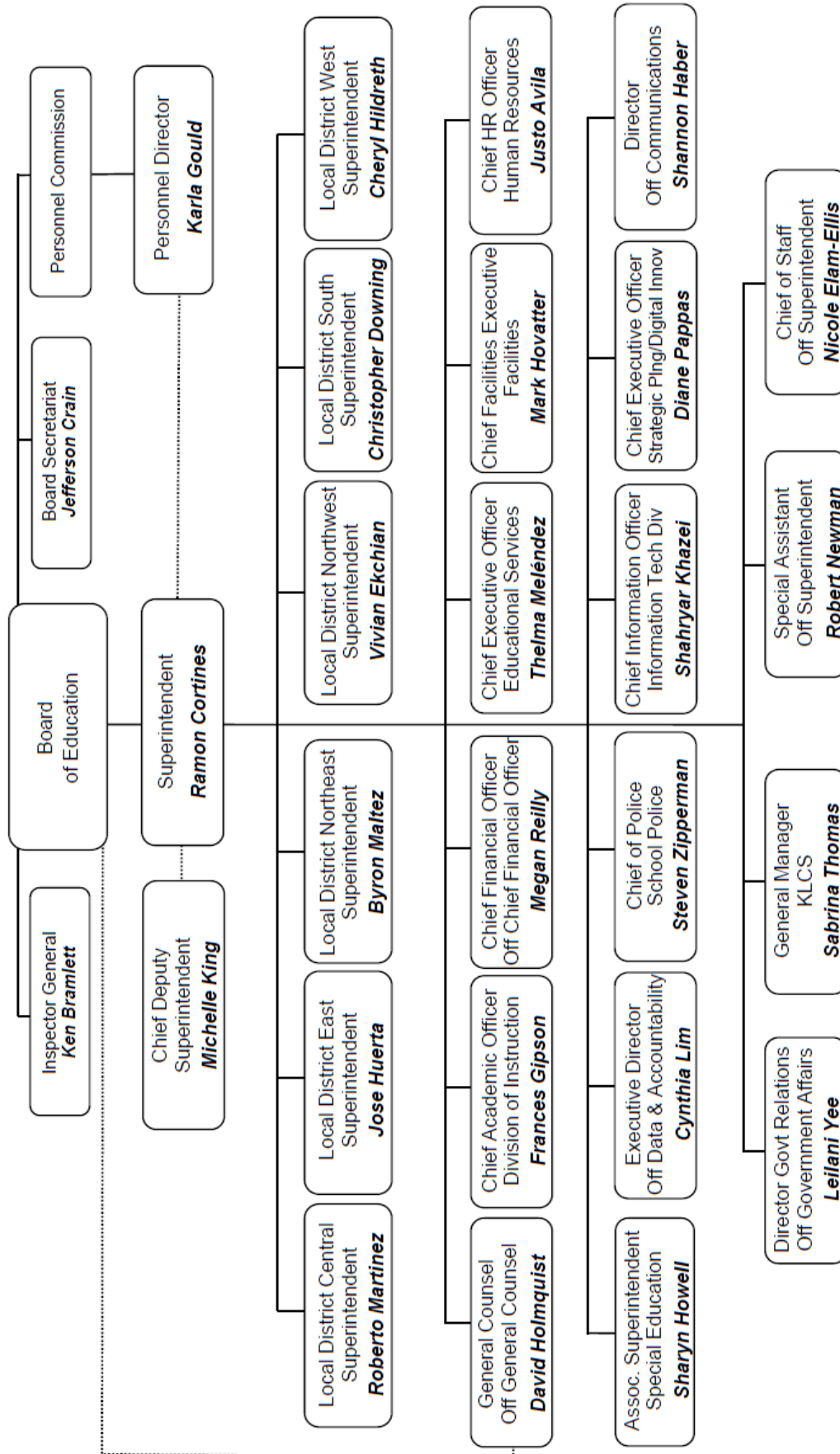
Megan K. Reilly
Chief Financial Officer

V. Luis Buendia
Controller

LOCAL DISTRICT OFFICIALS

	Local District Superintendent	Administrator of Instruction	Administrator of Operations	Administrator of Parent & Community Engagement	Administrator of Special Education
Northeast:	Byron Maltez	Jack Bagwell	Andres Chait	Antonio Reveles	Alesha Haase
Northwest:	Vivian Ekchian	Dina Sim	Darneika Watson	Marilu Pigliapoco	Cindy Welden
South:	Christopher Downing	Pedro Garcia	Dr. James Noble	Theresa Arreguin	vacant
East:	Jose Huerta	David Baca	Dr. Alfonso Webb	Gilberto Martinez	Janet Montoya
West:	Cheryl Hildreth	Judy Utvich	Jan Davis	Traci Calhoun	Bette Medina
Central:	Roberto Martinez	Natividad Rozsa	Eugene Hernandez	Ismael Berver	Marco Tolj

**Los Angeles Unified School District
 Organization of Central Support System
 (Effective December 1, 2015)**



FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

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

Independent Auditor's Report

To The Honorable Board of Education
Los Angeles Unified School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District) as of and for the year ended June 30, 2015, 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, 2015, 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 basic financial statements, on July 1, 2014 the District adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as well as Governmental Accounting Standards Board Statement No.71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. 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 75-77 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 78 to 117 and the schedule of expenditures of federal awards on pages 264-268, the information on pages 201 to 257 and page 263 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 171 to 200 and 258 to 262 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 December 15, 2015, 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 black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
December 15, 2015

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

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, 2015.

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 liabilities of the District exceeded its assets at the close of the most recent fiscal year by \$4.2 billion (net position). This amount includes \$10.2 billion deficit in unrestricted net position resulting primarily from the cumulative increase in unfunded liabilities for other postemployment benefits (OPEB) and the recognition of net pension liability as a result of the adoption of Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.
- The District's total net position decreased by \$573.2 million from prior year total primarily due to increase in unfunded liabilities for OPEB.
- The District's total long-term obligations decreased by \$579.7 million (-2.5%) during the current fiscal year. The decrease resulted primarily from the payment of matured certificates of participation (COPs) and general obligation bonds (GO bonds).
- As of the close of the 2015 fiscal year, the District's governmental funds reported combined ending fund balances of \$3,182.3 million, a decrease of \$267.0 million from June 30, 2014.
- At the end of the current fiscal year, committed, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was \$672.6 million, or 10.8% of total General Fund expenditures.

Overview of the Basic Financial Statements

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

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

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 19 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, County School Facilities 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

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 24-25 of this report.

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

Combining and individual fund schedules and statements. Combining schedules and statements consisting of the budget to actual comparisons for District Bonds Fund, County School Facilities 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 78-107 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$4.2 billion at the close of the most recent year.

The District's net position reflects its investments in capital assets (\$4.6 billion) (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position (\$1.5 billion) represents resources that are subject to external restrictions on how they may be used. The majority of this pertains to District bonds funds. The remaining negative balance in unrestricted net position (-\$10.2 billion) resulted primarily from the recognition of \$6.0 billion of net OPEB obligation and \$4.5 billion of net pension liability.

At the end of the 2015 fiscal year, the District is able to report positive balances in all categories of net position except for unrestricted net position.

The \$44.7 million decrease in capital assets, net primarily relates to the recognition of depreciation expense which is higher compared to costs incurred for school construction and modernization projects throughout the District.

Long-term liabilities decreased by \$579.7 million primarily due to payment of matured COPs and GO bonds.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

Summary Statements of Net Position (in thousands)

As of June 30, 2015 and 2014:

	Governmental Activities	
	2015	2014 (As Restated)
Current Assets	\$ 5,025,849	\$ 5,229,676
Capital Assets, net	14,758,045	14,802,703
Total Assets	<u>19,783,894</u>	<u>20,032,379</u>
Deferred Outflows of Resources	529,263	174,224
Current Liabilities	930,275	900,726
Long-term Liabilities	22,321,951	22,901,681
Total Liabilities	<u>23,252,226</u>	<u>23,802,407</u>
Deferred Inflows of Resources	1,229,928	—
Net Position:		
Net investment in capital assets	4,582,066	4,724,631
Restricted for:		
Debt service	402,208	326,582
Program activities	1,077,629	1,212,106
Unrestricted	<u>(10,230,900)</u>	<u>(9,859,123)</u>
Total Net Position	<u>\$ (4,168,997)</u>	<u>\$ (3,595,804)</u>

In fiscal year 2014-15, the District adopted GASB Statement No. 68 and a change in accounting policy on the treatment of E-Rate reimbursements, which required the restatement of the June 30, 2014 net position in Governmental Activities. The result is a net decrease in the net position at July 1, 2014 of \$5.3 billion. See further discussion in Note 1r on page 36 of this report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

Summary Statements of Changes in Net Position (in thousands)

Year ended June 30, 2015 and 2014:

	Governmental Activities	
		2014
	2015	(As Restated)
Revenues:		
Program Revenues:		
Charges for services	\$ 147,464	\$ 120,372
Operating grants and contributions	1,958,632	1,761,456
Capital grants and contributions	82,803	129,706
Total Program Revenues	<u>2,188,899</u>	<u>2,011,534</u>
General Revenues:		
Property taxes levied for general purposes	1,100,523	1,017,071
Property taxes levied for debt service	808,603	839,521
Property taxes levied for community redevelopment	23,230	19,306
State aid not restricted to specific purpose	3,699,731	3,391,144
Grants, entitlements, and contributions not restricted to specific programs	134,317	131,827
Unrestricted investment earnings	8,501	16,605
Miscellaneous	7,816	19,379
Total General Revenues	<u>5,782,721</u>	<u>5,434,853</u>
Total Revenues	<u>7,971,620</u>	<u>7,446,387</u>
Expenses:		
Instruction	3,993,707	6,855,879
Support Services:		
Support services – students	339,295	540,235
Support services – instructional staff	507,045	721,115
Support services – general administration	41,981	62,256
Support services – school administration	389,493	726,872
Support services – business	238,015	299,807
Operation and maintenance of plant services	572,960	1,067,285
Student transportation services	166,628	286,072
Data processing services	22,092	118,748
Operation of noninstructional services	483,043	807,674
Facilities acquisition and construction services	199,654	138,533
Other uses	6,502	6,327
Interest expense	442,977	536,864
Depreciation – unallocated	522,238	494,457
Unfunded OPEB expense – unallocated	619,183	563,992
Total Expenses	<u>8,544,813</u>	<u>13,226,116</u>
Changes in Net Position	(573,193)	(5,779,729)
Net Position – Beginning of Year, Restated	(3,595,804)	2,183,925
Net Position – End of Year	<u><u>\$ (4,168,997)</u></u>	<u><u>\$ (3,595,804)</u></u>

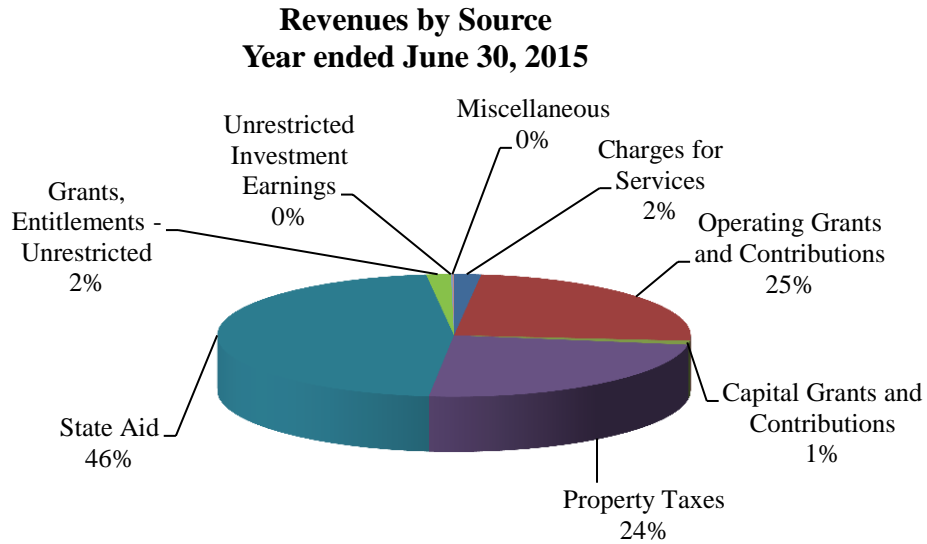
LOS ANGELES UNIFIED SCHOOL DISTRICT

Management’s Discussion and Analysis

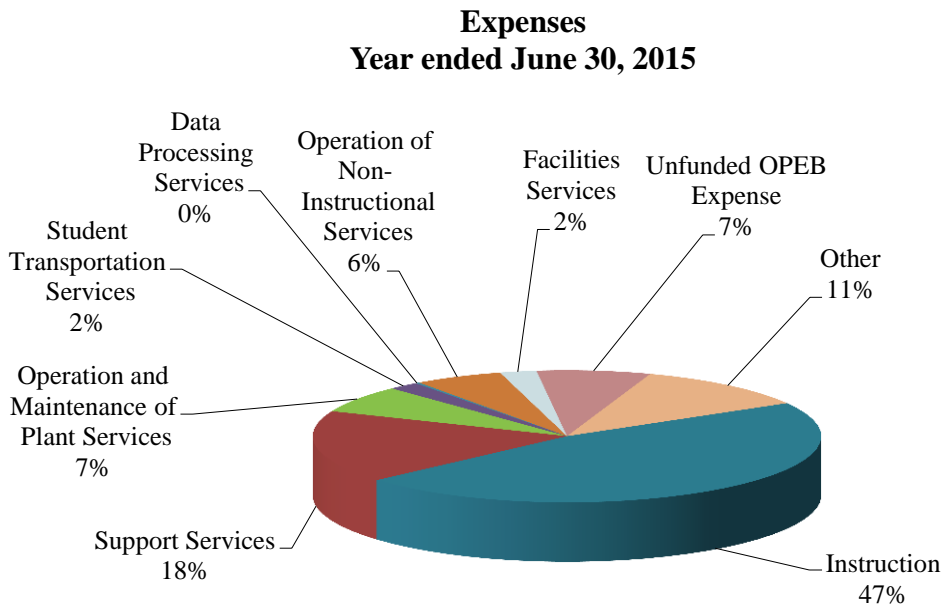
June 30, 2015

The District’s net position decreased by \$573.2 million in the current fiscal year. This is primarily due to the increase in other postemployment benefits expense. However, total revenue is higher by \$525.2 million resulting from increase in apportionments.

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



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



LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$3,182.3 million, a decrease of \$267.0 million in comparison with the prior year. Approximately 27.2% (\$864.4 million) of this total combined ending fund balance constitutes unrestricted fund balance, which is available for spending at the District's discretion. The remaining 72.8% are either restricted or nonspendable and are not available for new spending: restricted balances (\$2.3 billion) and nonspendable inventories and revolving cash (\$29.8 million).

The General Fund is the primary operating fund of the District. At the end of the 2015 fiscal year, the unrestricted fund balance of the General Fund was \$672.6 million, while the total fund balance is \$819.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both the unrestricted fund balance and the total fund balance to the total fund expenditures. The unrestricted fund balance represents 10.8% of the total General Fund expenditures, while the total fund balance represents 13.2% of that same amount.

The fund balance of the District's General Fund increased by \$119.6 million during the current fiscal year. This is primarily due to higher apportionment received from Local Control Funding Formula sources brought about by the new revenue apportionment calculation.

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

	District Bonds	County School Facilities Bonds	Bond Interest and Redemption	Other Governmental Funds			Total
				Special Revenue	Debt Service	Other Capital Projects	
Fund Balance, June 30, 2015:							
Nonspendable							
Revolving cash and imprest funds	\$ 3,430	\$ —	\$ —	\$ 32	\$ —	\$ —	\$ 32
Inventories	—	—	—	5,654	—	—	5,654
Restricted	688,095	471,136	773,407	22,521	56,205	150,185	228,911
Committed	—	—	—	5,395	—	—	5,395
Assigned	—	—	—	550	—	185,865	186,415
Total	691,525	471,136	773,407	34,152	56,205	336,050	426,407
Fund Balance, July 1, 2014	1,127,352	544,998	712,646	35,666	55,441	272,922	364,029
Increase (decrease) in fund balance	\$ (435,827)	\$ (73,862)	\$ 60,761	\$ (1,514)	\$ 764	\$ 63,128	\$ 62,378

The fund balance decreased during the current year for the District Bonds due to continued spending for school construction, modernization projects, and renovation; County School Facilities Bonds also decreased primarily due to lower state and local revenue coupled with the spending on projects. Special Revenue decreased primarily due to higher operating deficit from Adult Education.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

On the other hand, the Bond Interest and Redemption Fund increased, primarily from higher property taxes levied to pay principal and interest on bond issues plus a decrease in actual debt service as the District continues to refinance its debts for lower interest rates. Other Capital Projects increased primarily due to lower spending of project funds combined with project cost transfers to other capital project accounts. Debt Service has a very slight movement in the account. This is primarily due to the offsetting effect of debt service payments and revenues derived from operating transfers from user funds and investment income.

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

At the end of the year, the District's proprietary funds have an unrestricted net position of \$298.7 million. The net decrease of \$30.6 million in the current year is primarily attributed to the decrease in net position of the Health and Welfare Benefits Fund as a result of higher medical claims costs that includes new specialty medications.

General Fund Budgetary Highlights

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

Modified Final Budget vs. Original Final Budget

The District's Original Final Budget is based on assumptions from the State's May Revision Budget, while the Modified Final Budget is based not only on the State's Enacted Budget but also on all other known State budgetary changes and changes to the District's priority of program implementations and/or planned expenditures. Differences between the 2014-15 General Fund Original Final Budget adopted by the Board of Education in June 2014 and the Modified Final Budget, resulted in a lower budgeted ending balance by \$69.0 million, from \$489.3 million to \$420.3 million. Adjustments to the Original Final Budget were an increase in beginning balance by \$45.0 million, an increase in budgeted revenues and financing sources by \$154.2 million, and an increase in budgeted expenditures and other financing uses by \$268.3 million.

The increase in beginning balance by \$45.0 million was to reflect the actual ending balance as of June 30, 2014 as opposed to the estimated June 30, 2014 ending balance. The net increase in budgeted revenues and other financing sources of \$154.2 million was mostly due to LCFF revenue increase of \$45.8 million, receipt of one-time mandated costs reimbursement of \$35 million, higher Quality Education Investment Act (QEIA) revenue of \$15.2 million, and increased federal grant recognition of \$37.3 million.

The increase in estimated expenditures and other financing uses of \$268.3 million was mostly attributable to budget changes to reflect pay increases resulting from agreements between the District and its labor partners.

Actual vs. Modified Final Budget

The beginning balance remained the same on both the Actual and the Modified Final Budget. The favorable variance of \$49.0 million in revenues and other financing sources between the Actual and Modified Final Budget was mostly due to the \$138.4 million recognition of the State of California's on-behalf contribution to comply with GASB 68, the new accounting standard on pension liability reporting, which is offset by adjustments on multi-year grants budgeted in their entirety but earned only to the extent of actual expenditures incurred.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

The favorable variance of \$350.5 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 mainly in Certificated Salaries (\$146.1 million), Books and Supplies (\$77.3 million), and Services and Other Operating Expenditures (\$68.8 million). Lower total benefits due to lower total salaries was offset by an increase in pension expense of \$138.4 million, a corresponding entry to the revenue recognized in compliance to GASB 68 as mentioned above, resulting to a net decrease of \$5.8 million in Employee Benefits.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2015 amounts to \$14.8 billion (net of accumulated depreciation), 0.3% decrease from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment and construction in progress, net of any related accumulated depreciation. The decrease is primarily due to less major construction projects in the current fiscal year. Moreover, prior year capital asset balance is increased due to a change in accounting policy.

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

	Governmental Activities	
	2015	2014 (As Restated)
Sites	\$ 3,095,039	\$ 3,084,939
Improvement of sites	203,742	193,696
Buildings and improvements	10,432,678	10,472,685
Equipment	466,383	361,550
Construction in progress	560,203	689,833
Total	\$ 14,758,045	\$ 14,802,703

Additional information on the District's capital assets can be found in 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 \$22.3 billion. Of this amount, \$10.7 billion comprises debt to be repaid by voter-approved property taxes and not by the General Fund of the District.

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

	Governmental Activities	
	2015	2014 (As Restated)
General Obligation Bonds	\$ 10,707,885	\$ 11,011,840
Certificates of Participation (COPs)	307,921	383,237
Capital Lease Obligations	1,931	2,162
Children's Center Facilities Revolving Loan	476	555
Liability for Compensated Absences	65,317	61,660
Liability for Other Employee Benefits	61,081	68,008
Self-insurance Claims	720,710	640,178
Net Pension Liability	4,485,612	5,382,206
Other Postemployment Benefits (OPEB)	5,971,018	5,351,835
Total	\$ 22,321,951	\$ 22,901,681

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2015

The District's total long-term obligations decreased by \$580.0 million (-2.5%) during the current fiscal year. The key factor in this decrease is payment of matured COPs and GO Bonds.

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, 2015 is \$13.3 billion, which is in excess of the District's outstanding general obligation bond debt net of 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 11 and 12 on pages 64-69 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, 2015
(in thousands)

	<u>Governmental Activities</u>
Assets:	
Cash in county treasury, in banks, and on hand	\$ 4,386,566
Cash held by trustee	55,180
Property taxes receivable	76,198
Accounts receivable, net	395,248
Accrued interest receivable	11,912
Prepays	46,262
Inventories	23,670
Accounts receivable, non current	24,928
Other assets	5,885
Capital assets:	
Sites	3,095,039
Improvement of sites	590,264
Buildings and improvements	15,111,900
Equipment	1,863,980
Construction in progress	560,203
Less accumulated depreciation	<u>(6,463,341)</u>
Total Capital Assets, Net of Depreciation	<u>14,758,045</u>
Total Assets	<u>19,783,894</u>
Deferred Outflows of Resources	<u>529,263</u>
Liabilities:	
Vouchers and accounts payable	241,625
Contracts payable	33,215
Accrued payroll	231,916
Accrued interest	254,934
Other payables	153,796
Unearned revenue	14,789
Long-term liabilities:	
Portion due within one year	805,807
Portion due after one year	17,030,532
Net Pension Liability	<u>4,485,612</u>
Total Liabilities	<u>23,252,226</u>
Deferred Inflows of Resources	<u>1,229,928</u>
Net Position:	
Net investment in capital assets	4,582,066
Restricted for:	
Debt service	402,208
Program activities	1,077,629
Unrestricted	<u>(10,230,900)</u>
Total Net Position	<u><u>\$ (4,168,997)</u></u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2015
(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	\$ 3,993,707	\$ 25,484	\$ 976,732	\$ —	\$ (2,991,491)
Support services – students	339,295	—	148,045	—	(191,250)
Support services – instructional staff	507,045	92	215,431	—	(291,522)
Support services – general administration	41,981	—	234	—	(41,747)
Support services – school administration	389,493	—	36,593	—	(352,900)
Support services – business	238,015	7,599	70,148	—	(160,268)
Operation and maintenance of plant services	572,960	29,075	10,514	2	(533,369)
Student transportation services	166,628	—	30,704	—	(135,924)
Data processing services	22,092	—	9	—	(22,083)
Operation of non-instructional services	483,043	7,406	406,971	—	(68,666)
Facilities acquisition and construction services*	199,654	77,808	62,456	20,556	(38,834)
Other Uses	6,502	—	—	—	(6,502)
Interest expense	442,977	—	795	62,245	(379,937)
Depreciation – unallocated**	522,238	—	—	—	(522,238)
Unfunded OPEB expense – unallocated	619,183	—	—	—	(619,183)
Total Governmental Activities	\$ 8,544,813	\$ 147,464	\$ 1,958,632	\$ 82,803	(6,355,914)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,100,523
Property taxes, levied for debt service					808,603
Property taxes, levied for community redevelopment					23,230
State aid not restricted to specific purpose					3,699,731
Grants, entitlements, and contributions not restricted to specific programs					134,317
Unrestricted investment earnings					8,501
Miscellaneous					7,816
Total General Revenues					5,782,721
Change in Net Position					(573,193)
Net Position – Beginning of Year, Restated					(3,595,804)
Net Position – End of Year					\$ (4,168,997)

* 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, 2015
(in thousands)

	General	District Bonds	County School Facilities Bonds	Bond Interest and Redemption	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash in county treasury, in banks, and on hand	\$ 945,961	\$ 771,881	\$ 474,092	\$ 807,735	\$ 365,454	\$ 3,365,123
Cash held by trustee	7,770	—	—	—	47,410	55,180
Taxes receivable	—	—	—	76,198	—	76,198
Accounts receivable – net	327,723	3,398	—	—	55,956	387,077
Accrued interest receivable	3,350	2,919	1,577	—	1,105	8,951
Due from other funds	23,600	—	—	—	—	23,600
Inventories	18,016	—	—	—	5,654	23,670
Total Assets	1,326,420	778,198	475,669	883,933	475,579	3,939,799
Deferred Outflows of Resources	—	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 1,326,420	\$ 778,198	\$ 475,669	\$ 883,933	\$ 475,579	\$ 3,939,799
Liabilities and Fund Balances:						
Vouchers and accounts payable	\$ 180,166	\$ 51,030	\$ 991	\$ —	\$ 3,964	\$ 236,151
Contracts payable	2,777	23,987	2,919	—	3,532	33,215
Accrued payroll	216,155	6,871	117	—	9,664	232,807
Other payables	93,493	4,785	506	—	7,646	106,430
Due to other funds	—	—	—	—	23,600	23,600
Unearned revenue	14,023	—	—	—	766	14,789
Total Liabilities	506,614	86,673	4,533	—	49,172	646,992
Deferred Inflows of Resources:						
Property Taxes	—	—	—	76,198	—	76,198
Build America Bond Subsidy	—	—	—	34,328	—	34,328
Total Deferred Inflows of Resources	—	—	—	110,526	—	110,526
Fund Balances:						
Nonspendable	20,653	3,430	—	—	5,686	29,769
Restricted	126,519	688,095	471,136	773,407	—	2,059,157
Restricted, reported in:						
Special revenue funds	—	—	—	—	22,521	22,521
Debt service funds	—	—	—	—	56,205	56,205
Capital projects funds	—	—	—	—	150,185	150,185
Committed, reported in:						
Special revenue funds	—	—	—	—	5,395	5,395
Assigned	418,424	—	—	—	—	418,424
Assigned, reported in:						
Special revenue funds	—	—	—	—	550	550
Capital projects funds	—	—	—	—	185,865	185,865
Unassigned:						
Reserved for economic uncertainties	65,376	—	—	—	—	65,376
Unassigned	188,834	—	—	—	—	188,834
Total Fund Balances	819,806	691,525	471,136	773,407	426,407	3,182,281
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,326,420	\$ 778,198	\$ 475,669	\$ 883,933	\$ 475,579	\$ 3,939,799

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, 2015
 (in thousands)

Total Fund Balances – Governmental Funds	\$ 3,182,281
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 \$21,221,386 and the accumulated depreciation is \$6,463,341	14,758,045
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.	76,198
Receivables that will be collected in the following year and thereafter that are not available soon enough to pay the current period's expenditures.	28,487
Federal subsidies for debt service expenditures are recognized in the governmental funds only when the corresponding interest expenditure is recognized.	34,328
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.	298,658
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.	(17,368,577)
Deferred outflow/inflow of resources – refunding charges are not reflected in fund financials	140,202
Adoption of GASB 68 required the District to recognize its proportionate share of net pension liability in the government wide financial statements	<u>(5,318,619)</u>
Total Net Position – Governmental Activities	<u><u>\$ (4,168,997)</u></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, 2015
(in thousands)

	General	District Bonds	County School Facilities Bonds	Bond Interest and Redemption	Other Governmental Funds	Total Governmental Funds
Revenues:						
Local Control Funding Formula sources	\$ 4,742,107	\$ —	\$ —	\$ —	\$ 58,147	\$ 4,800,254
Federal revenues	646,753	1,752	—	68,405	344,306	1,061,216
Other state revenues	905,421	—	15,447	4,374	108,408	1,033,650
Other local revenues	125,788	27,407	3,456	806,678	135,162	1,098,491
Total Revenues	<u>6,420,069</u>	<u>29,159</u>	<u>18,903</u>	<u>879,457</u>	<u>646,023</u>	<u>7,993,611</u>
Expenditures:						
Current:						
Certificated salaries	2,782,544	—	—	—	74,985	2,857,529
Classified salaries	847,220	63,220	559	—	156,488	1,067,487
Employee benefits	1,564,868	57,158	239	—	151,225	1,773,490
Books and supplies	275,611	2,855	38	—	189,006	467,510
Services and other operating expenditures	712,469	53,375	1,489	—	11,269	778,602
Capital outlay	15,603	452,029	30,788	—	35,297	533,717
Debt service – principal	868	—	—	332,225	35,145	368,238
Debt service – refunding bond issuance cost	—	—	—	1,308	—	1,308
Debt service – bond, COPs, and capital leases interest	45	—	—	492,773	15,019	507,837
Other outgo	6,502	—	—	—	—	6,502
Total Expenditures	<u>6,205,730</u>	<u>628,637</u>	<u>33,113</u>	<u>826,306</u>	<u>668,434</u>	<u>8,362,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>214,339</u>	<u>(599,478)</u>	<u>(14,210)</u>	<u>53,151</u>	<u>(22,411)</u>	<u>(368,609)</u>
Other Financing Sources (Uses):						
Transfers in	3,135	123,327	1,956	—	176,259	304,677
Transfers – support costs	28,241	—	—	—	(28,241)	—
Transfers out	(127,554)	(95,506)	(61,608)	—	(30,150)	(314,818)
Issuance of bonds	—	135,830	—	—	—	135,830
Issuance of refunding bonds	—	—	—	326,045	—	326,045
Payment to refunded bond escrow agent	—	—	—	(387,556)	—	(387,556)
Premium on refunding bonds issued	—	—	—	62,819	—	62,819
Premium on bonds issued	—	—	—	6,302	—	6,302
Payment to COPs escrow agent	—	—	—	—	(33,218)	(33,218)
Insurance proceeds – fire damage	758	—	—	—	—	758
Capital leases	637	—	—	—	—	637
Land and building sale	—	—	—	—	139	139
Total Other Financing Sources (Uses)	<u>(94,783)</u>	<u>163,651</u>	<u>(59,652)</u>	<u>7,610</u>	<u>84,789</u>	<u>101,615</u>
Net Changes in Fund Balances	119,556	(435,827)	(73,862)	60,761	62,378	(266,994)
Fund Balances, July 1, 2014	700,250	1,127,352	544,998	712,646	364,029	3,449,275
Fund Balances, June 30, 2015	<u>\$ 819,806</u>	<u>\$ 691,525</u>	<u>\$ 471,136</u>	<u>\$ 773,407</u>	<u>\$ 426,407</u>	<u>\$ 3,182,281</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
 Year Ended June 30, 2015
 (in thousands)

Net Changes in Fund Balances – Governmental Funds	\$ (266,994)
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.	(44,660)
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.	(637)
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.	327,137
Premiums and discounts 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.	(69,121)
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.	9,285
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).	3,422
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.	66,169
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.	(619,183)
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.	(30,621)
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 interest expenditure is recognized.	(37)
Adoption of GASB 68 recognizes actuarial pension expense in the government wide statements and reclassify actual pension contribution in the current year as deferred outflow of resources.	55,606
Change in Net Position of Governmental Activities	\$ (573,193)

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, 2015
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula sources	\$ 4,672,873	\$ 4,718,643	\$ 4,742,107	\$ 23,464
Federal revenues	727,900	767,002	646,753	(120,249)
Other state revenues	705,239	763,750	905,421	141,671
Other local revenues	117,056	122,720	125,788	3,068
Total Revenues	<u>6,223,068</u>	<u>6,372,115</u>	<u>6,420,069</u>	<u>47,954</u>
Expenditures:				
Current:				
Certificated salaries	2,694,570	2,928,639	2,782,544	146,095
Classified salaries	828,596	866,629	847,220	19,409
Employee benefits	1,472,670	1,570,639	1,564,868	5,771
Books and supplies	526,632	352,893	275,611	77,282
Services and other operating expenditures	724,583	781,317	712,469	68,848
Capital outlay	12,481	21,474	15,603	5,871
Debt service – principal	—	1,006	868	138
Debt service – bond, COP's, and capital leases interest	1,038	32	45	(13)
Other outgo	1,054	7,354	6,502	852
Total Expenditures	<u>6,261,624</u>	<u>6,529,983</u>	<u>6,205,730</u>	<u>324,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,556)</u>	<u>(157,868)</u>	<u>214,339</u>	<u>372,207</u>
Other Financing Sources (Uses):				
Transfers in	—	1,086	3,135	2,049
Transfers – support costs	25,031	29,140	28,241	(899)
Transfers out	(153,843)	(153,802)	(127,554)	26,248
Insurance proceeds – fire damage	1,500	1,500	758	(742)
Capital leases	—	—	637	637
Total Other Financing Uses	<u>(127,312)</u>	<u>(122,076)</u>	<u>(94,783)</u>	<u>27,293</u>
Net Changes in Fund Balances	<u>(165,868)</u>	<u>(279,944)</u>	<u>119,556</u>	<u>399,500</u>
Fund Balances, July 1, 2014	<u>655,199</u>	<u>700,250</u>	<u>700,250</u>	<u>—</u>
Fund Balances, June 30, 2015	<u>\$ 489,331</u>	<u>\$ 420,306</u>	<u>\$ 819,806</u>	<u>\$ 399,500</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, 2015
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	\$ 1,021,443
Accounts receivable – net	4,612
Accrued interest and dividends receivable	2,961
Prepays	46,262
Other assets	5,885
Total Assets	1,081,163
Deferred Outflows of Resources	692
Liabilities:	
Current:	
Vouchers and accounts payable	5,474
Accrued payroll	1,096
Other payables	47,366
Estimated liability for self-insurance claims	297,279
Total Current Liabilities	351,215
Noncurrent:	
Estimated liability for self-insurance claims	423,431
Net Pension Liability	6,411
Total Liabilities	781,057
Deferred Inflows of Resources	2,140
Total Net Position – Unrestricted	\$ 298,658

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, 2015
(in thousands)

Operating Revenues:	
In-District premiums	\$ 1,182,322
Others	396
Total Operating Revenues	1,182,718
Operating Expenses:	
Certificated salaries	166
Classified salaries	5,567
Employee benefits	2,684
Supplies	395
Premiums and claims expenses	1,206,200
Claims administration	12,894
Other contracted services	1,996
Total Operating Expenses	1,229,902
Operating Loss	(47,184)
Nonoperating Revenues (Expenses):	
Investment income	6,449
Miscellaneous expense	(27)
Total Nonoperating Revenues	6,422
Income (Loss) before Transfers	(40,762)
Transfers in	10,141
Changes in Net Position	(30,621)
Total Net Position, July 1, 2014, Restated	329,279
Total Net Position, June 30, 2015	\$ 298,658

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, 2015
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	\$ (8,791)
Cash payments for goods and services	(1,122,941)
Receipts from assessment to other funds	1,182,288
Other operating revenue	396
Net Cash Provided by Operating Activities	<u>50,952</u>
Cash Flows from Non-Capital Financing Activities:	
Transfer from other funds	10,141
Net Cash Provided by Non-Capital Financing Activities	<u>10,141</u>
Cash Flows from Investing Activities:	
Earnings on investments	6,579
Net Cash Provided by Investing Activities	<u>6,579</u>
Net Increase in Cash and Cash Equivalent	67,672
Cash and Cash Equivalents, July 1	<u>953,771</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,021,443</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Income (loss)	\$ (47,184)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Net decrease in pension expense from actuarial valuation	(123)
Change in Assets: Decrease (Increase)	
Accounts receivable	2,572
Prepays	(78)
Other assets	(432)
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	1,039
Accrued payroll	(251)
Other payables	14,878
Estimated liability for self-insurance claims – current	33,578
Estimated liability for self-insurance claims – noncurrent	46,953
Total Adjustments	<u>98,136</u>
Net Cash Provided by Operating Activities	<u>\$ 50,952</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Position
Fiduciary Funds
June 30, 2015
(in thousands)

	<u>Other Postemployment Benefits (OPEB) Trust Fund</u>	<u>Agency Funds</u>
Assets:		
Cash in county treasury, in banks, and on hand	\$ —	\$ 128,849
Cash held by trustee	90,156	—
Accrued interest receivable	—	54
Total Assets	<u>\$ 90,156</u>	<u>\$ 128,903</u>
Liabilities:		
Other payables	\$ —	\$ 128,903
Total Liabilities	<u>\$ —</u>	<u>\$ 128,903</u>
Net Position:		
Restricted for other postemployment benefits	<u>\$ 90,156</u>	

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2015
(in thousands)

	Other Postemployment Benefits (OPEB) Trust Fund
Additions:	
In-District contributions	\$ 30,000
Other local revenues	239
Total Additions	30,239
Deductions:	
Administrative expenses	83
Total Deductions	83
Change in net position	30,156
Total Net Position, June 30, 2014	60,000
Total Net Position, June 30, 2015	\$ 90,156

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(1) Summary of Significant Accounting Policies

The Los Angeles Unified School District (District) accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The following summary of the more significant accounting policies of the District is provided to assist the reader in interpreting the basic financial statements presented in this section. These policies, as presented, should be viewed as an integral part of the accompanying basic financial statements.

(a) Reporting Entity

The District is primarily responsible for all activities related to K-12 public education in most of the western section of Los Angeles County, State of California. The governing authority, as designated by the State Legislature, consists of seven elected officials who together constitute the Board of Education (Board). Those organizations, functions, and activities (component units) for which the Board has accountability comprise the District's reporting entity.

The District's 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 LAUSD Financing Corporation and the LAUSD Administration Building Finance Corporation (the Corporations) were formed in 2000 and 2001, respectively, to finance properties leased by the District. The Corporations have a financial and operational relationship which meets the reporting entity definition criteria of GASB for inclusion of the Corporations as blended component units of the District. These Corporations are nonprofit public benefit corporations and they were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. The District currently occupies all completed Corporation facilities 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.

On July 1, 2014, the District entered into a joint venture agreement with Los Angeles Trust for Children's Health as the original participant to form Los Angeles Unified School District Risk Management Authority (LAUSDRMA). LAUSDRMA was formed to permit the participants to jointly exercise their common powers to self-insure, pool, and jointly fund and purchase insurance, and to establish insurance programs for a variety of risks. This joint venture also meets GASB's reporting definition criteria of a blended component unit. Detailed information about LAUSDRMA's

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

Financial Statements is available in a separately issued financial report. Copies of the said report may be obtained by written request to General Manager/Secretary, LAUSDRMA, 333 S. Beaudry Avenue, 28th Floor, Los Angeles, CA 90017.

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

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

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

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

(c) *Measurement Focus and Basis of Accounting*

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

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

Federal revenues and State apportionments and allowances are determined to be available and measurable when entitlement occurs or related eligible expenditures are incurred. Secured and unsecured property taxes related to debt service and community redevelopment purposes that are estimated to be collectible and receivable within 60 days of the current period are recorded as

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

revenue. Investment income is accrued when earned. All other revenues are not considered susceptible to accrual.

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, deferred outflow and inflow of resources, capital and other long-term assets, and long-term liabilities are included in the financial statements.
- Statement of net position displays the financial position of the District including all capital assets and related accumulated depreciation, long-term liabilities, and net pension 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 2014-15:

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

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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 (GO 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.

County School Facilities Bonds Fund – This fund is established to account for apportionments received from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), and the 2006 State School Facilities Fund (Proposition 1D).

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 2014-15.

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, and Capital Facilities Account. The District Bonds Fund (BB Bonds, Measure K, Measure R, and Measure Y) and the County School Facilities Bonds Fund (Proposition 1A, Proposition 47, Proposition 55, and Proposition 1D) are reported separately as a major fund in fiscal year 2014-15.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

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 Liability Self-Insurance Funds, the estimates are determined by applying an appropriate discount rate to estimated future claim payments. No discount is applied to estimated Health and Welfare Benefits Fund claims because they are generally paid within a short period of time after the claims are filed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's internal service funds are charges to other operating funds for self-insurance services. Operating expenses include the cost of services including insurance premiums, claims, and administrative costs. All revenues and expenses not meeting this definition are nonoperating revenues and expenses.

Fiduciary Funds

The District has the following Fiduciary Funds:

Agency Funds – Agency Funds are used to report resources held by the reporting government in a purely custodial capacity. Accordingly, all assets reported are offset by a liability to the party on whose behalf they are held. Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations or other governments. The District maintains the following agency funds:

Attendance Incentive Reserve Fund – The Attendance Incentive Reserve Fund is used to account for 50% of funds from salary savings as a result of reduced costs of absenteeism of the United Teachers of Los Angeles (UTLA) represented employees.

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

Payroll Agency Fund – The Payroll Agency Fund is used to account for cash held by the District consisting of state and federal income taxes, social security taxes, retirement deductions and

LOS ANGELES UNIFIED SCHOOL DISTRICT

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other amounts withheld from the payroll checks of employees, from which a legal or contractual obligation exists to remit monies to a third party.

Pension (and Other Employee Benefit) Trust Fund – The Pension (and Other Employee Benefit) Trust Fund is used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The District maintains one type of pension trust fund:

Other Postemployment Benefits (OPEB) Trust Fund – The OPEB Trust Fund accounts for all financial resources used to provide health and welfare benefits to District retirees in accordance with collective bargaining unit agreements and Board rules. These are non-pension benefits that the District has committed to its employees as future compensation for services already rendered.

(f) *Budgetary Control and Encumbrances*

School districts in California are required by Education Code Section 41010 to follow the *California School Accounting Manual* in preparing reports to the State. The District utilizes a single-adoption budget schedule that requires Final Budget adoption by the State-mandated July 1 deadline. The District is allowed to modify its adopted budget within 45 days of the passage of the State budget. In addition, the District revises the budget during the year to give consideration to unanticipated revenues and expenditures (see Note 4 – Budgetary Appropriation Amendments).

In accordance with the District's Board policy, management has the authority to make routine transfers of budget appropriations among major categories within a fund. Routine budget transfers are summarized and periodically reported to the Board for ratification. Nonroutine transfers may not be processed without prior Board approval.

During the year, several supplementary appropriations were necessary. The original and final revised budgets are presented in the financial statements. Budgets for all governmental fund types are adopted on a basis consistent with generally accepted accounting principles. Budgets are adopted for the General, Special Revenue, Debt Service, Capital Projects, and Internal Service Funds.

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(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 other postemployment benefits.

In accordance with State Education Code Section 41001, the District deposits virtually all of its cash with the Treasurer of the County of Los Angeles. The District's deposits, along with funds from other local agencies such as the county government, other school districts, and special districts, make up a pool, which the County Treasurer manages for investment purposes. Earnings from the pooled investments are allocated to participating funds based on average investment in the pool during the allocation period.

All District-directed investments are governed by Government Code Section 53601 and Treasury investment guidelines. The guidelines limit specific investments to government securities, domestic chartered financial securities, domestic corporate issues, and California municipal securities. The District's securities portfolio is held by the County Treasurer. Interest earned on investments is recorded as revenue of the fund from which the investment was made. All District investments are stated at fair value based on quoted market prices.

(h) Short-term Interfund Receivables/Payables

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

(i) Inventories

Inventories consist of expendable materials and supplies held for consumption, which are valued at cost, using the average-cost method. Inventories are recorded as expenditures when shipped to schools and offices. Balances of inventory accounts are offset by corresponding reservations of fund balance, which indicate that these amounts are not available for appropriation and expenditure.

(j) Capital Assets

Capital assets, which include sites, improvement of sites, buildings and improvements, equipment, and construction in progress, are reported in the government-wide financial statements. Such assets are valued at historical cost or estimated historical cost unless obtained by annexation or donation, in which case they are recorded at estimated market value at the date of receipt. The District utilizes a capitalization threshold of \$5,000.

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

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rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

All capital assets, except land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives. A full month's depreciation is applied on the date the asset is placed in service.

Assets	Years
Buildings	50
Portable buildings	20
Building improvements	20
Improvement of sites	20
Furniture and fixtures	20
Playground equipment	20
Food services equipment	15
Transportation equipment	15
Telephone system	10
Reprographics equipment	10
Broadcasting equipment	10
Vehicles	8
Computer system and equipment	5
Office equipment	5

(k) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2015.

(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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(m) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and California Public Employment Retirement System (CalPERS) pension plans and additions to/deductions from CalSTRS and CalPERS pension plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(n) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred. Gains and losses on refunding related to bonds redeemed by proceeds from the issuance of new bonds are 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.

(o) Local Control Funding Formula (LCFF) Sources/Property Taxes/Education Protection Account (EPA)

LCFF sources are the basic financial support for District activities. The District's LCFF is received from a combination of local property taxes, EPA, and state apportionments. For the fiscal year 2014-15, the District received \$930.7 million of local property taxes, \$733.6 million of EPA, and \$3,136.0 million of State aid.

Implementation of the LCFF began in fiscal year 2013-14 with a projected eight-year transition period. For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in fiscal year 2012-13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. Funding is calculated based on data reported by each LEA including pupil attendance, local revenue, and other demographic factors, in accordance with the LCFF. Allocations are made through the Principal Apportionment system.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

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assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The county apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California Revenue and Taxation Code. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately on October 1 of each year. The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as LCFF sources by the District.

Another funding component to the total LCFF is the Education Protection Account (EPA). The EPA provides LEAs with general purpose state aid funding pursuant to Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. Proposition 30 temporarily increases the state's sales tax rate for all taxpayers and the personal income tax rates for upper-income taxpayers which are set to expire at the end of 2016 and 2018 respectively. A portion of the revenues generated by the measure's temporary tax increases is deposited into the EPA which is used to support increased school funding.

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

(p) *Estimates*

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses in the accompanying basic financial statements. Actual results may differ from those estimates.

(q) *New Accounting Pronouncements*

The GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, effective for period beginning after June 15, 2014. This statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as GASB Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. It improves the accounting and financial reporting by state and local government for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. It also establishes standards for measuring and recognizing liabilities, deferred outflows and inflows of resources and expense/expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

In 2015, the District adopted GASB Statement No. 68, which requires the restatement of the June 30, 2014 net position in governmental activities by the amount of the District’s net pension liability as this liability is now required to be recognized in the financial statements of employers participating in the plan. The result is a decrease in net position at July 1, 2014 of \$5.4 billion. This change is in accordance with generally accepted accounting principles.

The GASB has issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The provisions of this statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. This statement requires that at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The adoption of this standard in the current fiscal year resulted to a recognition of \$368.2 million deferred outflow of resources in the District’s Statement of Net Position in the Government-wide Financial Statements.

(r) Restatements

The following table illustrates the cumulative effect of the change in accounting principles as shown on the face of the District’s Statement of Activities (in thousands):

Net position at beginning of year, as previously reported	\$ 1,662,641
Restatements –	
Recognition of the proportionate share of net pension liability	(5,382,206)
Recognition of the effect of E-Rate subsidy to capital assets	123,761
Net position at beginning of year, as restated	<u>\$ (3,595,804)</u>

The District participates in the Federal E-Rate program that provides financial assistance to schools and libraries for eligible telecommunication services. In the past, the District’s accounting treatment differed between rebates and discounts offered under the program. Rebates were recognized as revenue, while discounts were abated against expenditures. The expenditure abatement resulted in an understatement of the net book value of capital assets acquired through the program. Effective fiscal year 2014-15, the District implemented a change in accounting treatment that recognizes E-Rate discounts as revenue, and capital expenditures at full value. As a result of the change, the net position as of June 30, 2014 was increased by \$123.8 million.

(2) Tax and Revenue Anticipation Notes

Tax and Revenue Anticipation Notes (TRANs) are short-term debt instruments used to finance temporary cash flow deficits attributable to the uneven receipt of property taxes and other revenues during the fiscal year.

The District did not issue TRANs in fiscal years 2013-14 and 2014-15 owing to a combination of the State increasing its funding of school districts and reducing its cash deferrals.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(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 \$17,368,577 difference are as follows (in thousands):

Bonds payable	\$ (10,707,885)
Certificates of Participation (COPs)	(307,921)
Capital lease obligations	(1,931)
Children Center Facilities Revolving loan	(476)
Liability for compensated absences	(63,464)
Retirement bonus	(60,948)
Other Postemployment Benefits (OPEB)	(5,971,018)
Accrued interest	<u>(254,934)</u>
Net adjustment to reduce <i>total fund balances – governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$ (17,368,577)</u></u>

(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 \$44,660 difference are as follows (in thousands):

Capital related expenditures	\$ 533,717
Loss on disposal	(18,436)
Depreciation expense	<u>(559,941)</u>
Net adjustment to decrease net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u><u>\$ (44,660)</u></u>

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Notes to Basic Financial Statements

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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 \$327,137 difference are as follows (in thousands):

Debt issued or incurred:		
General Obligation Bonds	\$	(461,875)
Principal repayments:		
General Obligation Bonds		332,225
Certificates of Participation		35,066
Refunding General Obligation Bonds and Certificates of Participation		420,774
Children Center Facilities Loan		79
Capital Leases		868
		<hr/>
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>327,137</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 \$268.4 million.

(5) Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:		
Cash and investments	\$	4,386,566
Cash and investments held by trustee		55,180
		<hr/>
Subtotal		4,441,746
Fiduciary funds:		
Cash and investments held by trustee		90,156
Cash and investments		128,849
		<hr/>
Total cash and investments	\$	<u>4,660,751</u>

Cash and investments as of June 30, 2015 consist of the following (in thousands):

Cash on hand (cafeteria change funds)	\$	19
Deposits with financial institutions and Los Angeles County Pool		4,660,732
		<hr/>
Total cash and investments	\$	<u>4,660,751</u>

Deposits with financial institutions include cash in the Los Angeles County Pooled Surplus Investment Fund (\$4.39 billion), cash held by fiscal agents or trustees (\$55.2 million), cash deposited with various other financial institutions, for imprest funds of schools and offices (\$128.8 million), and cash deposited with trustee for other postemployment benefits (\$90.2 million).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

School districts are required by Education Code Section 41001 to deposit their funds with the county treasury. Cash in county treasury refers to the fair value of the District’s share of the Los Angeles County (County) Pooled Surplus Investment (PSI) Fund.

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the 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	None	15% of PSI portfolio with no more than 10% in any one fund	None
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.	None	None	None
N.	Securities Lending Agreement	180 days	20% of base portfolio value (combined total value of reverse purchase agreements and securities lending)	None
O.	Supranationals in accordance with Gov. Code 53601(q)	5 years	30% of PSI portfolio	with credit rating limits

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

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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, 2015, 54.89% of district funds in the County PSI Fund does not exceed one year. In addition, variable-rate notes that comprised 1.12% of the County PSI Fund and other investments portfolio are tied to periodic coupon resets eliminating interest-rate risk by repricing back to par value at each reset date.

Credit risk means the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, as measured by assignment of a rating by a nationally recognized statistical rating organization. This County's investment guidelines establish minimum acceptable credit ratings issued by any 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 P-1 from Moody's, while for a long-term debt issuer, the rating must be no less than A from Standard & Poor's or P-1 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 has concentration limits that provide sufficient diversification. As of June 30, 2015, the County did not exceed these limitations.

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

For COPs debt proceeds held by trustees, these may be placed in permitted investments outlined in the provisions of the trust agreements, as follows:

- A. Direct obligations of the United States of America; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by specified federal agencies and backed by full or non-full faith and credit of USA;
- B. Money market mutual funds registered under Federal Investment Company Act of 1940 and Federal Securities Act of 1933 and subject to credit rating limits;
- C. Certificates of deposit and other forms of deposit with collateralization, fully insured by FDIC and subject to issuers' credit rating limits;
- D. Investment agreements and commercial papers subject to credit rating limits;
- E. Bonds or notes issued by any state or municipality and pre-refunded municipal bonds, subject to credit rating limits;
- F. Federal funds, bank deposits or bankers' acceptances with full FDIC insurance or subject to credit rating limits;
- G. Repurchase agreements subject to specified criteria and credit rating limits; and
- H. Los Angeles County Investment Pool

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Notes to Basic Financial Statements

Year Ended June 30, 2015

(6) Receivables/Payables

Receivables by Fund at June 30, 2015 consist of the following (in thousands):

	<u>General</u>	<u>District Bonds</u>	<u>County School Facilities Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental</u>	<u>Internal Service Funds</u>	<u>Total</u>
Taxes	\$ —	\$ —	\$ —	\$ 76,198	\$ —	\$ —	\$ 76,198
Accrued grants and entitlements	309,070	—	—	—	38,800	—	347,870
Other	18,653	3,398	—	—	17,156	4,612	43,819
Interest and dividends	3,350	2,919	1,577	—	1,105	2,961	11,912
Total Receivables	<u>\$ 331,073</u>	<u>\$ 6,317</u>	<u>\$ 1,577</u>	<u>\$ 76,198</u>	<u>\$ 57,061</u>	<u>\$ 7,573</u>	<u>\$ 479,799</u>

Payables by Fund at June 30, 2015 consist of the following (in thousands):

	<u>General</u>	<u>District Bonds</u>	<u>County School Facilities Bonds</u>	<u>Other Governmental</u>	<u>Internal Service Funds</u>	<u>Total</u>
Vouchers and accounts	\$ 180,166	\$ 51,030	\$ 991	\$ 3,964	\$ 5,474	\$ 241,625
Contracts	2,777	23,987	2,919	3,532	—	33,215
Accrued payroll	216,155	6,871	117	9,664	1,096	233,903
Other	93,493	4,785	506	7,646	47,366	153,796
Total payables	<u>\$ 492,591</u>	<u>\$ 86,673</u>	<u>\$ 4,533</u>	<u>\$ 24,806</u>	<u>\$ 53,936</u>	<u>\$ 662,539</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(7) Capital Assets

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

	Balance, June 30, 2014 (As Restated) *	Increases	Decreases	Balance, June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 3,084,939	\$ 10,100	\$ —	\$ 3,095,039
Construction in progress	689,833	521,442	(651,072)	560,203
Total capital assets, not being depreciated	<u>3,774,772</u>	<u>531,542</u>	<u>(651,072)</u>	<u>3,655,242</u>
Capital assets, being depreciated:				
Improvement of sites	563,691	26,582	(9)	590,264
Buildings and improvements	14,698,220	413,755	(75)	15,111,900
Equipment	1,835,225	212,910	(184,155)	1,863,980
Total capital assets, being depreciated	<u>17,097,136</u>	<u>653,247</u>	<u>(184,239)</u>	<u>17,566,144</u>
Less accumulated depreciation for:				
Improvement of sites	(369,995)	(16,532)	5	(386,522)
Buildings and improvements	(4,225,535)	(453,718)	31	(4,679,222)
Equipment	(1,473,675)	(89,691)	165,769	(1,397,597)
Total accumulated depreciation	<u>(6,069,205)</u>	<u>(559,941)</u>	<u>165,805</u>	<u>(6,463,341)</u>
Total capital assets, being depreciated, net	<u>11,027,931</u>	<u>93,306</u>	<u>(18,434)</u>	<u>11,102,803</u>
Governmental activities capital assets, net	<u>\$ 14,802,703</u>	<u>\$ 624,848</u>	<u>\$ (669,506)</u>	<u>\$ 14,758,045</u>

* See Note 1r for explanation of the restatement.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

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

Governmental activities:

Instruction	\$	3,952
Support services – students		434
Support services – instructional staff		1,030
Support services – general administration		118
Support services – school administration		2,610
Support services – business		1,987
Operation and maintenance of plant services		5,731
Student transportation services		7,720
Data processing services		11,601
Operation of noninstructional services		2,520
Facilities acquisition and construction		522,238
Total depreciation expense – governmental activities	\$	559,941

(8) Deferred Outflows and Inflows of Resources

District’s deferred inflow and outflow of resources as of June 30, 2015 is comprised of the following (in thousands):

	Deferred Outflows	Deferred Inflows
Debt refunding charges	\$ 161,049	\$ 20,847
Pension contributions subsequent to measurement date	368,214	–
Unamortized differences between projected and actual earnings on plan investments	–	1,209,081
Total	\$ 529,263	\$ 1,229,928

(9) Retirement, Termination and Other Postemployment Benefit Plans

The District provides a number of benefits to its employees including retirement, termination, and postemployment health care benefits.

Retirement Plans

Qualified District employees are covered under either multiple-employer defined benefit retirement plans maintained by agencies of the State of California, or a multiple-employer defined contribution retirement benefit plan administered under a Trust. The retirement plans maintained by the State are 1) the California Public Employees’ Retirement System (CalPERS), 2) the California State Teachers’ Retirement System (CalSTRS), and 3) the Public Agency Retirement (PARS) which is administered under a Trust. In general, certificated employees are members of CalSTRS and classified employees are members of CalPERS. Part-time, seasonal, temporary and other employees who are not members of CalPERS or CalSTRS are members of PARS.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(a) ***California Public Employees' Retirement System (CalPERS)***

Safety Plan

Plan Description and Benefits Provided

The District contributes to an agent multiple-employer plan for Safety, the Public Employees' Retirement Fund (PERF) – Safety Plan, a defined benefit pension plan administered by CalPERS. The plan provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions are established by state statutes, as legislatively amended, within the California Public Employees' Retirement Law.

The Safety Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Safety</u>	
	<u>Prior to</u>	<u>On or after</u>
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hiring date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: minimum	50	57
Monthly benefit, as a % of eligible compensation	3.0%	2.70%
Required employee contribution rates	9.00%	12.75%
Required employer contribution rates	30.845%	30.845%

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for the Safety Plan:

	<u>Safety</u>
Inactive employees or beneficiaries currently receiving the benefits	314
Inactive employees entitled to but not yet receiving benefits	143
Active employees	<u>380</u>
Total	<u><u>837</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

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contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2015, the contributions to the Safety Plan of \$9.3 million were recognized as part of pension expense.

Net Pension Liability

The District's net pension liability for the Safety Plan of \$66.1 million at June 30, 2015 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Safety Plan is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Safety Plan is shown below.

The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.5%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.5% ⁽¹⁾
Mortality rate table ⁽²⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

⁽¹⁾ Net of pension plan investment and administrative expenses; includes inflation.

⁽²⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

Discount Rate

The discount rate used to measure the total pension liability of the Safety Plan was 7.5%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Safety Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.5% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.5% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.5% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Safety		
	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+2 ^(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
Total	<u>100.00%</u>		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

Changes in the Net Pension Liability

The changes in the net pension liability for the Safety Plan as follows (in thousands):

	Safety		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014 ⁽¹⁾	\$ 296,973	\$ 213,160	\$ 83,813
Changes recognized for the measurement period:			
Service cost	8,284	—	8,284
Interest on the total pension liability	22,121	—	22,121
Changes of benefit terms	—	—	—
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Contributions from the employer	—	8,341	(8,341)
Contributions from employees	—	2,717	(2,717)
Net investment income ⁽²⁾	—	37,066	(37,066)
Benefit payments, including refunds of employee contributions	(12,325)	(12,325)	—
Net changes	<u>18,080</u>	<u>35,799</u>	<u>(17,719)</u>
Balance at June 30, 2015 ⁽¹⁾	<u>\$ 315,053</u>	<u>\$ 248,959</u>	<u>\$ 66,094</u>

⁽¹⁾ The fiduciary net position includes receivables for employee buybacks, deficiency reserves, fiduciary self-insurance, and OPEB expense. This may differ from the plan assets reported in the funding actuarial valuation report.

⁽²⁾ Net of administrative expenses.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

Sensitivity of the District’s Net Pension Liability to Changes in the Discount Rate

The following presents the District’s net pension liability for the Safety plan as of the measurement date, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (in thousands):

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
	<u> </u>	<u> </u>	<u> </u>
District’s Net Pension Liability	\$ 108,580	\$ 66,094	\$ 30,982

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resource Related to Pensions

For the year ended June 30, 2015, the District recognized pension expense of \$7.6 million.

As of June 30, 2015, the District reported deferred outflows and deferred inflows of resources related to pensions Safety Plan as follows (in thousands):

	<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 16,956
District contributions subsequent to the measurement date	9,342	—
Total	<u>\$ 9,342</u>	<u>\$ 16,956</u>

The amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense.

\$9.3 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

<u>Year ended June 30</u>	<u>Safety</u>
2016	\$ 4,239
2017	4,239
2018	4,239
2019	4,239

Payable to the Pension Plan

The District’s contribution for all members to the Safety Plan for the fiscal year ended June 30, 2015 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2015.

Miscellaneous Plan

Plan Description and Benefits Provided

The District contributes to a cost-sharing multiple-employer plan, the Public Employees’ Retirement Fund (PERF) Miscellaneous Plan, a defined benefit pension plan administered by CalPERS. The plan provide sevice retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees’ Retirement Law.

The Miscellaneous Plan’s provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to</u> <u>January 1, 2013</u>	<u>On or after</u> <u>January 1, 2013</u>
Hiring date	2.0% @ 55	2.0% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age: Minimum	1.10%	1.00%
Monthly benefit, as a % of eligible compensation	7.00%	6.00%
Required employee contribution rates	11.771%	11.771%
Required employer contribution rates		

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended.

For the year ended June 30, 2015, the contributions to the Miscellaneous Plan of \$113.4 million were recognized as part of pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a net pension liability of \$1.1 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2014, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on the 2013-14 fiscal year employer contributions calculated by CalPERS. At June 30, 2014, the District's proportion was 9.3936%.

For the year ended June 30, 2015, the District recognized pension expense of \$94.8 million. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (Miscellaneous Plan) from the following sources (in thousands):

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 366,428
District contributions subsequent to the measurement date	113,398	—
Total	\$ 113,398	\$ 366,428

\$113.4 million reported as deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

<u>Year ended June 30</u>	<u>Miscellaneous</u>
2016	\$ 91,607
2017	91,607
2018	91,607
2019	91,607

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.5%
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.5% ⁽¹⁾
Mortality rate table ⁽²⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit Increase	Contract COLA up to 2.00% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

⁽¹⁾ Net of pension plan investment and administrative expenses; includes inflation.

⁽²⁾ The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 Experience Study report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement dates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability of the Miscellaneous Plan was 7.5%. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.5% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

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Notes to Basic Financial Statements

Year Ended June 30, 2015

Asset Class	Miscellaneous		
	New Strategic Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+2 ^(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)
Total	<u>100.00%</u>		

^(a) An expected inflation of 2.5% used for this period.

^(b) An expected inflation of 3.0% used for this period.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Miscellaneous plan as of the measurement date, calculated using the discount rate of 7.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate (in thousands):

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 1,870,713	\$ 1,066,402	\$ 394,320

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. Copies of the CalPERS annual financial report may be obtained from CalPERS Fiscal Services Division, P.O. Box 942703, Sacramento, CA 94229-2703, or by calling (888) CalPERS (225-7377).

Payable to the Pension Plan

The District's contribution for all members to the Miscellaneous Plan for the fiscal year ended June 30, 2015 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2015.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

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

Plan Description and Benefits Provided

The District contributes to the CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan and a tax-deferred supplemental program established and administered by the State Teachers' Retirement Law (Section 22000 et seq.) of the California Education Code. The Teachers' Retirement Fund (TRF) is a defined benefit pension plan under the CalSTRS. The State of California is a nonemployer contributor to the TRF.

The Plan provides defined retirement benefits based on members' final compensation, age, and years of credited service. In addition, the retirement program provides benefits to members upon disability and to survivors upon the death of eligible members. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

Hiring Date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50-55 (30 years of service credit)	55 (5 years of service credit)
Monthly benefit, as a % of eligible compensation	1.1% - 1.4%	1.16%
Required employee contribution rates	8.2%	50% of the normal cost of their retirement plan
Required employer contribution rates	8.88%	8.88%

Contributions

The District is required to contribute based on an actuarially determined rate using the entry age normal actuarial cost method. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. Required member, employer and state contribution rates are set the by the California Legislature and Governor and detailed in Teachers' Retirement Law. Both the member and employer contributions are set as a percentage of employees' earnings.

Assembly Bill (AB 1469) enacted in Chapter 47, Statutes of 2014 is projected to fully fund the CalSTRS Defined Benefit (DB) Program in 32 years through shared contribution among CalSTRS members, employers and State of California. Contribution increases will be phased in over several years with the first increases taking effect on July 1, 2014. Member contribution increases will be phased in over the next three years and increase by an additional 2.25% of payroll for CalSTRS 2% at 60 members and an additional 1.205% for CalSTRS 2% at 62 members. Employer contributions

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will increase from 8.25% to a total of 19.1%, phased in over the next seven years. State contributions will increase over the next three years to a total of 6.328%. AB1469 grants the Teachers Retirement Board limited rate setting authority to adjust up or down state and employer contribution rates.

For the year ended June 30, 2015, the contributions to the CalSTRS' TRF of \$245.5 million were recognized as part of pension expense.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a net pension liability of \$3.4 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 2013-14 fiscal year employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and nonemployer contributing entities. At June 30, 2014, the District's proportion was 5.738%.

For the year ended June 30, 2015, the District recognized pension expense of \$210.0 million. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ —	\$ 825,698
District contributions subsequent to the measurement date	245,474	—
Total	<u>\$ 245,474</u>	<u>\$ 825,698</u>

\$245.4 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ 206,424.5
2017	206,424.5
2018	206,424.5
2019	206,424.5

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Actuarial Methods and Assumptions

The total pension liability for the CalSTRS' TRF was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2013
Experience Study	July 1, 2006 through June 30, 2010
Actuarial Cost Method	Entry age normal
Investment Rate of Return*	7.60%
Consumer Price Inflation	3.00%
Wage Growth	3.75%
Post-retirement Benefit Increases	2.00% simple for Defined Benefit Not applicable for Defined Benefit Supplement

*Net of investment expenses, but gross of administrative expenses. CalSTRS uses a 7.5 percent assumed investment rate of return for funding purposes, which is net of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience. RP2000 series tables are an industry standard set of mortality rates published by the Society of Actuaries. CalSTRS July 1, 2006 – June 30, 2010 Experience Analysis can be obtained at the CalSTRS' website.

Discount Rate

The discount rate used to measure the total pension liability was 7.6%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.6%) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the CalSTRS' TRF fiduciary net pension was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all period of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary's (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset

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allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global Equity	47.00 %	4.50 %
Private Equity	12.00	6.20
Real Estate	15.00	4.35
Inflation Sensitive	5.00	3.20
Fixed Income	20.00	0.20
Cash / Liquidity	1.00	0.00
	100.00 %	

* 10-year geometric average

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of June 30, 2014. The plan's net pension liability as of June 30, 2013 and June 30, 2014 are based on the June 30, 2013 actuarial valuation for the first year of implementation. As a result there are no differences between expected and actual experience and changes in assumptions subject to amortization. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period. Deferred inflows are the unamortized portion of the actual net increases in the plan's net position that exceeded the increase projected based on the 7.6% assumed investment rate of return.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.6%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.6%) or 1-percentage-point higher (8.6%) than the current rate (in thousands):

	1.0% Decrease (6.6%)	Current Discount Rate (7.6%)	1.0% Increase (8.6%)
District's proportionate share of the net pension liability	\$ 5,226,629	\$ 3,353,115	\$ 1,790,945

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report. Copies of the CalSTRS annual financial report may be obtained from California State Teachers' Retirement System, P.O. Box 15275, Sacramento, CA 95851-0275.

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Payable to the Pension Plan

The District's contribution for all members to the CalSTRS' TRF for the fiscal year ended June 30, 2015 was in accordance with the required contribution rate calculated by the CalSTRS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2015.

(c) Public Agency Retirement System (PARS)

Plan Description

The Omnibus Budget Reconciliation Act of 1990 requires state and local public agencies to provide a retirement plan for all employees not covered under existing employer pension plans and/or Social Security. These employees are primarily part-time, seasonal, and temporary employees (PSTs). This Act also requires that contributions for PSTs be vested immediately and permits any split of the minimum contributions between employee and employer.

On July 1, 1992, the District joined the PARS, a multiple-employer retirement trust established by a coalition of public employers. The plan covers the District's part-time, seasonal, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. As of June 30, 2015, there are 29,385 District employees covered under PARS.

Benefit terms and other requirements are established by District management based on agreements with various bargaining units. PARS is a defined contribution qualified retirement plan under Section 401 (a) of the Internal Revenue Code.

The minimum total contribution is 7.5% of employees' salaries, of which the District and the employees contribute 3.75% each. For the year ended June 30, 2015, the District recognized pension expense of \$5.4 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2015, 2014 and 2013 were in accordance with the required contributions.

Employees are vested 100% in both employer and employee contributions from the date of membership. When separated from employment, all employees can choose to receive their funds in lump sum or leave it on deposit until the mandatory age of 70 ½ when they must get a distribution.

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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. As of June 30, 2014, the benefits were fully funded.

Postemployment Benefits – Health and Welfare for Retirees

Plan Description

The District administers a single-employer defined benefit healthcare plan. The plan provides other postemployment (health care) benefits in accordance with collective bargaining unit agreements and Board rules. Certificated and classified employees who retire from the District receiving a CalSTRS/CalPERS retirement allowance (for either age or disability) may be eligible to continue coverage under the District-sponsored hospital/medical, dental, and vision plans which cover both active and retired members and their eligible dependents. The following are the eligibility requirements:

- a. Those hired prior to March 11, 1984 must have served a minimum of five consecutive qualifying years immediately prior to retirement.
- b. Those hired from March 11, 1984 through June 30, 1987 must have served a minimum of 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.
- 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.

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- 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.

Qualifying years of service consist of school years in which an employee was in “paid status” for at least 100 full-time days and eligible for District-sponsored health care benefits.

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, 2015, 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.

Moreover, the District established in fiscal year 2013-14 an irrevocable other postemployment benefits (OPEB) trust with CalPERS – California Employers’ Retiree Benefit Trust (CERBT) to address its fiscal obligation in relation to its OPEB liability. Contributions to the OPEB trust will be calculated annually and are governed by the District’s Budget and Finance Policy wherein such contributions will be subject to maintaining an Unrestricted General Fund balance of 5% of the unrestricted revenue.

For fiscal year 2014-15, the District contributed a total of \$310.7 million to the plan including \$30 million contributed to the OPEB trust. The total contribution covers a portion of the normal cost of active employees and the amortization of past service costs for both actives and retirees based on an actuarially calculated valuation.

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. The District’s actuary considered the potential additional costs due to the reduced funding on Medicare Advantage Plans by the federal government and excise taxes on high cost plans and these are included in the actuary’s valuation of liabilities.

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Annual OPEB Cost and Net OPEB Obligation

The District’s annual 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.

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	\$ 905,130
Interest on net OPEB obligation	269,737
Adjustment to annual required contribution	<u>(245,003)</u>
Annual OPEB cost (expense)	929,864
Contributions made	<u>(310,681)</u>
Increase in net OPEB obligation	619,183
Net OPEB obligation – beginning of year	<u>5,351,835</u>
Net OPEB obligation – end of year	<u><u>\$ 5,971,018</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 2015, 2014, and 2013 were as follows (in thousands):

<u>Fiscal Year</u> <u>Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/2015	\$ 929,864	33 %	\$ 5,971,018
6/30/2014	890,880	37	5,351,835
6/30/2013	1,038,193	24	4,787,843

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$10.9 billion, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$10.9 billion. These valuations include the effects of establishing an irrevocable trust and considered a partial pre-funding plan. 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 237%.

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

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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.

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 July 1, 2013 actuarial valuation, the actuarial method used in estimating the liability is the Level Percentage of Pay Entry Age Normal (EAN) cost method, which spreads plan costs for each participant from entry date to the expected retirement date. Under this EAN cost method, the plan's normal cost is developed as a level percentage of pay spread over the participants' working lifetime. The significant assumptions used in the computation include a 5.07% discount rate, inflation of 2.75% per annum, and healthcare cost trend rates in 2013 of 8.5% or 8.75% for non-Medicare advantage plans and 1.09% or -7.94% for Medicare advantage plans. The rate varies depending on the participants' choice of healthcare provider (i.e. Anthem Blue Cross, Kaiser, Health Net or UHC). Ultimately, the assumed rates decline to 5% across the board in 2023. A healthcare cost trend rate of 5% is assumed for dental and vision. The UAAL is being amortized as a level percentage of pay amortization amounts (assuming 3% annual increase) over a 30-year open amortization period.

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; job-related illness or injury to employees; and natural disasters. The District has established several self-insurance funds (Internal Service Funds) as follows: the Workers' Compensation Self-Insurance Fund, the Liability Self-Insurance Fund, and the Health and Welfare Benefits Fund. These funds account for the uninsured risk of loss and pay for insurance premiums, management fees, and related expenses. The District is self-insured for its Workers' Compensation Insurance Program and partially self-insured for the Health and Welfare and Liability Insurance Programs. Premium payments to Health Maintenance Organizations for medical benefits and to outside carriers for vision services, dental services, and optional life insurance are paid out of the Health and Welfare Benefits Fund.

Excess insurance has been purchased for physical property loss damages, which currently provides \$1 billion coverage above a \$500,000 self-insurance retention and for general liability, which currently provides \$35 million coverage above a \$5 million self-insurance retention. No settlements exceeded insurance coverage in the last five fiscal years ended June 30, 2015.

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

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program, workers' compensation coverage with statutory limits and primary general liability and excess liability coverage with limits of \$100 million have been underwritten by seven major insurance carriers.

The District has also purchased contractors' pollution liability insurance coverage for the construction program. The policy protects contractors and the District from losses resulting from pollution liability related incidents occurring during construction. The policy provides optional coverage to ensure that site cleanup cost overruns are not borne by the District. The limits of coverage on the cleanup cost-cap policy are variable by specific project. The total limit available on the other policies is \$50 million.

Liabilities for loss and loss adjustment expenses under school operations workers' compensation and general liability are based on the estimated present value of the ultimate cost of settling the claims including the accumulation of estimates for losses reported prior to the balance sheet date, estimates of losses incurred but not reported, and estimates of expenses for investigating and adjusting reported and unreported losses. Such liabilities are estimates of the future expected settlements and are based upon analysis of historical patterns of the number of incurred claims and their values. Individual reserves are continuously monitored and reviewed and as settlements are made, or reserves adjusted, differences are reflected in current operations.

As of June 30, 2015, the amount of the total claims liabilities recorded for health and welfare, liability self-insurance, and workers' compensation was \$720.7 million. The increase in the workers' compensation liability is primarily due to an increase in actuarial reserves for medical expenses coupled with an increase in the state mandated benefit rate. The Liability Self-Insurance Fund obligation also increased due to higher reserves for a number of specific cases. The increase in the Health and Welfare Benefits Fund is mainly due to the higher cost of new specialty medications and medical claims costs. Changes in the reported liabilities since July 1, 2013 are summarized as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2014-2015				
Health and welfare benefits	\$ 20,634	\$ 250,057	\$ (247,385)	\$ 23,306
Workers' compensation	421,545	162,576	(100,030)	484,091
Liability self-insurance	197,999	47,802	(32,488)	213,313
Total	<u>\$ 640,178</u>	<u>\$ 460,435</u>	<u>\$ (379,903)</u>	<u>\$ 720,710</u>
2013-2014				
Health and welfare benefits	\$ 22,363	\$ 237,406	\$ (239,135)	\$ 20,634
Workers' compensation	420,831	98,642	(97,928)	421,545
Liability self-insurance	201,753	47,233	(50,987)	197,999
Total	<u>\$ 644,947</u>	<u>\$ 383,281</u>	<u>\$ (388,050)</u>	<u>\$ 640,178</u>

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

The District has entered into Certificates of Participation (COPs) for the acquisition of the new administration building, school sites, relocatable classroom buildings, furniture and equipment; rehabilitation and repair of certain facilities; replacement of the legacy financial and procurement systems; and automation of certain business processes. The COPs outstanding as of June 30, 2015 are as follows (in thousands):

COP Issue	Sale Date	Original Principal Amount	Outstanding 06/30/2015	Interest Rates to Maturity		Final Maturity
				Min	Max	
2005 QZAB	12/13/2005	\$ 10,000	\$ 10,000	N/A	N/A	2020
2007A	11/15/2007	99,660	23,492	5.000%	5.000%	2017
2010A	1/27/2010	69,685	33,180	3.250%	5.000%	2017
2010B-1	12/21/2010	21,615	21,615	7.663%	8.525%	2035
2010B-2	12/21/2010	61,730	39,885	4.000%	5.750%	2020
2012A	6/12/2012	87,845	74,540	3.750%	5.000%	2031
2012B	6/12/2012	72,345	71,240	2.125%	5.000%	2031
2013A	6/24/2013	24,780	21,990	2.290%	2.290%	2028
			\$ 295,942			*

* The total amount shown above excludes net unamortized premium of \$12.0 million

In prior years, the District defeased certain principal amounts of its COPs and refunding COPs by placing proceeds of refunding COPs and general obligation bonds into irrevocable escrow funds to provide for all future debt service payments on the refunded and defeased COPs and refunding COPs. Accordingly, the escrow account assets and the liability for the defeased COPs are not included in the District's financial statements. On August 19, 2014, proceeds from GOB issuance of Election of 2005 Measure Y, Series K (2014) for \$35.5 million were used to pay a portion of COPs 2007 Series A (Information Technology Projects) and to prepay COPs 2009 Series A (Food Services Projects) in its entirety, using a combination of GOB Measure Y, Series K and unspent project funds. As of June 30, 2015, \$11.2 million of the defeased COPs are 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, 2015, a total of \$5.9 million of accumulated sinking fund payments have been made, which reflects the portion of the COPs that are considered economically defeased.

Other Leasing Arrangements

The District has entered into various lease agreements ranging from three to five years to finance the acquisition of office and transportation 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

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payments as of the inception date. The future minimum lease payments (principal plus interest) and the net present value of these minimum lease payments (principal only) are detailed in Note 12 – Long-Term Obligations.

The District’s operating leases consist of various leased facilities and office equipment (primarily copiers). The leased facilities have varying terms ranging from three years to 80 years. Some leases are month to month. The leases expire over the next 68 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 this year.

The total expenditure for all operating leases amounted to \$8.4 million in fiscal year 2014-15. The future minimum commitments for noncancelable operating lease of the District as of June 30, 2015 are as follows (in thousands):

<u>Fiscal year ending</u>	<u>Amount</u>
2016	\$ 6,553
2017	5,180
2018	5,263
2019	3,901
2020	3,916
2021-2025	11,773
2026-2030	12,687
2031-2035	14,682
2036-2040	15,733
2041-2045	10,513
2046-2050	11,150
2051-2055	12,311
2056-2060	13,592
2061-2065	15,007
2066-2070	16,569
2071-2075	18,293
2076-2080	20,197
2081-2085	10,258
	<u>\$ 207,578</u>

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(12) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2015 (in thousands):

	Balance, July 1, 2014 (As Restated)	Additions	Deductions	Balance, June 30, 2015	Due Within One Year	Interest Expense
General Obligation Bonds*	\$ 11,011,840	\$ 517,576	\$ 821,531	\$ 10,707,885	\$ 472,687	\$ 469,782
Certificates of Participation (Note 11)*	383,237	(222)	75,094	307,921	32,166	12,468
Capital Lease Obligations	2,162	637	868	1,931	694	46
Children Center Facilities Revolving Loan	555	-	79	476	79	-
Liability for Compensated Absences	61,660	68,846	65,189	65,317	1,403	-
Liability for Other Employee Benefits	68,008	91	7,018	61,081	1,499	-
Self-Insurance Claims (Note 10)	640,178	460,435	379,903	720,710	297,279	-
Net Pension Liability	5,382,206	312,488	1,209,082	4,485,612	-	-
Other Postemployment Benefits	5,351,835	929,864	310,681	5,971,018	-	-
Total	<u>\$ 22,901,681</u>	<u>\$ 2,289,715</u>	<u>\$ 2,869,445</u>	<u>\$ 22,321,951</u>	<u>\$ 805,807</u>	<u>\$ 482,296</u>

* The amounts shown above include unamortized premiums and discounts.

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 Principal	Total	
	Principal	Interest	Principal	Interest		Principal	Interest
2016	\$ 404,240	\$ 507,477	\$ 30,505	\$ 13,558	\$ 79	\$ 434,824	\$ 521,035
2017	380,775	497,365	31,144	12,131	79	411,998	509,496
2018	387,020	479,437	39,806	10,425	79	426,905	489,862
2019	397,050	460,535	15,674	9,091	79	412,803	469,626
2020	386,010	441,381	16,313	8,302	79	402,402	449,683
2021-2025	2,263,075	1,897,825	70,355	31,645	81	2,333,511	1,929,470
2026-2030	3,146,425	1,233,397	61,090	17,587	-	3,207,515	1,250,984
2031-2035	2,932,070	469,682	30,960	3,782	-	2,963,030	473,464
2036-2040	-	-	2,025	83	-	2,025	83
	<u>\$ 10,296,665</u>	<u>\$ 5,987,099</u>	<u>\$ 297,872</u>	<u>\$ 106,604</u>	<u>\$ 476</u>	<u>\$ 10,595,013</u>	<u>\$ 6,093,703</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

The General Obligation (GO) Bonds outstanding balance as of June 30, 2015 consists of the following (in thousands):

<u>Bond Issue</u>	<u>Sale Date</u>	<u>Original Principal Amount</u>	<u>Outstanding June 30, 2015</u>	<u>Interest Rates to Maturity</u>		<u>Final Maturity</u>
				<u>Min</u>	<u>Max</u>	
1997 Series A	7/22/1997	\$ 356,000	\$ 17,500	6.00%	6.00%	2015
2002 Refunding	4/17/2002	258,375	98,160	5.25	5.75	2017
2005A-1 Refunding	7/20/2005	346,750	73,270	3.50	5.50	2018
2005A-2 Refunding	7/20/2005	120,925	14,790	5.50	5.50	2018
Election of 2004, E (2005)	8/10/2005	400,000	12,010	4.00	5.00	2015
Election of 2004, F (2006)	2/16/2006	500,000	73,960	3.75	5.00	2027
Election of 2005, A (2006)	2/22/2006	56,785	7,225	3.80	4.10	2022
Election of 2005, B (2006)	2/22/2006	80,200	16,160	3.80	4.40	2028
Election of 2005, C (2006)	2/22/2006	210,000	100,905	5.00	5.00	2030
Election of 2004, G (2006)	8/17/2006	400,000	48,630	4.00	5.00	2031
2006B Refunding	11/15/2006	574,905	554,295	4.00	5.00	2027
2007A-1 Refunding	1/31/2007	1,153,195	1,122,690	4.00	5.00	2028
2007A-2 Refunding	1/31/2007	136,055	136,055	4.25	4.50	2028
Election of 2002, B (2007)	2/22/2007	500,000	258,570	4.00	5.00	2031
2007B Refunding	2/22/2007	24,845	24,650	5.00	5.00	2019
Election of 2002, C (2007)	8/16/2007	150,000	66,995	4.00	5.00	2032
Election of 2004, H (2007)	8/16/2007	550,000	244,780	5.00	5.00	2032
Election of 2005, E (2007)	8/16/2007	300,000	134,760	4.75	5.00	2032
Election of 2002, D (2009)	2/19/2009	250,000	215,210	3.13	5.30	2034
Election of 2004, I (2009)	2/19/2009	550,000	455,575	5.00	5.25	2034
Election of 2005, F (2009)	2/19/2009	150,000	129,520	3.60	5.25	2034
KRY (2009-BAB)	10/15/2009	1,369,800	1,369,800	5.75	5.76	2034
KRY (2009-TE)	10/15/2009	205,785	94,875	4.00	5.00	2020
2009A Refunding	10/15/2009	74,765	28,700	3.00	5.00	2019
Election of 2005, H (2009)	10/15/2009	318,800	318,800	1.54	1.54	2025
KRY (2010-TE)	3/4/2010	478,575	432,865	4.00	5.25	2034
RY (2010-BAB)	3/4/2010	1,250,585	1,250,585	6.76	6.76	2034
2010A Refunding	3/4/2010	74,995	52,290	4.00	5.00	2015
KY (2010)	5/6/2010	159,495	81,360	2.35	5.00	2018
Election of 2005, J-1 (2010)	5/6/2010	190,195	190,195	5.98	5.98	2027
Election of 2005, J-2 (2010)	5/6/2010	100,000	100,000	5.72	5.72	2027
2011A-1 Refunding	11/1/2011	206,735	185,535	3.00	5.00	2024
2011A-2 Refunding	11/1/2011	201,070	160,530	4.00	5.00	2023
2012A Refunding	5/8/2012	156,000	141,345	2.00	5.00	2028
2014A Refunding	6/26/2014	196,850	196,850	1.00	5.00	2022
2014B Refunding	6/26/2014	323,170	323,170	5.00	5.00	2026
2014C Refunding	6/26/2014	948,795	948,795	1.00	5.00	2031
2014D Refunding	6/26/2014	153,385	153,385	5.00	5.00	2030
Election of 2004, J (2014)	8/19/2014	68,170	68,170	1.00	5.00	2017
Election of 2005, K (2014)	8/19/2014	35,465	35,465	0.50	5.00	2020
Election of 2004, K (2014)	8/19/2014	7,045	7,045	0.27	1.10	2017
Election of 2005, L (2014)	8/19/2014	25,150	25,150	0.27	1.10	2017
2015A Refunding	5/28/2015	326,045	326,045	2.00	5.00	2025
			<u>\$ 10,296,665</u>	*		

* The total amount shown above excludes net unamortized premium of \$411.2 million.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

On August 19, 2014, the District issued the 2014 GO Bonds for \$135.83 million consisting of four series:

1. Election of 2004 Measure R, Series J (2014) for \$68.17 million;
2. Election of 2004 Measure R, Series K (2014) (Federally Taxable) for \$7.045 million;
3. Election of 2005 Measure Y, Series K (2014) for \$35.465 million, proceeds of which were used to pay a portion of the lease payments with respect to the District's Certificates of Participation (COPs), 2007 Series A (Information Technology Projects) and to prepay the COPs, 2009 Series A (Food Services Projects) in its entirety, using a combination of GO Bonds, Measure Y, Series K and unspent project funds.
4. Election of 2005 Measure Y, Series L (2014) (Federally Taxable) for \$25.15 million.

On May 28, 2015, the District issued the 2015 GO Refunding Bonds, Series A for \$326.045 million for the purpose of current refunding the outstanding 2005 Proposition BB GO Refunding Bonds, (i) Series A-1 for \$271.985 million and (ii) Series A-2 for \$106.135 million. This 2015 refunding resulted in a reduction of the debt service payments of \$80.967 million over 11 years or a net present value savings of \$72.174 million.

In prior years, the District defeased certain principal amounts of its GO 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 GO Bonds are not included in the District's financial statements. As of June 30, 2015, \$1.927 billion of the defeased GO 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, Internal Revenue Service (IRS) regulations limit the yield that the District can earn on the bond proceeds. If the District earns an amount in excess of the bond yield and does not qualify for a spending exception, the District must remit the excess earnings to the United States Treasury. Payments equal to 90% of the calculated excess earnings are due on each fifth anniversary of a bond's issuance date. When a bond issue is retired, all of the remaining excess earnings must be remitted. As of June 30, 2015, there was no arbitrage payable due to the IRS.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

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 and proprietary funds. In fiscal year 2015, approximately 91% has been paid by the General Fund, 8% by the District Bonds Fund, and 1% by the proprietary funds.

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 86% of the cost, while the Cafeteria Fund carries 6%; no other individual fund is charged more than 3% of the total amount.

(13) 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, 2015 are as follows (in thousands):

<u>Fund Group</u>	<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General	Unrestricted	\$ 23,600	\$ —
	Total General	<u>23,600</u>	<u>—</u>
Special Revenue	Child development	<u>—</u>	<u>23,600</u>
	Total Special Revenue	<u>—</u>	<u>23,600</u>
	Total Interfund Receivables/Payables	<u>\$ 23,600</u>	<u>\$ 23,600</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(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 through which resources are to be expended. Transfers between funds for the year ended June 30, 2015 were as follows (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General	Cafeteria	Cafeteria Support	\$ 50,000
General	Capital Services	Debt service	40,480
General	Child Development	Child development support	24,997
General	Health & Welfare	Medicare Part D subsidy	10,141
General	Building – Measure Y	Reimbursement of capital expenditures	274
General	Building – Measure R	Reimbursement of capital expenditures	1,641
General	Special Reserve	Reimbursement of capital expenditures	22
Adult Education	Building – Measure Y	Reimbursement of capital expenditures	4
Building – Measure K	County School Facilities	Reimbursement of capital expenditures	20
Building – Measure K	Building – Measure R	Reimbursement of capital expenditures	16,425
Building – Measure K	Building – Measure Y	Reimbursement of capital expenditures	8,734
Building – Measure K	Special Reserve	Reimbursement of capital expenditures	1,419
Build Lease–Purchase	General Fund	Reimbursement of capital expenditures	136
Building – Measure R	Building – Measure K	Reimbursement of capital expenditures	1,696
Building – Measure R	Building – Measure Y	Reimbursement of capital expenditures	9,161
Building – Measure R	County School Facilities	Reimbursement of capital expenditures	678
Building – Measure R	Special Reserve	Reimbursement of capital expenditures	5,325
Building – Measure Y	Cafeteria	Reimbursement of capital expenditures	1,299
Building – Measure Y	County School Facilities	Reimbursement of capital expenditures	587
Building – Measure Y	General	Reimbursement of capital expenditures	860
Building – Measure Y	Special Reserve	Debt service	33,218
Building – Measure Y	Adult Education	Reimbursement of capital expenditures	3,333
Building – Measure Y	Building – Measure R	Reimbursement of capital expenditures	2,375
Building – Measure Y	Building – Measure K	Reimbursement of capital expenditures	6
Building – Measure Y	Special Revenue	Reimbursement of capital expenditures	6,153
Building Fund–Bond Proceeds	Building – Measure R	Reimbursement of capital expenditures	10
Building Fund–Bond Proceeds	Building – Measure Y	Reimbursement of capital expenditures	3,399
Building Fund–Bond Proceeds	County School Facilities	Reimbursement of capital expenditures	672
Capital Facilities	Capital Services	Debt service	9,574
Capital Facilities	Building – Measure R	Reimbursement of capital expenditures	768
Capital Facilities	Building – Measure K	Reimbursement of capital expenditures	1
Capital Facilities	Building – Measure Y	Reimbursement of capital expenditures	10,975
County School Facilities	Building – Measure R	Reimbursement of capital expenditures	31,644
County School Facilities	Building Fund– Bond Proceeds	Reimbursement of capital expenditures	2,017
County School Facilities	Building Fund	Reimbursement of capital expenditures	440
County School Facilities	Building – Measure K	Reimbursement of capital expenditures	7,273
County School Facilities	Building – Measure Y	Reimbursement of capital expenditures	20,232
SSBldg Lease–Purchase	Building – Measure K	Reimbursement of capital expenditures	97
Special Reserve–CRA	General	Reimbursement of capital expenditures	90
Special Reserve	General	Reimbursement for Routine Repair and General Maintenance	2,049
Special Reserve	Building – Measure R	Reimbursement of capital expenditures	5,051
Special Reserve	Building – Measure K	Reimbursement of capital expenditures	70
Special Reserve	Building – Measure Y	Reimbursement of capital expenditures	1,472
Sub–total			<u>314,818</u>
Adult Education	General	Transfer of support costs	3,367
Child Development	General	Transfer of support costs	6,663
Cafeteria	General	Transfer of support costs	18,211
Total			<u>\$ 343,059</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

(14) Fund Equity

The following is a summary of nonspendable, restricted, assigned, and unassigned fund balances at June 30, 2015 (in thousands):

	<u>General Fund</u>	<u>District Bonds</u>	<u>County School Facilities Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental Funds</u>
Nonspendable:					
Revolving cash and imprest funds	\$ 2,637	\$ 3,430	\$ —	\$ —	\$ 32
Inventories	18,016	—	—	—	5,654
Total Nonspendable Balances	<u>20,653</u>	<u>3,430</u>	<u>—</u>	<u>—</u>	<u>5,686</u>
Restricted for:					
Child Nutrition: School Programs	—	—	—	—	22,521
Medi – Cal Billing Options	5,886	—	—	—	—
FEMA Public Assistance Funds	158	—	—	—	5,530
California Clean Energy Jobs Act	52,112	—	—	—	—
Cops More Program	35	—	—	—	—
School Mental Health Medi – Cal Rehabilitation	4,863	—	—	—	—
Medi – Cal Electronic Health Record Incentive	422	—	—	—	—
English Language Acquisition Program, Teacher Training & Student Assistance	3,697	—	—	—	—
Special Education	3,503	—	—	—	—
Economic Impact Aid: Limited English Proficiency (LEP)	3,949	—	—	—	—
Quality Education Investment Act (QEIA)	41,560	—	—	—	—
State School Facilities Projects	—	—	471,136	—	5,918
California Energy Commission Loan Expenditures	397	—	—	—	—
Employment Training Panel-Regional Occupational Centers and Programs	54	—	—	—	—
CDE Grant Olive Vista Middle School	—	—	—	—	4
Division of State Architect Certification/Close out	—	—	—	—	1,594
Capital Projects	—	—	—	—	137,139
Ongoing & Major Maintenance Account	2,049	—	—	—	—
Certificates of Participation (Acquisition Accounts) Proceeds	7,366	—	—	—	—
Clean Cities Grant	86	—	—	—	—
B.E.S.T. Behavior – Special Education	29	—	—	—	—
Cognitive Behavioral Intervention Therapy	353	—	—	—	—
Debt Service Reserve	—	—	—	773,407	56,205
District Bonds	—	688,095	—	—	—
Total Restricted Balances	<u>126,519</u>	<u>688,095</u>	<u>471,136</u>	<u>773,407</u>	<u>228,911</u>
Committed to:					
Adult Education	—	—	—	—	5,395
Assigned to:					
Subsequent year expenditures	418,424	—	—	—	186,415
Unassigned					
Reserved for economic uncertainties	65,376	—	—	—	—
Unassigned	188,834	—	—	—	—
Total Fund Balances	<u>\$ 819,806</u>	<u>\$ 691,525</u>	<u>\$ 471,136</u>	<u>\$ 773,407</u>	<u>\$ 426,407</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

Nonspendable fund balances represent amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted fund balances represent amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed fund balances represent amounts that can be used only for specific purposes determined by a formal action of the governing board through the adoption of a resolution. The governing board is the highest level of decision-making authority for the District. These committed amounts cannot be used for any other purpose unless the governing board removes or changes the specific use through formal action. Governing board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30. The amount which will be committed can be determined subsequently but prior to the release of the District's financial statements.

Assigned fund balances represent amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The District's adopted policy delegates the authority to assign amounts for specific purposes to the Superintendent, or designated executive committee.

Unassigned fund balances represent all other spendable amounts.

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

As part of the Budget and Finance Policy, the governing board has adopted a minimum fund balance policy for the General Fund in order to avoid the need for service level reductions in the event that an economic downturn causes revenues to be substantially lower than what was budgeted. The policy requires the District to maintain a reserve for economic uncertainty consisting of unassigned amounts equal to at least 1% of total General Fund expenditures and other financing uses. In the event that the District must expend all or part of this reserve, the District will identify and implement a budgetary plan to replenish this reserve the following year. This reserve may be adjusted based on changes to legal requirement.

It is also a policy that the Total General Fund balance be maintained at a minimum level of 5% of Total General Fund expenditures and transfers out. In the event that the General Fund balance falls below this level, all one-time monies will be set-aside until the 5% minimum reserve threshold is met. In addition, other recommendations that may be developed to restore reserve balances.

(15) 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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2015

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

(b) Grants

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

(c) Construction Contracts

The District has entered into various contracts for the construction of facilities throughout the campuses. During fiscal year 2014-15 the District entered into approximately 61 contracts with a combined value of \$168.6 million. The durations of the contracts range from one month to two years.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Funding Progress for Postemployment Healthcare Benefits
 Year Ended June 30, 2015
 (Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (Entry Age Normal) (AAL)*	Unfunded Actuarial Accrued Liability (UAAL)*	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
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
6/30/2013	—	10,901,982	10,901,982	0	4,600,000	237

*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
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios *
Agent Multiple-Employer Defined Benefit Pension Plan
For the Year Ended June 30, 2015
(Dollar amounts in thousands)

	CalPERS – Safety 2015
Total Pension Liability	
Service Cost	\$ 8,284
Interest on total pension liability	22,121
Differences between expected and actual experience	—
Changes in assumptions	—
Changes in benefits	—
Benefit payments, including refunds of employee contributions	(12,325)
Net change in total pension liability	18,080
Total pension liability – beginning	296,973
Total pension liability – ending (a)	315,053
Plan fiduciary net position	
Contributions – employer	8,341
Contributions – employee	2,717
Net investment income (net of administrative expenses)	37,066
Benefit payments	(12,325)
Net change in plan fiduciary net position	35,799
Plan fiduciary net position – beginning	213,160
Plan fiduciary net position – ending (b)	248,959
Net pension liability – ending (a) - (b)	\$ 66,094
Plan fiduciary net position as a percentage of the total pension liability	79.02%
Covered – employee payroll	\$ 26,213
Net pension liability as percentage of covered – employee payroll	252.14%

* Fiscal year 2014-15 was the first year of implementation, therefore only one year is shown.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Contributions *
 Agent Multiple-Employer Defined Benefit Pension Plan
 For the Year Ended June 30, 2015
 (Dollar amounts in thousands)

	CalPERS – Safety
	2015
Actuarially determined contribution	\$ 9,342
Contributions in relation to the actuarially determined contributions	(9,342)
Contribution deficiency (excess)	\$ —
Covered – employee payroll	\$ 39,837
Contributions as a percentage of covered – employee payroll	23.45%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

Valuation date	6/30/2012
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll
Remaining amortization period	28 Years as of the Valuation Date
Asset valuation method	15 Year Smoothed Market
Inflation	2.75% compounded annually
Salary increases	3.30% to 14.20%. Varies by age, service and type of employment
Investment rate of return	7.5% compounded annually (net of administrative expenses).
Retirement age	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation.
Mortality	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.

* Fiscal year 2014-15 was the first year of implementation, therefore only one year is shown.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
 Cost Sharing Multiple Employer Defined Benefit Pension Plan
 For the Year Ended June 30, 2015
 (Dollar amounts in thousands)

1. Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios

	CalSTRS 2014-2015	CalPERS – Miscellaneous 2014-2015
District's proportion of the net pension liability (asset)	5.7380%	9.3936%
District's proportionate share of the net pension liability (asset)	\$ 3,353,000	\$ 1,066,402
District's covered-employee payroll	2,585,154	839,116
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129.70%	127.09%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	83.38%

2. Schedule of District Contributions

	CalSTRS 2014-2015	CalPERS - Miscellaneous 2014-2015
Contractually required contribution		
District contributions	\$ 245,474	\$ 113,398
Contributions in relation to the contractually required contribution	245,474	113,398
Contribution deficiency (excess)	–	–
District's covered-employee payroll	2,771,643	1,016,759
Contributions as a percentage of covered-employee payroll	8.86%	11.15%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions are as follows:

	<u>6/30/2014</u>	<u>6/30/2013</u>
Valuation date	Entry Age Normal	Entry Age Normal
Actuarial cost method	Level Percent of Payroll	Level Percent of Payroll
Amortization method	30 years	20-year period
Remaining amortization period	Expected Value with 33% adjustment to Market Value	Actuarial value of Assets
Asset valuation method	3.00%	2.75%
Inflation	3.75%	varies by entry age and duration of service
Salary increases	7.50%	7.50%
Investment rate of return	Experience Tables	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation.
Retirement age		
Mortality	RP-2000 Series Table	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.

* Fiscal year 2014-15 was the first year of implementation, therefore only one year is shown.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

District Bonds Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

Year Ended June 30, 2015

(in thousands)

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget – Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ 1,752	\$ 1,752
Other local revenues	15,070	15,070	27,407	12,337
Total Revenues	<u>15,070</u>	<u>15,070</u>	<u>29,159</u>	<u>14,089</u>
Expenditures:				
Current:				
Classified salaries	106,713	141,351	63,220	78,131
Employee benefits	45,927	84,423	57,158	27,265
Books and supplies	97	14,073	2,855	11,218
Services and other operating expenditures	7,178	111,564	53,375	58,189
Capital outlay	819,556	685,415	452,029	233,386
Total Expenditures	<u>979,471</u>	<u>1,036,826</u>	<u>628,637</u>	<u>408,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(964,401)</u>	<u>(1,021,756)</u>	<u>(599,478)</u>	<u>422,278</u>
Other Financing Sources (Uses):				
Transfers in	—	123,327	123,327	—
Transfers out	(1,420)	(95,542)	(95,506)	36
Issuance of bonds	677,970	677,970	135,830	(542,140)
Total Other Financing Sources (Uses)	<u>676,550</u>	<u>705,755</u>	<u>163,651</u>	<u>(542,104)</u>
Net Changes in Fund Balances	<u>(287,851)</u>	<u>(316,001)</u>	<u>(435,827)</u>	<u>(119,826)</u>
Fund Balances, July 1, 2014	<u>1,097,400</u>	<u>1,127,352</u>	<u>1,127,352</u>	<u>—</u>
Fund Balances, June 30, 2015	<u>\$ 809,549</u>	<u>\$ 811,351</u>	<u>\$ 691,525</u>	<u>\$ (119,826)</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
County School Facilities Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2015
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other state revenues	\$ 60,906	\$ 60,906	\$ 15,447	\$ (45,459)
Other local revenues	3,670	3,670	3,456	(214)
Total Revenues	<u>64,576</u>	<u>64,576</u>	<u>18,903</u>	<u>(45,673)</u>
Expenditures:				
Current:				
Classified salaries	—	3,732	559	3,173
Employee benefits	—	1,482	239	1,243
Books and supplies	—	1,210	38	1,172
Services and other operating expenditures	—	50,800	1,489	49,311
Capital outlay	282,039	176,191	30,788	145,403
Total Expenditures	<u>282,039</u>	<u>233,415</u>	<u>33,113</u>	<u>200,302</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(217,463)</u>	<u>(168,839)</u>	<u>(14,210)</u>	<u>154,629</u>
Other Financing Sources (Uses):				
Transfers in	—	1,956	1,956	—
Transfers out	—	(61,608)	(61,608)	—
Total Other Financing Sources	<u>—</u>	<u>(59,652)</u>	<u>(59,652)</u>	<u>—</u>
Net Changes in Fund Balances	<u>(217,463)</u>	<u>(228,491)</u>	<u>(73,862)</u>	<u>154,629</u>
Fund Balances, July 1, 2014	<u>533,937</u>	<u>544,998</u>	<u>544,998</u>	<u>—</u>
Fund Balances, June 30, 2015	<u>\$ 316,474</u>	<u>\$ 316,507</u>	<u>\$ 471,136</u>	<u>\$ 154,629</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, 2015
 (in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal revenues	\$ 67,336	\$ 67,336	\$ 68,405	\$ 1,069
Other state revenues	4,937	4,937	4,374	(563)
Other local revenues	794,480	794,480	806,678	12,198
Total Revenues	<u>866,753</u>	<u>866,753</u>	<u>879,457</u>	<u>12,704</u>
Expenditures:				
Debt service – principal	868,232	869,540	332,225	537,315
Debt service – refunding bond issuance cost	—	—	1,308	(1,308)
Debt service – bond, COP's, and capital leases interest	—	—	492,773	(492,773)
Total Expenditures	<u>868,232</u>	<u>869,540</u>	<u>826,306</u>	<u>43,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,479)</u>	<u>(2,787)</u>	<u>53,151</u>	<u>55,938</u>
Other Financing Sources (Uses):				
Issuance of refunding bonds	—	326,045	326,045	—
Premium on bonds issued	—	—	6,302	6,302
Premium on refunding bonds issued	—	62,819	62,819	—
Payment to refunded bond escrow agent	—	(387,556)	(387,556)	—
Total Other Financing Sources	<u>—</u>	<u>1,308</u>	<u>7,610</u>	<u>6,302</u>
Net Changes in Fund Balances	<u>(1,479)</u>	<u>(1,479)</u>	<u>60,761</u>	<u>62,240</u>
Fund Balances, July 1, 2014	<u>712,930</u>	<u>712,646</u>	<u>712,646</u>	<u>—</u>
Fund Balances, June 30, 2015	<u>\$ 711,451</u>	<u>\$ 711,167</u>	<u>\$ 773,407</u>	<u>\$ 62,240</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.

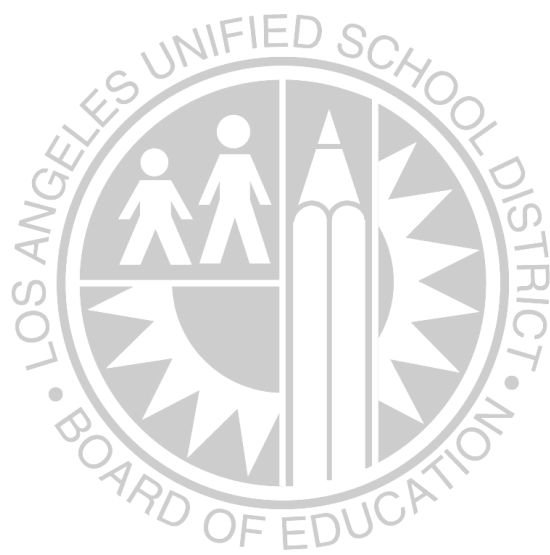
The Special Reserve Fund – FEMA-Hazard Mitigation was established on April 15, 1996 to account for funds received from FEMA and for the 25% District-matching funds for the retrofit/replacement of pendant lighting and suspended ceilings in selected buildings at schools, offices, and children's centers.

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.



LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2015
(in thousands)

	Special Revenue			
	Adult Education	Child Development	Cafeteria	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 4,135	\$ 3,737	\$ 15,884	\$ 23,756
Cash held by trustee	—	—	—	—
Accounts receivable – net	4,115	25,889	11,874	41,878
Accrued interest receivable	54	4	20	78
Inventories	—	—	5,654	5,654
Total Assets	8,304	29,630	33,432	71,366
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 8,304	\$ 29,630	\$ 33,432	\$ 71,366
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ 808	\$ 402	\$ 1,591	\$ 2,801
Contracts payable	7	—	—	7
Accrued payroll	1,935	4,753	2,755	9,443
Other payables	—	—	597	597
Due to other funds	—	23,600	—	23,600
Unearned revenue	128	324	314	766
Total Liabilities	2,878	29,079	5,257	37,214
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	31	1	5,654	5,686
Restricted	—	—	22,521	22,521
Committed	5,395	—	—	5,395
Assigned	—	550	—	550
Total Fund Balances	5,426	551	28,175	34,152
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,304	\$ 29,630	\$ 33,432	\$ 71,366

See accompanying independent auditors' report.

Debt Service

Tax Override	Capital Services	Total
\$ 386	\$ 10,469	\$ 10,855
—	45,315	45,315
—	—	—
1	34	35
—	—	—
<u>387</u>	<u>55,818</u>	<u>56,205</u>
—	—	—
<u>\$ 387</u>	<u>\$ 55,818</u>	<u>\$ 56,205</u>
\$ —	\$ —	\$ —
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
—	—	—
387	55,818	56,205
—	—	—
—	—	—
<u>387</u>	<u>55,818</u>	<u>56,205</u>
<u>\$ 387</u>	<u>\$ 55,818</u>	<u>\$ 56,205</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2015
 (in thousands)

	Building	Capital Facilities Account	State School Building Lease – Purchase	Capital Special Reserve – Community Redevelopment Agency
Assets:				
Cash in county treasury, in banks, and on hand	\$ 8,154	\$ 164,660	\$ 11,971	\$ 52,508
Cash held by trustee	—	—	—	—
Accounts receivable – net	—	14,078	—	—
Accrued interest receivable	25	505	38	140
Inventories	—	—	—	—
Total Assets	<u>8,179</u>	<u>179,243</u>	<u>12,009</u>	<u>52,648</u>
Deferred Outflows of Resources	—	—	—	—
Total Asset and Deferred Outflows of Resources	<u>\$ 8,179</u>	<u>\$ 179,243</u>	<u>\$ 12,009</u>	<u>\$ 52,648</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ 4	\$ 307	\$ 133	\$ 139
Contracts payable	—	3,268	174	—
Accrued payroll	—	23	—	194
Other payables	—	70	5,784	—
Due to other funds	—	—	—	—
Unearned revenue	—	—	—	—
Total Liabilities	<u>4</u>	<u>3,668</u>	<u>6,091</u>	<u>333</u>
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	—	5,918	52,315
Committed	—	—	—	—
Assigned	8,175	175,575	—	—
Total Fund Balances	<u>8,175</u>	<u>175,575</u>	<u>5,918</u>	<u>52,315</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 8,179</u>	<u>\$ 179,243</u>	<u>\$ 12,009</u>	<u>\$ 52,648</u>

See accompanying independent auditors' report.

Projects

Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
\$ 84,327	\$ 7,172	\$ 2,051	\$ 330,843	\$ 365,454
2,095	—	—	2,095	47,410
—	—	—	14,078	55,956
253	24	7	992	1,105
—	—	—	—	5,654
<u>86,675</u>	<u>7,196</u>	<u>2,058</u>	<u>348,008</u>	<u>475,579</u>
—	—	—	—	—
<u>\$ 86,675</u>	<u>\$ 7,196</u>	<u>\$ 2,058</u>	<u>\$ 348,008</u>	<u>\$ 475,579</u>
\$ 569	\$ 11	\$ —	\$ 1,163	\$ 3,964
83	—	—	3,525	3,532
—	4	—	221	9,664
1,195	—	—	7,049	7,646
—	—	—	—	23,600
—	—	—	—	766
<u>1,847</u>	<u>15</u>	<u>—</u>	<u>11,958</u>	<u>49,172</u>
—	—	—	—	—
—	—	—	—	5,686
84,828	7,124	—	150,185	228,911
—	—	—	—	5,395
—	57	2,058	185,865	186,415
<u>84,828</u>	<u>7,181</u>	<u>2,058</u>	<u>336,050</u>	<u>426,407</u>
<u>\$ 86,675</u>	<u>\$ 7,196</u>	<u>\$ 2,058</u>	<u>\$ 348,008</u>	<u>\$ 475,579</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2015
(in thousands)

	Special Revenue			
	Adult Education	Child Development	Cafeteria	Total
Revenues:				
Local Control Funding Formula sources	\$ 58,147	\$ —	\$ —	\$ 58,147
Federal revenues	11,544	25,738	306,455	343,737
Other state revenues	3,750	80,354	22,737	106,841
Other local revenues	1,542	6,473	7,300	15,315
Total Revenues	<u>74,983</u>	<u>112,565</u>	<u>336,492</u>	<u>524,040</u>
Expenditures:				
Current:				
Certificated salaries	35,776	39,209	—	74,985
Classified salaries	11,249	43,378	97,527	152,154
Employee benefits	22,577	43,801	82,870	149,248
Books and supplies	4,348	1,845	182,306	188,499
Services and other operating expenditures	4,338	2,663	2,376	9,377
Capital outlay	220	—	2,376	2,596
Debt service – principal	—	79	—	79
Debt service – bond, COP's, and capital leases interest	—	—	—	—
Total Expenditures	<u>78,508</u>	<u>130,975</u>	<u>367,455</u>	<u>576,938</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,525)</u>	<u>(18,410)</u>	<u>(30,963)</u>	<u>(52,898)</u>
Other Financing Sources (Uses):				
Transfers in	3,333	24,997	51,299	79,629
Transfers – support costs	(3,367)	(6,663)	(18,211)	(28,241)
Transfers out	(4)	—	—	(4)
Payment to COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>(38)</u>	<u>18,334</u>	<u>33,088</u>	<u>51,384</u>
Net Changes in Fund Balances	<u>(3,563)</u>	<u>(76)</u>	<u>2,125</u>	<u>(1,514)</u>
Fund Balances, July 1, 2014	8,989	627	26,050	35,666
Fund Balances, June 30, 2015	<u>\$ 5,426</u>	<u>\$ 551</u>	<u>\$ 28,175</u>	<u>\$ 34,152</u>

See accompanying independent auditor's report.

Debt Service

Tax Override	Capital Services	Total
\$ —	\$ —	\$ —
—	569	569
—	—	—
<u>3</u>	<u>226</u>	<u>229</u>
<u>3</u>	<u>795</u>	<u>798</u>
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	35,066	35,066
—	15,019	15,019
<u>—</u>	<u>50,085</u>	<u>50,085</u>
<u>3</u>	<u>(49,290)</u>	<u>(49,287)</u>
—	50,051	50,051
—	—	—
—	—	—
—	—	—
<u>—</u>	<u>50,051</u>	<u>50,051</u>
<u>3</u>	<u>761</u>	<u>764</u>
<u>384</u>	<u>55,057</u>	<u>55,441</u>
<u>\$ 387</u>	<u>\$ 55,818</u>	<u>\$ 56,205</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, 2015
 (in thousands)

	<u>Building</u>	<u>Capital Facilities Account</u>	<u>State School Building Lease – Purchase</u>	<u>Capital Special Reserve – Community Redevelopment Agency</u>
Revenues:				
Local Control Funding Formula sources	\$ —	\$ —	\$ —	\$ —
Federal revenues	—	—	—	—
Other state revenues	—	—	1,567	—
Other local revenues	3,424	78,948	89	23,489
Total Revenues	<u>3,424</u>	<u>78,948</u>	<u>1,656</u>	<u>23,489</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	471	—	3,313
Employee benefits	—	201	—	1,585
Books and supplies	—	1	—	86
Services and other operating expenditures	—	706	—	732
Capital outlay	—	23,466	1	4
Debt service – principal	—	—	—	—
Debt service – bond, COP's, and capital leases interest	—	—	—	—
Total Expenditures	<u>—</u>	<u>24,845</u>	<u>1</u>	<u>5,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,424</u>	<u>54,103</u>	<u>1,655</u>	<u>17,769</u>
Other Financing Sources (Uses):				
Transfers in	440	—	—	—
Transfers – support costs	—	—	—	—
Transfers out	—	(21,318)	(97)	(90)
Payment to COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>440</u>	<u>(21,318)</u>	<u>(97)</u>	<u>(90)</u>
Net Changes in Fund Balances	<u>3,864</u>	<u>32,785</u>	<u>1,558</u>	<u>17,679</u>
Fund Balances, July 1, 2014	<u>4,311</u>	<u>142,790</u>	<u>4,360</u>	<u>34,636</u>
Fund Balances, June 30, 2015	<u>\$ 8,175</u>	<u>\$ 175,575</u>	<u>\$ 5,918</u>	<u>\$ 52,315</u>

See accompanying independent auditor's report.

Projects

<u>Special Reserve</u>	<u>Special Reserve – FEMA – Earthquake</u>	<u>Special Reserve – FEMA – Hazard Mitigation</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ —	\$ —	\$ —	\$ —	\$ 58,147
—	—	—	—	344,306
—	—	—	1,567	108,408
13,602	51	15	119,618	135,162
<u>13,602</u>	<u>51</u>	<u>15</u>	<u>121,185</u>	<u>646,023</u>
—	—	—	—	74,985
537	13	—	4,334	156,488
186	5	—	1,977	151,225
420	—	—	507	189,006
442	12	—	1,892	11,269
8,823	407	—	32,701	35,297
—	—	—	—	35,145
—	—	—	—	15,019
<u>10,408</u>	<u>437</u>	<u>—</u>	<u>41,411</u>	<u>668,434</u>
<u>3,194</u>	<u>(386)</u>	<u>15</u>	<u>79,774</u>	<u>(22,411)</u>
46,139	—	—	46,579	176,259
—	—	—	—	(28,241)
(8,641)	—	—	(30,146)	(30,150)
(33,218)	—	—	(33,218)	(33,218)
139	—	—	139	139
<u>4,419</u>	<u>—</u>	<u>—</u>	<u>(16,646)</u>	<u>84,789</u>
7,613	(386)	15	63,128	62,378
<u>77,215</u>	<u>7,567</u>	<u>2,043</u>	<u>272,922</u>	<u>364,029</u>
<u>\$ 84,828</u>	<u>\$ 7,181</u>	<u>\$ 2,058</u>	<u>\$ 336,050</u>	<u>\$ 426,407</u>

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, 2015
(in thousands)

	Adult Education			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Local Control Funding Formula sources	\$ 66,091	\$ 66,423	\$ 58,147	\$ (8,276)
Federal revenues	15,082	12,355	11,544	(811)
Other state revenues	5,019	2,150	3,750	1,600
Other local revenues	2,258	1,595	1,542	(53)
Total Revenues	<u>88,450</u>	<u>82,523</u>	<u>74,983</u>	<u>(7,540)</u>
Expenditures:				
Current:				
Certificated salaries	34,243	39,551	35,776	3,775
Classified salaries	11,367	11,329	11,249	80
Employee benefits	21,722	22,708	22,577	131
Books and supplies	19,787	8,400	4,348	4,052
Services and other operating expenditures	4,788	6,082	4,338	1,744
Capital outlay	2,501	4,897	220	4,677
Debt Service – principal	—	—	—	—
Total Expenditures	<u>94,408</u>	<u>92,967</u>	<u>78,508</u>	<u>14,459</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,958)</u>	<u>(10,444)</u>	<u>(3,525)</u>	<u>6,919</u>
Other Financing Sources (Uses):				
Transfers in	—	5,235	3,333	(1,902)
Transfers – support costs	—	(3,714)	(3,367)	347
Transfers out	—	(4)	(4)	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>1,517</u>	<u>(38)</u>	<u>(1,555)</u>
Net Changes in Fund Balances	<u>(5,958)</u>	<u>(8,927)</u>	<u>(3,563)</u>	<u>5,364</u>
Fund Balances, July 1, 2014	<u>6,020</u>	<u>8,989</u>	<u>8,989</u>	<u>—</u>
Fund Balances, June 30, 2015	<u>\$ 62</u>	<u>\$ 62</u>	<u>\$ 5,426</u>	<u>\$ 5,364</u>

See accompanying independent auditor's report.

Child Development				Cafeteria			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
26,033	25,976	25,738	(238)	297,085	302,891	306,455	3,564
69,279	68,279	80,354	12,075	21,721	21,520	22,737	1,217
8,465	7,701	6,473	(1,228)	6,496	6,587	7,300	713
103,777	101,956	112,565	10,609	325,302	330,998	336,492	5,494
37,066	39,257	39,209	48	—	—	—	—
44,267	45,917	43,378	2,539	88,899	97,565	97,527	38
44,499	44,426	43,801	625	85,326	82,882	82,870	12
8,519	4,756	1,845	2,911	186,788	187,846	182,306	5,540
3,312	3,400	2,663	737	4,335	2,583	2,376	207
—	—	—	—	1,834	2,427	2,376	51
554	554	79	475	—	—	—	—
138,217	138,310	130,975	7,335	367,182	373,303	367,455	5,848
(34,440)	(36,354)	(18,410)	17,944	(41,880)	(42,305)	(30,963)	11,342
40,687	42,659	24,997	(17,662)	64,535	58,372	51,299	(7,073)
(6,880)	(6,931)	(6,663)	268	(18,151)	(18,495)	(18,211)	284
—	—	—	—	(4,964)	(1)	—	1
33,807	35,728	18,334	(17,394)	41,420	39,876	33,088	(6,788)
(633)	(626)	(76)	550	(460)	(2,429)	2,125	4,554
634	627	627	—	21,070	26,050	26,050	—
\$ 1	\$ 1	\$ 551	\$ 550	\$ 20,610	\$ 23,621	\$ 28,175	\$ 4,554

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Special Revenue Funds

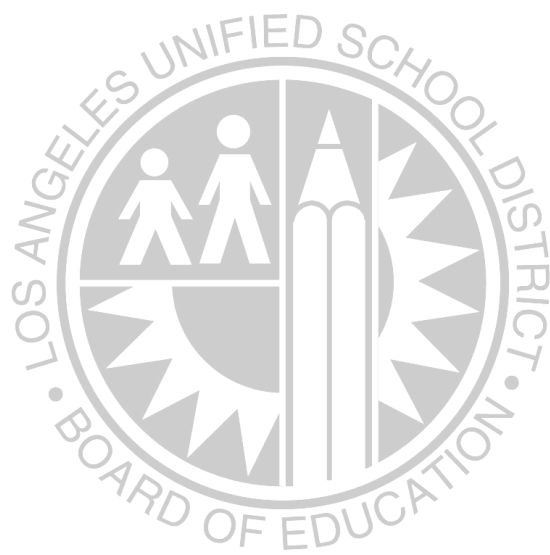
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Continued)

Year Ended June 30, 2015

(in thousands)

	Total			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Local Control Funding Formula sources	\$ 66,091	\$ 66,423	\$ 58,147	\$ (8,276)
Federal revenues	338,200	341,222	343,737	2,515
Other state revenues	96,019	91,949	106,841	14,892
Other local revenues	17,219	15,883	15,315	(568)
Total Revenues	<u>517,529</u>	<u>515,477</u>	<u>524,040</u>	<u>8,563</u>
Expenditures:				
Current:				
Certificated salaries	71,309	78,808	74,985	3,823
Classified salaries	144,533	154,811	152,154	2,657
Employee benefits	151,547	150,016	149,248	768
Books and supplies	215,094	201,002	188,499	12,503
Services and other operating expenditures	12,435	12,065	9,377	2,688
Capital outlay	4,335	7,324	2,596	4,728
Debt Service – principal	554	554	79	475
Total Expenditures	<u>599,807</u>	<u>604,580</u>	<u>576,938</u>	<u>27,642</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(82,278)</u>	<u>(89,103)</u>	<u>(52,898)</u>	<u>36,205</u>
Other Financing Sources (Uses):				
Transfers in	105,222	106,266	79,629	(26,637)
Transfers – support costs	(25,031)	(29,140)	(28,241)	899
Transfers out	(4,964)	(5)	(4)	1
Total Other Financing Sources (Uses)	<u>75,227</u>	<u>77,121</u>	<u>51,384</u>	<u>(25,737)</u>
Net Changes in Fund Balances	<u>(7,051)</u>	<u>(11,982)</u>	<u>(1,514)</u>	<u>10,468</u>
Fund Balances, July 1, 2014	<u>27,724</u>	<u>35,666</u>	<u>35,666</u>	<u>—</u>
Fund Balances, June 30, 2015	<u>\$ 20,673</u>	<u>\$ 23,684</u>	<u>\$ 34,152</u>	<u>\$ 10,468</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, 2015
(in thousands)

	Tax Override			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	3	3
Total Revenues	<u>—</u>	<u>—</u>	<u>3</u>	<u>3</u>
Expenditures:				
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital lease interest	—	384	—	384
Total Expenditures	<u>—</u>	<u>384</u>	<u>—</u>	<u>384</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>(384)</u>	<u>3</u>	<u>387</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	—	(384)	3	387
Fund Balances, July 1, 2014	332	384	384	—
Fund Balances, June 30, 2015	<u>\$ 332</u>	<u>\$ —</u>	<u>\$ 387</u>	<u>\$ 387</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		
\$ 570	\$ 570	\$ 569	\$ (1)	\$ 570	\$ 570	\$ 569	\$ (1)
—	—	—	—	—	—	—	—
227	227	226	(1)	227	227	229	2
797	797	795	(2)	797	797	798	1
38,384	35,066	35,066	—	38,384	35,066	35,066	—
17,252	15,830	15,019	811	17,252	16,214	15,019	1,195
55,636	50,896	50,085	811	55,636	51,280	50,085	1,195
(54,839)	(50,099)	(49,290)	809	(54,839)	(50,483)	(49,287)	1,196
55,381	50,641	50,051	(590)	55,381	50,641	50,051	(590)
55,381	50,641	50,051	(590)	55,381	50,641	50,051	(590)
542	542	761	219	542	158	764	606
55,042	55,057	55,057	—	55,374	55,441	55,441	—
\$ 55,584	\$ 55,599	\$ 55,818	\$ 219	\$ 55,916	\$ 55,599	\$ 56,205	\$ 606

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, 2015
 (in thousands)

	Building			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	800	800	3,424	2,624
Total Revenues	800	800	3,424	2,624
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	4,926	5,551	—	5,551
Total Expenditures	4,926	5,551	—	5,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,126)	(4,751)	3,424	8,175
Other Financing Sources (Uses):				
Transfers in	—	440	440	—
Transfers out	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Total Other Financing Sources (Uses)	—	440	440	—
Net Changes in Fund Balances	(4,126)	(4,311)	3,864	8,175
Fund Balances, July 1, 2014	4,126	4,311	4,311	—
Fund Balances, June 30, 2015	\$ —	\$ —	\$ 8,175	\$ 8,175

See accompanying independent auditor's report.

Capital Facilities Account				State School Building – Lease Purchase			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	1,567	1,567
41,238	41,238	78,948	37,710	—	—	89	89
41,238	41,238	78,948	37,710	—	—	1,656	1,656
432	1,001	471	530	—	—	—	—
184	387	201	186	—	—	—	—
43	43	1	42	—	—	—	—
93,313	29,569	706	28,863	—	—	—	—
19,103	84,010	23,466	60,544	4,352	4,263	1	4,262
113,075	115,010	24,845	90,165	4,352	4,263	1	4,262
(71,837)	(73,772)	54,103	127,875	(4,352)	(4,263)	1,655	5,918
—	—	—	—	—	—	—	—
(9,576)	(21,321)	(21,318)	3	—	(97)	(97)	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
(9,576)	(21,321)	(21,318)	3	—	(97)	(97)	—
(81,413)	(95,093)	32,785	127,878	(4,352)	(4,360)	1,558	5,918
129,110	142,790	142,790	—	4,352	4,360	4,360	—
\$ 47,697	\$ 47,697	\$ 175,575	\$ 127,878	\$ —	\$ —	\$ 5,918	\$ 5,918

(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, 2015

(in thousands)

	Special Reserve – Community Redevelopment Agency			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	17,099	28,614	23,489	(5,125)
Total Revenues	<u>17,099</u>	<u>28,614</u>	<u>23,489</u>	<u>(5,125)</u>
Expenditures:				
Current:				
Classified salaries	3,389	3,509	3,313	196
Employee benefits	1,658	1,647	1,585	62
Books and supplies	—	1,000	86	914
Services and other operating expenditures	238	742	732	10
Capital outlay	49,887	55,806	4	55,802
Total Expenditures	<u>55,172</u>	<u>62,704</u>	<u>5,720</u>	<u>56,984</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(38,073)</u>	<u>(34,090)</u>	<u>17,769</u>	<u>51,859</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	(90)	(90)	—
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(90)</u>	<u>(90)</u>	<u>—</u>
Net Changes in Fund Balances	<u>(38,073)</u>	<u>(34,180)</u>	<u>17,679</u>	<u>51,859</u>
Fund Balances, July 1, 2014	38,073	34,636	34,636	—
Fund Balances, June 30, 2015	<u>\$ —</u>	<u>\$ 456</u>	<u>\$ 52,315</u>	<u>\$ 51,859</u>

See accompanying independent auditors' report.

Special Reserve				Special Reserve – FEMA – Earthquake			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ 1,752	\$ —	\$ (1,752)	\$ —	\$ —	\$ —	\$ —
3,922	—	—	—	—	—	—	—
36,400	36,570	13,602	(22,968)	—	—	51	51
40,322	38,322	13,602	(24,720)	—	—	51	51
—	1,378	537	841	—	99	13	86
—	477	186	291	—	27	5	22
—	4,500	420	4,080	—	9	—	9
1	24,784	442	24,342	—	2,736	12	2,724
109,786	90,727	8,823	81,904	—	600	407	193
109,787	121,866	10,408	111,458	—	3,471	437	3,034
(69,465)	(83,544)	3,194	86,738	—	(3,471)	(386)	3,085
—	46,139	46,139	—	—	—	—	—
—	(6,592)	(8,641)	(2,049)	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	(33,218)	(33,218)	—	—	—	—	—
—	—	139	139	—	—	—	—
—	—	—	—	—	—	—	—
—	6,329	4,419	(1,910)	—	—	—	—
(69,465)	(77,215)	7,613	84,828	—	(3,471)	(386)	3,085
69,465	77,215	77,215	—	240	7,567	7,567	—
\$ —	\$ —	\$ 84,828	\$ 84,828	\$ 240	\$ 4,096	\$ 7,181	\$ 3,085

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Projects Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Continued)

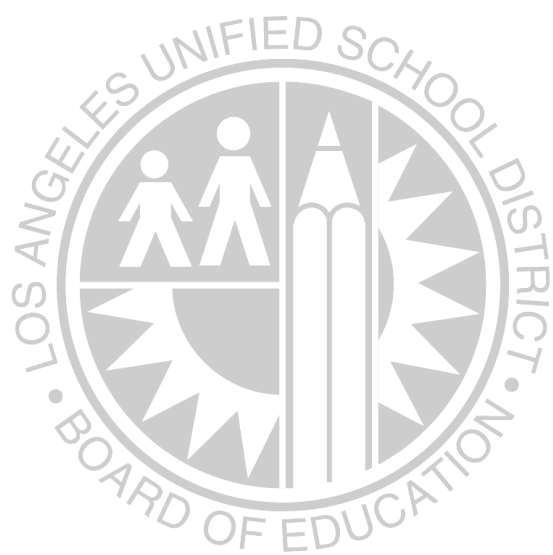
Year Ended June 30, 2015

(in thousands)

	Special Reserve – FEMA – Hazard Mitigation			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	15	15
Total Revenues	—	—	15	15
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	—	—	—	—
Total Expenditures	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	15	15
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Discount on issuance of COPs	—	—	—	—
Payment to COPs escrow agent	—	—	—	—
Land and building sale	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	—	—	15	15
Fund Balances, July 1, 2014	2,043	2,043	2,043	—
Fund Balances, June 30, 2015	<u>\$ 2,043</u>	<u>\$ 2,043</u>	<u>\$ 2,058</u>	<u>\$ 15</u>

See accompanying independent auditors' report.

Total			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final		
\$ —	\$ 1,752	\$ —	\$ (1,752)
3,922	—	1,567	1,567
95,537	107,222	119,618	12,396
99,459	108,974	121,185	12,211
3,821	5,987	4,334	1,653
1,842	2,538	1,977	561
43	5,552	507	5,045
93,552	57,831	1,892	55,939
188,054	240,957	32,701	208,256
287,312	312,865	41,411	271,454
(187,853)	(203,891)	79,774	283,665
—	46,579	46,579	—
(9,576)	(28,100)	(30,146)	(2,046)
—	—	—	—
—	—	—	—
—	(33,218)	(33,218)	—
—	—	139	139
—	—	—	—
(9,576)	(14,739)	(16,646)	(1,907)
(197,429)	(218,630)	63,128	281,758
247,409	272,922	272,922	—
\$ 49,980	\$ 54,292	\$ 336,050	\$ 281,758



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, 2015
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 315,374	\$ 492,257	\$ 213,812	\$ 1,021,443
Accounts receivable – net	4,471	141	—	4,612
Accrued interest and dividends receivable	1,101	1,325	535	2,961
Prepays	44,712	—	1,550	46,262
Other assets	5,885	—	—	5,885
Total Assets	<u>371,543</u>	<u>493,723</u>	<u>215,897</u>	<u>1,081,163</u>
Deferred Outflows of Resources	<u>214</u>	<u>359</u>	<u>119</u>	<u>692</u>
Liabilities:				
Current:				
Vouchers and accounts payable	2,895	2,356	223	5,474
Accrued payroll	444	436	216	1,096
Other payables	47,271	—	95	47,366
Estimated liability for self-insurance claims	23,306	87,314	186,659	297,279
Total Current Liabilities	<u>73,916</u>	<u>90,106</u>	<u>187,193</u>	<u>351,215</u>
Noncurrent:				
Estimated liability for self-insurance claims	—	396,777	26,654	423,431
Net pension liability	2,012	3,216	1,183	6,411
Total Liabilities	<u>75,928</u>	<u>490,099</u>	<u>215,030</u>	<u>781,057</u>
Deferred Inflows of Resources	<u>691</u>	<u>1,062</u>	<u>387</u>	<u>2,140</u>
Total Net Position – Unrestricted	<u>\$ 295,138</u>	<u>\$ 2,921</u>	<u>\$ 599</u>	<u>\$ 298,658</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, 2015
(in thousands)

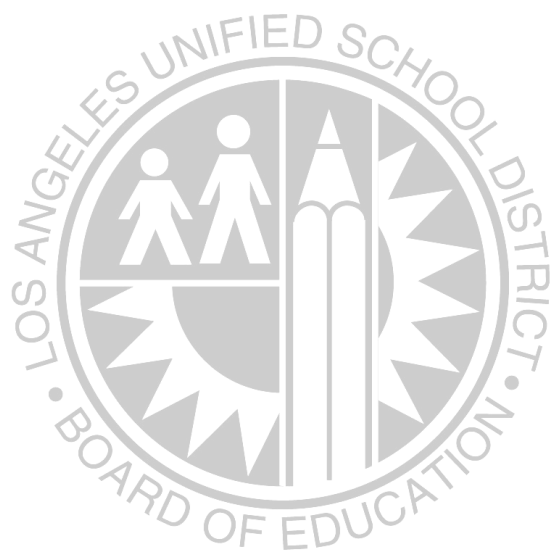
	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Operating Revenues:				
In-District premiums	\$ 948,454	\$ 180,279	\$ 53,589	\$ 1,182,322
Others	396	—	—	396
Total Operating Revenues	<u>948,850</u>	<u>180,279</u>	<u>53,589</u>	<u>1,182,718</u>
Operating Expenses:				
Certificated salaries	—	—	166	166
Classified salaries	1,866	2,785	916	5,567
Employee benefits	902	1,313	469	2,684
Supplies	289	43	63	395
Premiums and claims expenses	990,995	162,576	52,629	1,206,200
Claims administration	—	12,394	500	12,894
Other contracted services	1,153	454	389	1,996
Total Operating Expenses	<u>995,205</u>	<u>179,565</u>	<u>55,132</u>	<u>1,229,902</u>
Operating Loss	<u>(46,355)</u>	<u>714</u>	<u>(1,543)</u>	<u>(47,184)</u>
Nonoperating Revenues (Expenses):				
Investment income	2,426	2,841	1,182	6,449
Miscellaneous expense	—	(27)	—	(27)
Total Nonoperating Revenues	<u>2,426</u>	<u>2,814</u>	<u>1,182</u>	<u>6,422</u>
Income (Loss) before Transfers	<u>(43,929)</u>	<u>3,528</u>	<u>(361)</u>	<u>(40,762)</u>
Transfers in	10,141	—	—	10,141
Changes in Net Position	<u>(33,788)</u>	<u>3,528</u>	<u>(361)</u>	<u>(30,621)</u>
Total Net Position, July 1, 2014, Restated	<u>328,926</u>	<u>(607)</u>	<u>960</u>	<u>329,279</u>
Total Net Position, June 30, 2015	<u>\$ 295,138</u>	<u>\$ 2,921</u>	<u>\$ 599</u>	<u>\$ 298,658</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2015
(in thousands)

	Health and Welfare Benefits	Workers' Compensation	Liability	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	\$ (2,685)	\$ (4,536)	\$ (1,570)	\$ (8,791)
Cash payments for goods and services	(972,704)	(112,368)	(37,869)	(1,122,941)
Receipts from assessment to other funds	948,454	180,245	53,589	1,182,288
Other operating revenue	396	—	—	396
Net Cash Provided (Used) by Operating Activities	<u>(26,539)</u>	<u>63,341</u>	<u>14,150</u>	<u>50,952</u>
Cash Flows from Non-Capital Financing Activities:				
Transfer from other funds	10,141	—	—	10,141
Net Cash Provided by Non-Capital Financing Activities	<u>10,141</u>	<u>—</u>	<u>—</u>	<u>10,141</u>
Cash Flows from Investing Activities:				
Earnings on investments	2,508	2,934	1,137	6,579
Net Cash Provided by Investing Activities	<u>2,508</u>	<u>2,934</u>	<u>1,137</u>	<u>6,579</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(13,890)	66,275	15,287	67,672
Cash and Cash Equivalents, July 1	329,264	425,982	198,525	953,771
Cash and Cash Equivalents, June 30	<u>\$ 315,374</u>	<u>\$ 492,257</u>	<u>\$ 213,812</u>	<u>\$ 1,021,443</u>
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (46,355)	\$ 714	\$ (1,543)	\$ (47,184)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Net decrease in pension expense from actuarial valuation	(35)	(61)	(27)	(123)
Change in Assets: Decrease (Increase)				
Accounts receivable	2,604	(33)	—	2,571
Prepays	(466)	—	388	(78)
Other assets	(432)	—	—	(432)
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	571	553	(85)	1,039
Accrued payroll	119	(378)	8	(251)
Other payables	14,783	—	95	14,878
Estimated liability for self-insurance claims – current	2,672	11,756	19,150	33,578
Estimated liability for self-insurance claims – noncurrent	—	50,789	(3,836)	46,953
Total Adjustments	<u>19,816</u>	<u>62,626</u>	<u>15,693</u>	<u>98,135</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (26,539)</u>	<u>\$ 63,340</u>	<u>\$ 14,150</u>	<u>\$ 50,951</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.

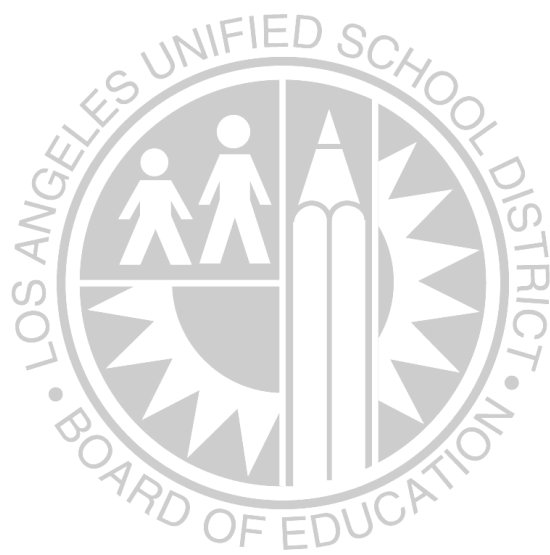
The Student Body Fund was established to account for cash held by the District on behalf of the student bodies at various school sites.

The Payroll Agency Fund was established to account for cash held by the District consisting of state and federal income taxes, social security taxes, retirement deductions and other amounts withheld from the payroll checks of employees, from which a legal or contractual obligation exists to remit monies to a third party.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Fiduciary Funds – Agency Funds
Combining Statement of Changes in Assets and Liabilities
Year Ended June 30, 2015
(in thousands)

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Payroll Agency Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 78,979	\$ 11,799,568	\$ 11,786,721	\$ 91,826
Total Assets	<u>\$ 78,979</u>	<u>\$ 11,799,568</u>	<u>\$ 11,786,721</u>	<u>\$ 91,826</u>
Liabilities				
Other payables	\$ 78,979	\$ 12,903,241	\$ 12,890,394	\$ 91,826
Total Liabilities	<u>\$ 78,979</u>	<u>\$ 12,903,241</u>	<u>\$ 12,890,394</u>	<u>\$ 91,826</u>
<u>Attendance Incentive Reserve Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 17,172	\$ 481	\$ 990	\$ 16,663
Accrued interest receivable	64	174	184	54
Total Assets	<u>\$ 17,236</u>	<u>\$ 655</u>	<u>\$ 1,174</u>	<u>\$ 16,717</u>
Liabilities				
Other payables	\$ 17,236	\$ 174	\$ 693	\$ 16,717
Total Liabilities	<u>\$ 17,236</u>	<u>\$ 174</u>	<u>\$ 693</u>	<u>\$ 16,717</u>
<u>Student Body Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 21,052	\$ 54,476	\$ 55,168	\$ 20,360
Total Assets	<u>\$ 21,052</u>	<u>\$ 54,476</u>	<u>\$ 55,168</u>	<u>\$ 20,360</u>
Liabilities				
Other payables	\$ 21,052	\$ 54,476	\$ 55,168	\$ 20,360
Total Liabilities	<u>\$ 21,052</u>	<u>\$ 54,476</u>	<u>\$ 55,168</u>	<u>\$ 20,360</u>
<u>Total Agency Funds</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 117,203	\$ 11,854,525	\$ 11,842,879	\$ 128,849
Accrued interest receivable	64	174	184	54
Total Assets	<u>\$ 117,267</u>	<u>\$ 11,854,699</u>	<u>\$ 11,843,063</u>	<u>\$ 128,903</u>
Liabilities				
Other payables	\$ 117,267	\$ 12,957,891	\$ 12,946,255	\$ 128,903
Total Liabilities	<u>\$ 117,267</u>	<u>\$ 12,957,891</u>	<u>\$ 12,946,255</u>	<u>\$ 128,903</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, 2015 and 2014
(in thousands)

	2014-2015	2013-2014 (As Restated)
Governmental Funds Capital Assets:		
Sites	\$ 3,095,039	\$ 3,084,939
Improvement of sites	590,264	563,691
Building and improvements	15,111,900	14,698,220
Equipment	1,863,980	1,835,225
Construction in progress	560,203	689,833
Total Governmental Funds Capital Assets	<u>\$ 21,221,386</u>	<u>\$ 20,871,908</u>
Investments in Governmental Funds Capital Assets by Source:		
From revenues of:		
General Fund	\$ 1,387,453	\$ 1,556,035
Special Revenue Funds:		
Adult Education Fund	52,753	52,564
Cafeteria Fund	46,122	43,746
Child Development Fund	17,704	17,704
Deferred Maintenance Fund	18,507	18,507
Capital Projects Funds:		
Building Fund	36,457	36,457
Building Fund – Bond Proceeds	1,731,989	1,730,881
Building Fund – Measure K	3,179,998	3,157,293
Building Fund – Measure R	3,383,277	3,274,704
Building Fund – Measure Y	2,565,557	2,273,664
State School Building Lease – Purchase Fund	1,026,620	1,026,620
Special Reserve Fund	1,430,196	1,422,848
Special Reserve Fund – FEMA – Earthquake	13,077	12,670
Special Reserve Fund – FEMA – Hazard Mitigation	3,517	3,517
Special Reserve Fund – CRA	9,605	9,601
Capital Facilities Fund	526,776	497,507
County School Facilities Fund	831,449	831,449
County School Facilities Fund – Prop 47	933,317	879,129
County School Facilities Fund – Prop 55	1,952,118	1,952,118
County School Facilities Fund – Prop 1D	334,520	334,520
Contributions from outside source – MTA	6,018	6,018
Investment in general capital assets prior to July 1, 1983*	1,734,356	1,734,356
Total Governmental Funds Capital Assets	<u>\$ 21,221,386</u>	<u>\$ 20,871,908</u>

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

See accompanying independent auditor's report.

Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes in Capital Assets by Source
Year Ended June 30, 2015
(in thousands)

	Sites	Improvement of Sites
Balances, July 1, 2014	\$ 3,084,939	\$ 563,691
Restatement of Balances, July 1, 2014	—	—
Restated Balances, July 1, 2014	3,084,939	563,691
Additions:		
Capital outlay from:		
General Fund	—	—
Adult Education Fund	—	—
Cafeteria Fund	—	—
Building Fund – Bond Proceeds	—	—
Building Fund – Measure K	—	—
Building Fund – Measure R	—	—
Building Fund – Measure Y	—	—
Special Reserve Fund	—	—
Special Reserve Fund-FEMA-Earthquake	—	—
Special Reserve Fund – CRA	—	—
Capital Facilities Fund	—	—
County School Facilities Fund – Prop 47	—	—
Completed Projects	10,100	26,582
Sub-totals	10,100	26,582
Deductions:		
Vehicle disposal	—	—
Return to salvage	—	—
Others ⁽¹⁾	—	9
Total Deductions	—	9
Net Increase	10,100	26,573
Balances, June 30, 2015	\$ 3,095,039	\$ 590,264

⁽¹⁾ In the current fiscal year, the District retired the Integrated Student Information System in the amount of \$157.5 million. This student attendance accounting system was replaced by a new system called MiSiS (My Integrated Student Information System).

See accompanying independent auditor's report.

Building and Improvements	Equipment	Construction in Progress	Total
\$ 14,530,648	\$ 1,723,511	\$ 689,587	\$ 20,592,376
167,572	111,714	246	279,532
14,698,220	1,835,225	689,833	20,871,908
—	6,719	8,907	15,626
—	92	128	220
—	2,376	—	2,376
—	—	1,108	1,108
—	—	22,705	22,705
—	—	108,573	108,573
—	—	291,894	291,894
—	3,088	4,260	7,348
—	—	407	407
—	—	4	4
—	—	29,268	29,268
—	—	54,188	54,188
413,755	200,635	(651,072)	—
413,755	212,910	(129,630)	533,717
—	5,950	—	5,950
—	20,613	—	20,613
75	157,592	—	157,676
75	184,155	—	184,239
413,680	28,755	(129,630)	349,478
\$ 15,111,900	\$ 1,863,980	\$ 560,203	\$ 21,221,386

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Changes in Long-Term Obligations
Year Ended June 30, 2015
(in thousands)

	General Obligation Bonds	Certificates of Participation	Capital Leases	Children Centers Facilities Revolving Loan	Liability for Compensated Absences
Balances, July 1, 2014	\$ 11,011,840	\$ 383,237	\$ 2,162	\$ 555	\$ 61,660
Restatement of Balances, July 1, 2014	—	—	—	—	—
Restated Balances, July 1, 2014	<u>11,011,840</u>	<u>383,237</u>	<u>2,162</u>	<u>555</u>	<u>61,660</u>
Additions:					
Debt issuance	461,875	—	637	—	—
Premium on debt issue	69,121	—	—	—	—
Discount amortization	(13,420)	(222)	—	—	—
Vacation earned	—	—	—	—	68,846
Retirement bonus	—	—	—	—	—
Self-insurance claims	—	—	—	—	—
Annual required contribution	—	—	—	—	—
Total Additions	<u>517,576</u>	<u>(222)</u>	<u>637</u>	<u>—</u>	<u>68,846</u>
Deductions:					
Principal repayments	710,345	69,917	868	79	—
Premium amortization	111,186	5,177	—	—	—
Vacation used	—	—	—	—	65,189
Retirement bonus paid	—	—	—	—	—
Self-insurance claims paid	—	—	—	—	—
OPEB contributions	—	—	—	—	—
Total Deductions	<u>821,531</u>	<u>75,094</u>	<u>868</u>	<u>79</u>	<u>65,189</u>
Balances, June 30, 2015	<u>\$ 10,707,885</u>	<u>\$ 307,921</u>	<u>\$ 1,931</u>	<u>\$ 476</u>	<u>\$ 65,317</u>

See accompanying independent auditor's report.

Liability for Other Employee Benefits	Self-Insurance Claims	Net Pension Liability	Other Postemployment Benefits (OPEB)	Total
\$ 68,008	\$ 640,178	\$ —	\$ 5,351,835	\$ 17,519,475
—	—	5,382,206	—	5,382,206
<u>68,008</u>	<u>640,178</u>	<u>5,382,206</u>	<u>5,351,835</u>	<u>22,901,681</u>
—	—	—	—	462,512
—	—	—	—	69,121
—	—	—	—	(13,642)
—	—	—	—	68,846
91	—	—	—	91
—	460,435	—	—	460,435
—	—	312,488	929,864	1,242,352
<u>91</u>	<u>460,435</u>	<u>312,488</u>	<u>929,864</u>	<u>2,289,715</u>
—	—	—	—	781,209
—	—	—	—	116,363
—	—	—	—	65,189
7,018	—	—	—	7,018
—	379,903	—	—	379,903
—	—	1,209,082	310,681	1,519,763
<u>7,018</u>	<u>379,903</u>	<u>1,209,082</u>	<u>310,681</u>	<u>2,869,445</u>
<u>\$ 61,081</u>	<u>\$ 720,710</u>	<u>\$ 4,485,612</u>	<u>\$ 5,971,018</u>	<u>\$ 22,321,951</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Long-Term Obligations
Schedule of Certificates of Participation
Year Ended June 30, 2015
(in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2014</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Amortization of Premium/Discount</u>	<u>Outstanding* June 30, 2015</u>
2004A Certificates of Participation (Refinancing Project I):								
07/28/04	4.000%	10/01/14	\$ 2,340	\$ 2,340	\$ —	\$ 2,340	\$ —	\$ —
2004A Certificates of Participation			2,340	2,340	—	2,340	—	—
2005 Certificates of Participation (2004-05 Qualified Zone Academy Bonds Project):								
12/13/05	—%	12/13/20	\$ 10,000	\$ 10,000	\$ —	\$ —	\$ —	\$ 10,000
2005 Certificates of Participation			\$ 10,000	\$ 10,000	\$ —	\$ —	\$ —	\$ 10,000
2007A Certificates of Participation (Information Technology Projects):								
11/15/07	5.000%	10/01/14	\$ 10,495	\$ 10,939	\$ —	\$ 10,495	\$ 444	\$ —
11/15/07	5.000	10/01/15	11,015	11,335	—	3,564	298	7,473
11/15/07	5.000	10/01/16	11,570	11,755	—	3,744	78	7,933
11/15/07	5.000	10/01/17	12,145	12,183	—	3,930	(142)	8,395
2007A Certificates of Participation			\$ 45,225	\$ 46,212	\$ —	\$ 21,733	\$ 678	\$ 23,801
2009A Certificates of Participation (Food Services Project):								
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			\$ 24,344	\$ 24,344	\$ —	\$ 24,344	\$ —	\$ —
2010A Refunding Certificates of Participation (Multiple Properties Project):								
01/27/10	3.000%	12/01/14	\$ 1,385	\$ 1,933	\$ —	\$ 1,385	\$ 548	\$ —
01/27/10	4.000	12/01/14	6,410	6,410	—	6,410	—	—
01/27/10	3.250	12/01/15	300	762	—	—	462	300
01/27/10	5.000	12/01/15	7,845	7,845	—	—	(60)	7,905
01/27/10	4.000	12/01/16	1,125	1,459	—	—	329	1,130
01/27/10	5.000	12/01/16	7,430	7,430	—	—	(137)	7,567
01/27/10	4.000	12/01/17	1,215	1,332	—	—	117	1,215
01/27/10	5.000	12/01/17	15,265	15,265	—	—	(348)	15,613
2010A Refunding Certificates of Participation			\$ 40,975	\$ 42,436	\$ —	\$ 7,795	\$ 911	\$ 33,730

* Includes Premium and Discount

** Principal Payment

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Certificates of Participation (Continued)
 Year Ended June 30, 2015
 (in thousands)

Date of Issue	Interest Rate	Maturity Date	Balance Original Issue	Outstanding* July 1, 2014	Issued* This Year	Redeemed** Current Year	Amortization of Premium/ Discount	Outstanding* June 30, 2015
2010B-1 Certificates of Participation (Capital Projects I):								
12/21/10	7.663%	12/01/21	\$ 965	\$ 760	\$ —	\$ —	\$ (205)	\$ 965
12/21/10	7.663	12/01/22	1,030	1,004	—	—	(26)	1,030
12/21/10	8.163	12/01/23	1,080	1,057	—	—	(23)	1,080
12/21/10	8.163	12/01/24	1,140	1,117	—	—	(23)	1,140
12/21/10	8.163	12/01/25	1,200	1,178	—	—	(22)	1,200
12/21/10	8.000	12/01/26	540	519	—	—	3	516
12/21/10	8.250	12/01/26	610	610	—	—	14	596
12/21/10	8.525	12/01/26	115	115	—	—	—	115
12/21/10	8.000	12/01/27	570	550	—	—	6	544
12/21/10	8.250	12/01/27	640	640	—	—	15	625
12/21/10	8.525	12/01/27	125	125	—	—	—	125
12/21/10	8.000	12/01/28	605	586	—	—	9	577
12/21/10	8.250	12/01/28	670	670	—	—	17	653
12/21/10	8.525	12/01/28	130	130	—	—	—	130
12/21/10	8.000	12/01/29	640	622	—	—	13	609
12/21/10	8.250	12/01/29	705	705	—	—	18	687
12/21/10	8.525	12/01/29	135	135	—	—	—	135
12/21/10	8.000	12/01/30	675	659	—	—	17	642
12/21/10	8.250	12/01/30	740	740	—	—	19	721
12/21/10	8.525	12/01/30	145	145	—	—	—	145
12/21/10	8.000	12/01/31	710	696	—	—	21	675
12/21/10	8.250	12/01/31	785	785	—	—	20	765
12/21/10	8.525	12/01/31	150	150	—	—	—	150
12/21/10	8.000	12/01/32	750	738	—	—	25	713
12/21/10	8.250	12/01/32	825	825	—	—	21	804
12/21/10	8.525	12/01/32	160	160	—	—	—	160
12/21/10	8.000	12/01/33	790	781	—	—	30	751
12/21/10	8.250	12/01/33	865	865	—	—	23	842
12/21/10	8.525	12/01/33	170	170	—	—	—	170
12/21/10	8.000	12/01/34	835	830	—	—	37	793
12/21/10	8.250	12/01/34	910	910	—	—	24	886
12/21/10	8.525	12/01/34	180	180	—	—	—	180
12/21/10	8.000	12/01/35	885	883	—	—	43	840
12/21/10	8.250	12/01/35	950	950	—	—	25	925
12/21/10	8.525	12/01/35	190	190	—	—	—	190
2010B-1 Certificates of Participation			\$ 21,615	\$ 21,180	\$ —	\$ —	\$ 101	\$ 21,079
2010B-2 Certificates of Participation (Capital Projects I):								
12/21/10	4.000%	12/01/14	\$ 150	\$ 519	\$ —	\$ 150	\$ 369	\$ —
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	—	—	291	6,321
12/21/10	5.000	12/01/16	6,075	6,367	—	—	188	6,179
12/21/10	4.000	12/01/17	2,585	2,851	—	—	277	2,574
12/21/10	5.000	12/01/17	3,800	3,800	—	—	(70)	3,870
12/21/10	5.500	12/01/18	6,675	6,886	—	—	8	6,878
12/21/10	5.500	12/01/19	7,040	7,166	—	—	(59)	7,225
12/21/10	5.000	12/01/20	3,830	3,867	—	—	55	3,812
12/21/10	5.750	12/01/20	3,600	3,600	—	—	(109)	3,709
2010B-2 Certificates of Participation			\$ 45,870	\$ 47,503	\$ —	\$ 5,985	\$ 950	\$ 40,568

* Includes Premium and Discount

** Principal Payment

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Certificates of Participation (Continued)
 Year Ended June 30, 2015
 (in thousands)

Date of Issue	Interest Rate	Maturity Date	Balance Original Issue	Outstanding* July 1, 2014	Issued* This Year	Redeemed** Current Year	Amortization of Premium/ Discount	Outstanding* June 30, 2015
2012A Refunding Certificates of Participation (Headquarters Building Projects):								
06/12/12	4.000%	10/01/14	\$ 6,095	\$ 7,282	\$ —	\$ 6,095	\$ 1,187	\$ —
06/12/12	4.000	10/01/15	6,270	7,425	—	—	1,113	6,312
06/12/12	5.000	10/01/16	6,460	7,532	—	—	801	6,731
06/12/12	5.000	10/01/17	6,705	7,670	—	—	516	7,154
06/12/12	5.000	10/01/18	6,965	7,815	—	—	251	7,564
06/12/12	5.000	10/01/19	7,240	7,966	—	—	1	7,965
06/12/12	5.000	10/01/20	7,525	8,117	—	—	(215)	8,332
06/12/12	5.000	10/01/21	7,820	8,268	—	—	(432)	8,700
06/12/12	5.000	10/01/22	8,130	8,423	—	—	(647)	9,070
06/12/12	5.000	10/01/23	7,795	7,933	—	—	(682)	8,615
06/12/12	4.250	10/01/24	1,255	1,344	—	—	38	1,306
06/12/12	4.250	10/01/25	1,095	1,171	—	—	43	1,128
06/12/12	3.750	10/01/26	1,125	1,193	—	—	90	1,103
06/12/12	4.000	10/01/27	1,160	1,218	—	—	65	1,153
06/12/12	4.000	10/01/28	1,190	1,237	—	—	61	1,176
06/12/12	4.125	10/01/29	1,230	1,265	—	—	45	1,220
06/12/12	4.125	10/01/30	1,270	1,290	—	—	35	1,255
06/12/12	4.250	10/01/31	1,305	1,309	—	—	15	1,294
2012A Refunding Certificates of Participation			\$ 80,635	\$ 88,458	\$ —	\$ 6,095	\$ 2,285	\$ 80,078
2012B Refunding Certificates of Participation (Headquarters Building Projects):								
06/12/12	3.000%	10/01/14	\$ 305	\$ 604	\$ —	\$ 305	\$ 299	\$ —
06/12/12	3.000	10/01/15	315	630	—	—	314	316
06/12/12	3.000	10/01/16	325	657	—	—	326	331
06/12/12	4.000	10/01/17	335	682	—	—	332	350
06/12/12	2.125	10/01/18	345	712	—	—	368	344
06/12/12	2.375	10/01/19	355	744	—	—	391	353
06/12/12	2.625	10/01/20	360	771	—	—	414	357
06/12/12	3.000	10/01/21	375	808	—	—	434	374
06/12/12	3.125	10/01/22	385	841	—	—	458	383
06/12/12	3.250	10/01/23	400	878	—	—	483	395
06/12/12	5.000	10/01/24	6,750	7,206	—	—	(213)	7,419
06/12/12	5.000	10/01/25	7,525	7,937	—	—	(286)	8,223
06/12/12	5.000	10/01/26	7,905	8,267	—	—	(323)	8,590
06/12/12	5.000	10/01/27	8,300	8,606	—	—	(370)	8,976
06/12/12	5.000	10/01/28	8,715	8,960	—	—	(422)	9,382
06/12/12	5.000	10/01/29	9,155	9,332	—	—	(492)	9,824
06/12/12	5.000	10/01/30	9,605	9,708	—	—	(577)	10,285
06/12/12	5.000	10/01/31	10,090	10,111	—	—	(662)	10,773
2012B Refunding Certificates of Participation			\$ 71,545	\$ 77,454	\$ —	\$ 305	\$ 474	\$ 76,675

* Includes Premium and Discount

** Principal Payment

(Continued)

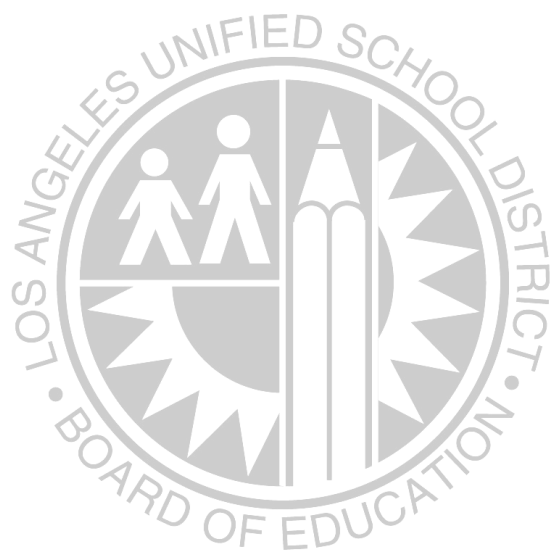
LOS ANGELES UNIFIED SCHOOL DISTRICT
 Long-Term Obligations
 Schedule of Certificates of Participation (Continued)
 Year Ended June 30, 2015
 (in thousands)

<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance Original Issue</u>	<u>Outstanding* July 1, 2014</u>	<u>Issued* This Year</u>	<u>Redeemed** Current Year</u>	<u>Amortization of Premium/ Discount</u>	<u>Outstanding* June 30, 2015</u>
2013A Refunding Certificates of Participation (Refunding Lease):								
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>\$ 23,310</u>	<u>\$ 23,310</u>	<u>\$ —</u>	<u>\$ 1,320</u>	<u>\$ —</u>	<u>\$ 21,990</u>
Grand Total			<u>\$ 365,859</u>	<u>\$ 383,237</u>	<u>\$ —</u>	<u>\$ 69,917</u>	<u>\$ 5,399</u>	<u>\$ 307,921</u>

* Includes Premium and Discount

** Principal Payment

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.

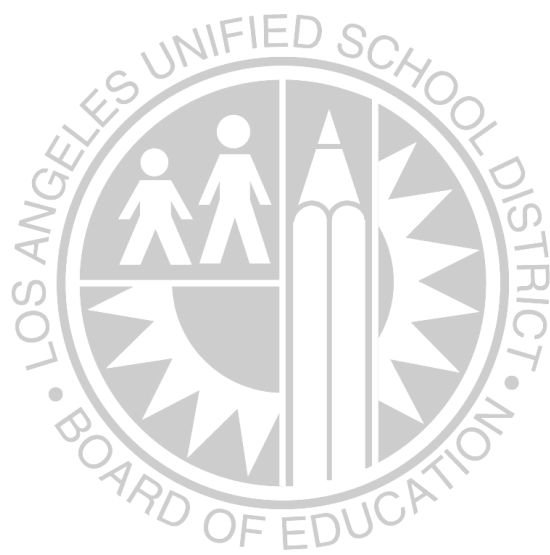
Demographic and economic information

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)

	2005-2006	2006-2007	2007-2008
Assets:			
Cash and cash equivalents	\$ 3,151,386	\$ 3,487,080	\$ 4,112,750
Investments	819,660	923,425	825,398
Property taxes receivable	41,360	46,689	67,899
Accounts receivable, net	817,504	786,845	854,789
Accrued interest receivable	47,476	70,901	44,461
Prepays	21,257	15,597	16,101
Unamortized issuance costs	17,398	32,730	37,349
Inventories	15,268	15,823	18,920
Accounts receivable, non current	—	—	—
Other assets	—	—	—
Capital assets:			
Sites	2,105,429	2,373,208	2,700,727
Improvement of sites	386,968	430,979	468,039
Buildings and improvements	4,298,752	5,803,185	6,722,084
Equipment	1,124,779	1,145,089	1,143,953
Construction in progress	2,545,892	2,180,218	2,547,219
Less accumulated depreciation	<u>(2,664,067)</u>	<u>(2,847,681)</u>	<u>(3,064,058)</u>
Total Capital Assets, Net of Depreciation	<u>7,797,753</u>	<u>9,084,998</u>	<u>10,517,964</u>
Total Assets	<u>12,729,062</u>	<u>14,464,088</u>	<u>16,495,631</u>
Deferred Outflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>
Liabilities:			
Vouchers and accounts payable	395,174	374,553	534,898
Contracts payable	125,522	155,901	129,704
Accrued payroll	246,401	586,384	397,407
Accrued interest	—	—	—
Other payables	163,066	6,099	126,880
Unearned revenue	138,135	60,986	103,611
Tax and revenue anticipation notes and related interest payable	429,382	360,998	615,599
Long-term liabilities:			
Portion due within one year	329,152	373,698	529,970
Portion due after one year	6,724,029	7,341,060	9,075,723
Net Pension Liability	<u>—</u>	<u>—</u>	<u>—</u>
Total Liabilities	<u>8,550,861</u>	<u>9,259,679</u>	<u>11,513,792</u>
Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>—</u>
Net Position:			
Net investment in capital assets	2,866,293	3,267,458	3,694,054
Restricted	1,089,165	1,540,422	1,893,302
Unrestricted	<u>222,743</u>	<u>396,529</u>	<u>(605,517)</u>
Total Governmental Activities			
Total Net Position	<u>\$ 4,178,201</u>	<u>\$ 5,204,409</u>	<u>\$ 4,981,839</u>

See accompanying independent auditor's report.

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014 (As Restated)	2014-2015
\$	3,559,297	\$ 6,231,489	\$ 5,905,632	\$ 4,453,774	\$ 4,565,223	\$ 4,130,489	\$ 4,441,746
	592,741	785,256	22,835	561,917	659,445	—	—
	80,453	86,802	92,125	106,219	60,052	66,912	76,198
	1,097,781	928,327	1,212,902	1,584,436	908,380	914,608	395,248
	21,031	24,247	20,300	8,236	6,290	13,904	11,912
	13,354	12,866	12,478	12,091	42,668	46,188	46,262
	40,479	66,845	12,459	61,306	—	—	—
	14,861	13,163	63,653	21,583	25,958	23,635	23,670
	—	—	—	—	32,046	28,487	24,928
	—	—	—	—	—	5,453	5,885
	2,969,404	3,069,920	3,136,630	3,144,097	3,180,152	3,084,939	3,095,039
	507,963	523,083	528,607	550,288	559,575	563,691	590,264
	8,243,000	8,992,789	10,069,170	12,635,362	14,091,455	14,698,220	15,111,900
	1,156,042	1,169,506	1,228,062	1,583,212	1,622,452	1,835,225	1,863,980
	2,815,518	3,579,899	3,571,703	1,567,489	575,310	689,833	560,203
	(3,361,521)	(3,599,858)	(3,906,924)	(4,882,822)	(5,360,254)	(6,069,205)	(6,463,341)
	12,330,406	13,735,339	14,627,248	14,597,626	14,668,690	14,802,703	14,758,045
	17,750,403	21,884,334	21,969,632	21,407,188	20,968,752	20,032,379	19,783,894
	—	—	—	—	106,970	174,224	529,263
	489,547	439,134	488,599	393,208	124,980	240,251	241,625
	121,150	92,473	30,249	64,787	42,320	42,160	33,215
	243,458	207,437	205,323	191,418	199,014	272,221	231,916
	171,868	254,828	297,901	289,821	282,375	232,921	254,934
	117,802	74,677	155,502	99,991	177,644	104,668	153,796
	212,159	65,418	123,393	15,717	12,796	8,505	14,789
	514,343	764,355	—	561,782	793,694	—	—
	478,203	485,669	526,853	509,065	644,448	689,909	805,807
	10,670,116	15,266,398	15,668,785	16,121,160	16,507,556	22,211,772	17,030,532
	—	—	—	—	—	—	4,485,612
	13,018,646	17,650,389	17,496,605	18,246,949	18,784,827	23,802,407	23,252,226
	—	—	—	—	—	—	1,229,928
	4,584,300	4,910,954	5,450,860	5,059,121	4,863,878	4,724,631	4,582,066
	1,639,962	1,282,553	1,495,022	1,312,920	1,355,252	1,538,688	1,479,837
	(1,492,505)	(1,959,562)	(2,472,855)	(3,211,802)	(4,035,205)	(9,859,123)	(10,230,900)
\$	<u>4,731,757</u>	<u>\$ 4,233,945</u>	<u>\$ 4,473,027</u>	<u>\$ 3,160,239</u>	<u>\$ 2,183,925</u>	<u>\$ (3,595,804)</u>	<u>\$ (4,168,997)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(Unaudited)

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Expenses:			
Governmental activities:			
Instruction	\$ 4,032,673	\$ 4,142,927	\$ 4,416,790
Support services – students	298,911	310,786	366,514
Support services – instructional staff	650,551	589,566	731,016
Support services – general administration	46,913	56,323	51,873
Support services – school administration	466,862	477,168	502,506
Support services – business	106,523	123,791	136,540
Operation and maintenance of plant services	599,899	638,201	727,090
Student transportation services	161,395	168,121	173,167
Data processing services	115,311	114,630	108,451
Operation of noninstructional services	282,992	288,736	324,348
Facilities acquisition and construction services	135,827	92,799	89,029
Other uses	799	418	882
Interest expense	285,051	278,053	350,420
Interagency disbursements	33,678	39,371	—
Depreciation – unallocated	130,561	180,328	217,052
Unfunded OPEB expense – unallocated	—	—	832,665
Total Governmental Activities	<u>7,347,946</u>	<u>7,501,218</u>	<u>9,028,343</u>
Program Revenues:			
Charges for services:			
Instruction	2,968	3,357	5,482
Support services – instructional staff	290	184	251
Support services – business	5,769	10,592	8,337
Operation and maintenance of plant services	4,154	4,496	5,206
Operation of noninstructional services	21,024	18,886	16,979
Facilities acquisition and construction services	85,122	95,222	65,426
Total Charges for Services	<u>119,327</u>	<u>132,737</u>	<u>101,681</u>
Operating grants and contributions:			
Instruction	1,473,164	1,707,841	1,662,599
Support services – students	178,438	205,621	223,250
Support services – instructional staff	526,379	472,633	532,258
Support services – general administration	23	1	87
Support services – school administration	143,761	145,581	139,550
Support services – business	99,041	85,947	72,513
Operation and maintenance of plant services	131,411	150,877	151,932
Student transportation services	170,604	163,325	170,100
Data processing services	7,404	10,135	7,326
Operation of noninstructional services	236,391	236,113	249,817
Facilities acquisition and construction services	5,220	893	14,609
Other uses	—	—	—
Interest expense	—	—	559
Total Operating Grants and Contributions	<u>2,971,836</u>	<u>3,178,967</u>	<u>3,224,600</u>
Capital grants and contributions:			
Operation and maintenance of plant services	7,719	137,763	11,216
Facilities acquisition and construction services	366,473	298,645	653,191
Interest expense	—	—	—
Total Capital Grants and Contributions	<u>374,192</u>	<u>436,408</u>	<u>664,407</u>
Total Program Revenues	<u>3,465,355</u>	<u>3,748,112</u>	<u>3,990,688</u>
Net Expenses	<u>(3,882,591)</u>	<u>(3,753,106)</u>	<u>(5,037,655)</u>
General Revenues:			
Taxes:			
Property taxes, levied for general purposes	644,637	811,282	806,413
Property taxes, levied for debt service	331,097	444,951	539,735
Property taxes, levied for community redevelopment	1,713	4,479	5,775
State aid not restricted to specific purpose	2,781,133	2,901,720	2,817,720
Grants, entitlements and contributions not restricted to specific programs	441,396	531,067	505,638
Unrestricted investment earnings	138,346	149,311	156,817
Miscellaneous	6,386	12,456	85,547
Total General Revenues	<u>4,344,708</u>	<u>4,855,266</u>	<u>4,917,645</u>
Change in Net Position	<u>\$ 462,117</u>	<u>\$ 1,102,160</u>	<u>\$ (120,010)</u>

See accompanying independent auditor's report.

					2013-2014	
2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	(As Restated)	2014-2015
\$ 4,291,864	\$ 3,900,813	\$ 3,986,263	\$ 3,773,915	\$ 3,604,189	\$ 6,855,879	\$ 3,993,707
359,087	317,859	320,787	316,132	306,293	540,235	339,295
623,621	428,734	432,202	403,779	363,839	721,115	507,045
60,395	43,561	43,448	43,047	80,969	62,256	41,981
518,838	466,481	426,288	395,728	382,251	726,872	389,493
134,008	204,002	145,401	173,489	298,548	299,807	238,015
758,813	660,647	581,731	568,113	535,754	1,067,285	572,960
168,837	155,813	151,286	158,177	152,485	286,072	166,628
98,013	68,949	54,205	83,517	66,306	118,748	22,092
370,016	403,956	404,211	430,061	451,192	807,674	483,043
119,137	115,474	175,584	111,858	214,972	138,533	199,654
240	615	181	1,203	1,240	6,327	6,502
551,163	495,266	623,044	578,279	571,076	536,864	442,977
—	—	—	—	—	—	—
302,298	245,712	315,745	406,910	442,802	494,457	522,238
821,261	739,885	781,931	819,296	792,805	563,992	619,183
<u>9,177,591</u>	<u>8,247,767</u>	<u>8,442,307</u>	<u>8,263,504</u>	<u>8,264,721</u>	<u>13,226,116</u>	<u>8,544,813</u>
6,497	6,440	20,741	19,819	17,063	24,933	25,484
183	211	156	117	91	96	92
8,694	18,002	7,814	9,198	10,110	7,602	7,599
6,999	13,496	16,378	21,657	23,036	22,617	29,075
15,777	12,229	9,727	7,511	6,730	6,067	7,406
24,259	18,747	33,810	41,206	47,233	59,057	77,808
<u>62,409</u>	<u>69,125</u>	<u>88,626</u>	<u>99,508</u>	<u>104,263</u>	<u>120,372</u>	<u>147,464</u>
1,538,356	1,705,758	1,815,305	1,339,908	1,148,684	813,619	976,732
243,391	240,346	234,844	264,016	261,735	116,343	148,045
641,554	348,196	353,459	344,793	324,794	263,904	215,431
133	852	9,141	3,893	1,888	309	234
131,204	143,125	132,805	120,610	62,682	31,688	36,593
121,542	70,894	46,629	94,492	49,105	47,016	70,148
162,386	168,318	135,826	113,407	35,484	20,395	10,514
156,509	154,069	157,528	264,619	265,013	1,250	30,704
10,986	3,369	8,753	4,886	—	—	9
269,543	342,381	369,578	337,493	382,678	406,871	406,971
1,287	375	5,692	127,188	36,166	59,275	62,456
—	—	—	—	—	—	—
1,591	—	—	895	800	786	795
<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>	<u>1,761,456</u>	<u>1,958,632</u>
48,382	4,293	2,354	187	42	6	2
876,570	295,879	777,990	94,996	166,155	129,700	20,556
—	—	—	—	—	—	62,245
<u>924,952</u>	<u>300,172</u>	<u>780,344</u>	<u>95,183</u>	<u>166,197</u>	<u>129,706</u>	<u>82,803</u>
4,265,843	3,546,980	4,138,530	3,210,891	2,839,489	2,011,534	2,188,899
<u>(4,911,748)</u>	<u>(4,700,787)</u>	<u>(4,303,777)</u>	<u>(5,052,613)</u>	<u>(5,425,232)</u>	<u>(11,214,582)</u>	<u>(6,355,914)</u>
927,441	938,189	909,484	901,213	1,139,313	1,017,071	1,100,523
598,980	740,719	935,428	850,359	965,955	839,521	808,603
1,295	6,054	5,320	9,789	13,841	19,306	23,230
2,517,499	2,039,028	2,146,870	2,066,980	1,774,431	3,391,144	3,699,731
453,643	393,192	402,110	434,512	553,115	131,827	134,317
74,859	58,323	66,795	21,175	20,727	16,605	8,501
87,949	27,470	76,852	41,342	(18,464)	19,379	7,816
<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>5,434,853</u>	<u>5,782,721</u>
<u>\$ (250,082)</u>	<u>\$ (497,812)</u>	<u>\$ 239,082</u>	<u>\$ (727,243)</u>	<u>\$ (976,314)</u>	<u>\$ (5,779,729)</u>	<u>\$ (573,193)</u>

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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>
Property Taxes, Levied for:				
General purposes	\$ 644,637	\$ 811,282	\$ 806,413	\$ 927,441
Debt service	331,097	444,951	539,735	598,980
Community redevelopment	1,713	4,479	5,775	1,295
Total	<u>\$ 977,447</u>	<u>\$ 1,260,712</u>	<u>\$ 1,351,923</u>	<u>\$ 1,527,716</u>

See accompanying independent auditor's report.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
\$ 938,189	\$ 909,484	\$ 901,213	\$ 1,139,313	\$ 1,017,071	\$ 1,100,523
740,719	935,428	850,359	965,955	839,521	808,603
6,054	5,320	9,789	13,841	19,306	23,230
<u>\$ 1,684,962</u>	<u>\$ 1,850,232</u>	<u>\$ 1,761,361</u>	<u>\$ 2,119,109</u>	<u>\$ 1,875,898</u>	<u>\$ 1,932,356</u>

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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>
General Fund:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Assigned	—	—	—	—
Unassigned	—	—	—	—
Reserved	144,673	333,103	403,518	565,333
Unreserved	289,839	362,132	253,718	184,629
Total General Fund	<u>\$ 434,512</u>	<u>\$ 695,235</u>	<u>\$ 657,236</u>	<u>\$ 749,962</u>
District Bonds:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Reserved	3,300	3,300	3,800	3,800
Unreserved	1,096,859	949,738	957,677	729,284
Total District Bonds	<u>\$ 1,100,159</u>	<u>\$ 953,038</u>	<u>\$ 961,477</u>	<u>\$ 733,084</u>
County School Facilities Bonds:				
Nonspendable	\$ —	\$ —	\$ —	\$ —
Restricted	—	—	—	—
Unreserved	344,922	435,541	532,895	534,745
Total County School Facilities Bonds	<u>\$ 344,922</u>	<u>\$ 435,541</u>	<u>\$ 532,895</u>	<u>\$ 534,745</u>
Bond Interest and Redemption Fund				
Restricted	\$ —	\$ —	\$ —	\$ —
Reserved	282,984	360,140	—	—
Unreserved	—	—	447,880	489,381
Total Debt Service	<u>\$ 282,984</u>	<u>\$ 360,140</u>	<u>\$ 447,880</u>	<u>\$ 489,381</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	7,867	7,871	7,391	6,280
Unreserved, reported in:				
Special revenue funds	187,178	245,129	236,369	159,720
Debt service funds	19,498	23,135	49,213	65,372
Capital projects funds	428,119	369,299	382,514	268,577
Total All Other Governmental Funds	<u>\$ 642,662</u>	<u>\$ 645,434</u>	<u>\$ 675,487</u>	<u>\$ 499,949</u>

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

See accompanying independent auditor's report.

2009-2010	2010-2011*	2011-2012	2012-2013	2013-2014	2014-2015
\$ —	\$ 10,417	\$ 11,231	\$ 18,513	\$ 19,631	\$ 20,653
—	266,418	186,563	138,469	192,932	126,519
—	147,035	465,272	370,359	336,430	418,424
—	479,661	161,744	65,376	151,257	254,210
304,762	—	—	—	—	—
358,145	—	—	—	—	—
\$ 662,907	\$ 903,531	\$ 824,810	\$ 592,717	\$ 700,250	\$ 819,806
\$ —	\$ 3,800	\$ 3,800	\$ 3,800	\$ 5,602	\$ 3,430
—	2,816,528	2,102,830	1,725,266	1,121,750	688,095
3,800	—	—	—	—	—
3,488,803	—	—	—	—	—
\$ 3,492,603	\$ 2,820,328	\$ 2,106,630	\$ 1,729,066	\$ 1,127,352	\$ 691,525
\$ —	\$ —	\$ —	\$ —	\$ 33	\$ —
—	712,540	504,993	454,334	544,965	471,136
501,615	—	—	—	—	—
\$ 501,615	\$ 712,540	\$ 504,993	\$ 454,334	\$ 544,998	\$ 471,136
\$ —	\$ 724,608	\$ 681,562	\$ 750,540	\$ 712,646	\$ 773,407
—	—	—	—	—	—
630,810	—	—	—	—	—
\$ 630,810	\$ 724,608	\$ 681,562	\$ 750,540	\$ 712,646	\$ 773,407
\$ —	\$ 5,050	\$ 13,123	\$ 10,203	\$ 6,718	\$ 5,686
—	3,843	5,802	14,711	19,373	22,521
—	82,138	59,708	54,698	55,441	56,205
—	132,449	161,564	119,241	123,772	150,185
—	11,391	9,972	8,789	8,949	5,395
—	51	60	702	626	550
—	29,731	55,660	101,556	149,150	185,865
5,309	—	—	—	—	—
122,508	—	—	—	—	—
72,643	—	—	—	—	—
166,949	—	—	—	—	—
\$ 367,409	\$ 264,653	\$ 305,889	\$ 309,900	\$ 364,029	\$ 426,407

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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Revenues:			
Local control funding formula sources	\$ 3,724,599	\$ 3,892,689	\$ 3,624,134
Federal revenues	1,150,060	1,023,992	1,016,465
Other state revenues	2,419,412	2,853,979	3,307,609
Other local revenues	637,941	835,529	925,869
Total Revenues	<u>7,932,012</u>	<u>8,606,189</u>	<u>8,874,077</u>
Expenditures:			
Current:			
Certificated salaries	3,187,441	3,362,475	3,469,214
Classified salaries	1,098,558	1,180,482	1,269,680
Employee benefits	1,418,575	1,440,468	1,464,061
Books and supplies	567,167	507,486	574,902
Services and other operating expenditures	691,388	785,742	880,455
Capital outlay	1,532,862	1,494,934	1,644,450
Debt service – principal	94,843	153,258	200,514
Debt service – bond, COPs, and capital leases interest	241,131	285,315	334,525
Debt service – refunding bond issuance cost	2,732	9,665	6,020
Other outgo	41,695	46,865	882
Total Expenditures	<u>8,876,392</u>	<u>9,266,690</u>	<u>9,844,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(944,380)</u>	<u>(660,501)</u>	<u>(970,626)</u>
Other Financing Sources (Uses):			
Transfers in	381,658	362,932	499,947
Transfers out	(381,658)	(366,926)	(512,061)
Issuance of bonds	1,115,712	900,000	1,000,000
Premium on bonds issued	64,283	33,649	42,258
Issuance of refunding bonds	778,673	1,889,000	—
Premium on refunding bonds issued	64,058	49,073	—
Issuance of COPs	10,000	—	105,374
Premium on COPs issued	—	—	—
Discount on issuance of COPs	—	—	—
Discount on issuance of refunding bonds	—	(1,324)	—
Payment to COPs escrow agent	—	—	—
Payment to refunded bonds escrow agent	(656,098)	(1,927,084)	—
Issuance of refunding COPs	—	—	—
Payment to refunded COPs escrow agent	(178,618)	—	—
CA Energy Commission loan	63	—	—
Insurance proceeds – fire damage	—	2,935	5,332
Capital leases	1,318	2,394	1,253
Land and building sale/lease	—	—	14,110
Children center facilities revolving fund	—	—	—
Total Other Financing Sources	<u>1,199,391</u>	<u>944,649</u>	<u>1,156,213</u>
Net Change in Fund Balances	<u>\$ 255,011</u>	<u>\$ 284,148</u>	<u>\$ 185,587</u>
Debt Service as a Percentage of Noncapital Expenditures	4.6%	5.8%	6.6%

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>	<u>2013-2014</u>	<u>2014-2015</u>
\$ 3,444,940	\$ 2,977,215	\$ 3,056,350	\$ 2,968,193	\$ 2,913,744	\$ 4,408,214	\$ 4,800,254
1,357,169	1,289,543	1,463,899	1,179,268	1,017,226	965,830	1,061,216
3,223,201	2,566,534	2,966,361	2,222,007	2,265,455	1,028,925	1,033,650
904,663	918,438	1,198,389	1,084,248	1,140,218	1,049,367	1,098,491
<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>	<u>7,452,336</u>	<u>7,993,611</u>
3,384,912	2,929,870	2,948,806	2,799,485	2,661,784	2,657,348	2,857,529
1,236,448	1,126,477	1,058,084	1,025,679	967,573	1,003,137	1,067,487
1,440,404	1,581,239	1,508,612	1,546,789	1,509,401	1,558,637	1,773,490
441,855	395,886	495,998	392,154	354,514	384,374	467,510
872,470	867,482	826,514	729,903	918,747	705,874	778,602
2,113,952	1,677,858	1,241,249	1,021,845	571,357	589,514	533,717
302,688	289,680	303,329	339,789	359,659	358,744	368,238
363,050	410,978	582,330	592,942	584,596	567,462	507,837
—	26,604	—	1,608	—	2,087	1,308
240	615	181	1,203	1,240	6,326	6,502
<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>7,833,503</u>	<u>8,362,220</u>
<u>(1,226,046)</u>	<u>(1,554,959)</u>	<u>(280,104)</u>	<u>(997,681)</u>	<u>(592,228)</u>	<u>(381,167)</u>	<u>(368,609)</u>
575,839	539,641	604,246	874,499	581,194	155,989	304,677
(588,821)	(552,270)	(615,202)	(885,625)	(591,590)	(166,777)	(314,818)
945,774	4,082,645	—	—	—	—	135,830
—	92,908	—	—	—	—	6,302
—	149,760	—	563,805	—	1,622,200	326,045
—	—	—	77,207	—	267,876	62,819
120,950	40,728	83,345	—	—	—	—
—	3,771	3,034	16,648	—	—	—
—	—	(596)	—	—	—	—
—	—	—	—	—	—	—
—	(163,199)	—	(639,404)	—	(1,887,989)	(33,218)
—	69,685	—	160,190	24,780	—	(387,556)
(107,795)	(65,328)	(32,548)	(175,887)	(24,641)	—	—
—	—	—	—	—	—	—
1,439	2,057	1,987	3,221	15,154	845	758
1,196	931	1,043	930	4	1,741	637
9,610	2,371	52	321	—	—	139
—	(518)	—	—	—	—	—
<u>958,192</u>	<u>4,203,182</u>	<u>45,361</u>	<u>(4,095)</u>	<u>4,901</u>	<u>(6,115)</u>	<u>101,615</u>
<u>\$ (267,854)</u>	<u>\$ 2,648,223</u>	<u>\$ (234,743)</u>	<u>\$ (1,001,776)</u>	<u>\$ (587,327)</u>	<u>\$ (387,282)</u>	<u>\$ (266,994)</u>
8.3%	9.5%	11.5%	12.6%	12.8%	12.8%	11.2%

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.
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
2013-2014	2,657,348	1,003,137	1,558,637	384,374	705,874
2014-2015	2,857,529	1,067,487	1,773,490	467,510	778,602

Notes:

⁽¹⁾ "Other Outgo" includes Tuition for Handicapped Pupils, discount on debt issuance, and payments to debt/refunded debt escrow agent. For fiscal years 2005-06 and 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
\$ 1,532,862	\$ 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
589,514	928,293	1,894,315	166,777	9,888,269
533,717	877,383	427,276	314,818	9,097,812

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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>
Instructional Goals:					
General education	\$ 4,145,863	\$ 4,270,273	\$ 4,462,660	\$ 4,124,621	\$ 3,820,056
Special education	1,252,592	1,333,134	1,395,418	1,376,082	1,428,258
Others	93,176	94,206	100,135	101,223	85,456
	<u>5,491,631</u>	<u>5,697,613</u>	<u>5,958,213</u>	<u>5,601,926</u>	<u>5,333,770</u>
Noninstructional Goals:					
Community services	27,165	30,269	24,762	28,094	17,094
Child care services	3,656	4,408	4,663	4,847	3,109
	<u>30,821</u>	<u>34,677</u>	<u>29,425</u>	<u>32,941</u>	<u>20,203</u>
Support Services	<u>1,083,003</u>	<u>1,182,086</u>	<u>1,273,056</u>	<u>1,270,702</u>	<u>1,131,009</u>
Facilities Acquisition	<u>1,635,060</u>	<u>1,581,955</u>	<u>1,734,161</u>	<u>2,234,066</u>	<u>1,789,389</u>
Food Services	<u>241,888</u>	<u>253,798</u>	<u>286,769</u>	<u>323,009</u>	<u>288,760</u>
Other Outgo:					
Debt service	517,324	2,386,554	541,059	773,533	792,590
All other outgo	1,093,039	425,341	534,081	616,458	731,765
	<u>1,610,363</u>	<u>2,811,895</u>	<u>1,075,140</u>	<u>1,389,991</u>	<u>1,524,355</u>
Total Expenditures and Other Uses	<u>\$ 10,092,766</u>	<u>\$ 11,562,024</u>	<u>\$ 10,356,764</u>	<u>\$ 10,852,635</u>	<u>\$ 10,087,486</u>

See accompanying independent auditor's report.

<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
\$ 3,928,156	\$ 3,642,622	\$ 3,347,583	\$ 3,201,696	\$ 3,632,169
1,387,197	1,362,253	1,293,613	1,318,026	1,398,934
87,876	61,046	44,730	47,558	51,213
<u>5,403,229</u>	<u>5,065,921</u>	<u>4,685,926</u>	<u>4,567,280</u>	<u>5,082,316</u>
12,310	13,055	13,664	12,748	13,318
2,987	2,418	3,932	4,049	3,622
<u>15,297</u>	<u>15,473</u>	<u>17,596</u>	<u>16,797</u>	<u>16,940</u>
988,664	1,007,304	1,208,376	1,230,314	1,291,927
<u>1,362,715</u>	<u>1,098,376</u>	<u>718,990</u>	<u>712,508</u>	<u>719,433</u>
288,691	311,558	334,033	363,880	367,623
885,659	934,339	944,256	928,293	877,383
669,194	1,719,342	635,925	2,069,197	742,190
<u>1,554,853</u>	<u>2,653,681</u>	<u>1,580,181</u>	<u>2,997,490</u>	<u>1,619,573</u>
<u>\$ 9,613,449</u>	<u>\$ 10,152,313</u>	<u>\$ 8,545,102</u>	<u>\$ 9,888,269</u>	<u>\$ 9,097,812</u>

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

Fiscal Year	Local Control Funding Formula Sources *	Federal	Other State	Other Local	Other Financing Sources	Total
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
2013-2014	4,408,214	965,830	1,028,925	1,049,367	2,048,651	9,500,987
2014-2015	4,800,254	1,061,216	1,033,650	1,098,491	837,207	8,830,818

*Prior to 2013-14, this was referred to as Revenue Limit Sources.

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		
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 ^a	823
2010-2011	442,092,473	21,753,078	463,845,551	1.186954	(11,131,740)	(2.34)	565,450 ^a	820
2011-2012	447,830,204	21,265,021	469,095,225	1.168187	5,249,674	1.13	547,592 ^a	857
2012-2013	458,767,053	21,308,439	480,075,492	1.175606	10,980,267	2.34	534,345 ^a	898
2013-2014	482,043,584	21,634,336	503,677,920	1.146439	23,602,428	4.92	527,562 ^b	955
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	515,745 ^b	1,033

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

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

^a Adult and Summer School programs were not collected due to changes made by Education Code Section 42605. Districts were not required to operate the program or follow program requirements. Revenue for these years were based on the same relative proportion that the District received for these programs in fiscal year 2007-08.

^b Starting 2013-14, Local Control Funding Formula (LCFF) replaced the previous K-12 finance system with a new funding formula which is composed of uniform base grants by grade span (K-3, 4-6, 7-8, 9-12).

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
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
2013-2014	—	0.146439	0.146439	1.000000	1.146439
2014-2015	—	0.146881	0.146881	1.000000	1.146881

Source: 2014-15 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
0.005200	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	—
0.003500	—	0.029754	—
0.003500	—	0.028096	—

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

2015				2006			
Rank	Property Owner	Assessed Valuation	% of Total ⁽¹⁾	Property Owner	Assessed Valuation	% of Total ⁽²⁾	
1	Douglas Emmett LLC	\$ 2,480,014	0.49%	Douglas Emmett Realty Funds	\$ 1,965,326	0.57%	
2	Universal Studios LLC	1,917,592	0.38	Universal Studios LLC	1,220,329	0.36	
3	Anheuser Busch Inc.	850,273	0.17	Arden Realty LP	925,145	0.27	
4	Donald T. Sterling	736,409	0.14	Anheuser Busch, Inc.	784,954	0.23	
5	BRE Properties Inc.	615,459	0.12	Warner Bros. Entertainment Inc.	552,579	0.16	
6	One Hundred Towers LLC	608,019	0.12	Maguire Partners, 355 S. Grand LLC	534,068	0.16	
7	Tishman Speyer Archstone Smith	573,604	0.11	One Hundred Towers LLC	532,784	0.16	
8	Paramount Pictures Corp.	536,612	0.11	Trizec 333 LA LLC	413,989	0.12	
9	Olympic and Georgia Partners LLC	524,838	0.10	Duesenberg Investment Company	384,180	0.11	
10	Duesenberg Investment Company	510,012	0.10	Casden Properties La Brea LLC	374,257	0.11	
11	Century City Mall LLC	502,013	0.10	Paramount Pictures Corp.	361,558	0.11	
12	LA Live Properties LLC	490,311	0.10	Walt Disney Productions Inc.	345,723	0.10	
13	Taubman Beverly Center	479,464	0.09	Warner Center Condominiums LLC	325,330	0.09	
14	Casden Park La Brea LLC	469,531	0.09	1999 Stars LLC	321,981	0.09	
15	Trizec 333 LA LLC	468,870	0.09	Century City Mall LLC	314,937	0.09	
16	Westfield Topanga Owner LP	463,297	0.09	AP Properties Ltd.	298,550	0.09	
17	Wilshire Courtyard LP	422,409	0.08	Twentieth Century Fox Film Corp.	292,445	0.09	
18	Twentieth Century Fox Film Corp.	395,962	0.08	Library Square Associates LLC	283,971	0.08	
19	Tyjade Ranch LLC	394,238	0.08	515 555 Flower Associates LLC	281,362	0.08	
20	Trizec 601 Figueroa LLC	379,372	0.07	2121 Avenue of the Starts LLC	276,500	0.08	
		<u>\$ 13,818,299</u>	<u>2.71%</u>		<u>\$ 10,789,968</u>	<u>3.15%</u>	

⁽¹⁾ 2014-15 Local Secured Assessed Valuation: \$510,242,136.

⁽²⁾ 2005-06 Local Secured Assessed Valuation: \$342,976,044.

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
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
2013-2014	1,652,164	26,846	1,684,486	100.33	29,409	1,713,895	102.08
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19

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

⁽²⁾ Includes prior years' delinquencies. The Auditor-Controller has determined that they cannot provide delinquent tax information by levy year.

See accompanying independent auditor's report.

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

Fiscal Year	K-12 Base		LCFF Adjusted Base Grant per ADA ^e			
	Revenue Limit (Deficited)	Adult Base Revenue Limit	Grades K - 3	Grades 4 - 6	Grades 7 - 8	Grades 9 - 12
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				
2013-2014			\$ 7,676.00	\$ 7,056.00	\$ 7,266.00	\$ 8,638.00
2014-2015			7,740.00	7,116.00	7,328.00	8,712.00

^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.

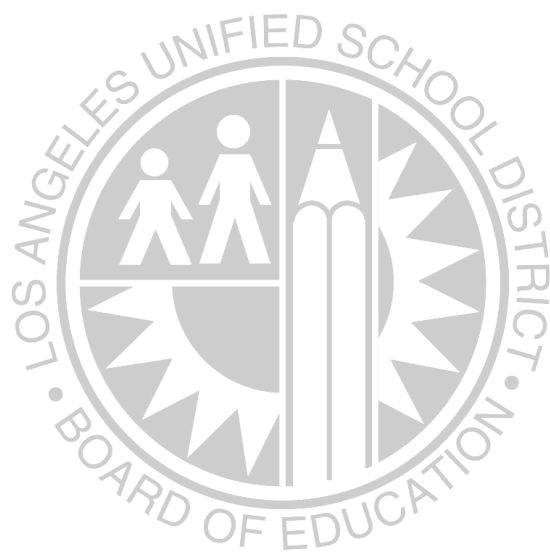
^b Per SBX3 4 (Chapter 12, Statutes of 2009), funding for fiscal years 2008-09 through 2012-13 is based on the District's 2007-08 proportionate share of funding to the State's total available funding for the program.

^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.

^e Adjusted Base Grant per ADA (EC Section 42238.02(d)). The Local Control Funding Formula (LCFF) replaced the previous K-12 finance system with a new funding formula which is composed of uniform base grants by grade span (K-3, 4-6, 7-8, 9-12).

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)

	2005-2006		2006-2007	
	Amount	Percent	Amount	Percent
Revenues and other sources				
Local control funding formula sources	\$ 3,724,599	35.99%	\$ 3,892,689	32.86%
Federal revenues	1,150,060	11.11	1,023,992	8.65
Other state revenues	2,419,412	23.38	2,853,979	24.10
Other local revenues	637,941	6.17	835,529	7.05
Operating transfers in	381,658	3.69	362,932	3.06
Proceeds from issuance of bonds	1,115,712	10.78	900,000	7.60
Premium on bonds issued	64,283	0.62	33,649	0.28
Proceeds from refunding bonds issued	778,673	7.53	1,889,000	15.95
Premium on refunding bonds issued	64,058	0.62	49,073	0.41
Proceeds from Certif. of Participation/Long-term Capital Lease ⁽¹⁾	11,318	0.11	2,394	0.02
Issuance of refunding COPs	—	—	—	—
Premium on COPs issued	—	—	—	—
Proceeds from CA Energy Commission loan	63	—	—	—
Proceeds from Sullivan Canyon sale	—	—	—	—
Proceeds from Ramona HS/Palisade Charter (2012)	—	—	—	—
Proceeds from sale of surplus property	—	—	—	—
Insurance proceeds – fire damage	—	—	2,935	0.02
Children Center facilities fund	—	—	—	—
Total Revenues and Other Sources	\$ 10,347,777	100.00%	\$ 11,846,172	100.00%
Expenditures and other uses				
Current:				
Certificated salaries	\$ 3,187,441	31.58%	\$ 3,362,475	29.07%
Classified salaries	1,098,558	10.88	1,180,482	10.21
Employee benefits	1,418,575	14.06	1,440,468	12.46
Books and supplies	567,167	5.62	507,486	4.39
Services and other operating expenditures	691,388	6.85	785,742	6.80
Capital outlay	1,532,862	15.19	1,494,934	12.93
Debt service	338,706	3.36	448,238	3.88
Other outgo ⁽²⁾	41,695	0.41	46,865	0.41
Operating transfers out ⁽³⁾	381,658	3.78	366,926	3.17
Discount on issuance of refunding bonds	—	—	1,324	0.01
Discount on issuance of COPs	—	—	—	—
Payment to refunded bonds escrow agent	656,098	6.50	1,927,084	16.67
Payment to COPs escrow agent	—	—	—	—
Payment to refunded COPs escrow agent	178,618	1.77	—	—
Total Expenditures and Other Uses	\$ 10,092,766	100.00%	\$ 11,562,024	100.00%

⁽¹⁾ 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.

2007-2008		2008-2009		2009-2010	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 3,624,134	34.38%	\$ 3,444,940	32.55%	\$ 2,977,215	23.37%
1,016,465	9.64	1,357,169	12.82	1,289,543	10.12
3,307,609	31.38	3,223,201	30.45	2,566,534	20.15
925,869	8.78	904,663	8.55	918,438	7.21
499,947	4.74	575,839	5.44	539,641	4.24
1,000,000	9.49	945,774	8.94	4,082,645	32.06
42,258	0.40	—	—	92,908	0.73
—	—	—	—	149,760	1.18
—	—	—	—	—	—
106,627	1.01	122,146	1.15	41,659	0.33
—	—	—	—	69,685	0.55
—	—	—	—	3,771	0.03
—	—	—	—	—	—
—	—	—	—	—	—
14,110	0.13	9,610	0.09	2,371	0.02
—	—	—	—	—	—
5,332	0.05	1,439	0.01	2,057	0.01
—	—	—	—	(518)	—
<u>\$ 10,542,351</u>	<u>100.00%</u>	<u>\$ 10,584,781</u>	<u>100.00%</u>	<u>\$ 12,735,709</u>	<u>100.00%</u>
\$ 3,469,214	33.50%	\$ 3,384,912	31.19%	\$ 2,929,870	29.04%
1,269,680	12.26	1,236,448	11.39	1,126,477	11.17
1,464,061	14.14	1,440,404	13.27	1,581,239	15.68
574,902	5.55	441,855	4.07	395,886	3.92
880,455	8.50	872,470	8.04	867,482	8.60
1,644,450	15.88	2,113,952	19.48	1,677,858	16.63
541,059	5.22	665,738	6.14	727,262	7.21
882	0.01	240	—	615	0.01
512,061	4.94	588,821	5.43	552,270	5.47
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	163,199	1.62
—	—	—	—	—	—
—	—	107,795	0.99	65,328	0.65
<u>\$ 10,356,764</u>	<u>100.00%</u>	<u>\$ 10,852,635</u>	<u>100.00%</u>	<u>\$ 10,087,486</u>	<u>100.00%</u>

⁽²⁾ “Other outgo” includes other tuition and transfer of apportionment to another district. For fiscal years 2005-06 and 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.

(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)

	<u>2010-2011</u>		<u>2011-2012</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenues and other sources				
Local control funding formula sources	\$ 3,056,350	32.59%	\$ 2,968,193	32.44%
Federal revenues	1,463,899	15.61	1,179,268	12.89
Other state revenues	2,966,361	31.63	2,222,007	24.28
Other local revenues	1,198,389	12.78	1,084,248	11.85
Operating transfers in	604,246	6.44	874,499	9.56
Proceeds from issuance of bonds	—	—	—	—
Premium on bonds issued	—	—	—	—
Proceeds from refunding bonds issued	—	—	563,805	6.16
Premium on refunding bonds issued	—	—	77,207	0.84
Proceeds from Certif. of Participation/Long-term Capital Lease ⁽¹⁾	84,388	0.90	—	—
Issuance of refunding COPs	—	—	160,190	1.75
Premium on COPs issued	3,034	0.03	16,648	0.18
Proceeds from CA Energy Commission loan	—	—	—	—
Proceeds from Sullivan Canyon sale	—	—	—	—
Proceeds from Ramona HS	—	—	—	—
Proceeds from sale of surplus property	52	—	930	0.01
Insurance proceeds – fire damage	1,987	0.02	3,221	0.04
Children Center facilities fund	—	—	321	—
Total Revenues and Other Sources	<u>\$ 9,378,706</u>	<u>100.00%</u>	<u>\$ 9,150,537</u>	<u>100.00%</u>
Expenditures and other uses				
Current:				
Certificated salaries	\$ 2,948,806	30.67%	\$ 2,799,485	27.58%
Classified salaries	1,058,084	11.01	1,025,679	10.10
Employee benefits	1,508,612	15.69	1,546,789	15.24
Books and supplies	495,998	5.16	392,154	3.86
Services and other operating expenditures	826,514	8.60	729,903	7.19
Capital outlay	1,241,249	12.91	1,021,845	10.07
Debt service	885,659	9.21	934,339	9.20
Other outgo ⁽²⁾	181	—	1,203	0.01
Operating transfers out ⁽³⁾	615,202	6.40	885,625	8.72
Discount on issuance of refunding bonds	—	—	—	—
Discount on issuance of COPs	596	0.01	—	—
Payment to refunded bonds escrow agent	—	—	639,404	6.30
Payment to COPs escrow agent	—	—	—	—
Payment to refunded COPs escrow agent	32,548	0.34	175,887	1.73
Total Expenditures and Other Uses	<u>\$ 9,613,449</u>	<u>100.00%</u>	<u>\$ 10,152,313</u>	<u>100.00%</u>

⁽¹⁾ 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.

2012-2013		2013-2014		2014-2015	
Amount	Percent	Amount	Percent	Amount	Percent
\$ 2,913,744	36.62%	\$ 4,408,214	46.40%	\$ 4,800,254	54.36%
1,017,226	12.78	965,830	10.17	1,061,216	12.02
2,265,455	28.47	1,028,925	10.83	1,033,650	11.70
1,140,218	14.33	1,049,367	11.04	1,098,491	12.44
581,194	7.30	155,989	1.64	304,677	3.45
—	—	—	—	135,830	1.54
—	—	—	—	6,302	0.07
—	—	1,622,200	17.07	326,045	3.69
—	—	267,876	2.82	62,819	0.71
—	—	1,741	0.02	637	0.01
24,780	0.31	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
4	—	—	—	139	—
15,154	0.19	845	0.01	758	0.01
—	—	—	—	—	—
<u>\$ 7,957,775</u>	<u>100.00%</u>	<u>\$ 9,500,987</u>	<u>100.00%</u>	<u>\$ 8,830,818</u>	<u>100.00%</u>
\$ 2,661,784	31.15%	\$ 2,657,348	26.87%	\$ 2,857,529	31.41%
967,573	11.32	1,003,137	10.15	1,067,487	11.73
1,509,401	17.66	1,558,637	15.76	1,773,490	19.49
354,514	4.15	384,374	3.89	467,510	5.14
918,747	10.75	705,874	7.14	778,602	8.56
571,357	6.70	589,514	5.96	533,717	5.87
944,255	11.05	928,293	9.39	877,383	9.64
1,240	0.01	6,326	0.06	6,502	0.07
591,590	6.92	166,777	1.69	314,818	3.46
—	—	—	—	—	—
—	—	—	—	—	—
—	—	1,887,989	19.09	387,556	4.26
—	—	—	—	33,218	0.37
24,641	0.29	—	—	—	—
<u>\$ 8,545,102</u>	<u>100.00%</u>	<u>\$ 9,888,269</u>	<u>100.00%</u>	<u>\$ 9,097,812</u>	<u>100.00%</u>

⁽²⁾ “Other outgo” includes other tuition and transfer of apportionment to another district. For fiscal years 2005-06 and 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.

(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>2005-2006</u>	<u>2006-2007</u>
General	Adult Education	\$ —	\$ 4,199
General	Cafeteria	11,140	288
General	Child Development	8,764	7,133
General	Deferred Maintenance	30,000	30,188
General	Capital Services	4,169	9,758
General	Special Reserve	27,403	109
General	Special Reserve – FEMA – Earthquake	2,225	—
General	Capital Facilities	—	—
General	Building – Measure R	—	—
General	Building – Measure Y	—	—
General	Health & Welfare	—	3,994
Adult Education	General	—	—
Adult Education	Special Reserve	—	—
Adult Education	Building – Measure R	—	—
Adult Education	Building – Measure Y	—	—
Cafeteria	Capital Services	—	—
Child Development	General	2,000	2,000
Deferred Maintenance	General	—	—
Capital Services	General	—	—
Capital Services	State School Building Lease – Purchase	—	—
Capital Services	Special Reserve	—	—
Capital Services	Building – Measure Y	1	—
Capital Services	County School Facilities	—	—
Building	Special Reserve – FEMA	—	—
State School Building Lease – Purchase	Capital Services	2,629	—
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	Building	—	—
State School Building Lease – Purchase	County School Facilities	—	—
State School Building Lease – Purchase	County School Facilities – Prop 55	—	—
Special Reserve	General	57,312	28,900
Special Reserve	Adult Education	—	—
Special Reserve	Cafeteria	—	—
Special Reserve	Capital Services	—	1,265
Special Reserve	State School Building Lease – Purchase	—	—
Special Reserve	Capital Facilities	—	—
Special Reserve	Building – Bond Proceeds	—	—
Special Reserve	Building – Measure K	—	61,228
Special Reserve	Building – Measure R	—	2
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	520	—

<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
\$ —	\$ —	\$ 168,282	\$ —	\$ —	\$ 60,481	\$ —	\$ —
8,214	16,587	12,210	32,061	88,588	53,583	51,000	50,000
—	—	165	7,996	19,437	15,322	30,198	24,997
31,048	30,000	—	—	—	—	—	—
12,514	26,356	30,993	23,849	33,670	30,263	36,116	40,480
—	3	—	903	—	—	11	22
—	—	—	—	—	—	—	—
—	260	83	—	—	—	—	—
—	—	—	—	—	8	—	1,641
—	—	—	—	—	976	—	274
12,114	12,982	12,629	10,956	11,126	10,396	10,787	10,141
10,600	10,600	10,600	—	—	10,431	35	—
—	—	—	—	—	971	—	—
—	3,197	—	—	—	—	—	—
—	—	—	—	—	—	—	4
—	—	2,482	786	787	787	787	—
—	—	853	—	—	—	—	—
—	—	—	18,501	—	—	—	—
—	231	904	—	737	99	—	—
—	—	2,975	—	—	—	—	—
—	—	1,424	—	—	5,744	—	—
—	—	—	—	—	—	—	—
—	—	3,593	—	—	—	—	—
—	229	—	—	—	—	—	—
—	—	(29)	—	—	—	—	—
259	1	—	—	—	—	—	—
90	—	—	—	—	—	—	—
11,944	60	118	62	—	—	—	—
8,651	221	—	—	—	—	—	97
—	—	—	—	2	—	—	—
—	—	—	—	—	—	148	—
—	8	104	—	—	—	—	—
—	—	7	—	—	—	—	—
88,200	34,117	62,437	52,161	2,436	140	16,901	2,049
—	—	—	—	—	27	—	—
—	—	11,803	—	—	—	—	—
23,484	123,595	73,100	8,578	—	—	—	—
260	100	—	—	—	1	—	—
—	11	—	—	—	11	—	—
—	1,034	1,557	—	—	773	—	—
47,288	6,269	629	364	3	4,583	—	70
—	1,383	14,298	3	12	4,614	—	5,051
—	1	—	11	102	7,118	—	1,472
—	—	100	—	—	1	—	—
—	355	—	—	—	343	—	—
169	3,657	2,232	5,428	—	1,233	—	—
—	—	—	—	—	—	—	—

(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	2005-2006	2006-2007
Special Reserve – FEMA – Earthquake	County School Facilities – Prop 55	\$ —	\$ 120
Special Reserve – FEMA – Hazard Mitigation	General	2,225	—
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	21,606	22,215
Capital Facilities	State School Building Lease – Purchase	—	2,601
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	—	9
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	—	27,907
Building – Measure K	Capital Facilities	—	—
Building – Measure K	Building – Bond Proceeds	—	146
Building – Measure K	Building – Measure R	—	173
Building – Measure K	Building – Measure Y	—	—
Building – Measure K	County School Facilities	—	6,105
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	—	1
Building – Measure R	Building – Measure K	—	1,563
Building – Measure R	Building – Measure Y	—	—
Building – Measure R	County School Facilities	—	1,475
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	30,000	30,000
Building – Measure Y	Adult Education	—	—

2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
4,293	4,069	4,003	4,002	—	—	—	90
—	—	325	—	—	—	—	—
—	3,571	—	—	—	—	—	—
—	1,129	—	—	—	—	—	—
—	1,300	—	—	—	—	—	—
20,537	56,461	12,158	10,695	9,574	9,574	9,576	9,574
90	—	—	—	—	—	—	—
219	12	—	—	1	22	—	—
—	2	—	—	—	—	—	—
11,409	151	4	—	338	499	—	1
3	24	—	—	—	259	—	768
—	—	—	109	19	—	—	10,975
—	—	—	—	—	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	—	—
3,795	23,563	36,480	12,330	8,327	11,222	—	10
—	114	15	4	420	8,236	—	3,399
13	2,742	7,689	124	688	1,005	—	—
1,252	183	814	3,036	1,346	2,087	—	672
3,287	21,142	2,432	4,174	10,445	3,284	—	—
—	617	417	—	181	414	—	—
—	—	—	—	—	567	—	—
—	4	—	—	—	—	—	—
1	—	—	—	43	—	—	—
7,819	15,123	94	—	—	200	—	1,419
71	—	—	—	—	—	—	—
839	124	751	—	—	1	—	—
9,956	5,433	175	1,349	616	288	—	16,425
8	236	415	375	11,946	10,583	—	8,734
658	—	50	—	—	—	—	—
—	116	—	—	—	—	—	20
1,562	419	—	3,405	366	716	—	—
—	—	—	—	756	984	—	—
—	—	—	—	144	510	—	136
2,970	—	33	177	—	76	—	—
1,151	161	1,587	116	7,881	—	4,612	5,325
33	—	—	—	—	—	—	—
15,368	40	4,714	119	462	1,283	—	—
22,560	3,528	158	1,591	2,344	9,876	—	1,696
8,901	50	787	1,862	7,458	7,395	—	9,161
666	160	7,229	417	615	529	—	—
94	—	—	533	2,536	309	—	678
1,767	957	520	4,840	4,342	7,765	—	—
—	—	2,480	44	1,297	6,116	—	—
30,000	30,000	—	13,474	2,177	11,830	5,745	860
—	3	2	—	—	44	—	3,333

(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	2005-2006	2006-2007
Building – Measure Y	Cafeteria	\$ —	\$ —
Building – Measure Y	Capital Services	178,618	1,904
Building – Measure Y	Special Reserve	—	—
Building – Measure Y	Building – Bond Proceeds	—	—
Building – Measure Y	Building – Measure K	—	8,864
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	3,046	—
County School Facilities	State School Building Lease – Purchase	—	—
County School Facilities	Special Reserve	—	3
County School Facilities	Capital Facilities	—	—
County School Facilities	Building – Bond Proceeds	—	—
County School Facilities	Building – Measure K	—	1
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	—	1,006
County School Facilities – Prop 47	Building – Measure K	—	15
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 47	Building Fund	—	—
County School Facilities – Prop 55	State School Building Lease – Purchase	—	—
County School Facilities – Prop 55	Special Reserve	—	42,457
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	—	68,910
County School Facilities – Prop 55	Building – Measure R	—	2,387
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	—	—
County School Facilities – Prop 1D	County School Facilities – Prop 1D	—	—
		<u>\$ 381,658</u>	<u>\$ 366,926</u>

See accompanying independent auditor's report.

2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
\$ —	\$ —	\$ —	\$ 867	\$ 856	\$ 1,082	\$ 861	\$ 1,299
1,904	1,904	4,073	2,447	2,347	542	—	—
61	651	—	—	—	994	—	39,371
—	4	1,452	114	1	1,551	—	—
364	550	3,798	22	2,517	11,747	—	6
—	4,446	1,675	18,729	442,604	3,932	—	2,375
—	—	512	669	256	355	—	—
—	—	—	73	8	18	—	587
—	—	—	—	5,315	7,795	—	—
—	—	807	857	135	3,743	—	—
—	—	857	349	—	—	—	—
—	—	—	—	—	—	—	—
—	2	45	—	—	—	—	—
—	—	129	—	—	—	—	—
—	—	53	—	—	—	—	—
—	9,480	4,998	5,972	1,831	473	—	—
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	—	—
7,375	5,924	261	2,873	91	2,963	—	2,017
2,471	1,429	1,126	1	28	8,086	—	7,273
4,089	62	—	77	958	39	—	31,644
—	5	—	403	27	5	—	20,232
734	59	—	—	101	—	—	—
1,170	2	—	87	802	62,000	—	—
—	—	—	—	3,907	—	—	—
—	—	—	—	—	—	—	440
15,084	—	—	135	—	—	—	—
13,610	44	—	—	—	193	—	—
618	241	—	—	—	—	—	—
90	—	—	—	—	—	—	—
21,358	19,251	1,753	5,844	11,664	11,133	—	—
8,055	4,169	4,637	27,986	54,435	40,256	—	—
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>\$ 512,061</u>	<u>\$ 588,821</u>	<u>\$ 552,270</u>	<u>\$ 615,202</u>	<u>\$ 885,625</u>	<u>\$ 591,590</u>	<u>\$ 166,777</u>	<u>\$ 314,818</u>

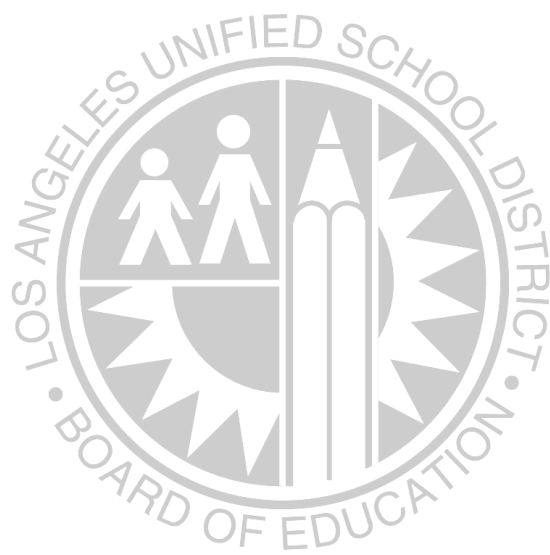
LOS ANGELES UNIFIED SCHOOL DISTRICT
Ratio of Annual Debt Service for General Bonded Debt and Certificates of
Participation (COPs) to Total General Governmental Expenditures
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service ⁽¹⁾	Total General Governmental Expenditures	Ratio of Debt service to Total General Governmental Expenditures
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
2013-2014	357,778	521,766	879,544	9,888,269	8.89
2014-2015	367,291	530,226	897,517	9,097,812	9.87

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	General Obligation Bonds	Certificates of Participation	Gross Debt	
					State School Building Aid Fund Payable	CA Energy Commission Loan
2005-2006	4,784,682	\$ 363,869,479	\$ 5,803,689	\$ 429,974	\$ 880	\$ 1,243
2006-2007	4,825,016	402,608,837	6,645,329	413,425	591	1,058
2007-2008	4,839,918	440,914,390	7,500,552	501,875	286	865
2008-2009	4,853,617	474,789,798	8,223,575	442,655	–	663
2009-2010	4,875,984	474,977,291	12,114,504	459,019	–	439
2010-2011	4,564,712	463,845,551	11,810,881	494,840	–	217
2011-2012	4,576,585	469,095,225	11,507,002	442,884	–	–
2012-2013	4,610,596	480,075,491	11,151,210	416,597	–	–
2013-2014	4,649,352	503,677,919	11,011,840	383,237	–	–
2014-2015	4,693,245	532,934,207	10,707,885	307,921	–	–

⁽¹⁾ Estimate.

⁽²⁾ 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.

Total Gross Debt	Debt Service Monies Available ⁽²⁾	Net Debt	Ratio of Net Debt to Assessed Value	Net Debt per Capita
\$ 6,235,786	\$ 309,525	\$ 5,926,261	1.6287%	\$ 1,239
7,060,403	268,111	6,792,292	1.6871	1,408
8,003,578	417,991	7,585,587	1.7204	1,567
8,666,893	490,953	8,175,940	1.7220	1,685
12,573,962	354,884	12,219,078	2.5726	2,506
12,305,938	442,118	11,863,820	2.5577	2,599
11,949,886	416,294	11,533,592	2.4587	2,520
11,567,807	459,309	11,108,498	2.3139	2,409
11,395,077	326,582	11,068,495	2.1975	2,381
11,015,806	398,694	10,617,112	1.9922	2,262

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Direct and Overlapping Bonded Debt
Year Ended June 30, 2015
(in thousands)
(Unaudited)

Government	Percentage Applicable	Amount Applicable
Direct:		
Los Angeles Unified School District		
General Obligation Bonds	100.000%	\$ 10,707,885
Certificates of Participation	100.000	307,921
		<u>11,015,806</u>
Overlapping: ⁽¹⁾		
Los Angeles County General Fund Obligations	44.364	836,408
Los Angeles County Superintendent of Schools Certificates of Participation	44.364	3,868
Los Angeles County Flood Control District	45.460	6,867
Metropolitan Water District	22.922	25,310
Los Angeles Community College District	80.729	3,134,114
Pasadena Area Community College District	0.001	1
City of Los Angeles	99.931	887,122
City of Los Angeles General Fund and Judgment Obligations	99.931	1,653,983
Other City General Fund and Pension Obligation Bonds	Various	174,578
Los Angeles County Sanitation District		
Nos. 1, 2, 4, 5, 8, 9, 16 and 23 Authorities	Various	26,906
Los Angeles County Regional Park & Open Space Assessment District	44.364	36,769
City Community Facilities Districts	100.000	91,005
City of Los Angeles Landscaping and Special Tax Assessment District	99.931	16,014
Other City and Special District 1915 Act Bonds	91.089-100.000	20,707
Other Cities	Various	24,381
Palos Verdes Library District	4.722	114
City of Los Angeles Redevelopment Agency	100.000	532,065
Other Redevelopment Agencies	Various	387,528
Total Overlapping		<u>7,857,740</u>
Total Gross Direct and Overlapping Debt		18,873,546 ⁽²⁾
Less:		
Los Angeles County General Fund Obligations supported by landfill revenues		2,016
Los Angeles Unified School District (amount accumulated in Sinking Fund for repayment of 2005 Qualified Zone Academic Bonds)		17,091
City supported obligations		8,308
Total Net Direct and Overlapping Debt		<u>\$ 18,846,131</u>

⁽¹⁾ Generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded 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
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
2013-2014	12,591,948	10,299,194	2,292,754	81.79
2014-2015	13,323,355	9,934,478	3,388,877	74.56

Computation of Legal Debt Margin for Fiscal Year Ended June 30, 2015

Assessed valuation (net taxable)	\$ 529,947,587
Plus exempt property	<u>2,986,620</u>
Total Assessed Valuation	532,934,207
Debt limit – 2.5% of Assessed Valuation per Education Code Section 15106 ⁽¹⁾	13,323,355
Bonded Debt:	
General Obligation Bonds	10,707,885
Assets available for payment of principal:	
Bond Interest & Redemption Fund	<u>(773,407)</u>
Total Amount of Debt Applicable to Debt Limit	<u>9,934,478</u>
Legal Debt Margin (bonded debt) ⁽¹⁾	<u>\$ 3,388,877</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
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	610	10.9
2013-2014	3,905	4,649	10,042	1,553	608	9.0
2014-2015	3,957	4,693	10,137	1,539	595	8.2

* Estimate

** Beginning with Fiscal Year 2012-13, Secondary enrollment count includes Regional Occupational Program (ROP).

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)

2015				2006		
Rank	Employer	Employees	Percentage of Total County Employment ⁽¹⁾	Employer	Employees	Percentage of Total County Employment ⁽²⁾
1	Kaiser Permanente	35,771	0.76%	Kaiser Permanente	32,180	0.71%
2	University of Southern California	18,629	0.40	Northrop Grumman Corp.	21,000	0.46
3	Northrop Grumman Corp	17,000	0.36	Boeing Co.	15,825	0.35
4	Target Corp.	15,000	0.32	Kroger Co	14,000 *	0.31
5	Ralphs/Food 4 Less (Kroger Co. division)	13,500	0.29	University of Southern California	12,379	0.27
6	Bank of America Corp.	13,000	0.28	Bank of America Corp.	12,200	0.27
7	Providence Health & Services Southern Ca.	13,000	0.28	Vons	12,116	0.27
8	AT&T Inc	11,700	0.25	Target	12,066	0.26
9	UPS	10,768	0.23	AT&T	9,500	0.21
10	Home Depot	10,600 *	0.23	Cedars-Sinai Medical Centers	8,817	0.19
	Total	<u>158,968</u>	<u>3.40%</u>	Total	<u>150,083</u>	<u>3.30%</u>

* Business Journal estimate

⁽¹⁾ Based on Los Angeles County Employment of 4,685,300

⁽²⁾ Based on Los Angeles County Employment of 4,561,000

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>2005-2006</u>	<u>2006-2007</u>
Elementary:		
Kindergarten	47,876	46,131
Grades 1-3	151,592	145,181
Grades 4-6	152,341	143,384
Grades 7-8	91,576	92,832
Special Education	20,435	19,740
County Special Education	—	—
Opportunity Schools	10	12
Home or Hospital	159	159
Community Day Schools	172	148
County Community Schools	16	19
Total Elementary	<u>464,177</u>	<u>447,606</u>
Secondary:		
Regular Classes	152,848	151,323
Special Education	11,350	11,253
County Special Education	—	—
Compulsory Continuation Education	3,198	2,972
Opportunity Schools	407	399
Home or Hospital	120	125
Community Day Schools	757	716
County Community Schools	156	93
Total Secondary	<u>168,836</u>	<u>166,881</u>
Block grant funded fiscally affiliated charters	<u>5,958</u>	<u>5,936</u>
Total Block Grant Funded Fiscally Affiliated Charters	<u>5,958</u>	<u>5,936</u>
Adult program:		
ROC/P Mandated	14,395	18,857
Classes for Adults – Mandated	63,305	64,867
Concurrently Enrolled Adults	5,886	6,594
Full-time Independent Study*	7	29
Total Adult Program	<u>83,593</u>	<u>90,347</u>
Total Average Daily Attendance	<u>722,564</u>	<u>710,770</u>
Summer School Hours of Attendance		
Elementary	12,061,970	9,974,314
Secondary	8,929,199	8,357,150
Dependent Charter	***	***
Total Hours	<u>20,991,169</u>	<u>18,331,464</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 2012-13, Districts were not required to operate the program or follow program requirements. Revenue for these years were based on the same relative proportion that the District received for these programs in fiscal year 2007-08.

*** Included with Elementary and Secondary hours.

^a Updated to reflect revised audited annual report.

See accompanying independent auditor's report.

2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
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	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
432,741	421,514	407,304	397,195	382,555	360,720
151,852	151,451	146,707	143,979	135,549	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	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
167,058	166,858	162,753	160,389	151,538	144,793
6,482	6,655	6,906	7,866	13,499	28,832 ^a
6,482	6,655	6,906	7,866	13,499	28,832 ^a
20,309	23,379	**	**	**	**
65,684	66,905	**	**	**	**
7,756	8,297	**	**	**	**
43	25	**	**	**	**
93,792	98,606	—	—	—	—
700,073	693,633	576,963	565,450	547,592	534,345^a
10,195,908	8,567,366	**	**	**	**
8,336,362	7,203,657	**	**	**	**
***	***	**	**	**	**
18,532,270	15,771,023	—	—	—	—

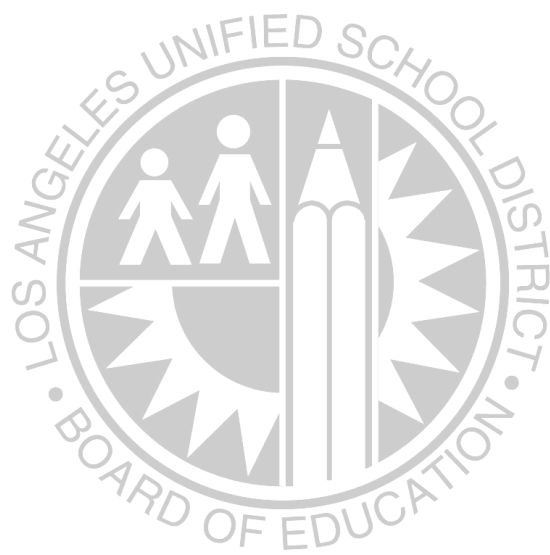
(Continued)

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

	<u>2013-2014</u>	<u>2014-2015</u>
District:		
Kindergarten-Grade 3	168,219.59	163,766.40
Grades 4-6	114,458.03	112,308.60
Grades 7-8	71,338.82	68,415.44
Grades 9-12	133,233.66	130,676.24
Total District	<u>487,250.10</u>	<u>475,166.68</u>
County:		
Kindergarten-Grade 3	0.00	0.00
Grades 4-6	1.23	1.38
Grades 7-8	7.85	5.12
Grades 9-12	670.05	628.23
Total County	<u>679.13</u>	<u>634.73</u>
Affiliated Charter Schools:		
Kindergarten-Grade 3	16,012.86	15,913.38
Grades 4-6	10,393.49	10,505.83
Grades 7-8	5,758.33	6,070.36
Grades 9-12	7,468.47	7,454.27
Total Affiliated Charter Schools	<u>39,633.15</u>	<u>39,943.84</u>
Total Average Daily Attendance	<u><u>527,562.38</u></u>	<u><u>515,745.25</u></u>

Note: Starting 2013-14, Local Control Funding Formula (LCFF) replaced the previous K-12 finance system with a new funding formula which is composed of uniform base grants by grade span (K-3, 4-6, 7-8, 9-12).

See accompanying independent auditor's report.



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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>
Governmental Activities:			
Instruction	52,608	52,769	51,839
Support services – students	3,091	3,060	3,459
Support services – instructional staff	5,560	5,280	5,883
Support services – general administration	209	222	220
Support services – school administration	5,870	6,045	6,097
Support services – business	1,119	1,154	1,217
Operation and maintenance of plant services	7,537	7,835	7,830
Student transportation services	1,174	1,236	1,346
Data processing services	557	722	680
Operation of noninstructional services	3,232	3,394	3,685
Facilities acquisition and construction services	937	994	1,093
Total Governmental Activities	<u>81,894</u>	<u>82,711</u>	<u>83,349</u>

See accompanying independent auditor's report.

2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
52,317	46,896	45,115	44,907	41,817	41,944	41,550
3,455	3,226	3,057	2,810	2,700	2,785	3,164
5,332	4,105	3,970	3,137	2,652	3,008	3,600
219	193	187	195	180	184	208
6,047	5,470	4,741	4,218	3,894	3,865	4,003
1,121	1,134	880	909	1,052	1,089	1,410
8,016	6,842	6,137	6,241	5,814	6,243	6,368
1,354	1,290	1,178	1,041	1,034	1,039	1,029
571	384	357	414	442	390	138
3,976	4,604	4,702	3,186	3,046	3,033	3,036
1,090	1,077	700	844	981	1,213	1,205
83,498	75,221	71,024	67,902	63,612	64,793	65,711

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

	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>
Governmental Activities:				
Instruction	\$ 497,404	\$ 478,190	\$ 462,230	\$ 445,482
Support services – students	2,823	2,850	2,902	2,902
Support services – instructional staff	109,660	64,517	63,334	111,596
Support services – general administration	4,076	4,125	4,124	4,125
Support services – school administration	60,447	71,013	71,875	72,027
Support services – business	30,818	32,499	39,700	46,924
Operation and maintenance of plant services	177,094	139,831	198,985	201,531
Student transportation services	49,357	49,153	46,317	45,033
Data processing services	388,367	438,732	445,150	398,032
Operation of noninstructional services	9,977	11,806	15,574	22,463
Facilities acquisition and construction services	9,131,797	10,651,910	12,231,831	14,341,812
Total Governmental Activities	<u>\$ 10,461,820</u>	<u>\$ 11,944,626</u>	<u>\$ 13,582,022</u>	<u>\$ 15,691,927</u>

See accompanying independent auditor's report.

<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u> <u>(As Restated)</u>	<u>2014-2015</u>
\$ 441,818	\$ 430,887	\$ 418,744	\$ 390,030	\$ 380,912	\$ 364,022
2,902	3,820	5,167	5,507	4,514	4,514
111,842	112,492	112,530	67,995	68,068	68,557
4,125	4,126	4,136	4,124	4,124	4,124
73,901	73,973	74,117	72,116	72,116	72,123
46,924	53,672	57,483	55,837	55,842	55,646
201,826	213,453	223,913	147,987	150,265	151,107
54,060	87,166	83,925	95,854	95,630	94,474
402,311	406,813	614,302	690,137	704,216	549,476
23,777	25,381	26,346	28,114	30,182	32,640
15,971,711	17,122,389	17,859,785	18,471,243	19,306,039	19,824,703
<u>\$17,335,197</u>	<u>\$18,534,172</u>	<u>\$ 19,480,448</u>	<u>\$ 20,028,944</u>	<u>\$ 20,871,908</u>	<u>\$ 21,221,386</u>

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

Fiscal Year:	July 1 – June 30	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Enrollment by Level: (As of September)	Elementary (grades K-5/6)	308,000	295,260	289,969	282,469	281,108	277,269
	Middle/Junior High (grades 6-8)	141,745	136,315	128,528	119,534	106,097	99,726
	Senior High (grades 9-12)	167,113	165,459	161,689	155,740	154,001	142,669
	Magnet Schools/Centers (grades K-12)	53,277	52,525	53,261	56,503	56,952	58,244
	Special Education Schools (grades K-12)	3,673	3,656	3,604	3,552	3,555	3,537
	Total K-12 Enrollment	673,808	653,215	637,051	617,798	601,713	581,445
	Community Adult Schools	108,096	105,668	103,440	80,407	80,618	66,937
	Occupational Centers and Skills Centers	37,672	42,955	43,966	50,068	55,782	52,826
	Total Adult/ROC Enrollment	145,768	148,623	147,406	130,475	136,400	119,763
	Total Enrollment	819,576	801,838	784,457	748,273	738,113	701,208
	Early Education Centers	11,052	11,013	10,787	11,432	12,139	14,242
	Independent Charter Schools	34,961	41,073	51,087	60,643	69,935	82,788
Student-Teacher Ratio & Cost per Student:	Student Enrollment	830,320	812,851	795,244	759,705	750,252	715,450
	Teaching Staff	32,923	36,564	33,166	33,387	32,429	30,100
	Student-Teacher Ratio ⁽¹⁾	25.22 : 1	22.23 : 1	23.98 : 1	22.75 : 1	23.14 : 1	23.77 : 1
	Total Primary Government Expense (in thousands)	\$ 7,577,170	\$ 9,028,343	\$ 9,005,723	\$ 8,247,767	\$ 8,442,307	\$ 8,209,562
	Cost Per Student	\$ 9,126	\$ 11,107	\$ 11,324	\$ 10,857	\$ 11,253	\$ 11,475
Percent of Free & Reduced Students in Lunch Program:	Elementary	86.97 %	85.48 %	86.12 %	86.48 %	85.79 %	85.31 %
	Secondary	89.70	90.23	91.23	91.34	90.10	89.52
	Total	87.77	86.94	87.82	88.18	87.22	86.62
Number of Teachers by Education Level:	Bachelor's Degree (BD)	2,239	1,862	807	618	497	351
	BD + 14 semester units	1,173	894	533	489	379	300
	BD + 28 semester units	3,280	2,988	1,881	1,776	1,564	1,237
	BD + 42 semester units	3,901	3,657	2,732	2,555	2,384	1,999
	BD + 56 semester units	3,420	3,490	2,908	2,734	2,555	2,292
	BD + 70 semester units	3,124	3,327	2,986	2,861	2,736	2,458
	BD + 84 semester units	2,850	3,310	3,085	2,930	2,782	2,574
	BD + 98 semester units	7,147	10,108	10,426	11,839	11,496	10,125
	BD + 98 semester units + 15-19 years of service	2,398	3,079	4,384	3,496	3,989	4,723
	BD + 98 semester units + 20-24 years of service	1,351	1,548	1,554	2,225	2,224	2,301
	BD + 98 semester units + 25-29 years of service	1,215	1,307	1,081	1,040	999	946
	BD + 98 semester units + 30 or more years of service	825	994	789	824	824	794
	Total	32,923	36,564	33,166	33,387	32,429	30,100
	Master's Degree	9,816	12,869	12,845	13,358	13,362	12,658
	Doctorate Degree	505	599	581	601	591	580
Average Teacher Pay by Education Level:	Bachelor's Degree (BD)	\$ 43,352	\$ 43,757	\$ 45,474	\$ 46,186	\$ 46,699	\$ 47,561
	BD + 14 semester units	46,896	47,301	48,926	48,630	49,574	50,775
	BD + 28 semester units	50,047	50,035	52,293	51,801	52,228	53,390
	BD + 42 semester units	53,558	53,524	55,817	55,296	55,752	56,583
	BD + 56 semester units	56,982	57,067	59,095	58,574	59,036	59,884
	BD + 70 semester units	61,323	61,182	62,779	62,288	62,730	63,368
	BD + 84 semester units	64,959	64,605	66,136	65,558	66,225	67,037
	BD + 98 semester units	69,891	69,688	70,396	70,122	70,581	71,069
	BD + 98 semester units + 15-19 years of service	75,024	75,024	75,024	75,024	75,024	75,024
	BD + 98 semester units + 20-24 years of service	75,597	75,597	75,597	75,597	75,597	75,597
	BD + 98 semester units + 25-29 years of service	77,598	77,598	77,598	77,598	77,598	77,598
	BD + 98 semester units + 30 or more years of service	78,906	78,906	78,906	78,906	78,906	78,906
	Master's Degree ⁽²⁾	+584	+584	+584	+584	+584	+584
	Doctorate Degree ⁽²⁾	+1,168	+1,168	+1,168	+1,168	+1,168	+1,168

⁽¹⁾ Overall enrolled students to overall teaching staff.

⁽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.

(Continued)

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

Fiscal Year:	July 1 – June 30	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>	
Enrollment by Level: (As of September)	Elementary (grades K-5/6)	272,804	271,636	265,115	
	Middle/Junior High (grades 6-8)	98,437	95,444	87,895	
	Senior High (grades 9-12) *	133,601	126,823	119,659	
	Magnet Schools/Centers (grades K-12)	58,471	59,319	67,340	
	Special Education Schools (grades K-12)	3,291	2,893	2,424	
	Total K-12 Enrollment	<u>566,604</u>	<u>556,115</u>	<u>542,433</u>	
	Adult Schools (1040 enrollment)	25,764	32,267	32,688	
	Career Technical (1402 enrollment)	5,652	6,509	7,309	
	Total Adult/ROC Enrollment	<u>31,416</u>	<u>38,776</u>	<u>39,997</u>	
	Total Enrollment	<u>598,020</u>	<u>594,891</u>	<u>582,430</u>	
	Early Education Centers	<u>11,899</u>	<u>12,829</u>	<u>12,616</u>	
	Independent Charter Schools	<u>88,931</u>	<u>95,381</u>	<u>101,060</u>	
	Student-Teacher Ratio & Cost per Student:	Student Enrollment	609,919 **	607,720 **	595,046
	Teaching Staff	28,779	28,437	28,546	
	Student-Teacher Ratio ⁽¹⁾	22.38 : 1	22.19 : 1	20.85 : 1	
	Total Primary Government Expense (in thousands)	\$ 8,207,110	\$ 7,967,671	\$ 8,533,854	
	Cost Per Student	\$ 13,456 **	\$ 13,111 **	\$ 14,342	
Percent of Free & Reduced Students in Lunch Program:	Elementary	84.85 %	85.54 %	84.32 %	
	Secondary	88.61	88.81	86.43	
	Total	85.91	86.45	84.95	
Number of Teachers by Education Level:	Bachelor's Degree (BD)	303	322	446	
	BD + 14 semester units	242	290	348	
	BD + 28 semester units	1,110	1,150	1,284	
	BD + 42 semester units	1,867	1,967	2,077	
	BD + 56 semester units	2,172	2,172	2,250	
	BD + 70 semester units	2,365	2,294	2,369	
	BD + 84 semester units	2,415	2,378	2,346	
	BD + 98 semester units	8,779	7,597	6,493	
	BD + 98 semester units + 15-19 years of service	5,438	6,021	6,521	
	BD + 98 semester units + 20-24 years of service	2,438	2,652	2,537	
	BD + 98 semester units + 25-29 years of service	953	940	1,279	
	BD + 98 semester units + 30 or more years of service	697	654	596	
	Total	<u>28,779</u>	<u>28,437</u>	<u>28,546</u>	
	Master's Degree	<u>12,723</u>	<u>12,339</u>	<u>12,477</u>	
	Doctorate Degree	<u>343</u>	<u>542</u>	<u>531</u>	
Average Teacher Pay by Education Level:	Bachelor's Degree (BD)	\$ 47,747	\$ 47,630	\$ 48,357	
	BD + 14 semester units	51,425	50,506	51,576	
	BD + 28 semester units	53,980	53,506	54,748	
	BD + 42 semester units	56,869	56,234	58,260	
	BD + 56 semester units	60,206	60,052	62,437	
	BD + 70 semester units	63,865	63,764	66,409	
	BD + 84 semester units	67,312	67,321	70,597	
	BD + 98 semester units	71,444	71,628	75,199	
	BD + 98 semester units + 15-19 years of service	75,024	75,024	78,806	
	BD + 98 semester units + 20-24 years of service	75,597	75,597	79,408	
	BD + 98 semester units + 25-29 years of service	77,598	77,598	81,509	
	BD + 98 semester units + 30 or more years of service	78,906	78,906	82,883	
	Master's Degree ⁽²⁾	+584	+584	+584	
	Doctorate Degree ⁽²⁾	+1,168	+1,168	+1,168	

* Beginning with Fiscal Year 2012-2013, enrollment count includes Regional Occupational Program (ROP).

** Updated to exclude Independent Charter Schools.

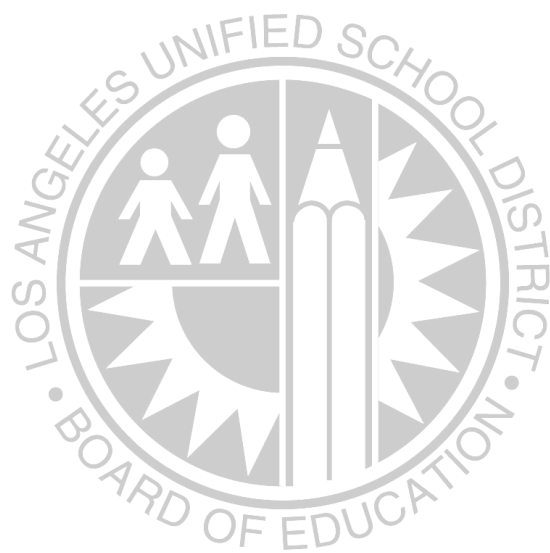
⁽¹⁾ Overall enrolled students to overall teaching staff.

⁽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.



**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, 2015

	District	Affiliated Charters
Local Control Funding Formula (LCFF)		
LCFF Funded Average Daily Attendance (ADA)		
K-3 ADA	167,388.95	15,931.42
4-6 ADA	112,852.21	10,518.62
7-8 ADA	70,751.24	6,088.02
9-12 ADA	133,545.13	7,515.70
Total Funded ADA	<u>484,537.53</u>	<u>40,053.76</u>
Unduplicated Pupil Percentage	83.49%	varies by school
LCFF State Aid		
Base Grant Funding	\$ 3,780,557,059	\$ 308,249,479
Supplemental Grant Funding	631,277,417	24,517,767
Concentration Grant Funding	538,540,354	4,934,935
Add-On (Based on 2012-13 Targeted Instructional Improvement Block Grant)	460,431,314	—
Add-On (Based on 2012-13 Home-to-School Transportation)	77,587,829	—
Total LCFF Target Entitlement	<u>5,488,393,973</u>	<u>337,702,181</u>
Total LCFF Floor Entitlement	4,094,179,003	262,750,913
Current Year Gap Funding (30.16%)	420,497,489	22,605,422
Economic Recovery Target	—	247,577
Total Local Revenue or In-Lieu of Property Taxes	(863,298,866)	(67,289,512)
Education Protection Account Entitlement	<u>(690,652,978)</u>	<u>(42,964,761)</u>
Net State Aid-Current Year	<u>2,960,724,648</u>	<u>175,349,639</u>
State Aid – Prior Years	7,467	(111,171)
Principal apportionments – other state revenues		
Special education		
Current year	363,813,953	—
Prior years	10,983,846	—
Other State Apportionments		
Current year	3,056,899	—
Prior years	—	—
Total Principal Apportionment from State School Funds	<u>\$ 3,338,586,813</u>	<u>\$ 175,238,468</u>

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, 2015
(in thousands)

	<u>Appropriations</u>	<u>Expenditures and Other Uses</u>	<u>Unexpended Balances</u>
Regular program:			
General Program – Schools	\$ 3,387,467	\$ 3,317,905	\$ 69,562
General Program – Support Services	474,647	498,639	(23,992)
General Program – Hourly Intervention/ Remediation	2,243	2,206	37
General Program – Interfund Transfers	101,943	92,416	9,527
General Program – Options Programs	63,357	56,789	6,568
Special Education – Schools	1,355,600	1,309,571	46,029
Special Education – Support Services	88,200	84,601	3,599
Special Education – Extended Session	13,462	16,990	(3,528)
Student Integration – Schools	168,832	151,119	17,713
Student Integration – Support Services	11,589	9,891	1,698
ROC/Skill Centers – Schools	45,088	35,659	9,429
ROC/Skill Centers – Support Services	1,506	2,495	(989)
On-going & Major Maintenance – Schools	28,310	28,058	252
On-going & Major Maintenance – Support Services	79,014	79,390	(376)
Community Services	9,782	12,292	(2,510)
Reserves and Resources Allocations	88,111	5,929	82,182
Alternative Education and Work Centers	8,826	7,723	1,103
Total Regular Program	<u>5,927,977</u>	<u>5,711,673</u>	<u>216,304</u>
Specialy Funded Programs	<u>726,668</u>	<u>593,370</u>	<u>133,298</u>
Total General Fund	<u>\$ 6,654,645</u>	<u>\$ 6,305,043</u>	<u>\$ 349,602</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, 2015
 (in thousands)

Instruction	<u>\$ 4,877,791</u>
Support Services	
Supervision of instruction	61,634
Library, media, technology and other instructional resources	4,161
School administration	274,687
Pupil support services	116,620
Pupil transportation	7,959
Data processing services	13,051
Plant maintenance and operations	525,192
Facilities rents and leases	6,143
Central administration	249,209
Total Support Services	<u>1,258,656</u>
Other Goals	
Community services	13,318
Child care and development services	444
Food services	612
Total Other Goals	<u>14,374</u>
Facilities Acquisition and Construction	<u>19,157</u>
Other Outgo	
Debt service	913
All other outgo	134,152
Total Other Outgo	<u>135,065</u>
Total Expenditures and Other Uses	<u>\$ 6,305,043</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 General Fund
 Schedule of Current Expense of Education
 Year Ended June 30, 2015
 (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	\$ 2,782,544	\$ 5,126	\$ 2,777,418	\$ 5,391.89
Classified salaries	847,220	17,209	830,011	1,611.33
Employee benefits (excluding PERS reduction)	1,564,868	52,578	1,512,290	2,935.85
Books, supplies, and equipment replacement	275,611	2,808	272,803	529.60
Services & operating expense and direct support	684,230	8,157	676,073	1,312.48
Total	<u>\$ 6,154,473</u>	<u>\$ 85,878</u>	<u>\$ 6,068,595</u>	<u>\$ 11,781.15</u>

* The excluded amounts relate to Nonagency, Community Services, Food Services, Fringe Benefits to Retirees, and Facilities Acquisition and Construction.

** Annual A.D.A. (Average Daily Attendance) used is 515,110.52. 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, 2015
(in thousands)

	Balances				Balances
	July 1, 2014	Revenues	Expenditures	Contributions	June 30, 2015
Medi-Cal Billing Options	\$ 1,923	\$ 15,292	\$ 11,329	\$ —	\$ 5,886
FEMA Public Assistance Funds	155	4	—	—	159
Cops More Program	35	—	—	—	35
School Mental Health Medi-cal Rehabilitation	5,629	2,114	2,880	—	4,863
Medi-Cal Electronic Health Record Incentive	449	21	48	—	422
California Clean Energy Jobs Act	29,728	24,119	1,735	—	52,112
Emergency Repair Program - Williams Case	—	595	595	—	—
English Language Acquisition Program, Teacher Training & Student Assistance	3,764	—	67	—	3,697
Lottery: Instructional Materials	—	23,925	23,925	—	—
Pupils with Disabilities Attending Regional Occupational Centers and Programs	—	—	1,654	1,654	—
Special Education	3,924	374,998	1,171,477	796,058	3,503
Special Education: Early Education Individuals with Exceptional Needs (Infant Program)	487	3,057	3,703	159	—
Special Education: Mental Health Services	—	36,208	36,208	—	—
Economic Impact Aid: Limited English Proficiency (LEP)	9,505	—	5,557	—	3,948
Quality Education Investment Act	28,884	80,197	67,521	—	41,560
Common Core State Standards Implement	91,127	—	110,816	19,689	—
California Energy Commission Loan Expenditures	397	31	—	—	428
Employment Training Panel-Regional Occupational Centers and Programs	30	95	101	—	24
Ongoing and Major Maintenance Account	—	2,049	107,448	107,448	2,049
Certificates of Participation (Acquisition Accounts) Proceeds	16,374	756	9,775	9	7,364
Clean Cities Grant	86	—	—	—	86
Cognitive Behavioral Intervention Therapy	380	—	26	—	354
B.E.S.T. Behavior Special Education	55	—	26	—	29
Totals	\$ 192,932	\$ 563,461	\$ 1,554,891	\$ 925,017	\$ 126,519

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, 2015
 (in thousands)

Revenues and Other Sources:	
Local Control Funding Formula sources	\$ 58,147
Federal revenues	11,544
Other state revenues	3,750
Other local revenues	1,542
Interfund Transfers	<u>3,333</u>
Total Revenues and Other Sources	<u>78,316</u>
Expenditures and Other Uses:	
Instruction	40,165
Support Services	
Supervision of instruction	7,811
School administration	13,565
Guidance and counseling services	4,360
General administration cost transfers	3,368
Plant maintenance and operations	11,235
Facilities acquisition and construction	1,371
Interfund Transfers	<u>4</u>
Total Expenditures and Other Uses	<u>81,879</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(3,563)
Fund Balance, July 1, 2014	<u>8,989</u>
Fund Balance, June 30, 2015	<u><u>\$ 5,426</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, 2015
(in thousands)

Revenues and Other Sources:	
Federal revenues	\$ 25,738
Other state revenues	80,354
Other local revenues	6,473
Interfund transfers	<u>24,997</u>
Total Revenues and Other Sources	<u>137,562</u>
Expenditures and Other Uses:	
Instruction	107,762
Support Services	
Supervision of instruction	2,187
School administration	12,993
Health services	709
Food Services	2
Other general administration	6,662
Plant maintenance and operations	6,914
Facilities acquisition & construction	329
Facilities rents and leases	1
Debt Service	<u>79</u>
Total Expenditures and Other Uses	<u>137,638</u>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	(76)
Fund Balance, July 1, 2014	<u>627</u>
Fund Balance, June 30, 2015	<u><u>\$ 551</u></u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Fund Equity
Year Ended June 30, 2015
(in thousands)

	General Fund	Adult Education Fund	Cafeteria Fund	Child Development Fund	Bond Interest & Redemption Fund	Tax Override Fund
Nonspendable:						
Revolving and imprest funds	\$ 2,637	\$ 31	\$ —	\$ 1	\$ —	\$ —
Inventories	18,016	—	5,654	—	—	—
Debt service	—	—	—	—	—	—
Prepays	—	—	—	—	—	—
Total Nonspendable	<u>20,653</u>	<u>31</u>	<u>5,654</u>	<u>1</u>	<u>—</u>	<u>—</u>
Restricted	<u>126,519</u>	<u>—</u>	<u>22,521</u>	<u>—</u>	<u>773,407</u>	<u>387</u>
Committed	<u>—</u>	<u>5,395</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned	<u>418,424</u>	<u>—</u>	<u>—</u>	<u>550</u>	<u>—</u>	<u>—</u>
Unassigned						
Reserved for economic uncertainties	65,376	—	—	—	—	—
Unassigned	<u>188,834</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Unassigned	<u>254,210</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Restricted net position	<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>\$ 819,806</u>	<u>\$ 5,426</u>	<u>\$ 28,175</u>	<u>\$ 551</u>	<u>\$ 773,407</u>	<u>\$ 387</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
\$ —	\$ 2,990	\$ (165)	\$ 637	\$ (32)	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	2,990	(165)	637	(32)	—	—	—
55,818	11,843	208,110	337,077	131,065	—	5,918	84,828
—	—	—	—	—	—	—	—
—	—	—	—	—	8,175	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
<u>\$ 55,818</u>	<u>\$ 14,833</u>	<u>\$ 207,945</u>	<u>\$ 337,714</u>	<u>\$ 131,033</u>	<u>\$ 8,175</u>	<u>\$ 5,918</u>	<u>\$ 84,828</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Fund Equity (Continued)
Year Ended June 30, 2015
(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 – Prop 47
Nonspendable:					
Revolving and imprest funds	\$ —	\$ —	\$ —	\$ —	\$ —
Inventories	—	—	—	—	—
Debt service	—	—	—	—	—
Prepays	—	—	—	—	—
Total Nonspendable	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Restricted	<u>7,124</u>	<u>—</u>	<u>52,315</u>	<u>—</u>	<u>471,136</u>
Committed	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Assigned	<u>57</u>	<u>2,058</u>	<u>—</u>	<u>175,575</u>	<u>—</u>
Unassigned					
Reserved for economic uncertainties	—	—	—	—	—
Unassigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Unassigned	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Restricted net position	—	—	—	—	—
Unrestricted net position	—	—	—	—	—
Total Fund Equity/Net Position	<u>\$ 7,181</u>	<u>\$ 2,058</u>	<u>\$ 52,315</u>	<u>\$ 175,575</u>	<u>\$ 471,136</u>

See accompanying independent auditor's report.

Health and Welfare Benefits Fund	Workers' Compensation Self – Insurance Fund	Liability Self – Insurance Fund	Other Postemployment Benefit (OPEB) Trust Fund
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	90,156
295,138	2,921	599	—
<u>\$ 295,138</u>	<u>\$ 2,921</u>	<u>\$ 599</u>	<u>\$ 90,156</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources
Year Ended June 30, 2015
(in thousands)

	SACS Object Code	General Fund	Special Revenue		
			Adult Education	Child Development	Cafeteria
Local Control Funding Formula (LCFF) Sources:					
Principal Apportionment:					
State Aid – Current Year	8011	\$ 3,136,073	\$ —	\$ —	\$ —
Education Protection Account Entitlement	8012	733,618	—	—	—
State Aid – Prior Years	8019	(104)	—	—	—
Tax Relief Subventions:					
Homeowners' Exemptions	8021	6,929	—	—	—
Other Subventions/In-lieu of Taxes	8029	5,804	—	—	—
County & District Taxes:					
Secured Roll Taxes	8041	922,271	—	—	—
Unsecured Roll Taxes	8042	35,016	—	—	—
Prior Years' Taxes	8043	20,578	—	—	—
Supplemental Taxes	8044	23,885	—	—	—
Education Revenue Augmentation Fund (ERAF)	8045	35,339	—	—	—
Supplemental Educational Revenue Augmentation Fund (SERAF)	8046	—	—	—	—
Community Redevelopment Funds	8047	49,287	—	—	—
Penalties/Int. – Delinquent LCFF Taxes	8048	1,415	—	—	—
Miscellaneous Funds (EC 41604):					
Royalties and Bonuses	8081	—	—	—	—
Less: Non-Revenue Limit (50%) Adjustment	8089	—	—	—	—
LCFF Transfers:					
Unrestricted LCFF Transfers – Current Year	8091	(58,147)	58,147	—	—
Transfer to Charter In Lieu Property Taxes	8096	(169,857)	—	—	—
Total LCFF Sources		4,742,107	58,147	—	—
Federal Revenues:					
Special Education Entitlement	8181	121,774	—	—	—
Special Education Discretionary Grant	8182	26,846	—	—	—
Child Nutrition Programs	8220	—	—	—	306,443
Forest Reserve Funds	8260	61	—	—	—
Flood Control Funds	8270	—	—	—	—
FEMA	8281	4	—	—	—
Interagency Contracts Between LEAs	8285	3,400	—	—	—
NCLB Title I Part A, Basic Grants Low Income and Neglected	8290	308,219	—	—	—
NCLB Title I Part D, Local Delinquent Programs	8290	794	—	—	—
NCLB Title II Part A, Teacher Quality	8290	42,671	—	—	—
NCLB Title III, Limited English Proficient	8290	16,901	—	—	—
Other No Child Left Behind	8290	55,833	—	—	—
Vocational & Applied Technology Education	8290	6,713	657	—	—
Safe and Drug Free Schools	8290	63,537	—	—	—
Other Federal Revenue	8290	—	10,887	25,738	12
Total Federal Revenues		646,753	11,544	25,738	306,455

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(in thousands)

		Capital Projects			
	SACS Object Code	Capital Facilities Fund	State School Building Lease – Purchase	Special Reserve	Special Reserve CRA
Local Control Funding Formula (LCFF) Sources:					
Principal Apportionment:					
State Aid – Current Year	8011	\$ —	\$ —	\$ —	\$ —
Education Protection Account Entitlement	8012	—	—	—	—
State Aid – Prior Years	8019	—	—	—	—
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	—	—	—	—
Supplemental Educational Revenue Augmentation Fund (SERAF)	8046	—	—	—	—
Community Redevelopment Funds	8047	—	—	—	—
Penalties/Int. – Delinquent LCFF Taxes	8048	—	—	—	—
Miscellaneous Funds (EC 41604):					
Royalties and Bonuses	8081	—	—	—	—
Less: Non-Revenue Limit (50%) Adjustment	8089	—	—	—	—
LCFF Transfers:					
Unrestricted LCFF Transfers – Current Year	8091	—	—	—	—
Transfer to Charter In Lieu Property Taxes	8096	—	—	—	—
Total LCFF Sources		—	—	—	—
Federal Revenues:					
Special Education Entitlement	8181	—	—	—	—
Special Education Discretionary Grant	8182	—	—	—	—
Child Nutrition Programs	8220	—	—	—	—
Forest Reserve Funds	8260	—	—	—	—
Flood Control Funds	8270	—	—	—	—
FEMA	8281	—	—	—	—
Interagency Contracts Between LEAs	8285	—	—	—	—
NCLB 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	—	—	—	—
Other No Child Left Behind	8290	—	—	—	—
Vocational & Applied Technology Education	8290	—	—	—	—
Safe and Drug Free Schools	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, 2015
(in thousands)

	SACS Object Code	Internal Service Funds		
		Health and Welfare Benefits	Workers' Compensation	Liability
Local Control Funding Formula (LCFF) Sources:				
Principal Apportionment:				
State Aid – Current Year	8011	\$ —	\$ —	\$ —
Education Protection Account Entitlement	8012	—	—	—
State Aid – Prior Years	8019	—	—	—
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	—	—	—
Supplemental Educational Revenue Augmentation Fund (SERAF)	8046	—	—	—
Community Redevelopment Funds	8047	—	—	—
Penalties/Int. – Delinquent LCFF Taxes	8048	—	—	—
Miscellaneous Funds (EC 41604):				
Royalties and Bonuses	8081	—	—	—
Less: Non-Revenue Limit (50%) Adjustment	8089	—	—	—
LCFF Transfers:				
Unrestricted LCFF Transfers – Current Year	8091	—	—	—
Transfer to Charter In Lieu Property Taxes	8096	—	—	—
Total LCFF Sources		—	—	—
Federal Revenues:				
Special Education Entitlement	8181	—	—	—
Special Education Discretionary Grant	8182	—	—	—
Child Nutrition Programs	8220	—	—	—
Forest Reserve Funds	8260	—	—	—
Flood Control Funds	8270	—	—	—
FEMA	8281	—	—	—
Interagency Contracts Between LEAs	8285	—	—	—
NCLB 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	—	—	—
Other No Child Left Behind	8290	—	—	—
Vocational & Applied Technology Education	8290	—	—	—
Safe and Drug Free Schools	8290	—	—	—
Other Federal Revenue	8290	—	—	—
Total Federal Revenues		—	—	—

<u>Total</u>	<u>OPEB Trust Fund</u>	<u>Total</u>
\$ —	\$ —	\$ 3,136,073
—	—	733,618
—	—	(104)
—	—	6,929
—	—	5,804
—	—	922,271
—	—	35,016
—	—	20,578
—	—	23,885
—	—	35,339
—	—	—
—	—	49,287
—	—	1,415
—	—	—
—	—	—
—	—	—
—	—	(169,857)
—	—	4,800,254
—	—	121,774
—	—	26,846
—	—	306,443
—	—	61
—	—	—
—	—	1,756
—	—	3,400
—	—	308,219
—	—	794
—	—	42,671
—	—	16,901
—	—	55,833
—	—	7,370
—	—	63,537
—	—	105,611
—	—	1,061,216
		(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(in thousands)

	SACS Object Code	General Fund	Special Revenue		
			Adult Education	Child Development	Cafeteria
Other State Revenues:					
Other State Apportionments:					
Spec. Ed. Master Plan:					
Current Year	8311	\$ 363,814	\$ —	\$ —	\$ —
Prior Years	8319	10,984	—	—	—
All Other State Apportionments – Current Year	8311	3,057	—	—	—
All Other State Apportionments – Prior Year	8319	—	—	—	—
Child Nutrition Programs	8520	—	—	—	22,737
School Facilities Apportionments	8545	—	—	—	—
Mandated Costs Reimbursements	8550	53,568	—	—	—
Lottery – Unrestricted and Instructional Materials	8560	106,914	—	—	—
Voted Indebtedness Levies Homeowners' Exemptions	8571	—	—	—	—
Other Subventions/In-Lieu Taxes	8572	—	—	—	—
After School Education and Safety (ASES)	8590	75,449	—	—	—
Drug/Alcohol/Tobacco Funds	8590	1,153	—	—	—
California Clean Energy Act	8590	24,015	—	—	—
Specialized Secondary	8590	24	—	—	—
Healthy Start	8590	—	—	—	—
Quality Education Investment Act	8590	80,197	—	—	—
Common Core State Standards Implementation	8590	—	—	—	—
State Preschool	8590	—	—	—	—
All Other State Revenue	8590	186,246	3,750	80,354	—
Total Other State Revenues		905,421	3,750	80,354	22,737
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 LCFF Deductions					
Penalties and Interest from Delinquent Non-LCFF Taxes	8625	—	—	—	—
Sales:					
Sale of Equipment/Supplies	8631	525	—	—	—
Food Service Sales	8634	—	—	—	7,243
All Other Sales	8639	—	—	—	—
Leases and Rentals	8650	16,462	—	—	—
Interest	8660	4,778	99	35	54
Net Increase (Decrease) in the Fair Value of Investments	8662	—	—	—	—
Fees and Contracts:					
Adult Education Fees	8671	—	314	—	—
Non-Resident Students	8672	711	—	—	—
Child Development Parent Fees	8673	—	—	3,183	—
In-District Premiums/Contributions	8674	—	—	—	—
Interagency Service Fees	8677	557	—	726	—

Funds		District Bond Funds			
Total	Building Account – Bond Proceeds	Building Account – Measure Y	Building Account – Measure R	Building Account – Measure K	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
—	—	—	—	—	—
22,737	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
84,104	—	—	—	—	—
106,841	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
7,243	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
188	163	2,021	3,226	1,616	7,026
—	—	—	—	—	—
314	—	—	—	—	—
—	—	—	—	—	—
3,183	—	—	—	—	—
—	—	—	—	—	—
726	—	—	—	—	—

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(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:					
Spec. Ed. Master Plan:					
Current Year	8311	\$ —	\$ —	\$ —	\$ —
Prior Years	8319	—	—	—	—
All Other State Apportionments – Current Year	8311	—	—	—	—
All Other State Apportionments – Prior Year	8319	—	—	—	—
Child Nutrition Programs	8520	—	—	—	—
School Facilities Apportionments	8545	—	1,567	—	—
Mandated Costs Reimbursements	8550	—	—	—	—
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	—	—	—	—
California Clean Energy Act	8590	—	—	—	—
Specialized Secondary	8590	—	—	—	—
Healthy Start	8590	—	—	—	—
Quality Education Investment Act	8590	—	—	—	—
Common Core State Standards Implementation	8590	—	—	—	—
State Preschool	8590	—	—	—	—
All Other State Revenue	8590	—	—	—	—
Total Other State Revenues		—	1,567	—	—
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 LCFE Deductions	8625	—	—	—	23,230
Penalties and Interest from Delinquent Non-LCFE Taxes	8629	—	—	—	—
Sales:					
Sale of Equipment/Supplies	8631	—	—	—	—
Food Service Sales	8634	—	—	—	—
All Other Sales	8639	—	—	—	—
Leases and Rentals	8650	—	—	—	—
Interest	8660	1,140	89	530	259
Net Increase (Decrease) in the Fair Value of Investments	8662	—	—	—	—
Fees and Contracts:					
Adult Education Fees	8671	—	—	—	—
Non-Resident Students	8672	—	—	—	—
Child Development Parent Fees	8673	—	—	—	—
In-District Premiums/Contributions	8674	—	—	—	—
Interagency Service Fees	8677	—	—	—	—

Funds				Debt Service Funds				
Special Reserve FEMA	Special Reserve Hazard Mitigation	Building Fund	Total	County School Facilities	Bond Interest and Redemption	Tax Override	Capital Services	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	1,567	15,447	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	4,374	—	4,374
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	1,567	15,447	4,374	—	—	4,374
—	—	—	—	—	727,158	—	—	727,158
—	—	—	—	—	31,645	—	—	31,645
—	—	—	—	—	17,648	—	—	17,648
—	—	—	—	—	23,342	—	—	23,342
—	—	—	23,230	—	—	—	—	—
—	—	—	—	—	4,436	—	—	4,436
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	3,381	3,381	—	—	—	—	—
51	15	43	2,127	3,456	2,443	3	226	2,672
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(in thousands)

	SACS Object Code	Internal Service Funds		
		Health and Welfare Benefits	Workers' Compensation	Liability
Other State Revenues:				
Other State Apportionments:				
Spec. Ed. Master Plan:				
Current Year	8311	\$ —	\$ —	\$ —
Prior Years	8319	—	—	—
All Other State Apportionments – Current Year	8311	—	—	—
All Other State Apportionments – Prior Year	8319	—	—	—
Child Nutrition Programs	8520	—	—	—
School Facilities Apportionments	8545	—	—	—
Mandated Costs Reimbursements	8550	—	—	—
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	—	—	—
California Clean Energy Act	8590	—	—	—
Specialized Secondary	8590	—	—	—
Healthy Start	8590	—	—	—
Quality Education Investment Act	8590	—	—	—
Common Core State Standards Implementation	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 LCFF Deductions	8625	—	—	—
Penalties and Interest from Delinquent Non-LCFF Taxes	8629	—	—	—
Sales:				
Sale of Equipment/Supplies	8631	—	—	—
Food Service Sales	8634	—	—	—
All Other Sales	8639	—	—	—
Leases and Rentals	8650	—	—	—
Interest	8660	2,426	2,841	1,182
Net Increase (Decrease) in the Fair Value of Investments	8662	—	—	—
Fees and Contracts:				
Adult Education Fees	8671	—	—	—
Non-Resident Students	8672	—	—	—
Child Development Parent Fees	8673	—	—	—
In-District Premiums/Contributions	8674	948,454	180,279	53,589
Interagency Service Fees	8677	—	—	—

	Total	OPEB Trust Fund	Total
\$	—	—	363,814
	—	—	10,984
	—	—	3,057
	—	—	—
	—	—	22,737
	—	—	17,014
	—	—	53,568
	—	—	106,914
	—	—	4,374
	—	—	—
	—	—	75,449
	—	—	1,153
	—	—	24,015
	—	—	24
	—	—	—
	—	—	80,197
	—	—	—
	—	—	—
	—	—	270,350
	—	—	1,033,650
	—	—	727,158
	—	—	31,645
	—	—	17,648
	—	—	23,342
	—	—	23,230
	—	—	4,436
	—	—	525
	—	—	7,243
	—	—	—
	—	—	19,843
	6,449	—	26,696
	—	239	239
	—	—	314
	—	—	711
	—	—	3,183
	1,182,322	30,000	1,212,322
	—	—	1,283

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(in thousands)

	SACS Object Code	<u>Special Revenue</u>			
		General Fund	Adult Education	Child Development	Cafeteria
Mitigation/Developer Fees	8681	\$ —	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	34,246	—	—	—
All Other Local Revenue	8699	68,453	1,129	2,529	3
Tuition	8710	56	—	—	—
All Other Transfers In	8781	—	—	—	—
Total Other Local Revenues		<u>125,788</u>	<u>1,542</u>	<u>6,473</u>	<u>7,300</u>
Subtotal – Revenues		<u>6,420,069</u>	<u>74,983</u>	<u>112,565</u>	<u>336,492</u>
Other Financing Sources:					
Interfund Transfers In:					
From General Fund to Child Development Fund	8911	—	—	24,997	—
From Special Reserve Fund	8912	2,139	—	—	—
From All Other Funds to State School Building Fund/ County School Facilities Fund	8913	—	—	—	—
From General Fund to Cafeteria Fund	8916	—	—	—	50,000
Other Authorized Interfund Transfer In	8919	996	3,333	—	1,299
Subtotal, Interfund Transfers In		<u>3,135</u>	<u>3,333</u>	<u>24,997</u>	<u>51,299</u>
Other Sources:					
Proceeds from Sale of Bonds	8951	—	—	—	—
Proceeds from Sale/Lease-Purchase of Lands/Buildings	8953	—	—	—	—
Proceeds from Capital Leases	8972	637	—	—	—
All Other Financing Sources	8979	758	—	—	—
Subtotal, Other Sources		<u>1,395</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources		<u>4,530</u>	<u>3,333</u>	<u>24,997</u>	<u>51,299</u>
Total Revenues and Other Financing Sources		<u>\$ 6,424,599</u>	<u>\$ 78,316</u>	<u>\$ 137,562</u>	<u>\$ 387,791</u>

Funds	District Bond Funds				
	Building Account – Bond Proceeds	Building Account – Measure Y	Building Account – Measure R	Building Account – Measure K	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—
3,661	—	4,700	15,681	—	20,381
—	—	—	—	—	—
—	—	—	—	—	—
15,315	163	6,721	18,907	1,616	27,407
524,040	163	6,721	20,659	1,616	29,159
24,997	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
50,000	—	—	—	—	—
4,632	2,018	54,251	57,912	9,146	123,327
79,629	2,018	54,251	57,912	9,146	123,327
—	—	60,615	75,215	—	135,830
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	60,615	75,215	—	135,830
79,629	2,018	114,866	133,127	9,146	259,157
\$ 603,669	\$ 2,181	\$ 121,587	\$ 153,786	\$ 10,762	\$ 288,316

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(in thousands)

		Capital Projects			
	SACS Object Code	Capital Facilities Fund	State School Building Lease – Purchase	Special Reserve	Special Reserve CRA
Mitigation/Developer Fees	8681	\$ 77,808	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	—	—	—	—
All Other Local Revenue	8699	—	—	13,072	—
Tuition	8710	—	—	—	—
All Other Transfers In	8781	—	—	—	—
Total Other Local Revenues		<u>78,948</u>	<u>89</u>	<u>13,602</u>	<u>23,489</u>
Subtotal – Revenues		<u>78,948</u>	<u>1,656</u>	<u>13,602</u>	<u>23,489</u>
Other Financing Sources:					
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	—	—	46,139	—
Subtotal, Interfund Transfers In		<u>—</u>	<u>—</u>	<u>46,139</u>	<u>—</u>
Other Sources:					
Proceeds from Sale of Bonds	8951	—	—	—	—
Proceeds from Sale/Lease-Purchase of Lands/Buildings	8953	—	—	139	—
Proceeds from Capital Leases	8972	—	—	—	—
All Other Financing Sources	8979	—	—	—	—
Subtotal, Other Sources		<u>—</u>	<u>—</u>	<u>139</u>	<u>—</u>
Total Other Financing Sources		<u>—</u>	<u>—</u>	<u>46,278</u>	<u>—</u>
Total Revenues and Other Financing Sources		<u>\$ 78,948</u>	<u>\$ 1,656</u>	<u>\$ 59,880</u>	<u>\$ 23,489</u>

Funds				Debt Service Funds				
Special Reserve FEMA	Special Reserve Hazard Mitigation	Building Fund	Total	County School Facilities	Bond Interest and Redemption	Tax Override	Capital Services	Total
\$ —	\$ —	\$ —	\$ 77,808	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—	—
—	—	—	13,072	—	6	—	—	6
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
51	15	3,424	119,618	3,456	806,678	3	226	806,907
51	15	3,424	121,185	18,903	879,457	3	795	880,255
—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	1,956	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	440	46,579	—	—	—	50,051	50,051
—	—	440	46,579	1,956	—	—	50,051	50,051
—	—	—	—	—	—	—	—	—
—	—	—	139	—	—	—	—	—
—	—	—	—	—	—	—	—	—
—	—	—	—	—	395,166	—	—	395,166
—	—	—	139	—	395,166	—	—	395,166
—	—	440	46,718	1,956	395,166	—	50,051	445,217
\$ 51	\$ 15	\$ 3,864	\$ 167,903	\$ 20,859	\$ 1,274,623	\$ 3	\$ 50,846	\$ 1,325,472

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
All Funds
Schedule of Revenues and Other Financing Sources (Continued)
Year Ended June 30, 2015
(in thousands)

	SACS Object Code	Internal Service Funds		
		Health and Welfare Benefits	Workers' Compensation	Liability
Mitigation/Developer Fees	8681	\$ —	\$ —	\$ —
All Other Fees and Contracts	8689	—	—	—
All Other Local Revenue	8699	396	—	—
Tuition	8710	—	—	—
All Other Transfers In	8781	—	—	—
Total Other Local Revenues		<u>951,276</u>	<u>183,120</u>	<u>54,771</u>
Subtotal – Revenues		<u>951,276</u>	<u>183,120</u>	<u>54,771</u>
Other Financing Sources:				
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	<u>10,141</u>	<u>—</u>	<u>—</u>
Subtotal, Interfund Transfers In		<u>10,141</u>	<u>—</u>	<u>—</u>
Other Sources:				
Proceeds from Sale of Bonds	8951	—	—	—
Proceeds from Sale/Lease-Purchase of Lands/Buildings	8953	—	—	—
Proceeds from Capital Leases	8972	—	—	—
All Other Financing Sources	8979	<u>—</u>	<u>—</u>	<u>—</u>
Subtotal, Other Sources		<u>—</u>	<u>—</u>	<u>—</u>
Total Other Financing Sources		<u>10,141</u>	<u>—</u>	<u>—</u>
Total Revenues and Other Financing Sources		<u>\$ 961,417</u>	<u>\$ 183,120</u>	<u>\$ 54,771</u>

Total	OPEB Trust Fund	Total
\$ —	\$ —	\$ 77,808
—	—	34,246
396	—	105,969
—	—	56
—	—	—
<u>1,189,167</u>	<u>30,239</u>	<u>2,317,897</u>
<u>1,189,167</u>	<u>30,239</u>	<u>9,213,017</u>
—	—	24,997
—	—	2,139
—	—	1,956
—	—	50,000
<u>10,141</u>	<u>—</u>	<u>235,726</u>
<u>10,141</u>	<u>—</u>	<u>314,818</u>
—	—	135,830
—	—	139
—	—	637
—	—	395,924
<u>—</u>	<u>—</u>	<u>532,530</u>
<u>10,141</u>	<u>—</u>	<u>847,348</u>
<u>\$ 1,199,308</u>	<u>\$ 30,239</u>	<u>\$ 10,060,365</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Organization Structure
 Year Ended June 30, 2015

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
Steve Zimmer, President	June 30, 2017
George McKenna	June 30, 2019
Mónica García	June 30, 2017
Scott Schmerelson	June 30, 2019
Ref Rodriguez	June 30, 2019
Mónica Ratliff	June 30, 2017
Richard Vladovic	June 30, 2019

Name	Title
Ramon C. Cortines	Superintendent of Schools (effective October 20, 2014)
John Deasy	Superintendent of Schools (April 18, 2011 – October 15, 2014)
Michelle King	Chief Deputy Superintendent of Schools
Ruth Perez	Deputy Superintendent of Instruction (effective October 22, 2014)
Matt Hill	Chief Strategy Officer (resigned effective June 2, 2015)
Diane Pappas	Chief Strategy Officer (effective November 3, 2014)
Mark Hovatter	Chief Facilities Executive
Justo Avila	Chief Human Resources Officer
Megan Reilly	Chief Financial Officer
Thelma Melendez	Chief Executive Officer (effective December 1, 2014)
Enrique Boull't	Chief Operating Officer (retired effective December 1, 2014)
Earl Perkins	Assistant Superintendent of School Operations
George Silva	Chief Procurement Officer
Kenneth Bramlett	Inspector General
David Holmquist	General Counsel
Steven Zipperman	Chief of School Police
Janalyn Glymph	Personnel Director (retired effective August 18, 2015)
Karla Gould	Personnel Director (effective August 18, 2015)

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

Fiscal Year: July 1 – June 30

Number of Schools:	(As of October)	<u>2011-2012</u>	<u>2012-2013</u>	<u>2013-2014</u>	<u>2014-2015</u>
Elementary Schools		446	456	457	455
Middle/Junior High Schools		84	86	83	84
Senior High Schools		94	106	100	96
Options Schools		56	56	55	55
Special Education Schools		16	16	15	15
Magnet Schools		28	28	34	39
Magnet Centers		146	145	148	152
Community Adult Schools		24	6	6	6
Regional Occupational Centers		5	3	3	3
Skills Centers		5	1	1	1
Regional Occupational Program		1	1	1	1
Early Education Centers		107	82	86	86
Infant Centers		4	4	4	4
Primary School Centers		20	18	18	18
Multi-level Schools		18	21	22	20
Total Schools and Centers		<u>1,054</u>	<u>1,029</u>	<u>1,033</u>	<u>1,035</u>
Independent Charter Schools		<u>179</u>	<u>185</u>	<u>196</u>	<u>211</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance/Hours of Attendance
Year Ended June 30, 2015

	Second Period Report	Annual Report
District		
K-3	164,158.87	163,766.40
Grades 4-6	112,633.14	112,308.60
Grades 7-8	68,577.40	68,415.44
Grades 9-12	131,793.92	130,676.24
Total District	477,163.33	475,166.68
County		
K-3	0.00	0.00
Grades 4-6	1.44	1.38
Grades 7-8	5.46	5.12
Grades 9-12	632.32	628.23
Total County	639.22	634.73
Affiliated Charter Schools		
K-3	15,931.42	15,913.38
Grades 4-6	10,518.62	10,505.83
Grades 7-8	6,088.02	6,070.36
Grades 9-12	7,515.70	7,454.27
Total Affiliated Charter Schools	40,053.76	39,943.84
Total Average Daily Attendance	517,856.31	515,745.25

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

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

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	446.91	445.36
TK/K to Grade 3 ADA – Classroom-based	446.91	445.36
Grades 4-6 ADA – Total	183.40	183.28
Grades 4-6 ADA – Classroom-based	183.40	183.28
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	630.31	628.64
Classroom-based ADA	630.31	628.64

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Beckford Charter for Enriched Studies – 6015986

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	393.36	393.64
TK/K to Grade 3 ADA – Classroom-based	393.36	393.64
Grades 4-6 ADA – Total	205.64	205.28
Grades 4-6 ADA – Classroom-based	205.64	205.28
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	599.00	598.92
Classroom-based ADA	599.00	598.92

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Calabash Charter Academy – 6016240

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	282.61	280.41
TK/K to Grade 3 ADA – Classroom-based	282.61	280.41
Grades 4-6 ADA – Total	132.13	132.95
Grades 4-6 ADA – Classroom-based	132.13	132.95
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	414.74	413.36
Classroom-based ADA	414.74	413.36

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Calahan Community Charter – 6016257

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	418.22	417.03
TK/K to Grade 3 ADA – Classroom-based	418.22	417.03
Grades 4-6 ADA – Total	162.94	162.56
Grades 4-6 ADA – Classroom-based	162.94	162.56
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	581.16	579.59
Classroom-based ADA	581.16	579.59

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Calvert Charter for Enriched Studies – 6016265

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	219.13	218.49
TK/K to Grade 3 ADA – Classroom-based	219.13	218.49
Grades 4-6 ADA – Total	106.85	106.21
Grades 4-6 ADA – Classroom-based	106.85	106.21
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	325.98	324.70
Classroom-based ADA	325.98	324.70

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Canyon Charter School – 6016323

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	256.18	256.18
TK/K to Grade 3 ADA – Classroom-based	256.18	256.18
Grades 4-6 ADA – Total	134.44	134.46
Grades 4-6 ADA – Classroom-based	134.44	134.46
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	390.62	390.64
Classroom-based ADA	390.62	390.64

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Carpenter Community Charter School – 6016356

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	647.63	647.99
TK/K to Grade 3 ADA – Classroom-based	647.63	647.99
Grades 4-6 ADA – Total	271.65	272.58
Grades 4-6 ADA – Classroom-based	271.65	272.58
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	919.28	920.57
Classroom-based ADA	919.28	920.57

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Castlebay Lane Elementary School – 6071435

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	546.66	544.79
TK/K to Grade 3 ADA – Classroom-based	546.66	544.79
Grades 4-6 ADA – Total	232.20	231.86
Grades 4-6 ADA – Classroom-based	232.20	231.86
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	778.86	776.65
Classroom-based ADA	778.86	776.65

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Chandler Learning Academy – 6016422

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	334.77	333.64
TK/K to Grade 3 ADA – Classroom-based	334.77	333.64
Grades 4-6 ADA – Total	139.01	138.75
Grades 4-6 ADA – Classroom-based	139.01	138.75
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	473.78	472.39
Classroom-based ADA	473.78	472.39

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Chatsworth Charter High School – 1931708

	<u>Second Period Report</u>	<u>Annual Report</u>
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	0.00	0.00
Grades 4-6 ADA – Classroom-based	0.00	0.00
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	2,096.58	2,071.98
Grades 9-12 ADA – Classroom-based	2,096.58	2,071.98
Total ADA	<u>2,096.58</u>	<u>2,071.98</u>
Classroom-based ADA	<u>2,096.58</u>	<u>2,071.98</u>

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Cleveland (Grover) Charter High School – 1931864

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	0.00	0.00
Grades 4-6 ADA – Classroom-based	0.00	0.00
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	3,106.07	3,082.56
Grades 9-12 ADA – Classroom-based	3,106.07	3,082.56
Total ADA	3,106.07	3,082.56
Classroom-based ADA	3,106.07	3,082.56

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Colfax Charter Elementary School – 6016562

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	438.32	439.10
TK/K to Grade 3 ADA – Classroom-based	438.32	439.10
Grades 4-6 ADA – Total	206.68	207.47
Grades 4-6 ADA – Classroom-based	206.68	207.47
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	645.00	646.57
Classroom-based ADA	645.00	646.57

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Community Magnet Charter Elementary School – 6094726

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	270.42	269.64
TK/K to Grade 3 ADA – Classroom-based	270.42	269.64
Grades 4-6 ADA – Total	180.56	180.26
Grades 4-6 ADA – Classroom-based	180.56	180.26
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	450.98	449.90
Classroom-based ADA	450.98	449.90

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Darby Avenue Charter – 6016703

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	308.26	308.08
TK/K to Grade 3 ADA – Classroom-based	308.26	308.08
Grades 4-6 ADA – Total	197.13	196.28
Grades 4-6 ADA – Classroom-based	197.13	196.28
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	505.39	504.36
Classroom-based ADA	505.39	504.36

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Dearborn Elementary Charter Academy – 6016729

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	359.02	357.69
TK/K to Grade 3 ADA – Classroom-based	359.02	357.69
Grades 4-6 ADA – Total	141.96	141.99
Grades 4-6 ADA – Classroom-based	141.96	141.99
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	500.98	499.68
Classroom-based ADA	500.98	499.68

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Dixie Canyon Community Charter School – 6016778

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	471.33	471.14
TK/K to Grade 3 ADA – Classroom-based	471.33	471.14
Grades 4-6 ADA – Total	205.60	205.37
Grades 4-6 ADA – Classroom-based	205.60	205.37
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	676.93	676.51
Classroom-based ADA	676.93	676.51

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

El Oro Way for Enriched Studies – 6016869

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	316.57	316.63
TK/K to Grade 3 ADA – Classroom-based	316.57	316.63
Grades 4-6 ADA – Total	169.74	169.48
Grades 4-6 ADA – Classroom-based	169.74	169.48
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	486.31	486.11
Classroom-based ADA	486.31	486.11

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Emelita Academy Charter – 6016901

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	264.82	264.74
TK/K to Grade 3 ADA – Classroom-based	264.82	264.74
Grades 4-6 ADA – Total	122.40	122.91
Grades 4-6 ADA – Classroom-based	122.40	122.91
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	387.22	387.65
Classroom-based ADA	387.22	387.65

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Emerson Community Charter School – 6057988

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	160.54	160.74
Grades 4-6 ADA – Classroom-based	160.54	160.74
Grades 7-8 ADA – Total	359.02	357.66
Grades 7-8 ADA – Classroom-based	359.02	357.66
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	519.56	518.40
Classroom-based ADA	519.56	518.40

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Enadia Technology Enriched Charter – 0117036

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	168.04	166.85
TK/K to Grade 3 ADA – Classroom-based	168.04	166.85
Grades 4-6 ADA – Total	64.61	64.97
Grades 4-6 ADA – Classroom-based	64.61	64.97
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	232.65	231.82
Classroom-based ADA	232.65	231.82

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Encino Charter Elementary School – 6016935

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	354.74	354.86
TK/K to Grade 3 ADA – Classroom-based	354.74	354.86
Grades 4-6 ADA – Total	182.06	181.83
Grades 4-6 ADA – Classroom-based	182.06	181.83
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	536.80	536.69
Classroom-based ADA	536.80	536.69

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Germain Academy for Academic Achievement – 6017263

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	341.41	341.27
TK/K to Grade 3 ADA – Classroom-based	341.41	341.27
Grades 4-6 ADA – Total	164.04	163.71
Grades 4-6 ADA – Classroom-based	164.04	163.71
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	505.45	504.98
Classroom-based ADA	505.45	504.98

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Granada Community Charter – 6017339

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	291.32	291.80
TK/K to Grade 3 ADA – Classroom-based	291.32	291.80
Grades 4-6 ADA – Total	140.48	141.31
Grades 4-6 ADA – Classroom-based	140.48	141.31
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	431.80	433.11
Classroom-based ADA	431.80	433.11

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

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	645.75	644.84
Grades 4-6 ADA – Classroom-based	645.75	644.84
Grades 7-8 ADA – Total	1,260.49	1,257.37
Grades 7-8 ADA – Classroom-based	1,260.49	1,257.37
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	1,906.24	1,902.21
Classroom-based ADA	1,906.24	1,902.21

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Hamlin Charter Academy – 6017438

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	317.88	317.09
TK/K to Grade 3 ADA – Classroom-based	317.88	317.09
Grades 4-6 ADA – Total	128.49	127.41
Grades 4-6 ADA – Classroom-based	128.49	127.41
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	446.37	444.50
Classroom-based ADA	446.37	444.50

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Haynes Charter for Enriched Studies – 6017529

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	272.37	271.95
TK/K to Grade 3 ADA – Classroom-based	272.37	271.95
Grades 4-6 ADA – Total	129.58	129.60
Grades 4-6 ADA – Classroom-based	129.58	129.60
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	401.95	401.55
Classroom-based ADA	401.95	401.55

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Hesby Oaks Leadership Charter – 0112060

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	190.66	190.06
TK/K to Grade 3 ADA – Classroom-based	190.66	190.06
Grades 4-6 ADA – Total	204.15	203.92
Grades 4-6 ADA – Classroom-based	204.15	203.92
Grades 7-8 ADA – Total	141.63	141.47
Grades 7-8 ADA – Classroom-based	141.63	141.47
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	536.44	535.45
Classroom-based ADA	536.44	535.45

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Justice Street Academy Charter – 6017693

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	265.36	264.80
TK/K to Grade 3 ADA – Classroom-based	265.36	264.80
Grades 4-6 ADA – Total	125.39	124.40
Grades 4-6 ADA – Classroom-based	125.39	124.40
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	390.75	389.20
Classroom-based ADA	390.75	389.20

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Kenter Canyon Charter School – 6017701

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	344.00	343.88
TK/K to Grade 3 ADA – Classroom-based	344.00	343.88
Grades 4-6 ADA – Total	170.89	170.51
Grades 4-6 ADA – Classroom-based	170.89	170.51
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	514.89	514.39
Classroom-based ADA	514.89	514.39

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Knollwood Preparatory Academy – 6017743

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	298.41	297.04
TK/K to Grade 3 ADA – Classroom-based	298.41	297.04
Grades 4-6 ADA – Total	117.96	117.31
Grades 4-6 ADA – Classroom-based	117.96	117.31
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	416.37	414.35
Classroom-based ADA	416.37	414.35

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Lockhurst Drive Charter Elementary – 6017891

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	197.30	197.74
TK/K to Grade 3 ADA – Classroom-based	197.30	197.74
Grades 4-6 ADA – Total	106.06	105.39
Grades 4-6 ADA – Classroom-based	106.06	105.39
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	303.36	303.13
Classroom-based ADA	303.36	303.13

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Marquez Charter School – 6018063

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	332.79	333.64
TK/K to Grade 3 ADA – Classroom-based	332.79	333.64
Grades 4-6 ADA – Total	164.20	164.27
Grades 4-6 ADA – Classroom-based	164.20	164.27
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	496.99	497.91
Classroom-based ADA	496.99	497.91

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Millikan (Robert A.) Middle School – 6058150

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	655.78	656.53
Grades 4-6 ADA – Classroom-based	655.78	656.53
Grades 7-8 ADA – Total	1,345.33	1,341.40
Grades 7-8 ADA – Classroom-based	1,345.33	1,341.40
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	2,001.11	1,997.93
Classroom-based ADA	2,001.11	1,997.93

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Nestle Avenue Charter School – 6018287

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	389.55	390.00
TK/K to Grade 3 ADA – Classroom-based	389.55	390.00
Grades 4-6 ADA – Total	166.79	167.53
Grades 4-6 ADA – Classroom-based	166.79	167.53
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	556.34	557.53
Classroom-based ADA	556.34	557.53

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Nobel (Alfred B.) Middle School – 6061543

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	820.50	817.74
Grades 4-6 ADA – Classroom-based	820.50	817.74
Grades 7-8 ADA – Total	1,653.38	1,648.55
Grades 7-8 ADA – Classroom-based	1,653.38	1,648.55
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	2473.88	2466.29
Classroom-based ADA	2473.88	2466.29

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Open Charter Magnet School – 6097927

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	256.28	255.75
TK/K to Grade 3 ADA – Classroom-based	256.28	255.75
Grades 4-6 ADA – Total	137.06	137.12
Grades 4-6 ADA – Classroom-based	137.06	137.12
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	393.34	392.87
Classroom-based ADA	393.34	392.87

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Palisades Charter Elementary – 6018634

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	328.95	326.17
TK/K to Grade 3 ADA – Classroom-based	328.95	326.17
Grades 4-6 ADA – Total	169.79	168.76
Grades 4-6 ADA – Classroom-based	169.79	168.76
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	498.74	494.93
Classroom-based ADA	498.74	494.93

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Plainview Academic Charter Academy – 6018725

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	217.92	218.16
TK/K to Grade 3 ADA – Classroom-based	217.92	218.16
Grades 4-6 ADA – Total	107.27	107.69
Grades 4-6 ADA – Classroom-based	107.27	107.69
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	325.19	325.85
Classroom-based ADA	325.19	325.85

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Pomelo Community Charter School – 6018774

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	404.98	403.86
TK/K to Grade 3 ADA – Classroom-based	404.98	403.86
Grades 4-6 ADA – Total	205.37	204.08
Grades 4-6 ADA – Classroom-based	205.37	204.08
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	610.35	607.94
Classroom-based ADA	610.35	607.94

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Revere (Paul) Charter Middle School – 6058267

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	690.52	689.31
Grades 4-6 ADA – Classroom-based	690.52	689.31
Grades 7-8 ADA – Total	1,328.17	1,323.91
Grades 7-8 ADA – Classroom-based	1,328.17	1,323.91
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	2,018.69	2,013.22
Classroom-based ADA	2,018.69	2,013.22

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Riverside Drive Charter School – 6018923

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	419.78	422.10
TK/K to Grade 3 ADA – Classroom-based	419.78	422.10
Grades 4-6 ADA – Total	165.87	165.94
Grades 4-6 ADA – Classroom-based	165.87	165.94
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	585.65	588.04
Classroom-based ADA	585.65	588.04

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Serrania Avenue Charter School for Enriched Studies – 6019111

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	404.42	405.43
TK/K to Grade 3 ADA – Classroom-based	404.42	405.43
Grades 4-6 ADA – Total	192.88	191.82
Grades 4-6 ADA – Classroom-based	192.88	191.82
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	597.30	597.25
Classroom-based ADA	597.30	597.25

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Sherman Oaks Elementary Charter School – 6019186

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	567.03	569.11
TK/K to Grade 3 ADA – Classroom-based	567.03	569.11
Grades 4-6 ADA – Total	215.20	215.79
Grades 4-6 ADA – Classroom-based	215.20	215.79
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	782.23	784.90
Classroom-based ADA	782.23	784.90

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Superior Street Elementary – 6019392

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	343.27	342.20
TK/K to Grade 3 ADA – Classroom-based	343.27	342.20
Grades 4-6 ADA – Total	196.01	195.68
Grades 4-6 ADA – Classroom-based	196.01	195.68
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	539.28	537.88
Classroom-based ADA	539.28	537.88

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Taft Charter High School – 1938612

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	0.00	0.00
TK/K to Grade 3 ADA – Classroom-based	0.00	0.00
Grades 4-6 ADA – Total	0.00	0.00
Grades 4-6 ADA – Classroom-based	0.00	0.00
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	2,313.05	2,299.73
Grades 9-12 ADA – Classroom-based	2,313.05	2,299.73
Total ADA	2,313.05	2,299.73
Classroom-based ADA	2,313.05	2,299.73

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Topanga Elementary Charter School – 6019525

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	211.66	211.42
TK/K to Grade 3 ADA – Classroom-based	211.66	211.42
Grades 4-6 ADA – Total	78.99	78.81
Grades 4-6 ADA – Classroom-based	78.99	78.81
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	290.65	290.23
Classroom-based ADA	290.65	290.23

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Topeka Charter School for Advanced Studies – 6019533

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	381.90	380.33
TK/K to Grade 3 ADA – Classroom-based	381.90	380.33
Grades 4-6 ADA – Total	139.99	140.00
Grades 4-6 ADA – Classroom-based	139.99	140.00
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	521.89	520.33
Classroom-based ADA	521.89	520.33

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

Van Gogh Charter School – 6019673

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	321.49	320.96
TK/K to Grade 3 ADA – Classroom-based	321.49	320.96
Grades 4-6 ADA – Total	158.26	157.41
Grades 4-6 ADA – Classroom-based	158.26	157.41
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	479.75	478.37
Classroom-based ADA	479.75	478.37

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2015

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

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	476.20	475.87
TK/K to Grade 3 ADA – Classroom-based	476.20	475.87
Grades 4-6 ADA – Total	318.95	318.77
Grades 4-6 ADA – Classroom-based	318.95	318.77
Grades 7-8 ADA – Total	0.00	0.00
Grades 7-8 ADA – Classroom-based	0.00	0.00
Grades 9-12 ADA – Total	0.00	0.00
Grades 9-12 ADA – Classroom-based	0.00	0.00
Total ADA	795.15	794.64
Classroom-based ADA	795.15	794.64

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Westwood Charter Elementary School – 6019939

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	601.09	598.73
TK/K to Grade 3 ADA – Classroom-based	601.09	598.73
Grades 4-6 ADA – Total	248.75	248.38
Grades 4-6 ADA – Classroom-based	248.75	248.38
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	849.84	847.11
Classroom-based ADA	849.84	847.11

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Wilbur Charter for Enriched Academics – 6019954

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	447.07	446.71
TK/K to Grade 3 ADA – Classroom-based	447.07	446.71
Grades 4-6 ADA – Total	184.80	184.14
Grades 4-6 ADA – Classroom-based	184.80	184.14
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	631.87	630.85
Classroom-based ADA	631.87	630.85

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Woodlake Elementary Community Charter – 6020036

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	345.45	346.27
TK/K to Grade 3 ADA – Classroom-based	345.45	346.27
Grades 4-6 ADA – Total	139.01	137.86
Grades 4-6 ADA – Classroom-based	139.01	137.86
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	484.46	484.13
Classroom-based ADA	484.46	484.13

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Average Daily Attendance
 Year Ended June 30, 2015

Woodland Hills Elementary Charter for Enriched Studies – 6020044

	Second Period Report	Annual Report
TK/K to Grade 3 ADA – Total	465.89	464.78
TK/K to Grade 3 ADA – Classroom-based	465.89	464.78
Grades 4-6 ADA – Total	230.30	230.57
Grades 4-6 ADA – Classroom-based	230.30	230.57
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	696.19	695.35
Classroom-based ADA	696.19	695.35

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time Offered
Year Ended June 30, 2015

Grade Level	1982-1983 Actual Minutes Offered	1986-1987 Minutes Requirements	2014-15 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	N/A	Yes
Grades 1 to 3	48,800	50,400	55,100	180	N/A	Yes
Grades 4 to 6 ⁽¹⁾	48,800	54,000	55,100	180	N/A	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	180	Yes

- (1) Elementary schools only.
- (2) Middle schools with grade configurations 6-8 approved for common planning time have at least 62,160 annual instructional minutes. Middle schools with grade configurations 6-8 not approved for common planning time have at least 65,300 annual instructional minutes
- (3) Only one school followed the multi-track calendar which offered 180 instructional days per track.

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, and met its target funding.

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, 2015
(Dollars in thousands)

	<u>2015-2016 Budgeted</u>	<u>2014-2015 Actual</u>	<u>2013-2014 Actual</u>	<u>2012-2013 Actual</u>	<u>2011-2012 Actual</u>
General Fund:					
Revenues	\$ 7,079,115	\$ 6,420,069	\$ 5,853,648	\$ 5,671,594	\$ 5,882,516
Other Financing Sources	60,000	32,771	25,267	38,735	9,645
Total Revenues and Other Financing Sources	<u>7,139,115</u>	<u>6,452,840</u>	<u>5,878,915</u>	<u>5,710,329</u>	<u>5,892,161</u>
Expenditures	6,944,732	6,205,730	5,660,706	5,784,020	5,845,488
Other Financing Uses	140,721	127,554	110,676	158,402	125,394
Total Expenditures and Other Financing Uses	<u>7,085,453</u>	<u>6,333,284</u>	<u>5,771,382</u>	<u>5,942,422</u>	<u>5,970,882</u>
Change in Fund Balance	53,662	119,556	107,533	(232,093)	(78,721)
Beginning Fund Balance	665,206	700,250	592,717	824,810	903,531
Ending Fund Balance	<u>\$ 718,868</u>	<u>\$ 819,806</u>	<u>\$ 700,250</u>	<u>\$ 592,717</u>	<u>\$ 824,810</u>
Available Reserves*	<u>\$ 113,650</u>	<u>\$ 254,210</u>	<u>\$ 151,257</u>	<u>\$ 65,376</u>	<u>\$ 161,744</u>
Unassigned Reserve for Economic Uncertainties	<u>\$ 72,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>	<u>\$ 65,376</u>
Unassigned Fund Balance	<u>\$ 41,274</u>	<u>\$ 188,834</u>	<u>\$ 85,881</u>	<u>\$ —</u>	<u>\$ 96,368</u>
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	1.60%	4.01%	2.62%	1.10%	2.71%
Total Long-Term Debt	\$ 22,187,181	\$ 22,321,951	\$ 17,519,475	\$ 17,258,973	\$ 16,630,225
Average Daily Attendance (ADA) at P-2 excluding regional occupational centers programs and adult programs	510,891	517,856	528,598	536,449	550,954

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

* 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, 2015
(in thousands)

	General	Building Fund- Measure R	Bond Interest and Redemption	Special Reserve
June 30, 2015 Unaudited Actual Financial Reports				
Fund Balances/Net Position	\$ 817,757	\$ 689,773	\$ 779,531	\$ 84,863
Adjustments:				
To reverse duplicate recording of cash placed in the interest and sinking fund	—	—	(6,124)	—
To cancel payable no longer due	2,049			
To recognize unearned revenue	—	1,752	—	(35)
June 30, 2015 Audited Financial Statement				
Fund Balances/Net Position	\$ 819,806	\$ 691,525	\$ 773,407	\$ 84,828

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, 2015

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
1	Alexander (Dr. Theodore, Jr.) Science Center	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	Calahan Community Charter	19 64733 6016257	x	Yes
5	Calvert Charter for Enriched Studies	19 64733 6016265	x	Yes
6	Canyon Charter School	19 64733 6016323	x	Yes
7	Carpenter Community Charter School	19 64733 6016356	x	Yes
8	Castlebay Lane Elementary School	19 64733 6071435	x	Yes
9	Chandler Learning Academy	19 64733 6016422	x	Yes
10	Chatsworth Charter High School	19 64733 1931708	x	Yes
11	Cleveland (Grover) Charter High School	19 64733 1931864	x	Yes
12	Colfax Charter Elementary School	19 64733 6016562	x	Yes
13	Community Magnet Charter Elementary School	19 64733 6094726	x	Yes
14	Darby Avenue Charter	19 64733 6016703	x	Yes
15	Dearborn Elementary Charter Academy	19 64733 6016729	x	Yes
16	Dixie Canyon Community Charter School	19 64733 6016778	x	Yes
17	El Oro Way for Enriched Studies	19 64733 6016869	x	Yes
18	Emelita Academy Charter	19 64733 6016901	x	Yes
19	Emerson Community Charter	19 64733 6057988	x	Yes
20	Enadia Technology Enriched Charter	19 64733 0117036	x	Yes
21	Encino Charter Elementary School	19 64733 6016935	x	Yes
22	Germain Academy for Academic Achievement	19 64733 6017263	x	Yes
23	Granada Elementary Community Charter	19 64733 6017339	x	Yes
24	Hale (George Ellery) Charter Academy	19 64733 6061477	x	Yes
25	Hamlin Charter Academy	19 64733 6017438	x	Yes
26	Haynes Charter for Enriched Studies	19 64733 6017529	x	Yes
27	Hesby Oaks Leadership Charter	19 64733 0112060	x	Yes
28	Justice Street Academy Charter School	19 64733 6017693	x	Yes
29	Kenter Canyon Charter School	19 64733 6017701	x	Yes
30	Knollwood Preparatory Academy	19 64733 6017743	x	Yes
31	Lockhurst Drive Charter Elementary	19 64733 6017891	x	Yes
32	Marquez Charter School	19 64733 6018063	x	Yes
33	Millikan (Robert A.) Middle School, Performing Arts Magnet and Science Academy STEM School	19 64733 6058150	x	Yes
34	Nestle Avenue Charter School	19 64733 6018287	x	Yes
35	Nobel (Alred B.) Middle School	19 64733 6061543	x	Yes
36	Open Charter Magnet School	19 64733 6097927	x	Yes
37	Palisades Charter Elementary	19 64733 6018634	x	Yes
38	Plainview Academic Charter Academy	19 64733 6018725	x	Yes
39	Pomelo Community Charter School	19 64733 6018774	x	Yes
40	Revere (Paul) Charter Middle School	19 64733 6058267	x	Yes
41	Riverside Drive Charter School	19 64733 6018923	x	Yes
42	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	x	Yes
43	Sherman Oaks Elementary Charter School	19 64733 6019186	x	Yes
44	Superior Street Elementary	19 64733 6019392	x	Yes
45	Taft Charter High School	19 64733 1938612	x	Yes
46	Topanga Elementary Charter School	19 64733 6019525	x	Yes
47	Topeka Charter School for Advanced Studies	19 64733 6019533	x	Yes
48	Van Gogh Charter School	19 64733 6019673	x	Yes
49	Welby Way Charter Elementary & Gifted High Ability Magnet Center	19 64733 6019855	x	Yes
50	Westwood Charter Elementary School	19 64733 6019939	x	Yes
51	Wilbur Charter for Enriched Academics	19 64733 6019954	x	Yes
52	Woodlake Elementary Community Charter	19 64733 6020036	x	Yes
53	Woodland Hills Elementary Charter for Enriched Studies	19 64733 6020044	x	Yes

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2015

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
54	Academia Moderna	19 64733 0120097	x	No
55	Academic Performance Excellence Academy (APEX)	19 64733 0117077	x	No
56	Academy of Science and Engineering	19 64733 0126185	x	No
57	Accelerated Elementary School (ACES)	19 64733 0100743	x	No
58	Accelerated School, The (TAS)	19 64733 6112536	x	No
59	Alain Leroy Locke College Preparatory Academy	19 64733 0118588	x	No
60	Alliance Alice M. Baxter College-Ready High	19 64733 0127217	x	No
61	Alliance Cindy and Bill Simon Technology Academy High School	19 64733 0121285	x	No
62	Alliance College-Ready Academy High School #16	19 64733 0123141	x	No
63	Alliance College-Ready Middle Academy #4	19 64733 0120030	x	No
64	Alliance College-Ready Middle Academy #5	19 64733 0120048	x	No
65	Alliance College-Ready Middle Academy #7	19 64733 0121277	x	No
66	Alliance College-Ready Middle Academy #8	19 64733 0128033	x	No
67	Alliance College-Ready Middle Academy #12	19 64733 0128058	x	No
68	Alliance Collins Family College-Ready High School	19 64733 0108936	x	No
69	Alliance Dr. Olga Mohan High School	19 64733 0111500	x	No
70	Alliance Environmental Science & Technology High School	19 64733 0117606	x	No
71	Alliance Gertz-Ressler-Richard Merkin 6-12 Complex	19 64733 0106864	x	No
72	Alliance Health Services Academy High School	19 64733 0117598	x	No
73	Alliance Jack H. Skirball Middle School	19 64733 0111518	x	No
74	Alliance Judy Ivie Burton Technology High School	19 64733 0108894	x	No
75	Alliance Kory Hunter Middle School	19 64733 0128041	x	No
76	Alliance Marc & Eva Stern Math & Science, California State University Los Angeles Campus	19 64733 0111658	x	No
77	Alliance Margaret M. Bloomfield Technology Academy	19 64733 0124941	x	No
78	Alliance Media Arts & Entertainment Design High School	19 64733 0116509	x	No
79	Alliance Ouchi-O'Donovan 6-12 Complex	19 64733 0111641	x	No
80	Alliance Patti and Peter Neuwirth Leadership Academy	19 64733 0111492	x	No
81	Alliance Renee and Meyer Luskin High School	19 64733 0124891	x	No
82	Alliance Susan and Eric Smidt Technology High School	19 64733 0123133	x	No
83	Alliance Tennenbaum Family Technology High School *	19 64733 0121293	x	No
84	Animo College Preparatory Academy – Jordan Campus	19 64733 0124883	x	No
85	Animo Ellen Ochoa Charter Middle School	19 64733 0123992	x	No
86	Animo Jackie Robinson	19 64733 0111583	x	No
87	Animo James B. Taylor Charter Middle School	19 64733 0124008	x	No
88	Animo Jefferson Charter Middle School	19 64733 0122481	x	No
89	Animo Mae Jemison Charter Middle School	19 64733 0129270	x	No
90	Animo Pat Brown High School	19 64733 0106849	x	No
91	Animo Phillis Wheatley Charter Middle School – Clay Campus*	19 64733 0124024	x	No
92	Animo Ralph Bunche Charter High School	19 64733 0111575	x	No
93	Animo South Los Angeles Charter Senior High	19 64733 0102434	x	No
94	Animo Venice Charter High School	19 64733 0106831	x	No
95	Animo Watts College Preparatory Academy	19 64733 0111625	x	No
96	Animo Western Charter Middle School – Clay Campus *	19 64733 0124016	x	No
97	Animo Westside Charter Middle School	19 64733 0122499	x	No
98	Apple Academy Charter Public Schools (AACPS)	19 64733 0126078	x	No
99	Ararat Charter School	19 64733 0121079	x	No
100	Arts in Action Community Charter School	19 64733 0123158	x	No
101	Aspire Centennial College Preparatory Academy	19 64733 0126797	x	No
102	Aspire Firestone Academy *	19 64733 0122622	x	No
103	Aspire Gateway Academy *	19 64733 0122614	x	No
104	Aspire Huntington Park Charter School	19 64733 0117960	x	No
105	Aspire Inskip Academy *	19 64733 0124800	x	No
106	Aspire Juanita Tate Academy *	19 64733 0124792	x	No
107	Aspire Junior Collegiate Academy	19 64733 0114884	x	No
108	Aspire Pacific Academy	19 64733 0122721	x	No
109	Aspire Slauson Academy *	19 64733 0124784	x	No
110	Aspire Titan Academy	19 64733 0120477	x	No

* PSC = Public School Choice

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2015

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
111 Bert Corona Charter School	19 64733 0106872		x	No
112 Birmingham Community Charter High School	19 64733 1931047		x	No
113 Bright Star Secondary Academy	19 64733 0112508		x	No
114 Camino Nuevo Academy #2 – Harvard	19 64733 0122861		x	No
115 Camino Nuevo Charter Academy	19 64733 6117667		x	No
116 Camino Nuevo Charter Academy #4 – Sandra Cisneros Campus *	19 64733 0124826		x	No
117 Camino Nuevo Charter High School	19 64733 0106435		x	No
118 Camino Nuevo Elementary School #3 – Jose Castellanos Campus *	19 64733 0122564		x	No
119 Camino Nuevo High School #2	19 64733 0127910		x	No
120 Celerity Cardinal Charter School	19 64733 0123984		x	No
121 Celerity Dyad Charter School	19 64733 0115766		x	No
122 Celerity Nascent Charter School	19 64733 0108910		x	No
123 Celerity Octavia Charter School	19 64733 0122655		x	No
124 Celerity Palmati Charter School	19 64733 0123166		x	No
125 Celerity Troika Charter School	19 64733 0115782		x	No
126 Center for Advanced Learning	19 64733 0115139		x	No
127 Central City Value High School	19 64733 0100800		x	No
128 Charter High School of Arts Multimedia/ Performing High School (CHAMPS)	19 64733 0108878		x	No
129 Chime Institute's Schwarzenegger Community School	19 64733 6119531		x	No
130 Citizens of the World Charter 2 (Silver Lake)	19 64733 0126177		x	No
131 Citizens of the World Charter 3 (Mar Vista)	19 64733 0126193		x	No
132 Citizens of the World Charter Hollywood	19 64733 0122556		x	No
133 City Charter Middle School	19 64733 0126102		x	No
134 City Language Immersion Charter	19 64733 0127886		x	No
135 Clemente Charter School	19 64733 0129825		x	No
136 Community Preparatory Academy	19 64733 0129874		x	No
137 Crenshaw Arts-Technology Charter High School (CATCH)	19 64733 0101659		x	No
138 Crown Preparatory Academy	19 64733 0121848		x	No
139 Discovery Charter Preparatory School #2	19 64733 0115253		x	No
140 Downtown Value School	19 64733 6119903		x	No
141 El Camino Real Charter High School	19 64733 1932623		x	No
142 Endeavor College Preparatory Charter School	19 64733 0120014		x	No
143 Equitas Academy Charter	19 64733 0119982		x	No
144 Equitas Academy Charter 2	19 64733 0126169		x	No
145 Everest Value School	19 64733 0129858		x	No
146 Executive Preparatory Academy of Finance	19 64733 0127852		x	No
147 Extera Public School	19 64733 0124198		x	No
148 Extera Public School 2	19 64733 0128132		x	No
149 Fenton Avenue Charter School	19 64733 6017016		x	No
150 Fenton Primary Center	19 64733 0115048		x	No
151 Frederick Douglass Academy Elementary School	19 64733 0117952		x	No
152 Frederick Douglass Academy High School	19 64733 0112557		x	No
153 Frederick Douglass Academy Middle School	19 64733 0112433		x	No
154 Gabriella Charter School	19 64733 0108886		x	No
155 Garr Academy of Mathematics and Entrepreneurial Studies (GAMES)	19 64733 0112334		x	No
156 Global Education Academy	19 64733 0114967		x	No
157 Global Education Academy 2	19 64733 0129833		x	No
158 Global Education Academy Middle School	19 64733 0128116		x	No
159 Goethe International Charter School	19 64733 0117978		x	No
160 Granada Hills Charter High School	19 64733 1933746		x	No
161 High Tech – Los Angeles	19 64733 0100677		x	No
162 ICEF Vista Elementary Academy	19 64733 0117937		x	No
163 ICEF Vista Middle Academy	19 64733 0115287		x	No

* PSC = Public School Choice

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2015

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
164	Ingenium Charter Middle School	19 64733 0127985	x	No
165	Ivy Academia Charter School	19 64733 0106351	x	No
166	Ivy Bound Academy Math/Science/Technology	19 64733 0115113	x	No
167	Ivy Bound Academy Middle School 2	19 64733 0128389	x	No
168	James Jordan Middle School	19 64733 0109884	x	No
169	KIPP Academy of Innovation	19 64733 0128512	x	No
170	KIPP Academy of Opportunity	19 64733 0101444	x	No
171	KIPP Comienza Community Preparatory	19 64733 0121707	x	No
172	KIPP Empower Academy	19 64733 0121699	x	No
173	KIPP Iluminar Academy	19 64733 0127670	x	No
174	KIPP LA College Preparatory	19 64733 0100867	x	No
175	KIPP Philosophers Academy	19 64733 0125609	x	No
176	KIPP Raices Academy	19 64733 0117903	x	No
177	KIPP Scholar Academy	19 64733 0125625	x	No
178	KIPP Sol Academy	19 64733 0125641	x	No
179	KIPP Vida Preparatory Academy	19 64733 0129460	x	No
180	Larchmont Charter School	19 64733 0108928	x	No
181	Lashon Academy	19 64733 0128025	x	No
182	Los Angeles Academy of Arts & Enterprise Charter (LAAAE)	19 64733 0110304	x	No
183	Los Angeles Big Picture High School	19 64733 0122762	x	No
184	Los Angeles Leadership Academy	19 64733 1996610	x	No
185	Los Angeles Leadership Primary Academy	19 64733 0124818	x	No
186	Los Feliz Charter for the Arts	19 64733 0112235	x	No
187	Lou Dantzer Preparatory Elementary School	19 64733 0117945	x	No
188	Lou Dantzer Preparatory Middle School	19 64733 0112227	x	No
189	Magnolia Science Academy	19 64733 6119945	x	No
190	Magnolia Science Academy 2	19 64733 0115212	x	No
191	Magnolia Science Academy 3	19 64733 0115030	x	No
192	Magnolia Science Academy 4	19 64733 0117622	x	No
193	Magnolia Science Academy 5	19 64733 0117630	x	No
194	Magnolia Science Academy 6	19 64733 0117648	x	No
195	Magnolia Science Academy 7	19 64733 0117655	x	No
196	Magnolia Science Academy Bell *	19 64733 0122747	x	No
197	Math and Science College Preparatory	19 64733 0126136	x	No
198	Metro Charter School	19 64733 0127977	x	No
199	Monsenor Oscar Romero	19 64733 0114959	x	No
200	Montague Charter Academy	19 64733 6018204	x	No
201	Multicultural Learning Center	19 64733 6119044	x	No
202	N.E.W. Academy Canoga Park	19 64733 0102483	x	No
203	N.E.W. Academy of Science & Arts	19 64733 0100289	x	No
204	New Designs Charter School	19 64733 0102541	x	No
205	New Designs Charter School – Watts	19 64733 0120071	x	No
206	New Heights Charter School	19 64733 0111211	x	No
207	New Horizons Charter Academy	19 64733 0128371	x	No
208	New Los Angeles Charter School	19 64733 0117614	x	No
209	New Millennium Secondary School	19 64733 0117911	x	No
210	New Village Girls Academy	19 64733 0111484	x	No
211	North Valley Military Institute College Preparatory Academy	19 64733 0100776	x	No
212	Ocean Charter School	19 64733 0102335	x	No
213	Oscar De La Hoya Animo High School	19 64733 0101675	x	No
214	Our Community Charter School	19 64733 0109934	x	No
215	Pacoima Charter School	19 64733 6018642	x	No
216	Palisades Charter High School	19 64733 1995836	x	No
217	Para Los Ninos Charter Middle School	19 64733 0117846	x	No
218	Para Los Ninos Charter School	19 64733 6120489	x	No
219	Para Los Ninos – Evelyn Thurman Gratts Primary Center *	19 64733 0122630	x	No
220	Partnerships to Uplift Communities (PUC) California Academy for Liberal Studies (CALS) Charter Middle School	19 64733 6118194	x	No
221	Partnerships to Uplift Communities (PUC) California Academy for Liberal Studies (CALS) Early College High School	19 64733 0109553	x	No

* PSC = Public School Choice

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Charter Schools (Continued)
Year Ended June 30, 2015

	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
222	Partnerships to Uplift Communities (PUC) Community Charter Elementary	19 64733 0129619	x	No
223	Partnerships to Uplift Communities (PUC) Community Charter Middle School and PUC Community Charter Early College High School	19 64733 6116750	x	No
224	Partnerships to Uplift Communities (PUC) Early College Academy for Leaders & Scholars (ECALS) *	19 64733 0124933	x	No
225	Partnerships to Uplift Communities (PUC) Excel Academy	19 64733 0112201	x	No
226	Partnerships to Uplift Communities (PUC) Inspire Charter Academy	19 64733 0129593	x	No
227	Partnerships to Uplift Communities (PUC) Lakeview Charter Academy	19 64733 0102442	x	No
228	Partnerships to Uplift Communities (PUC) Lakeview Charter High School	19 64733 0122606	x	No
229	Partnerships to Uplift Communities (PUC) Milagro Charter Elementary School	19 64733 0102426	x	No
230	Partnerships to Uplift Communities (PUC) Nueva Esperanza Charter Academy	19 64733 0120055	x	No
231	Partnerships to Uplift Communities (PUC) Santa Rosa Charter Academy	19 64733 0119974	x	No
232	Partnerships to Uplift Communities (PUC) Triumph Academy	19 64733 0112193	x	No
233	Partnerships to Uplift Communities (PUC) Triumph Charter High School	19 64733 0122598	x	No
234	Pathways Community Charter	19 64733 0127878	x	No
235	Port of Los Angeles High School (POLAH)	19 64733 0107755	x	No
236	Prepa Tec, Los Angeles	19 64733 0127936	x	No
237	Puente Charter School	19 64733 6120471	x	No
238	Renaissance Arts Academy	19 64733 0101683	x	No
239	Rise Ko Hyang Middle	19 64733 0124222	x	No
240	Santa Monica Boulevard Community Charter School	19 64733 6019079	x	No
241	Stella Middle Charter Academy	19 64733 0100669	x	No
242	Student Empowerment Academy	19 64733 0112862	x	No
243	Synergy Charter Academy *	19 64733 0106427	x	No
244	Synergy Kinetic Academy *	19 64733 0117895	x	No
245	Synergy Quantum Academy *	19 64733 0124560	x	No
246	TEACH Academy of Technologies	19 64733 0122242	x	No
247	TEACH Tech High School	19 64733 0129627	x	No
248	USC Hybrid High	19 64733 0125864	x	No
249	Valley Charter Elementary School	19 64733 0122754	x	No
250	Valley Charter Middle School	19 64733 0122838	x	No
251	Valor Academy High School	19 64733 0127894	x	No
252	Valor Academy Middle School	19 64733 0120022	x	No
253	Vaughn Next Century Learning Center	19 64733 6019715	x	No
254	View Park Preparatory Accelerated Elementary School	19 64733 6117048	x	No
255	View Park Preparatory Accelerated High School	19 64733 0101196	x	No
256	View Park Preparatory Accelerated Middle School	19 64733 6121081	x	No
257	Village Charter Academy	19 64733 0129866	x	No
258	Vista Charter Middle School	19 64733 0122739	x	No
259	Wallis Annenberg High School	19 64733 0100750	x	No
260	Watts Learning Center Charter Middle School	19 64733 0120527	x	No
261	Watts Learning Center Charter School	19 64733 6114912	x	No
262	Westside Innovative School House (WISH)	19 64733 0121012	x	No
263	Westside Innovative School House (WISH) Charter Middle	19 64733 0129379	x	No
264	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, 2015

(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, 2015

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	PCA13525/PCA13526	\$ 99,449,558	
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524	138,816,652	
Child Nutrition School Programs Snack	10.555	PCA13755	40,422	
Donated Food Commodities	10.555	Not Available	14,210,575	
Child Nutrition Summer Food Services Program Operations	10.559	PCA13004	3,308,365	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA13006	347,581	
Subtotal expenditures – Child Nutrition Cluster				256,173,153
Child Nutrition Child Care Food Program Claims	10.558	PCA13529		46,358,366
Child Nutrition Child Care Food Program – Cash in Lieu of Commodities	10.558	PCA13534		3,619,986
Subtotal CFDA 10.558				49,978,352
Child Nutrition Team Nutrition-Front Line Professional Education Mini Grants	10.574	PCA01188		12,029
Child Nutrition Fresh Fruits & Vegetables Program	10.582	PCA14968		222,853
NSLP Equipment Assistance Grant	10.579	14906		63,652
Passed through California Department of Health Services:				
Network 4 Healthy California	10.561	PH-002580		1,133,839
Forest Reserve	10.665	Not Available		60,606
Subtotal Pass-Through Programs				307,644,484
Total U.S. Department of Agriculture				307,644,484
U.S. Department of Defense:				
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available		2,045,488
Startalk: Exploring Arabic Through Technology, Visual Arts and Photography	12.900	H98230-14-1-0242		73,942
Subtotal Direct Programs				2,119,430
Total U.S. Department of Defense				2,119,430
U.S. Department of Housing & Urban Development:				
Passed through City of Carson:				
Carson Guidance – CDBG Entitlement Grants Cluster	14.218	Not Available		10,618
Total U.S. Department of Housing and Urban Development				10,618
U.S. Department of Justice:				
Step Program Secondary Schools	16.684	20011-GW-AX-K008		95,288
Subtotal Direct Program				95,288
Total U.S. Department of Justice				95,288
U.S. Department of Labor:				
Youth Career Connect Program	17.274	YC-25413-14-60-A-6		1,071,620
Subtotal Direct Program				1,071,620
Passed through Employment Development Department:				
Employment Development Department Trade Act				
East Los Angeles Occupational Center	17.245	VARIOUS		19,097
Harbor Occupational Center	17.245	VARIOUS		13,250
Maxine Waters Employment Preparation Center	17.245	VARIOUS		12,274
Various Service Areas	17.245	VARIOUS		22,239
Subtotal CFDA 17.245				66,860
Passed through City of Los Angeles:				
LARCA Workforce Innovation Fund	17.283	122088		487,482
Passed through Watts Labor Community Action Committee:				
Workforce Investment Act – WorkSource Center-Adult	17.258	124224	62,623	
Workforce Investment Act – Youth Opportunity Program	17.259	124221	25,000	
Passed through City of Hawthorne:				
Workforce Investment Act – I-TRAIN - Harbor	17.258	16-0174-0-1-504	1,269	
Passed through City of Los Angeles:				
Workforce Investment Act – Youth Program	17.259	123006	793,000	
Passed through Para Los Ninos:				
Workforce Investment Act – Youth	17.259	122755-14L	99,586	
Passed through Archdiocesan Youth Employment Services:				
Workforce Investment Act – Youth	17.259	T5499	46,029	

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

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 N.E. San Fernando Valley Youth Source Center: Workforce Investment Act – Youth	17.259	n/a	\$ 4,346	
Subtotal expenditures – Workforce Investment Act Cluster				1,031,853
Subtotal Pass-Through Programs				1,586,195
Total U.S. Department of Labor				2,657,815
National Science Foundation:				
UCLA-Sub-Agreement:Project Mobilize	47.076	0070GND220		222,062
UCLA-Sub-Agreement: Into the Loop Program	47.070	0070GSE659		43,435
USC-Math for America Los Angeles	47.076	Not Available		27,484
Subtotal Direct Program				292,981
Total National Science Foundation				292,981
U.S. Department of Education:				
Indian Education	84.060	S060A14283		310,350
Fund for Improv Edu Prog – Teach Am History	84.215	U215X100365		123,733
Small Learning Communities – COH 8	84.215	S215L080570		31,009
Subtotal CFDA 84.215				154,742
Gaining Early Awareness and Readiness for Undergraduate Programs (Gear-Up):				
CA Gear Up	84.334	12 Gear-Up-1322/1326		15,071
Gear-Up 4 LA	84.334	P334A110166/P334A140118		3,832,531
Gear-Up-Project Steps	84.334	P334A110159		1,432,845
Subtotal CFDA 84.334				5,280,447
ARRA-I3 Fund LA'S Bold Competition	84.396	U396C100336		494,508
Teacher Incentive Fund (TIF)	84.374	S374A120066		5,740,663
Magnet Schools Assistance	84.165	U165A130049/U165A100057		4,169,305
Subtotal Direct Programs				16,150,015
Passed through California Department of Education:				
Workforce Investment Act – Adult Basic Ed/ESL	84.002	PCA # 14508		6,282,935
Workforce Investment Act – Adult Ed & Family Lit/EL-Civics	84.002	PCA # 14109		2,923,740
Workforce Investment Act – Adult Secondary Ed	84.002	PCA # 13978		1,549,128
Subtotal CFDA 84.002				10,755,803
Elementary and Secondary Education Act, Title I	84.010	PCA#14329	307,361,277	
Elementary and Secondary Education Act, Title I Delinquent	84.010	PCA#14357	793,896	
Elementary and Secondary Education Act, Title I Neglected	84.010	PCA#14329	857,364	
Subtotal expenditures – Title I, Part A				309,012,537
Special Ed: IDEA Local Assistance, Part B, Sec.611 Early Intervening Services	84.027	PCA#10119	5,909,481	
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	14-13379-6473-01	114,010,007	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	14-13379-6473-01	1,854,031	
Special Ed: IDEA Mental Health Allocation Plan	84.027	14-15197-6473-01	6,997,313	
Special Ed: IDEA Pre-School Local Assistance Entitlement	84.027	13-13682-6473-01	12,378,689	
Special Ed: CEIS 15% IDEA, Part B, Sec.619	84.173	PCA#13430	470,365	
IDEA Preschool Expansion Grant	84.173	13-13430	5,670,667	
PreSchool Expansion - Staff Development	84.173	13-13431	51,307	
IDEA Preschool Desired Result	84.173	13-14688	103,792	
Subtotal expenditures – Special Education Cluster				147,445,652
Carl D. Perkins – Secondary Program, Sec131	84.048	PCA#14894		6,712,506
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA#14893		657,615
Subtotal CFDA 84.048				7,370,121
Early Intervention Funds – Part C	84.181	13-23761-6473-01		1,178,111
Education for Homeless Children & Youth	84.196	PCA#14332		186,757
Twenty-First Century Learning Centers	84.287	PCA#14349		384,997
Twenty-First Century Learning Centers	84.287	PCA#14535		16,012,634
Twenty-First Century Learning Centers	84.287	PCA#14603/PCA#14604		1,615,583
Subtotal CFDA 84.287				18,013,214

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
Advanced Placement	84.330	S330C110037/S330B110037:PCA14831		\$ 1,590,657
Arts in Edu Model Dev & Dissem/Prof Dev	84.351	U351D100117/U351C140064		235,722
School Dropout Prevention Program	84.360	S360A100054		2,289,961
Title III, Limited English Proficient	84.365	PCA#14346		16,900,669
No Child Left Behind Title II-A – Teacher Quality	84.367	PCA#14341		44,911,376
School Improvement Grant	84.377	PCA#15127	34,869,228	
ARRA-School Improvement Grant	84.388	PCA#15020	1,429,785	
Subtotal expenditures – School Improvement Grants Cluster				36,299,013
Passed through Los Angeles County Office of Education:				
Title I - Migrant Ed - Regular	84.011	03239		936,587
Title I - Migrant Ed - Summer	84.011	03489		584,606
Subtotal expenditures - CFDA 84.011				1,521,193
Passed through Napa County Office of Education:				
Project READ - Peary Middle School	84.325	Not Available		49,806
Passed through California Education Roundtable Intersegmental Coordinating Committee Alliance for Regional Collaboration to Heighten Educational Success (ARCHES):				
ARRA-Archives-13 Slope	84.411	MOU		495
Passed through MDRC:				
Power Teaching i3 Scale Up Evaluation	84.411	Not Available		15,707
Diplomas Now	84.411	U396B100257		8,065
Passed through Old Dominion Univ. Research Foundation-Technology:				
Facilitated Scale Up of a Proven Model	84.411	U411A110004		438,026
Subtotal CFDA 84.411				462,293
Passed through State Department of Rehabilitation:				
Rehab-Transition Partnership Program/Trans Part-Greater LA	84.126	28903/ep1313027		1,337,045
CA Promise-Promoting Readiness of Minor in Suppl Income	84.418	29139		335,336
Passed through Center for Collaborative Education:				
Principal Residency Network	84.363	4400003138		126,973
Subtotal Pass-Through Programs				600,022,239
Total U.S. Department of Education				616,172,254
U.S. Department of Health & Human Services:				
CDCP-School Based HIV/STD Prevention	93.079	1U87PS004181-1/5U87PS004181-2		664,265
ACA Grant 4 School Based Health Center	93.501	C12CS25600		133,947
CMS-Cycle II & Cycle III Chipra Outreach	93.767	1Z03303872A/1ZOCMS331214-01-00		444,351
Subtotal Direct Programs				1,242,563
Passed through Rand Corporation:				
Student for Nutrition & Exercise Program	93.307	9920140035		223,592
Treatment & Services Adaptation Center for Resiliency	93.243	9920130075		42,926
Passed through Dibble Institute:				
Dibble Inst-BldgBrighter Future	93.086	90FM0010-01-00		98,236
Passed through CA Health Benefit Exchange-Covered California:	93.525	12-E9117		371,506
Passed through Community Health Councils,Inc - REACH Demo:	93.743	Not Available		149,269
Passed through County of Los Angeles:				
Choose Health LA	93.531	PH-002164		131,885
Maternal Infant and Early Childhood Home Visiting Program	93.505	PH-002170		905,244
Passed through City of Los Angeles:				
HCID CDBG-Pupil Services Attendance Counselors	93.569	C-125301		833,431
Passed through California Department of Education:				
Youth Risk Behavior Survey Participation Grant	93.079	14-01031-6473-(01-05)		2,000
General Child Care Center-Block Grant	93.575	PCA15136	9,141,728	
General Child Care Center-Mandatory & Matching Fund	93.596	PCA13609	16,596,298	
Subtotal expenditures – Child Care Development Fund Cluster				25,738,026
Passed through Los Angeles County Office of Education:				
ARRA-State Grants to Promote Health Information Technology	93.719	Not Available		48,105
Medi-Cal Administrative Activity	93.778	C-10606:08:09		6,358,612
Subtotal Pass-Through Programs				34,902,832
Total U.S. Department of Health & Human Services				36,145,395

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Homeland Security:				
Passed through Governors Office of Emergency Services:				
Public Assistance – FEMA 1577 DR2005 Winter Storms	97.036	OES ID#037-91146		\$ 397
Subtotal CFDA 97.036				<u>397</u>
Subtotal Pass-Through Programs				<u>397</u>
Total U.S. Department of Homeland Security				<u>397</u>
Total Expenditures of Federal Awards				<u>\$ 965,138,662</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

(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) \$14,210,575 of donated food commodities received from the U.S. Department of Agriculture, passed-through the State of California, during the year ended June 30, 2015.

(4) Subrecipient Awards

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



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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, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2015.

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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items FS-2015-001 through FS-2015-003.





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
December 15, 2015



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Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

Independent Auditor's Report

The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance for Each Major Federal Program

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements described in the *OMB 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, 2015. 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 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.





Opinion on Each Major Federal Program

In our opinion, the District compiled, 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 major federal programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed 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-2015-001 to F-2015-007. 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-2015-001 to F-2015-006 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 item F-2015-007 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".

December 15, 2015
Los Angeles, California



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Independent Auditor's Report on State Compliance

To The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance

We have audited the compliance of the **Los Angeles Unified School District** (the District), with the compliance requirements described in the *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the Guide) for the year ended June 30, 2015. 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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:





	<u>Procedures performed</u>
Attendance Accounting:	
Attendance Reporting	Yes
Independent Study	Yes
Continuation Education	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not applicable*
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not applicable**
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Regional Occupational Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes
After School Education and Safety Program:	
General Requirements	Yes
After School Program	Yes
Before School Program	Yes
Proper Expenditures of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes



	<u>Procedures performed</u>
Local Control and Accountability Plan	Yes
Contemporaneous Records of Attendance for Charter Schools	Yes
Mode of Instruction for Charter Schools	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	Not applicable***
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	Not applicable***
Annual Instructional Minutes - Classroom Based for Charter Schools	Yes
Charter School Facility Grant Program	Not applicable****

- * We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer early retirement incentive during fiscal year 2014-15.
- ** We did not perform any procedures related to Juvenile Court Schools because the District does not offer this program.
- *** The District does not have any Nonclassroom-Based Instruction/Independent Study for Charter Schools; therefore we did not perform any testing related to this requirement.
- **** The District’s charter schools did not receive Charter School Facility Grant Program funding; therefore we did not perform any testing related to this requirement.

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its programs for the year-ended June 30, 2015.

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-2015-001 through S-2015-008. Our opinion is not modified with respect to these matters.

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

Los Angeles, California
December 15, 2015

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? None noted

Federal Awards

Internal control over major programs:

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

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

<u>CFDA #</u>	<u>Name of Federal Program</u>	<u>Opinion</u>
	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
84.002	Department of Education – Workforce Investment Act, Title II: Adult Education and Family Literacy Act	Unmodified
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)	

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

CFDA #	Name of Federal Program	Opinion
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	Unmodified
	Department of Education – School Improvement Grants Cluster	Unmodified
84.377	School Improvement Grants	
84.388	School Improvement Grants, Recovery Act	
	Department of Health and Human Services – Child Care Development Fund Cluster:	Unmodified
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 – Medi-Cal Administrative Activity	Unmodified
	<ul style="list-style-type: none"> • Any audit findings disclosed which are required to be reported in accordance with Section 510(a) of Circular A-133: • Dollar threshold used to distinguish between type A and type B programs: • Auditee qualified as low risk auditee 	<p>Yes</p> <p>\$2,895,416</p> <p>No</p>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

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, 2015

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

FS-2015-001 ITD Developers with Access to SAP Batch transactions – Significant Deficiency

State Audit Guide Finding Code: 30000

Criteria

Information Technology personnel (e.g., developers, programmers, etc.) should be restricted from having direct/update access to production programs. Access to production programs should be under version control and maintained in a lock-down state. Any changes should be routed through proper change control procedures.

Condition

We noted the following:

- Eleven (11) Developers with access to both the SM36 (Schedule Background Job) and SM37 with S_BTCH_ADM (maintain background job processing) SAP Batch transactions.
- Nine (9) ITD Developers have access to the authorization to modify programs Systems Engineering transaction (SE38).
- Thirteen (13) ITD Functional personnel have update access to the cost center assignments Payroll transaction (PP03).
- Ten (10) ITD Functional personnel have the ability to maintain calculation rules Payroll transaction (PE02).
- Between five (5) to thirteen (13) ITD Functional personnel have access to each of the following SAP Fixed Asset production transactions:
 - ABAON (Asset Sale Without Customer)
 - ABAVN (Asset Retirement by Scrapping)
 - AFABN (post asset depreciation)
 - AFAB (post asset depreciation)
 - AS01 (Create Asset Master Record)
 - AS02 (Create Asset Master Record)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

- Eleven (11) ITD Developer personnel with access to the following SAP General Ledger production transactions:
 - F02 (Enter G/L Account Posting)
 - FS00 (G/L Acct Master Record Maintenance)

- One (1) ITD Developer personnel with access to the following SAP General Ledger production transactions:
 - FBD1 (Enter Recurring Entry)
 - FBVB (Post Parked Document)
 - FB08 (Post a reversal)
 - F14 (Post Recurring Entries)
 - F07 (G/L Balance Carryforward)

- There are between four (4) to nineteen (19) ITD Functional personnel that have access to each of the following SAP General Ledger production transactions:
 - F02 (Enter G/L Account Posting)
 - F04 (Post Documents with Clearing)
 - F07 (G/L: Balance Carryforward)
 - F14 (Post Recurring Entries)
 - FB08 (Post a reversal)
 - FB09 (Change G/L Account Line Items)
 - FBVB (Post Parked Document)
 - FS00 (G/L Acct Master Record Maintenance)
 - FBD1 (Enter Recurring Entry)
 - F07 (G/L Balance Carryforward)

- There are between four (4) to twenty-one (21) ITD Functional personnel with access to each of the following SAP Accounts Payable production transactions:
 - FK01 (create vendor)
 - FK02 (change vendor)
 - ME22N (Change Purchase Order)
 - MIR4 (Maintain/Post Parked Invoices)
 - MIRO (Enter Incoming Invoice)
 - XK05 (Block/unblock vendor)
 - FB60 (enter incoming invoices)
 - MRBR (Release Blocked Invoices)
 - ME21N (Create Purchase Order)
 - MR11 (Goods Received /Invoice Receiving account maintenance)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

- There are between ten (10) to twenty-one (21) ITD Development personnel with access to each of the following SAP Accounts Payable production transactions:
 - MIR4 (Maintain/Post Parked Invoices)
 - XK01 (Create vendor)
- There was one (1) Functional personnel with access to the FK05 (block/unblock vendor) Accounts Payable production transaction.

Cause and Effect

Inadequate restriction to modify/update access to production accounting data can result in unauthorized changes that adversely impact the integrity of accounting and financial reporting information

Recommendation

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

Management Responses

- Developer access to the SM36 Batch transaction was removed by July 31, 2015.
- Production access to the SE38 Systems Engineering transaction was removed from the BASE team by July 31, 2015.
- We reviewed and updated the Production Support roles. Only four (4) ITD SAP Functional Analysts have access to PP03.
- For the SAP Fixed Asset transactions, we reviewed and updated the Production Support roles. Only limited ITD SAP Functional Analysts have access to the above transactions.
- For the SAP General Ledger transactions, access has been reviewed and restricted to limited ITD BASE team members.
- For the Accounts Payable transactions, we reviewed and updated the Production Support roles. Only limited ITD SAP Functional Analyst have the above transactions.
- IT will run the production log on a periodic basis to ensure that no ITD BASE team members post in production and remove inappropriate access in a timely manner.
- We will evaluate ITD support roles and ensure that business functions are appropriately segregated.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

FS-2015-002 Accounts Payable Three-Way Matching Control – Significant Deficiency

State Audit Guide Finding Code: 30000

Criteria

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

Condition

We noted two (2) ITD Functional personnel that have the ability to Create a Purchase Order (via ME21N), Post an Invoice (via MIR4) and Receive Goods (via MR11)

Cause and Effect

Lack of segregation of duties in the accounts payable process could result in unauthorized payments being processed.

Recommendation

Conflicting access should be removed from SAP system users to ensure that no individual has the ability to create a purchase order, post an invoice and receive goods

Management Response

We reviewed and updated the Production Support roles. ME21N was removed and only four (4) ITD BASE team members have access to both MR11 and MIR4. We will evaluate ITD support roles and ensure that business functions are appropriately segregated.

FS-2015-003 MISIS Change Control Management – Significant Deficiency

State Audit Guide Finding Code: 30000

Criteria

Formal change management practices and 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2015

Condition

Our sample of forty (40) MISIS TFS (Team Foundation Server) change items revealed:

- Three (3) MISIS TFS functionality enhancements have no evidence of Business Owner sign-off to go live into production. These TFS are #45030, 31880 & 23803.
- User acceptance testing (UAT) is not evidence by user or business owner sign-off to indicate their approval of testing.
- Eleven (11) MiSiS TFS enhancements do not have documented business owner approval. We were subsequently informed by the MiSiS team that these TFS were actually classified as “technical enhancements” or fixes and were therefore not subject to business owner approval. However, this policy is not indicated in the MiSiS Release Management procedures document. These TFS are #21454, 32235, 36842, 44252, 24767, 60213, 60204, 60212, 21181 & 21183.
- Business owner approvals are communicated in free form text emails and not a change management form or change management system designed to formally record and track such approvals (e.g., MOC, Remedy, etc.). As a result, it is difficult to ascertain formal business owner approval.

To provide perspective, there was a large volume of work processed, e.g., 100 per week, during the 2014-2015 school year in order to provide schools with the tools they need for school operations.

Cause and Effect

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

Recommendation

We recommend that ITD management do the following relative to MISIS change management:

- Business Owner sign-offs/approvals for go live into production be consistently obtained for TFS functionality enhancements.
- Revise MISIS change management policy to address all MISIS program change types to include technical enhancements/fixes. Business owner approval of revised policy should be obtained to ensure change management procedures are effectively communicated to the user community.
- Require business owner sign-offs of user acceptance testing for MISIS functionality enhancements.
- Implement a change management system designed to formally record and track business owner approvals in place of using free form text emails.

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Management Response

The description above is reasonably accurate regarding the sample of 40 TFS items. The project has been moving to improve documentation of requests and requirements and approvals. Most of the items sampled were handled before the internal publication of Appendix A, Life Cycle of a TFS Item, in the Release Management document. The rapid pace and large quantity of work to meet critical needs and milestones of users constrained the quality of approval documentation in TFS.

We agree with the recommendation above. Going forward, the project is transitioning the largest portion of its development work to a more formal “Sketch” driven process in which requirements, use cases, and test cases are approved before development work is started. Approval forms are also completed following testing in order to give approval for release to Production. These approvals are to be documented in the MiSiS SharePoint site. In addition, increased automated regression testing is required prior to code being deployed. This “Sketch” driven process is a modified version of Microsoft’s Iterative Solution Development methodology. A work stream for a functional area typically has a repeating series of Phase 1 (Sketch) and Phase 2 (Design, Build, and Release). The sketch process has been implemented on October 15, 2015 and is operational.

A smaller quantity of development work will continue outside the Sketch process in order to address the more urgent, time sensitive needs of our users and business owners. The team will look to improve its use of TFS to document approvals for those items.

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Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number:	F-2015-001
Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, and Award Number:	Adult Education and Family Literacy Act, Title II of the Workforce Investment Act of 1998, U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.002, Grant Agreement No. 14508 Improving Teacher Quality State Grants, U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.367, Grant Agreement No. PCA14341 Career and Technical Education - Basic Grants to States (Perkins IV), U.S. Department of Education, passed through California of Education, CFDA No. 84.048, Grant Agreement No. 15-14894-6473-00 Magnet School Assistance, U.S. Department of Education, CFDA No. 84.165A, Grant Agreement No. U165A130049 School Improvement Grants, Recovery and Reinvestment Act: U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.388 Grant Agreement 10-15020-6473
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.

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- Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation that meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant federal agency. Such documentary support will be required where employees work on:
 - (a) More than one federal award,
 - (b) A federal award and a nonfederal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity.

- Personnel activity reports or equivalent documentation must meet the following standards:
 - (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee.

Condition

As part of our compliance review over payroll expenditures, we selected a sample of payroll expenditures charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported in accordance with the OMB Circular A-87.

Workforce Investment Act:

In our sample of 60 payroll expenditures, we noted that three employees at one school site totaling \$17,125 and one employee at one school site totaling \$2,944 provided signed semiannual certifications; however, the certifications were dated subsequent to our request.

Total exceptions amounted to \$20,069 of the \$284,625 sampled from the \$7,498,708 of the total payroll expenditures.

Improving Teacher Quality:

In our sample of 60 payroll expenditures, we noted that three employees at one school totaling \$19,316 provided signed semiannual certifications; however, the certifications were dated subsequent to our request.

Total exceptions amounted to \$19,316 of the \$445,441 sampled from the \$31,663,923 of the total payroll expenditures.

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Career and Technical Education-Basic Grants to States:

In our sample of 60 payroll expenditures, we noted that two employees at two different departments totaling \$18,120 provided signed semiannual certifications; however, the certifications were dated subsequent to our request.

Total exceptions amounted to \$18,120 of the \$232,902 sampled from the \$2,148,579 of the total payroll expenditures.

Magnet School Assistance:

In our sample of 25 payroll expenditures, we noted that three employees at one school totaling \$4,026 and one employee from one school totaling \$1,087 provided signed semiannual certifications; however, the certifications were dated subsequent to our request.

Total exceptions amounted to \$5,113 of the \$50,333 sampled from the \$1,736,600 of the total payroll expenditures.

School Improvement Grants:

In our sample of 60 payroll expenditures, we noted that two employees at one school totaling \$13,665 and one employee from one school totaling \$9,567 provided signed semiannual certifications; however, the certifications were dated subsequent to our request.

Total exceptions amounted to \$23,232 of the \$50,333 sampled from the \$20,697,767 of the total payroll expenditures.

Cause and Effect

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

Workforce Investment Act - this finding is a repeat finding and has been reported previously for June 30, 2013 and June 30, 2014 (F-13-01, and F-14-01).

Improving Teacher Quality this finding is a repeat finding and has been reported previously for June 30, 2014 (F-14-01).

Questioned Costs:

The total cost related to the untimely certifications amounted to \$85,850.

Workforce Investment Act (CFDA 84.002): \$20,069

Improving Teacher Quality (CFDA 84.367) \$19,316

Career and Technical Education-Basic Grants to States - Perkins IV (CFDA 84.048): \$18,120

Magnet School Assistance (CFDA 84.165A): \$5,113

School Improvement Grants (CFDA 84.388): \$23,232

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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, Corrective Action Plan, and Contact Information

The District is continuing its training on time and effort certifications for its employees. This task is challenging due to the large number of District employees, and due to a high rate of employee and administrator turnover.

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

Program Identification

Finding Reference Number:	F-2015-002
Federal Catalog of Domestic Assistance Number:	84.010
Federal Program Title:	Title I Grants to Local educational Agencies (LEAs)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number	Grant Agreement 14329-6473
Compliance Requirement:	Activities Allowed or Unallowed
State Audit Guide Finding Code:	30000 and 50000

Criteria

Program and Budget Handbook issued by the Los Angeles Unified School District Federal and State Education Programs Branch 2014-15:

Single Plan for Student Achievement (SPSA) is a written plan developed by the school community describing the school's program and how resources will be used to meet the supplemental educational and related needs of participating students. California Education Code 9 (EC) Section 64001 requires that a School Site Council (SSC) develop the SPSA. The SSC must approve the plan, recommend it to the local governing board for approval (See "Developing a School Budget" page for delegated authority), monitor its implementation, and evaluate the effectiveness of the planned activities at least annually. Based on the SPSA evaluation and the comprehensive needs assessment, the SPSA must be updated to include any major changes.

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Budget Justification pages are completed annually for state and federal audits and for Federal Program Monitoring (FPM) purposes. They are an integral component of the SPSA, must be aligned with the stated goals of the SPSA, and must match the current budget in the areas listed below.

The school budget must be based on the assessed needs of participating students as determined by conducting a comprehensive needs assessment and as described in the *Single Plan for Student Achievement* (SPSA). The most efficient use of resources which support the plan and students' access to the core curriculum should be the rule.

Budgets should be developed with recommendations from the appropriate committees, i.e. ELAC. Their written recommendations must be brought to the School Site Council (SSC) for review and approval.

Condition

We sampled a total of sixty (60) schools to verify actual expenditures incurred were in accordance with the approved Single Plan for Student Achievement (SPSA), the schools' Budget Justifications, Budget Adjustment Request forms, as well as the Budget Maintenance worksheets. In our review of actual expenditures, we noted the following exceptions:

1. Ten (10) schools' had certain line item program expenditures totaling \$41,954 that were not included in the approved Budget Justification.
2. One (1) school's salary expenditures exceeded the amounts approved in the Budget Justification by \$14,767. However, the total program expenditures did not exceed the annual budget allocation to the school.
3. Three (3) schools had certain line item program expenditures totaling \$10,121 that were not included in the approved Budget Justification. These same three (3) schools' expenditures also exceeded the total amounts approved in the Budget Justification by \$38,924. However, the total program expenditures did not exceed the annual Title I's allocation to these schools.
4. One (1) school charged general supplies totaling \$23,425 to the grant. Purchase of general supplies with Title I fund is prohibited.

Cause and Effect

There does not appear to be adequate monitoring controls to ensure that the grant expenditures are incurred based on the approved Budget Justification and do not exceed the approved budget.

Questioned Costs

\$129,191

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Recommendation

The District should strengthen its budgetary controls over its charges to the Title I funded programs to ensure that the activities are funded in accordance with the SPSA and approved annual budget.

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

Staff from the Federal and State Education Programs (FSEP) Office will meet with the school fiscal specialists to emphasize the importance of reminding schools to more closely monitor Title I-funded payroll expenditures to ensure that schools stay within their budget and that funds are expended only on approved budgeted positions included in the Single Plan for Student Achievement (SPSA).

To ensure that schools don't use Title I funds for unallowable non-salary expenditures, the FSEP office established, beginning in the 2015-16 school year, a protocol built within the financial system (Schools Front End), so that all proposed expenditures in supplemental instructional materials (SIM) entered into the shopping cart by the school must be first approved by one of the two Title I-funded coordinators assigned to each local district. Furthermore, the FSEP office runs quarterly reports of all Title I school expenditures purchased through the Imprest account or the P-Card to ensure that they are both allowable and budgeted in the SPSA; schools with expenditures not adhering to this are required to pay back the Title I program using non-federal funds.

Name: Ms. Karen Ryback
Title: Director, Federal and State Education Programs
Telephone: (213) 241-6990

Program Identification

Finding Reference Number:	F-2015-003
Federal Catalog of Domestic Assistance Number:	93.575 and 93.596
Federal Program Title:	Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care and Development Fund
Awarding Agency / Pass-Through Entity:	U.S. Department of Health and Human Services, California Department of Education
Award Number	Grant Agreement CSPP-4202 and CCTR-4101
Compliance Requirement:	Eligibility
State Audit Guide Finding Code:	30000 and 50000

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Criteria

Section D of the District Contract with CDE, Certification of Eligibility: The contractor shall designate the staff person authorized to certify eligibility. Prior to initial enrollment and at the time of recertification, an authorized representative of the contractor shall:

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

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

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

Early Education Center Program Manual – Program Policy (CSPP and CCTR) states:

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2.11.1 The 9600 (Confidential Application for Child Development Services and Certification of Eligibility) and the Notice of Action are then generated from the Family Summary page in EESIS. Verify that the information, including all dates, are correct on the 9600. The 9600 must be signed in Section VII by the EEC Principal. The parent must sign and date Section V.

2.11.2 A Notice of Action (NOA) must be generated in order to finalize the process and generate fees, if applicable. The NOA advises the parent of due process requirements if they disagree with the agency's actions. The NOA must be given to the parent at least fourteen (14) calendar days before the effective date of the intended action (19 calendar days if mailed). See Chapter 9 for more information about the appeal process.

All signed/initialed NOAs should be scanned into the Images page in EESIS.

3.1.9 The self-declaration of income should only be used when all other options have been exhausted and should not be used as the default.

If the employer refuses or fails to provide documentation, or if requesting documentation from the employer would in any way jeopardize the parent's employment, the parent can provide other records to document income along with a *Self-Certification of Income* form signed under penalty of perjury. The Office Manager should make notes in the LAUSD Section of the *Self-Certification* to indicate how the reasonableness of the income was assessed and should also note that the employer declined to complete the form.

5.1 A child's birth certificate showing only the mother's name is sufficient documentation of single parent status if the mother indicates she is still single. But when only one parent has signed the application and the information indicates the child has another parent whose name does not appear on the application, the absence (or presence) of that parent must be documented. Single parent status must be re-documented every year unless the parent can provide legal or official documents.

Condition

In our procedures performed to determine eligibility for the childcare programs funded by this cluster, we sampled a total of sixty (60) participants from twenty-five (25) out of ninety (90) Early Education Child Care Centers (EECCs) and requested the family files such as annual recertification forms, pay stubs or letter and noted the following:

- a) Nine (9) of the Self-Certificate of Income Forms was used as a primary source to support family income; however, the *LAUSD Section* of the forms was not filled out by the EECCs to indicate how the reasonableness of the income was assessed;
- b) Two (2) NOAs were not signed by the EECCs' principal and one (1) NOA was not signed by the parent;
- c) Six (6) files lacked a proper documentation supporting the single parent status;
- d) One (1) family size was erroneously under reported by one (1) member; however, there was no impact on the eligibility status and family fee assessment.
- e) One (1) family fee was erroneously miscalculated resulting in over charging the family fee by \$2 per day, or approximately \$606 for the program year 2014-15;
- f) One (1) family fee was erroneously miscalculated resulting in under charging the family fee by \$4 per day, or approximately \$976 for the program year 2014-15.

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Cause and Effect

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 have resulted in a failure to follow procedures during eligibility determination and annual recertification.

Questioned Costs

The questioned cost could not be assessed for the exceptions noted for (a) and (b) because they may or may not have any impact on the family's eligibility status.

The questioned cost for the inadequate support for the single parent status amounted to \$41,237 based on the contract rates (i.e. \$36.07 for CCTR and \$36 for CSPP) per day multiplied by the total number of program operation days (i.e. 245 for CCTR and 180 for CSPP) for fiscal year 2014-15.

The questioned cost for the miscalculation of the under-charging the family fee amounted to \$976.

Recommendation

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

The District agrees with the audit findings. The Early Childhood Education Division has experienced high turnover of Office Managers for various reasons. Of the 25 Early Education Centers (EECs) that were audited, 11 centers experienced Office Manager turnover during the past one to two years. Some had multiple short-term subs, some had long-term subs, and some were new to the position due to the retirement or promotion of the previous office manager. Although training was provided, we believe unusually high turnover is a contributing factor to the audit findings.

The Early Childhood Education (ECE) Division has implemented the following corrective action plan:

- One-on-one training is provided to new Office Managers by their Eligibility Technician, usually within the first week or two of hire date.
- After initial training, the Eligibility Technician, or Senior Eligibility Technician, visits the Office Manager at their center on an as-needed basis in order to provide more direct assistance.
- Eligibility Technicians are available to Office Managers and Principals by email and by phone from 6:30-5:00 daily. Special attention is given to sites experiencing problems.
- Group training was provided to new Office Managers on March 24, 2015 and will be provided as new groups are hired.
- Mandatory Training for all Office Managers was completed on the dates listed below:
 - Summer Training: July 15, 2014

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- Spring Training: March 30, 2015 and April 7, 2015
 - Fall Training: October 7, 2015
 - Additional Office Manager training sessions will be scheduled for winter and spring of 2016 and will focus on audit exceptions.
 - Policy training was also provided to EEC Principals on April 15, 2015.
-
- A comprehensive policy manual was provided to all Principals and Office Managers in early 2014. The manual is revised as policy changes. Both Principals and Office Managers are strongly encouraged to consult the manual for guidance. It is also available online.

The above-listed actions have been implemented as of November 18, 2015 and are part of the standard ongoing operational procedures of the Division.

Name: Claire Ealy

Title: Early Education Technology and Compliance Manager

Telephone: (213) 241-1140

Program Identification

Finding Reference Number:

F-2015-004

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

Magnet School Assistance, U.S. Department of Education, CFDA No. 84.165A, Grant Agreement Nos. U165A130049 and U165A100057;

Career and Technical Education-Basic Grants to States (Perkins IV), U.S. Department of Education, passed through California of Education, CFDA No. 84.048, Grant Agreement No. 15-14894-6473-00;

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

Title I Grants to Local Educational Agencies (LEAs), U.S. Department of Education, Passed through the California Department of Education, CFDA No. 84.010, Grant Agreement 14329-6473.

Compliance Requirement:

Equipment Management

State Audit Guide Finding Code:

20000, 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 80.32, 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.
 - (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-3508.7 Section III – Categorical Equipment Inventory Database – In this section, add newly purchased equipment items with a total final cost of \$500 or more to the school’s historical Categorical Equipment Inventory database.

Condition

Magnet School Assistance:

In our procedures performed to determine the District’s compliance with the equipment management requirement, we sampled a total of eight (8) out of ten (10) schools and departments from the two (2) grants awarded and noted the following exceptions:

1. Two (2) schools funded by the grant number U165A100057 (which ended September 30, 2014) did not perform the physical inventory count for the items purchased in 2012-13 and prior. However, the schools performed the physical inventory count subsequently and provided us with the certification.
2. Two (2) schools funded by a new grant (U165A130049) did not update the inventory logs for a total of forty-four (44) equipment purchases during the fiscal year 2014-15. However, the inventory logs were updated subsequently and provided for the audit.

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Career and Technical Education-Basic Grants to States (Perkins IV):

In our procedures performed to determine the District's compliance with the equipment management requirement, we sampled a total of sixteen (16) out of sixty-three (63) schools and reviewed pertinent documents such as inventory logs and noted the following:

1. Five (5) schools did not complete a review of the physical inventory for those equipment items purchased in or prior to 2012-13. This physical inventory was subsequently performed in May 2015 and all inventory was accounted for.
2. Two (2) schools did not update the inventory logs for a total of seventeen (17) equipment items purchased during the fiscal year 2014-15.

Teacher Incentive Fund (TIF):

In our procedures performed to determine if the District was in compliance with the policies and procedures for equipment management, we noted that a server purchased with the grant funds totaling \$70,403 was not included in the 2014-15 equipment inventory log. Talent Management Division (TMD), the District department that operates the programs funded by TIF, explained that since Information Technology department (ITD) was in possession of the server, the equipment should be logged by their department. Upon further inquiry and review of the ITD inventory log, we noted that the equipment was reported in the ITD's inventory log; however, the funding source was not included.

In addition, during our review of the inventory log provided for 2014-15, a missing item was noted by the inspector who performed the physical inventory; however, TMD was unable to locate the disposal of Equipment Form (Form) that is required to be filed for missing items. Subsequent to our audit, the Form was filed and a copy was provided for our review.

Title I Grants to LEAs:

In our procedures performed to determine the District's compliance with the equipment management requirement, we sampled a total of 60 schools that submitted the Principal Certification Inventory (CEI) and verified if these logs were completed in accordance with BUL-3508.7. We noted that five (5) schools did not update the log properly to include all equipment purchased with Title I grants.

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. Inadequate information could result in non-compliance with the grant requirements.

Teacher Incentive Fund: The item that was missing from the inventory log appears to be an isolated incident. There appears to be a miscommunication between the TMD and ITD.

Title I Grants to LEAs: This is a repeat finding from Fiscal Years 2008-09 – 2013-14 (F-09-06, F-10-04, F-11-04, F-12-04, F-13-04, and F-14-03).

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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.

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

Magnet School Assistance:

Grant U165A100057 - Although this grant is expired, schools were instructed to complete a physical check for equipment purchased from 2010 to 2012, which included a description, serial number, purchase date, delivery date, cost, location, current condition and disposition of the equipment and Administrator signature. These documents were completed and provided to the auditor for review during the course of this audit.

Name: Lisa Le Sassier
Title: Coordinator
Telephone: (213) 241-5695

Grant U165A130049 (new) – Equipment inventory procedures will be reviewed with appropriate personnel by January 31, 2016. A physical check of all inventories will be performed once a year.

Name: Cheryl Minke
Title: Interim Project Director
Telephone: (213) 241-4285

Career and Technical Education-Basic Grants to States (Perkins IV):

Equipment inventory procedures pursuant to the Federal, State, and LAUSD procedures will be reviewed with school based CTE Advisors, CTE pathway teachers, and school principals for the schools who receive Perkins funding. Physical check of all inventories will be performed once a year.

We will also explore the possibility of using a barcode scanner for creating and tracking the items on the inventory.

Name: Seema Puri
Title: CTE Coordinator, LAUSD
Telephone: (213) 241-1298

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Teacher Incentive Fund (Talent Management Division):

We agree that a comprehensive and up to date inventory of Teacher Incentive Fund (TIF) funded equipment is important. However, for the particular piece of equipment (server) that is sited, Professional Learning and Leadership Development (PLLD; formally TMD) staff do not have access to this equipment and cannot reasonably maintain an accurate inventory because this equipment is only available to and maintained by ITD staff. To ensure that a comprehensive and accurate TIF inventory exists, PLLD staff will provide ITD with a template inventory that they must complete for all TIF funded equipment. When PLLD staff perform their regular audit of TIF funded equipment, they will request an updated inventory from ITD. By taking these corrective actions we will ensure that PLLD has a centralized inventory of all TIF funded equipment while also ensuring that each department (ITD and PLLD) is independently responsible for inventorying and auditing their own TIF funded equipment.

Name: Linda Del Cueto

Title: Professional Learning and Leadership Development

Telephone: (213) 241-6231

Teacher Incentive Fund (Information Technology Division):

ITD will work with the PLLD and all other District offices to ensure that asset information (make, model, serial number, acquisition date, acquisition cost, location, condition, and other pertinent data) of IT equipment purchased with funding from these offices and located in ITD will be provided to these offices to fulfill their equipment inventory.

As ITD SADE Branch utilizes Atrium Discovery and Dependency Mapping (ADDM) to discover servers, a manual log of equipment housed in the data center is being kept by the Data Center Operations Branch. The goal of IT Asset Management is to implement a single repository of IT asset data (procurement, location, and condition) to be able to assist District offices with inventory of their IT equipment.

Name: Daphne Congdon

Title: Director of Information Technology, Support Services

Telephone: (213) 241-1073

Title I Grants to LEAs:

The Federal and State Education Programs (FSEP) Office has put strong controls in place to ensure that schools properly maintain equipment inventories according to federal and state requirements. As per BUL-3508.7, all schools must turn in a completed categorical equipment inventory to FSEP annually; this is monitored and FSEP staff contact schools to ensure submittal of the inventory occurs. The FSEP office created an electronic inventory template and the Title I Coordinators assigned to each local district trained school staff on the use of the template.

All proposed categorically-funded equipment purchases are restricted and schools must obtain signed approval from the FSEP office before entering the purchase into the shopping cart to initiate the procurement transaction. In this manner, the FSEP office monitors the categorical equipment inventories to ensure schools have added all equipment on their inventory, if purchased, each year.

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Moving forward, the FSEP office will continue to ensure that, annually, schools are adequately trained via the local district Title I coordinators on all procedures and requirements related to the categorical equipment inventories. FSEP will also identify high-risk schools (e.g., schools that are slow to turn in their inventory, schools that have made several large equipment purchases, or schools cited as having an incomplete inventory) to more closely monitor their categorical equipment inventories.

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

Program Identification

Finding Reference Number:	F-2015-005
Federal Catalog of Domestic Assistance Number:	84.334
Federal Program Title:	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP),
Awarding Agency:	U.S. Department of Education
Award Number:	P334A110166
Compliance Requirement:	Matching
State Audit Guide Finding Code:	30000 and 50000

Criteria

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

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

U.S Department of Education: Gaining Early Awareness and Readiness for Undergraduate Programs, Office of Postsecondary Education:

- Section 404C(b) of the Higher Education Act requires at least 50% of the total cost of a GEAR UP project to be paid with State, local, institutional, or private funds.

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- Some GEAR UP grantees proposed in their applications matching contributions exceeding the statutory minimum. Under the GEAR UP regulations at 34 CFR 694.7(a) (2), a grantee is obligated to contribute the entire amount of match stated in its application, even if the amount exceeds the statutory requirement.
- Grantees are required by the GEAR UP regulations at 34 CFR 694.7(a) (2) to comply with the matching percentage stated in their applications for each individual year of the grant.

Condition

In our procedures performed over matching contributions, we noted that the District reported a total of \$3,358,536 matching expenditures for the reporting period of October 1, 2013 through September 30, 2014, which was due and submitted in April 2015. Of the total matching expenditures reported, \$723,923 was derived from the District's partners and \$2,634,613 was contributed from the District's resources. We randomly selected 12 transactions totaling \$138,902 from the partners' matching expenditures and 28 transactions totaling \$228,835 from the District's own resources and noted that the documentation for 3 out of 12 transactions provided by a partner was not adequately supported; as such, we were unable to agree the reported amount to the supporting documentation provided totaling \$9,288.

Cause and Effect

The condition happened prior to the implementation of the District's procedures to monitor and review the matching expenditures of the District's partners. The exceptions noted above were for matching expenditures for reporting period of October 1, 2013 through September 30, 2014.

Questioned Cost

Total exceptions amounted to \$9,288 of \$138,902 sampled from the total matching expenditures provided by District's partners totaling \$723,923.

However, the District's partner reported additional matching expenditures in the amount of \$8,350 to the District subsequently, which was not included in the original reported matching expenditures. The partner also provided the supporting documentation for the additional matching expenditures. As such, questioned cost related to the partner's matching expenditures was reduced by \$8,350 to \$938.

Recommendation

We recommend that the District continue to follow the newly established procedures to monitor and review the matching expenditures of the District's partners.

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

The District agrees with the recommendation and the procedures previously established in December 2014 will now be in effect beginning with the October 1, 2014 through September 30, 2015 fiscal year.

Name: Lois Bramwell

Title: Program Supervisor

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Program Identification

Finding Reference Number:

F-2015-006

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

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, California Department of Education, CFDA Nos. 93.575 and 93.596, Grant Agreement CSPP-4202 and CCTR-4101;

Child and Adult Care Food Program, U.S. Department of Agriculture, California Department of Education, CFDA No. 10.558, Grant Agreement 19-64733-0000000-01.

Compliance Requirement:

Reporting

State Audit Guide Finding Code:

30000 and 50000

Criteria

Child Care and Development Fund

Section C Enrollment and Attendance Accounting - VI of the District Contract with CDE, Accounting and Reporting Requirements:

Contractors shall use daily sign-in/sign-out sheets as a primary source document for audit and reimbursement purposes.

One of the following persons shall enter the time of arrival and departure on a sign-in/sign-out sheet and, except as specified below, shall sign the sheet using their full signature for both arrival and departure times:

- The parent or other adult authorized by the parent to drop off/pick up a child; or
- The staff person designated by the contractor as the person responsible for entering the times of arrival and departure if the child is not dropped off/picked up by a parent or other adult authorized by the parent

Section D – Attendance and Absences: Attendance, for the purposes of reimbursement, includes excused absences because of illness or quarantine of the child, illness or quarantine of their parent, family emergency, court-ordered visitations or a reason which is clearly in the best interest of the child.

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Child and Adult Care Food Program

Title 7 – Agriculture, Chapter II, Park 226 Child and Adult Care Food Program, Section (c) of 226.10 “Program Payment Procedures”:

Claims for Reimbursement shall report information in accordance with the financial management system established by the State agency, and in sufficient detail to justify the reimbursement claimed and to enable the State agency to provide the final Report of the Child and Adult Care Food Program (FNS 44) required under § 226.7(d). In submitting a Claim for Reimbursement, each institution shall certify that the claim is *correct and that records are available to support that claim*.

Condition

Child Care and Development Fund

To verify the accuracy of the attendance records, we obtained and reconciled the attendance records reported in the Early Education Student Information System (EESIS), a database system with features designed to track and report attendance data, to the daily sign-in/sign-out for sixty (60) weeks randomly selected from fifteen (15) Early Education Child Care Centers (EECCs). As a result of the reconciliation, we noted the following four (4) discrepancies from three (3) EECCs:

- One sign-in/sign-out sheet tracked two (2) days of “present” and three (3) days of “illness; however; EESIS reported three (3) days of “present” and Two (2) days of “illness”.
- One sign-in/sign-out sheet tracked three (3) days of “present”, one (1) day of “illness” and one (1) day of “unspecified absence”; however; EESIS reported one (1) day of “illness” and four (4) days of “present”.
- One sign-in/sign-out sheet tracked three (3) days of “present” and two (2) days of “unspecified absence”; however; EESIS reported five (5) days of “present”.
- One sign-in/sign-out sheet tracked five (5) days of “illness”; however; EESIS reported four (4) days of “illness” and one (1) day of “present”.

Child and Adult Care Food Program

To verify the accuracy of meals claimed, we randomly selected a total of sixty (60) days from twenty-five (25) out of ninety (90) Early Education Child Care Centers (EECCs). Based on our review of the underlying daily meal and snack count records, we noted the following variances in meals claimed by eight (8) EECs for nine (9) out of sixty (60) days:

- Breakfast counts were over / (under) reported by 1 and (20), respectively;
- Lunch counts were over / (under) reported by 11 and (25), respectively; and,
- Snack counts were over / (under) reported by 17 and (9), respectively.

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Cause and Effect

Child Care and Development Fund – There appears to be incidents where inaccurate attendance was reported by District staff.

Child and Adult Care Food Program – The condition appears to be due to oversight and lack of adequate training of the meal count process at the EECs level, which resulted in reporting errors.

Questioned Costs

Child Care and Development Fund

The questioned costs for the above-mentioned discrepancies in the attendance records could not be assessed (i.e., undetermined) because the District's final reimbursement amount will be determined by the California Department of Education (CDE) in accordance with sections 18039, 18054, and 18064 under the Title 5 of the California Code of Regulations (CCR). The CDE's determination is normally performed in January, seven months after the fiscal year end.

According to § 18054 "Determination of Reimbursable Amount":

"...all contractors shall be reimbursed for an audited claim that is the least of the following:

- (1) The maximum reimbursable amount as stated in the annual child development contract; or
- (2) The net reimbursable program costs; or
- (3) The product of the adjusted child days of enrollment for certified children, times the contract rate per child day of enrollment, times the actual percentage of attendance plus five percent (5%), but in no case to exceed one hundred percent (100%) of enrollment."

Child and Adult Care Food Program

The questioned cost for the total over and (under) billing amounted to \$48.34 and (\$114.28), respectively. The questioned cost is determined using the corresponding reimbursable rates contracted with CDE.

Recommendation

Child Care and Development Fund

We recommend that the District strengthen its processes to ensure that attendance records are reported accurately.

Child and Adult Care Food Program

We recommend the District provide guidance to its EEC operators to be more conscientious during the meal count process. The District should also strengthen its controls regarding the claim process to ensure the accuracy of the counts.

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

Child Care and Development Fund

The District agrees with the audit findings. The Early Childhood Education Division has experienced high turnover of Office Managers for various reasons. Of the 25 Early Education Centers (EECs) that were audited, 11 centers experienced Office Manager turnover during the past one to two years. Some had multiple short-term subs, some had long-term subs, and some were new to the position due to the retirement or promotion of the previous office manager. Although training was provided, we believe unusually high turnover is a contributing factor to the audit findings.

The Early Childhood Education (ECE) Division has implemented the following corrective action plan:

- One-on-one training is provided to new Office Managers by their Eligibility Technician, usually within the first week or two of hire date.
- After initial training, the Eligibility Technician, or Senior Eligibility Technician, visits the Office Manager at their center on an as-needed basis in order to provide more direct assistance.
- Eligibility Technicians are available to Office Managers and Principals by email and by phone from 6:30-5:00 daily. Special attention is given to sites experiencing problems.
- Group training was provided to new Office Managers on March 24, 2015 and will be provided as new groups are hired.
- Mandatory Training for all Office Managers was completed on the dates listed below:
 - Summer Training: July 15, 2014
 - Spring Training: March 30, 2015 and April 7, 2015
 - Fall Training: October 7, 2015
 - Additional Office Manager training sessions will be scheduled for winter and spring of 2016 and will focus on audit exceptions.
 - Policy training was also provided to EEC Principals on April 15, 2015.
- A comprehensive policy manual was provided to all Principals and Office Managers in early 2014. The manual is revised as policy changes. Both Principals and Office Managers are strongly encouraged to consult the manual for guidance. It is also available online.

The above-listed actions have been implemented as of November 18, 2015 and are part of the standard ongoing operational procedures of the Division.

Name: Claire Ealy

Title: Early Education Technology and Compliance Manager

Telephone: (213) 241-1140

Child and Adult Care Food Program

The Food Services Division agrees with the recommendation. We have started offering a refresher course to the Area Food Services Supervisors, EEC Food Service Managers and additional training to Food Service Workers, as deemed necessary, on the proper completion of the meal count reports. The refresher course also emphasizes a best practice on the reconciliation of the number of meals served to students. It includes a sample test/quiz. The training began via webinar on December 3, 2015.

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Name: Laura Benavidez
Title: Interim Co-Director of Food Services
Telephone: (213) 241-2999

Program Identification

Finding Reference Number:	F-2015-007
Federal Catalog of Domestic Assistance Number:	84.010
Federal Program Title:	Title I Grants to Local Education Agencies (LEAs)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number	Grant Agreement 14329-6473
Compliance Requirement:	Special Tests and Provisions
State Audit Guide Finding Code:	30000 and 50000

Criteria

Assessment System Security

Section 1111(b)(3)(C)(iii) of the ESEA – Academic assessments (A) In general: Such assessments shall – (i) be the same academic assessments used to measure the achievement of all children; (ii) be aligned with the State’s challenging academic content and student academic achievement standards, and provide coherent information about student attainment of such standards; (iii) be used for purposes for which such assessments are valid and reliable, and be consistent with relevant, nationally recognized professional and technical standards;

REF-6316 – California English Language Development Test (CELDT) Training for Principals and Coordinators and Electronic Submission of Test Security Forms for 2014-15. Part 1 of Section II – Required CELDT Testing Security Forms:

Prior to the delivery of the CELDT materials to schools, the District is required by the California Department of Education (CDE) to obtain the CELDT Test Security Agreement and Affidavit forms from principals.

REF-6413 – 2014-15 California Assessment of Student Performance and Progress (CAASPP) Test Security Forms and Principal’s Portal Requirements. Section C – Principal and Coordinator Training for Administering CAASPP tests:

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When the CAASPP coordinator is designated in the Principal's Portal, the appointee is automatically enrolled in three separate trainings in the Learning Zone:

- 2014-15 CAASPP Security Forms Training
- 2014-15 CAASPP Training for Coordinators
- 2014-15 Smarter Balanced Coordinator Training

The CAASPP coordinator should complete the 2014-15 CAASPP Security Forms Training by Friday, November 21, 2014. The other two trainings will be available in early spring 2015 and they must be completed before any CAASPP tests are administered at the school.

Highly Qualified Teachers and Paraprofessionals

No Child Left Behind Act Section 1119, (i) Verification of Compliance:

- (1) In General – In verifying compliance with this section, each local educational agency, at a minimum, shall require that the principal of each school operating a program under section 1114 or 1115 attest annually in writing as to whether such school is in compliance with the requirements of this section.

MEM-6400: F – Principal Certification Form for the 2014-15 School Year: The Principal certification Form for the 2014-15 school year may be found online at <http://go.teachinla.com/nclb>. Principals must complete and submit the Certification Form electronically no later than November 21, 2014.

Upon reviewing the school's teacher roster, if any teacher assigned to an NCLB core subject is not highly qualified, the school is not in compliance with NCLB with respect to teacher qualifications. If this information appears to be inaccurate, or if you have questions regarding the NCLB compliance of a specific teacher, please call the NCLB Unit-Certificated, Credentials, Contract and Compliance Services at (213) 241-2062.

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:

A paraprofessional must hold a high-school diploma or its recognized equivalent and meet one of the following requirements:

1. Completed at least two years of study at an institution of higher education;
2. Obtained an associate's or higher degree; or
 - 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:
 - Reading/language arts, writing, and mathematics or
 - 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.

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Condition

Assessment System Security

In our procedures to ascertain that the District has implemented test security measures, we obtained and reviewed the District's Reference Guides for the CELDT and CAASPP tests. In testing the District's adherence to the Reference Guides, we selected a sample of sixty (60) out of 7,503 security agreements, affidavits, and certificates that were required to be completed during the school year 2014-15, to determine whether the required forms were completed prior to the administration of the CELDT, CAHSEE, and CAASPP tests at the schools. We noted that the CELDT testing security forms for two (2) coordinators were completed after the test date. In addition, the District was unable to provide one (1) CELDT testing security form and two (2) CAASPP security forms. As a result, we were unable to determine whether these security forms were completed prior to the test date.

Highly Qualified Teacher

In our procedures to verify that the District's compliance with the highly qualified teachers requirement and timely submission of Principal Certification Form, we obtained a log maintained by the Certified Workforce Management and Qualification Division (Division) to track the status of Principal Certification Form submission and highly qualified teachers. We selected sixty (60) schools from the log to determine whether the Principal Certification Forms were submitted in a timely manner and whether teachers assigned to an NCLB core subject are highly qualified. We noted that twenty-nine (29) schools submitted the Principal Certification Forms after the extended due date of January 30, 2015. Also, we noted that at one (1) school where the Principal certified that all teachers assigned to an NCLB core subject are highly qualified, one (1) teacher assigned to an NCLB core subject was not highly qualified.

Highly Qualified Paraprofessional

In our procedures to verify if the District is in compliance with the highly qualified paraprofessional requirement, we selected forty (40) out of 3,566 paraprofessionals funded by Title I, Part A during the fiscal year 2014-15 and noted that the supporting document for an associate of arts degree of one (1) employee was obtained from the school subsequent to our request.

Cause and Effect

Assessment System Security

The District has policies and procedures in place to implement test security measures as demonstrated by the Reference Guides. The condition appears to be an internal control deficiency where personnel did not follow the District's policies and procedures.

Highly Qualified Teacher

The District has policies and procedures in place to monitor the status of Principal Certification Form submission and adherence with the highly qualified teacher requirement as demonstrated by the log maintained by the Division. During fiscal year 2014-15, the District implemented a new student

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information system and experienced implementation issues that delayed the Principal Certification process.

For the one (1) school where the Principal certified that all teachers assigned to an NCLB core subject are highly qualified when one (1) teacher assigned to an NCLB core subject was not highly qualified; this is an isolated incident due to staff oversight.

Highly Qualified Paraprofessional

The District does have a proper procedure in verifying the highly qualified status of the paraprofessionals before placing them in the Title I, Part A funded programs. However, the condition resulted from improper recordkeeping in the personnel file.

Questioned Costs

Assessment System Security

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control over monitoring and maintaining the CELDT and CAASPP Security Forms.

Highly Qualified Teachers and Highly Qualified Paraprofessional

The finding related to the Principal Attestation is a programmatic non-compliance issue and it does not constitute any questioned costs.

Recommendation

Assessment System Security

We recommend that the District strengthen its monitoring process to ensure that the required Security Forms are signed and dated prior to the test date and are maintained in a systematic manner.

Highly Qualified Teachers

We recommend that the District strengthens its monitoring process to ensure that schools are compliant with the principal attestation requirement and submit the accurate certifications timely.

Highly Qualified Paraprofessionals

We recommend that the District strengthens its policies and procedures to ensure that all Title I Basic funded paraprofessionals are highly qualified.

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

Assessment System Security

Background

The Student Testing Branch has processes and procedures in place to collect security documents for each testing program prior to the delivery of testing materials to schools. Initially, principals electronically certify the affidavits and agreements in the Principal's Portal. Coordinators electronically certify security documents by completing the security forms training and taking an assessment in the Learning Zone. After the initial electronic certification, principals and coordinators are required to read, agree to, and sign a hard copy of the security affidavit and security agreement for each testing program. Coordinators are then required to submit a copy of the signed security documents to their designated Testing Center.

Deficiencies Identified By the Audit for CELDT and CAASPP

The current process allows for the electronic submission of security documents before materials are delivered to schools. However, as revealed by the audit, hard copies of the security documents for identified schools were signed after testing had been completed or not signed at all by the principal/coordinator. Preferably, the date on which security documents are electronically certified should be the same date the security documents are signed.

Corrective Action Plan to Address the Deficiencies

As a result of the findings and recommendations, the following corrective action plan will be implemented by the Student Testing Branch.

1. **Collection of CAASPP Security Documents**
For the 2015-16 school year, the Student Testing Branch will collect security documents during the fall semester, before the administration of the Smarter Balanced Summative Assessments and CAASPP Paper-Pencil Tests are administered.
2. **Collection of CELDT Security Documents**
Because materials for the CELDT testing program have already been released to schools for the 2015-16 school year, some elements of the plan will be implemented in 2015-16. The full implementation of the plan will start in the 2016-17 school year. When the plan is fully implemented, the Student Testing Branch will require that principals and coordinators sign their security documents before materials are released to schools.

Implementation of the Corrective Action Plan

1. **CAASPP Regulatory Requirements**
 - **CAASPP Test Security Agreement:** The CAASPP Test Site Coordinator shall sign the CAASPP Test Security Agreement before receiving any of the test materials.

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- CAASPP Test Security Affidavit: The CAASPP Test Site Coordinator should sign a CAASPP Test Security Affidavit to acknowledge the limited purpose of their access to the tests.

The Student Testing Branch will continue using the Principal's Portal and the Learning Zone for principals and test site coordinators (respectively) to electronically certify their security documents.

Signed security documents for the CAASPP program will be collected in the fall. The Student Testing Branch conducts CAASPP Fall Testing Meetings for principals and coordinators in November/December. Security documents will be collected from principals and coordinators who attend the meeting.

Security documents for principals and coordinators who are unable to attend the fall testing meeting will be obtained by the designated Testing Center. Testing Center Staff will contact schools to collect security documents. Security documents will be collected before schools leave for the winter break on December 18, 2015.

2. CELDT Regulatory Requirements

- CELDT Security Agreement: The CELDT coordinator is required to sign the test security agreement prior to the receipt of test materials.
- CELDT Security Affidavit: The CELDT coordinator is required to sign the test security affidavit prior to the receipt of test materials.

Currently, the Student Testing Branch requires the principal to electronically certify the CELDT security documents in the Principal's Portal before materials are delivered to schools. Although CELDT coordinators are instructed in trainings and reference guides not to access CELDT materials until they have signed both CELDT security documents, verification does not occur until the school requests additional CELDT materials.

The Student Testing Branch will continue using the Principal's Portal and the Learning Zone for principals and CELDT coordinators (respectively) to electronically certify their security documents. Starting with the 2016-17 school year, both coordinators and principals will be required to certify their security documents before materials are delivered to the school.

To accomplish the goal of collecting security documents from CELDT coordinators, the Student Testing Branch will work in collaboration with Local District English Learner Program staff. CELDT security documents for coordinators will be collected when CELDT coordinators attend the mandatory CELDT Test Examiner Training conducted by the Local District.

Security documents from principals and CELDT coordinators who are unable to attend the CELDT Test Examiner Training will be obtained by the designated Testing Center. Testing Center Staff will contact schools to collect security documents before materials are delivered to schools.

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Monitoring the Progress and Implementation of the Corrective Action Plan

The Student Testing Branch Administrative staff will:

- A. monitor the electronic certification of security documents for CAASPP and CELDT.
- B. coordinate with Local District English Learner staff for the collection of CELDT security documents.
- C. supervise the collection of security documents from principals and coordinators by each Testing Center.
- D. coordinate the release of CAASPP and CELDT materials by the Testing Warehouse only to schools where the principal and the coordinator have certified their security documents.

Moving Forward

During the 2015-16 school year, the Student Testing Branch will work with program managers in the Principal's Portal and the Learning Zone to streamline the online certification and collection of security documents from principals and coordinators. For future school years, we will explore the option of collecting electronic signatures to remove the need to collect and store paper documents.

Name: Cynthia Lim

Title: Office of Data and Accountability

Telephone: (213) 241-2460

Name: Oscar LaFarga

Title: Student Testing Branch, Office of Data and Accountability

Telephone: (213) 241-4104

Highly Qualified Teacher

It is our goal that all No Child Left Behind Principal Certification forms are submitted in a timely manner and reflect accurate data. In order to ensure timely compliance and accuracy, our deadline to receive the Principal Certification Forms was moved from November 21, 2014, for the 2014-2015 school year, to November 13, 2015, for the 2015-2016 school year. After the November 13, 2015 due date, staff will work on contacting schools for whom Principal Certification forms have not been received. It is our goal to continue to move this deadline up. In addition, we are currently working with MiSiS program developers to create an online means of Principal Certification form submittal, which will serve a two-fold purpose:

1. to eliminate inefficiencies caused by our process which required the faxing of documentation, and
2. to allow Human Resources to run a report reflecting current information regarding whether or not schools have sent notifications by the deadline.

Direct contact by staff and the enhancement of the current MiSiS system will improve the timely submission and accuracy of the Principal Certification Form.

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Name: Lydia Acosta-Stephens

Title: Director, Certificated Recruitment, Selection, and Credential Services

Telephone: (213) 241-5413

Name: Luz Ortega

Title: Coordinator, Credentials, Contract and Compliance Services

Telephone: (213) 241-5349

Highly Qualified Paraprofessionals

Personnel Commission staff is moving into an electronic-record keeping file system for new employees which should assist in the retention of documents in the personnel file.

Name: Karla Gould

Title: Personnel Director Personnel Commission

Telephone: (213) 241-7830

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Section IV - Findings and Questioned Costs Relating to State Awards

S-2015-001 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

- 9th Street Elementary School
- 24th Street Elementary School
- Capistrano Elementary School
- Hancock Park Elementary School
- Lull Special Education Center
- Meyler Elementary School
- Michelle Obama Elementary School
- President Elementary School
- Sharp Elementary School
- State Elementary School
- Teresa P. Hughes Elementary School
- West Hollywood Elementary School
- Woodlawn 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

For our sample of twenty-three (23) elementary schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2) and school month seven (7). SMASRs are system-generated reports from the District's My Integrated Student Information System (MISIS), a system utilized by the teachers to electronically input, submit and certify student attendance on a daily basis. MISIS was implemented for all of the District's schools during FY 2014-15, which replaced the District's former system, Integrated Student Information System (ISIS). The electronic system replaced manual daily attendance recording through Student Apportionment Attendance Record Cards. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to Revised Annual Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

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To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs, to verify that they were not included in the calculation of Average Daily Attendance reported in the P2 and P3. In addition, since the SMASRs are generated through MISIS, we also tested the system's general internal controls which included, but were not limited to appropriate access controls.

During FY 2014-15, due to certain circumstances such as system interruptions, the District's teachers were allowed to electronically submit and certify attendance on a subsequent day. We performed additional testing to determine whether the District retained paper documentation on which attendance was recorded contemporaneously. We selected a total of three (3) of the twenty-three (23) sampled elementary schools and for the attendance electronically submitted and certified on a subsequent day, and we traced the data reported in the sampled SMASRs to original source documentation on which attendance was recorded.

We selected a sample of 109,144 days of attendance and 2,297 days of absences for testing and noted the following findings:

- **9th Street Elementary School** - Out of the 2,913 days of attendance and twenty-seven (27) days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **24th Street Elementary School** – Out of the 4,898 days of attendance and fifty-nine (59) days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **Capistrano Elementary School** – Out of the 3,847 days of attendance and eighty (80) days of absences sampled, we noted the following exceptions:
 - Three (3) students were absent for three (3) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
- **Hancock Park Elementary School** – Out of the 6,737 days of attendance and 140 days of absences sampled, we noted the following exceptions:
 - Three (3) students were absent for three (3) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
- **Lull Special Education Center** – Out of the 665 days of attendance and 105 days of absences sampled, we noted the following exceptions:
 - Two (2) students were marked absent for two (2) days in the school's monthly attendance summary, but supporting documentation was provided reflecting the students as being present.
- **Meyler Elementary School** – Out of the 6,920 days of attendance and 111 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.

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- **Michelle Obama Elementary School** - Out of the 6,956 days of attendance and 104 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **President Elementary School** - Out of the 3,853 days of attendance and 106 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for two (2) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
- **Sharp Elementary School** - Out of the 5,757 days of attendance and 88 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **State Elementary School** - Out of the 4,933 days of attendance and 110 days of absences sampled, we noted the following exceptions:
 - Three (3) students were absent for three (3) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
- **Teresa P. Hughes Elementary School** - Out of the 5,732 days of attendance and 109 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **West Hollywood Elementary School** - Out of the 130 days of attendance submitted on a subsequent day and five (5) original supporting documentation related to three (3) classes sampled, we noted the following exceptions:
 - Twenty-three (23) students for a total of twenty-three (23) days were not supported by original supporting documentation verifying contemporaneous attendance recording.
 - Seventy-seven (77) students for a total of 107 days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these Seventy-seven (77) students.
- **Woodlawn Elementary School** - Out of the 6,569 days of attendance and 124 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for two (2) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.

These findings are repeat findings, having been reported previously at June 30, 2014 (S-14-01) but for different schools.

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Questioned Costs

17 days / 142 days = 0.12 ADA overstated * \$9,318 = \$1,118

- 9th Street Elementary School - 1 day overstated/142 days in single track school year
- 24th Street Elementary School - 1 day overstated/142 days in single track school year
- Capistrano Elementary School - 3 days overstated/142 days in single track school year
- Hancock Park Elementary School - 3 days overstated/142 days in single track school year
- Lull Special Education Center - 2 days understated/142 days in single track school year
- Meyler Elementary School - 1 day overstated/142 days in single track school year
- Michelle Obama Elementary School - 1 day overstated/142 days in single track school year
- President Elementary School - 2 days overstated/142 days in single track school year
- Sharp Elementary School - 1 day overstated/142 days in single track school year
- State Elementary School - 3 days overstated/142 days in single track school year
- Teresa P. Hughes Elementary School - 1 day overstated/142 days in single track school year
- Woodlawn Elementary School - 2 days overstated/142 days in single track school year

23 days / 142 days = 0.16 ADA overstated * \$9,318 = \$1,491

- West Hollywood Elementary School – 23 days overstated⁽¹⁾ / 142 days in single track school year

⁽¹⁾ - Represents the amount of days of attendance claimed which was not supported by original supporting documentation verifying contemporaneous attendance recording

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. Also, we recommend that the District retain paper documentation for those circumstances when the teachers may be allowed to electronically submit and certify attendance on a subsequent day.

Views of Responsible Officials and Planned Corrective Actions

District staff will continue to work with 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.

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S-2015-002 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

- Le Conte Middle School
- Nightingale Middle School
- Pio Pico Middle School
- Sepulveda Middle School
- Woodland Hills Academy
- Augustus F. Hawkins High School CHAS
- Cesar E. Chavez Learning Academy
- Dr. Maya Angelou Community High School
- Linda Esperanza Marquez High School
- Thomas Jefferson High School
- Sonia Sotomayor Learning Academy

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

For our sample of fourteen (14) secondary schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2) and school month seven (7). SMASRs are system-generated reports from the District's My Integrated Student Information System (MISIS), a system utilized by the teachers to electronically input, submit and certify student attendance on a daily basis. MISIS was implemented for all of the District's schools during FY 2014-15, which replaced the District's former system, Integrated Student Information System (ISIS). The electronic system replaced manual daily attendance recording through Student Apportionment Attendance Record Cards. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to Revised Annual Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs, to verify that they were not included in the calculation of Average Daily Attendance reported in the P2 and P3. In

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addition, since the SMASRs are generated through MISIS, we also tested the system's general internal controls which included, but were not limited to appropriate access controls.

During FY 2014-15, due to certain circumstances such as system interruptions, the District's teachers were allowed to electronically submit and certify attendance on a subsequent day. We performed additional testing to determine whether the District retained paper documentation on which attendance was recorded contemporaneously. We selected a total of three (3) of the fourteen (14) sampled secondary schools and for the attendance electronically submitted and certified on a subsequent day, and we traced the data reported in the sampled SMASRs to original source documentation on which attendance was recorded.

We selected a sample of 82,933 days of attendance and 890 days of absences from the District's secondary schools for testing and noted the following findings:

- **Le Conte Middle School**
 - Out of the 3,510 days of attendance and thirty-one (31) days of absences sampled, we noted the following exceptions:
 - Three (3) students were absent for a total of four (4) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
 - Out of the 82 days of attendance submitted on a subsequent day and five (5) original supporting documentation related to four (4) classes sampled, we noted the following exceptions:
 - Sixty-four (64) students for a total of 82 days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these Sixty-four (64) students.

- **Nightingale Middle School**
 - Out of the 6,842 days of attendance and 125 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for three (3) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
 - Out of the 86 days of attendance submitted on a subsequent day and two (2) original supporting documentation related to two (2) classes sampled, we noted the following exceptions:
 - Fifty-nine (59) students for a total of Fifty-nine (59) days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these Fifty-nine (59) students.

- **Pio Pico Middle School** - Out of the 5,792 days of attendance and 59 days of absences sampled, we noted the following exceptions:
 - Five (5) students were absent for seven (7) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.

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- **Sepulveda Middle School**
 - Out of the 9667 days of attendance and 174 days of absences sampled, we noted the following exceptions:
 - Twenty-eight (28) students were absent for twenty-eight (28) days, as evidenced by absence notes, but were recorded as present in the school's weekly attendance summary.
 - Out of the 231 days of attendance submitted on a subsequent day and eight (8) original supporting documentation related to four (4) classes sampled, we noted the following exceptions:
 - Seventy-two (72) students for a total of 121 days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these Seventy-two (72) students.

- **Woodland Hills Academy**
 - Out of the 6,831 days of attendance and 80 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
 - Out of the 58 days of attendance submitted on a subsequent day and five (5) original supporting documentation related to three (3) classes sampled, we noted the following exceptions:
 - Twenty-one (21) students for a total of Twenty-one (21) days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these Twenty-one (21) students.

- **Augustus F. Hawkins High School CHAS** – Out of the 4,263 days of attendance and 43 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.

- **Cesar E. Chavez Learning Academy** – Out of the 2,356 days of attendance and 25 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for two (2) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.

- **Dr. Maya Angelou Community High School**
 - Out of the 8,080 days of attendance and 47 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for two (2) days, as evidenced by absence notes but was marked as present in the school's monthly attendance summary.
 - Out of the 196 days of attendance submitted on a subsequent day and seven (7) original supporting documentation related to three (3) classes sampled, we noted the following exceptions:

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- Ninety-four (94) students for a total of 196 days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these Ninety-four (94) students.
- **Linda Esperanza Marquez High School** – Out of the 5,320 days of attendance and 33 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the school's monthly attendance summary.
- **Thomas Jefferson High School** – Out of the 9,449 days of attendance and 39 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of three (3) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
- **Sonia Sotomayor Learning Academy** – Out of the 4,200 days of attendance and 104 days of absences sampled, we noted the following exceptions:
 - Three (3) students were absent for three (3) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.

These findings are repeat findings, having been reported previously at June 30, 2014 (S-14-02) but for different schools.

Questioned Costs

District's secondary schools:

55 days / 142 days = 0.39 ADA overstated * \$9,318 = \$3,634

- Le Conte Middle School - 4 days overstated/142 days in single track school year
- Nightingale Middle School - 3 days overstated/142 days in single track school year
- Pio Pico Middle School - 7 days overstated/142 days in single track school year
- Sepulveda Middle School - 28 days overstated/142 days in single track school year
- Woodland Hills Academy - 1 day overstated/142 days in single track school year
- Augustus F. Hawkins High School CHAS - 1 day overstated/142 days in single track school year
- Cesar E. Chavez Learning Academy - 2 days overstated/142 days in single track school year
- Dr. Maya Angelou Community High School - 2 days overstated/142 days in single track school year
- Linda Esperanza Marquez High School - 1 day overstated/142 days in single track school year
- Thomas Jefferson High School - 3 days overstated/142 days in single track school year
- Sonia Sotomayor Learning Academy - 3 days overstated/142 days in single track school year

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Recommendation

We recommend that the District continue to strengthen its controls over implementing District policies over student attendance reporting. Furthermore, we recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to. Also, we recommend that the District retain paper documentation for those circumstances when the teachers may be allowed to electronically submit and certify attendance on a subsequent day.

Views of Responsible Officials and Planned Corrective Actions

District staff will continue to work with 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-2015-003 - Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

Schools Affected

- Frida Kahlo Continuation High School
- View Park Continuation High School

Criteria

Title 5, California Code of Regulations, Section 401(d) – In all classes for adults, continuation schools, and classes, and regional occupational centers and programs, attendance shall be reported to the supervising administrator at least once each school month.

California Education Code, Section 46300(a) - In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils and under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

California Education Code, Section 46170 – In continuation high schools and continuation education classes, a day of attendance is 180 minutes of attendance but no pupil shall be credited with more than 15 hours of attendance per school per week, proportionately reduced for those school weeks having weekday holidays on which classes are not held.

Condition, Cause and Effect

In our sample of two (2) continuation schools, we traced the total on *Worksheet for Completing the Statistical Report* and compared the totals to the monthly school's *Statistical Report* totals, which in turn were traced to the *Second Principal Report* (P2) and the *Annual Principal Report* (P3) for the third school month. We also employed the same sample of two continuation schools and traced the days reported on the *Monthly School Statistical Report* and compared the totals to the

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Student Apportionment Attendance Cards and the supporting attendance records maintained by the selected teachers.

We noted the following findings:

- **Frida Kahlo High School** - Of the 3,446 hours (1,148.67 days) of attendance, thirty-eight (38) days of absences sampled and tested, we noted the following finding:
 - Attendance for seven (7) students was overstated by 14.17 hours or 4.72 days
- **View Park High School** - Of the 1,407 hours (469 days) of attendance, 38 days of absences sampled and tested, we noted the following finding:
 - Attendance for four (4) students was overstated by 3.50 hours or 1.17 days

Questioned Costs

5.89 days / 142 days = .04 ADA overstated * \$9,318= \$373

- Frida Kahlo High School – 4.72 days overstated / 142 days in single track school year
- View Park High School – 1.17 days overstated / 142 days in single track school year

Recommendation

We recommend that the District strengthen its review process over the compilation of the *Monthly Statistical Reports* to ensure that the reports accurately reflect student attendance data.

Views of Responsible Officials and Planned Corrective Actions

District staff will continue to work with 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-2015-004 – Attendance Accounting – Dependent Charter School – Attendance Computations

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Granada Community Charter
- Paul Revere Middle School
- William Howard Taft Charter 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

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of an employee of the district or county office who possessed a valid certification document, registered as required by law.

Condition, Cause and Effect

For our sample of three (3) charter schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2) and school month seven (7). SMASRs are system-generated reports from the District's My Integrated Student Information System (MISIS), a system utilized by the teachers to electronically input, submit and certify student attendance on a daily basis. MISIS was implemented for all of the District's schools during FY 2014-15, which replaced the District's former system, Integrated Student Information System (ISIS). The electronic system replaced manual daily attendance recording through Student Apportionment Attendance Record Cards. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to Revised Annual Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs, to verify that they were not included in the calculation of Average Daily Attendance reported in the P2 and P3. In addition, since the SMASRs are generated through MISIS, we also tested the system's general internal controls which included, but were not limited to appropriate access controls.

During FY 2014-15, due to certain circumstances such as system interruptions, the District's teachers were allowed to electronically submit and certify attendance on a subsequent day. We performed additional testing to determine whether the District retained paper documentation on which attendance was recorded contemporaneously. We selected a total of three (3) of the three (3) sampled charter schools and for the attendance electronically submitted and certified on a subsequent day, and we traced the data reported in the sampled SMASRs to original source documentation on which attendance was recorded.

We selected a sample of 29,220 days of attendance and 371 days of absences from the District's charter schools for testing and noted the following findings:

- **Granada Community Charter** - Out of the 3,659 days of attendance and 67 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.

- **Paul Revere Middle School**
 - Out of the 13,238 days of attendance and 197 days of absences sampled, we noted the following exceptions:
 - Eighteen (18) students were absent for twenty-one (21) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.

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- Out of the 110 days of attendance submitted on a subsequent day and three (3) original supporting documentation related to three (3) classes sampled, we noted the following exceptions:
 - Thirty-nine (39) students for a total of thirty-nine (39) days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these thirty-nine (39) students.
- **William Howard Taft Charter High School**
 - Out of the 12,323 days of attendance and 107 days of absences sampled, we noted the following exceptions:
 - Nine (9) students were absent for ten (10) days, as evidenced by absence notes but were marked as present in the school's monthly attendance summary.
 - Out of the 305 days of attendance submitted on a subsequent day and twelve (12) original supporting documentation related to twelve (12) classes sampled, we noted the following exceptions:
 - Six (6) students for a total of six (6) days were not supported by original supporting documentation verifying contemporaneous attendance recording.
 - 297 students for a total of 299 days were not supported by original supporting documentation verifying contemporaneous attendance recording. However, we were able to obtain additional supporting documentation to verify the student's attendance record; and as such, there are no adjustments to the District's ADA related to these 297 students.

These findings are repeat findings, having been reported previously at June 30, 2014 (S-14-02) but for different schools.

Questioned Costs

District's charter schools:

- $2 \text{ days} / 142 \text{ days} = 0.01 \text{ overstated} * \$8,489 = \$85$
 - Granada Community Charter - 2 days overstated/142 days in single track school year
- $21 \text{ days} / 142 \text{ days} = 0.15 \text{ overstated} * \$6,492 = \$974$
 - Paul Revere Middle School - 21 days overstated/142 days in single track school year
- $10 \text{ days} / 142 \text{ days} = 0.07 \text{ overstated} * \$8,700 = \$609$
 - William Howard Taft Charter High School - 10 days overstated/142 days in single track school year
- $6 \text{ days} / 142 \text{ days} = 0.04 \text{ overstated} * \$8,700 = \$348$
 - William Howard Taft Charter High School - 6 days overstated⁽¹⁾ / 142 days in single track school year

⁽¹⁾ - Represents the amount of days of attendance claimed which was not supported by original supporting documentation verifying contemporaneous attendance recording

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Recommendation

We recommend that the District continue to strengthen its controls over implementing District policies over student dependent charter schools' 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. Also, we recommend that the District retain paper documentation for those circumstances when the teachers may be allowed to electronically submit and certify attendance on a subsequent day.

Views of Responsible Officials and Planned Corrective Actions

District staff will continue to work with 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-2015-005 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 4000 and 7100

Schools Affected

- Arleta Senior High School
- Augustus F Hawkins Senior High
- Dr. Maya Angelou Community Senior High
- Woodland Hills Academy Middle School

Criteria

California Education Code, Section 44203(d) - "Authorization" means the designation that appears on a credential, certificate, or permit that identifies the subjects and circumstances in which the holder of the credential, certificate, or permit may teach, or the services which the holder may render in the public schools of this state.

Section 44256 - Authorization for teaching credentials shall be of four basic kinds, as defined below:

- (a) "Single subject instruction" means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools. The holder of a single subject teaching credential or a standard secondary credential or a special secondary teaching credential, as defined in this subdivision, who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 7 to 12, inclusive, other than the subject for which he or she is already certificated to teach, shall be eligible to have this subject appear on the credential as an authorization to teach this subject. The commission, by regulation, may require that evidence of additional competence is a condition for instruction in particular subjects, including, but not limited to, foreign languages. The commission may establish and implement alternative

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requirements for additional authorizations to the single subject credential on the basis of specialized needs. For purposes of this subdivision, a special secondary teaching credential means a special secondary teaching credential issued on the basis of at least a baccalaureate degree, a student teaching requirement, and 24 semester units of coursework in the subject specialty of the credential.

- (b) "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education. The holder of a multiple subject teaching credential or a standard elementary credential who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 9 and below shall be eligible to have that subject appear on the credential as authorization to teach the subject in departmentalized classes in grades 9 and below. The governing board of a school district by resolution may authorize the holder of a multiple subject teaching credential or a standard elementary credential to teach any subject in departmentalized classes to a given class or group of students below grade 9, provided that the teacher has completed at least 12 semester units, or six upper division or graduate units, of coursework at an accredited institution in each subject to be taught. The authorization shall be with the teacher's consent. However, the commission, by regulation, may provide that evidence of additional competence is necessary for instruction in particular subjects, including, but not limited to, foreign languages. The commission may establish and implement alternative requirements for additional authorizations to the multiple subject credential on the basis of specialized needs.
- (c) "Specialist instruction" means any specialty requiring advanced preparation or special competence, including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.
- (d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or career technical courses which courses may be part of a program of trade, technical, or career technical education.

Condition, Cause and Effect

During our procedures performed for each class sampled for attendance testing of regular and special day classes, adult education, and continuation, we reviewed the classroom teacher's credentials to determine if they possessed valid credentials, if their assigned teaching position was consistent with the authorization of their certification, and if the teachers held a valid English instruction certification in instances when the teacher taught a class in which more than 20% of the pupils were English learners.

We tested a total of 238 teachers and noted six (6) exceptions for K-12 teachers who were assigned to teach in a position not consistent with the authorization of his/her certification:

- Arleta Senior High School – Two (2) teachers were assigned to teach in a position not consistent with the authorization of his/her certification.
- Augustus F Hawkins Senior High – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

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- Dr. Maya Angelou Community Senior High – Two (2) teachers were assigned to teach in a position not consistent with the authorization of his/her certification.
- Woodland Hills Academy Middle School – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

Questioned Costs

This finding is a non-compliance with the Education Code.

Recommendation

We recommend that the schools and District strengthen controls to ensure that the teachers are assigned to teach in a position consistent with the authorization of his/her certification.

Views of Responsible Officials and Planned Corrective Actions

Human Resources (HR) staff has worked collaboratively with MISIS staff to ensure that teachers' assignments and credentials are correctly mapped so that data is reported accurately. Trainings have been held with all newly assigned administrators who are responsible for creating master schedules to review credentials, authorizations and appropriate assignments. In a future update of MISIS, any administrator attempting to create an assignment for a teacher who does not hold an appropriate authorization will receive an error message generated automatically by the system. Additionally, HR staff will continue to monitor assignments and work with administrators on rectifying the assignments as soon as possible.

S-2015-006 – Kindergarten Continuance

State Audit Guide Finding Codes: 4000

School Affected

- West Hollywood Elementary School

Criteria

California Education Code, Section 46300 - In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten only if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the State Department of Education and signed by the pupil's parent or guardian, that the pupil shall be retained in kindergarten for not more than an additional school year.

Condition, Cause and Effect

Using the same 23 elementary schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2014-15 and kindergarten in school year 2013-14 and verified that a signed kindergarten continuance parental agreement (Agreement) was maintained. We noted the following exception:

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- West Hollywood Elementary School – A signed Agreement was not on file for one (1) student.

In addition, we noted that the Agreements for four (4) students at three (3) schools were signed but not dated by the parent or guardian. Of these four (4) Agreements that were not dated, we noted that two (2) Agreements had a signature line only and did not have a date line. We obtained certification from the school principals that the Agreements were signed before the start of the school year 2014-15. Since a signed Agreement was on file, there are no adjustments to the District's ADA related to these four (4) students.

Questioned Costs

\$8,573 (0.92 total ADA overstated x \$9,318)

- West Hollywood Elementary School
 - 131 days overstated / 142 days in single track school year = 0.92 ADA

Recommendation

We recommend that the School adhere to the District's policy by retaining evidence of the signed and dated parental agreement to continue forms for all students repeating kindergarten to support the inclusion of such pupils in the average daily attendance computation.

Views of Responsible Officials and Planned Corrective Actions

The LAUSD will review and revise relevant policies to support and guide schools in correctly adhering to District's policy. The completion deadline for these revisions will be March 1, 2016. The revised policy documents will be posted in the LAUSD online database "Inside LAUSD" and announced on the District-wide communications: LAUSD Brief and Division of Instruction Instructional Update, which are emailed directly to administrators and teachers.

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S-2015-007 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Hawaiian Elementary School
- 15th St Elementary School
- Annalee Elementary School
- Caroldale Learning Community Elementary School
- Dominguez Elementary School
- Lomita Math/Sci Magnet Elementary School
- Catskill Elementary School
- Halldale Elementary School
- Meyler Elementary School
- Van Deene Elementary School
- Columbus Middle School
- Dolores Elementary School
- Van Nuys Middle School
- Canterbury Elementary School
- Hart St. Elementary School
- Limerick Elementary School
- Granada Elementary School
- Haddon Elementary School
- Mountain View Elementary School
- Nevada Elementary School
- Plainview Charter Academy Elementary School
- Sunland Elementary School
- Obama Glbl Prep Academy Middle School
- Portola Middle School
- Romer Middle School
- San Fernando Middle School
- Sutter Middle School
- White Middle School
- Glenwood Elementary School
- Hazeltine Elementary School
- Roscoe Elementary School
- Sylmar 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 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. For those programs or school sites operating in a community where early release policy does not meet the unique 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.

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(2) (A) It is the intent of the Legislature that elementary school pupils participate in the full day of the program every day during which pupils participate and that pupils in the middle or junior high school attend a minimum of six hours a week or three days a week to accomplish program goals, except when arriving late in accordance with the late arrival policy or as reasonably necessary.

(2) (B) A pupil who attends less than one-half of the daily program hours shall not be accounted for the purposes of the attendance.

California Education Code 8482 – The purpose of this program is to create incentives for establishing locally driven before and after school enrichment programs both during schooldays and summer, intersession, or vacation days that partner public schools and communities to provide academic and literacy support and safe, constructive alternatives for youth. The term public school includes charter schools.

Condition, Cause and Effect

On a sample basis, we tested attendance documentation of 40 schools and 13,626 days of attendance for students who participated in the After School Education and Safety Program. We examined the attendance records for the selected students and verified whether the attendance reporting was complete and accurate. We also verified whether the selected students complied with the attendance requirements established by the District, as required by the California Education Code. We noted the following exceptions:

After School Component of the Program

On a sample basis, we tested the attendance documentation of 32 schools and 12,582 days of attendance in the after school component of the After School Education and Safety Program.

There were a total of seven (8) 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.

- **Plainview Charter Academy** – One (1) student did not have proper sign-in or sign-out time for one (1) day.
- **Obama Glbl Prep Academy Middle School** – Three (3) students did not have proper sign-in or sign-out time for twelve (12) days.
- **White Middle School** – Four (4) students did not have proper sign-in or sign-out time for a total of four (4) days.

There were 32 students in 15 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

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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:

- **15th St. Elementary School** – One (1) student did not participate in the full period of the after school program for a total of one (1) day that he participated and there was no properly filled out early release form to explain why such requirement was not complied with.
- **Annalee 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 filled out early release forms to explain why such requirement was not complied with.
- **Caroldale Learning Community 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.
- **Catskill Elementary School** – One (1) student did not participate in the full period of the after school program for a total of one (1) day that she participated and there was no properly filled out early release form to explain why such requirement was not complied with.
- **Dominguez Elementary School** – One (1) student did not participate in the full period of the after school program for a total of one (1) day that she participated and there was no properly filled out early release form to explain why such requirement was not complied with.
- **Lomita Math/Sci Magnet Elementary School** – One (1) student did not participate in the full period of the after school program for a total of one (1) day that she participated and there was no properly filled out early release form to explain why such requirement was not complied with.
- **Halldale Elementary School** – Five (5) students did not participate in the full period of the after school program for a total of nine (9) days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **Van Deene 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 filled out early release forms to explain why such requirement was not complied with.
- **Columbus Middle School** – One (1) student did not participate in the full period of the after school program for a total of three (3) days that she participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **Dolores Elementary School** – One (1) student did not participate in the full period of the after school program for a total of two (2) days that he participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **Granada 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

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properly filled out early release forms to explain why such requirement was not complied with.

- **Mountain View Elementary School** – Three (3) students did not participate in the full period of the after school program for a total of five (5) days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **Plainview Charter Academy Elementary School** – Seven (7) students did not participate in the full period of the after school program for a total of seventeen (17) days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with.
- **San Fernando Middle School** – Two (2) students did not participate in the full period of the after school program for a total of eight (8) days that they participated and there were no properly filled out early release forms to explain why such requirement was not complied with. #
- **Sutter Middle School** – One (1) student did not participate in the full period of the after school program for a total of four (4) days that he participated and there were no properly filled out 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 2014-2015. 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:

- **Hawaiian Elementary School** – MAR was understated by one (1) day, compared to the sign-in sheets.
- **Annalee Elementary School** - MAR was overstated by two (2) days, compared to the sign-in sheets. In addition, one (1) student was listed as present for a total of one (1) day on the MAR but absent on sign-in sheet.
- **Caroldale Learning Community Elementary School** – MAR was understated by four (4) days, compared to the sign-in sheets.
- **Catskill Elementary School** – One (1) student was marked absent for a total of one (1) day on sign-in sheet but marked present on the MAR.
- **Dominguez Elementary School** - MAR was understated by four (4) days, compared to the sign-in sheets.
- **Lomita Math/Sci Magnet Elementary School** – MAR was overstated by four (4) days, compared to the sign-in sheets. In addition, one (1) student was marked absent for a total of four (4) days on sign-in sheet but marked present on the MAR.
- **Halldale Elementary School** – MAR was overstated by three (3) days, compared to the sign-in sheets. In addition, four (4) students were marked absent for a total of ten (10) days on the sign-in sheet but marked present on the MAR.
- **Meyler Elementary School** – MAR was overstated by one (1) day compared to the sign-in sheets.

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- **Van Deene Elementary School** – MAR was overstated by sixteen (16) days compared to the sign-in sheets. Three (3) students were marked absent for a total of three (3) days on sign-in sheet but marked present on the MAR.
- **Columbus Middle School** – MAR was overstated by twenty (20) days compared to the sign-in sheets.
- **Dolores Elementary School** – MAR was understated by four (4) days compared to the sign-in sheets.
- **Granada Elementary School** – MAR was understated by four (4) days compared to the sign-in sheets. In addition, one (1) student was marked present for a total of two (2) days on sign-in sheet but marked absent on MAR. One (1) student was marked absent for a total of one (1) day on sign-in sheets but marked present on the MAR.
- **Haddon Elementary School** – MAR was understated by twenty-six (26) days compared to the sign-in sheets.
- **Mountain View Elementary School** – MAR was understated by twenty-five (25) days compared to the sign-in sheets. One (1) student was marked present for a total of one (1) day on sign-in sheet but marked absent on the MAR.
- **Nevada Elementary School** – MAR was understated by twenty-three (23) days compared to the sign-in sheets.
- **Plainview Charter Academy Elementary School** – Four (4) students were marked present for a total of fourteen (14) days on sign-in sheet but marked absent on the MAR. One (1) student was marked absent for a total of one (1) day on sign-in sheets but marked present on the MAR.
- **Sunland Elementary School** – MAR was understated by ten (10) days compared to the sign-in sheets. One (1) student was marked present for a total of four (4) days on sign-in sheet but marked absent on the MAR.
- **Obama Gbl Prep Middle School** – MAR was overstated by nine (9) days compared to the sign-in sheets. In addition, one (1) student was marked present for a total of four (4) days on the MAR but marked absent on sign-in sheet.
- **Portola Middle School** – MAR was understated by fifteen (15) days compared to the sign-in sheets.
- **Romer Middle School** – MAR was understated by ten (10) days compared to the sign-in sheets.
- **San Fernando Middle School** – MAR was understated by thirteen (13) days compared to the sign-in sheets. In addition, seven (7) students were marked present for a total of eight (8) days on the MAR but marked absent on sign-in sheet.
- **Sutter Middle School** – MAR was overstated by twelve (12) days compared to the sign-in sheets. In addition, seven (7) students were marked present for a total of eighteen (18) days on the MAR but marked absent on sign in sheet.
- **Van Nuys Middle School** – MAR was overstated by two (2) days compared to the sign-in sheets. In addition, two (2) students were marked absent for a total of two (2) days on the

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MAR but were marked present on sign-in sheet. Three (3) students were marked present for a total of three (3) days on the MAR, but were absent on the sign-in sheet.

- **White Middle School** – MAR was understated by one (1) day compared to the sign-in sheets. One (1) student was marked present for a total of one (1) day on the MAR, but was absent on the sign-in sheet.

Before School Component of the Program

On a sample basis, we tested the attendance documentation of 8 schools and 1,044 days of attendance in the before school component of the After School Education and Safety Program.

There were two (2) students in two (2) schools that did not comply with the established late arrival policy.

- **Roscoe 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.
- **Sylmar 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.

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 2014-2015. 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:

- **Canterbury Elementary School** – MAR was understated by sixty (60) days compared to the sign-in sheets.
- **Glenwood Elementary School** – MAR was understated by one (1) day compared to the sign-in sheets.
- **Hart St. Elementary School** – MAR was understated by one (1) day compared to the sign-in sheets.
- **Hazeltine Elementary School** – MAR was overstated by one (1) day compared to the sign-in sheets. In addition, one (1) student was marked present on the MAR for a total of four (4) days but was not signed in.
- **Limerick Elementary School** – MAR was understated by seventeen (17) days compared to the sign-in sheets. In addition, four (4) students were marked as absent on the MAR for a total of four (4) days but were signed in. One (1) student was marked as present on the MAR for a total of one (1) day but was not signed in.
- **Roscoe Elementary School** – MAR was overstated by five (5) days compared to the sign-in sheets.

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Questioned Costs

As a result of our testing, the over and under reporting of attendance were summarized in the Condition, Cause and Effect section above. The California Department of Education will determine the impact of the above exceptions on the After School Education and Safety Program funding if there is any.

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records. We also recommend for the District to continue performing agency visits to ensure compliance with the established policies.

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 reporting policies and procedures as well as how we are monitoring how the procedures are being implemented at the sites to ensure documentation of reported attendance figures is readily available and accurate for auditing purposes.

1. Agency contractors and program personnel are required to attend a "Start-Up Meeting" scheduled prior to the beginning of the school year. During the "Start-Up Meeting," extensive time is spent on training staff on the importance of properly documenting and maintaining accurate attendance.
2. 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 monitors attendance to ensure procedures are being used and documentation is maintained as required.
3. 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.
4. The following "Policies and Procedures/Risk Management" training dates are scheduled for the 2015-2016 year (NOTE: Attendance Documentation has been implemented as a result of previous audit findings):
 - 07/08/15, 07/29/15, 08/04/15, 08/05/15, 08/06/15, 08/07/15, 08/08/15, 08/10/15, 08/11/15, 08/12/15, 08/13/15, 08/14/15, 08/15/15, 08/17/15, 09/14/15, 09/16/15, 09/19/15, 10/06/15, 10/17/15, 11/18/15, 12/8/15, 12/15/15, 1/23/16, 2/9/16, 3/12/16, 4/12/16, 4/13/16, 5/14/16

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5. 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.
6. Beyond The Bell Branch conducts "site visits" to monitor program quality and student attendance through:
 - a. Field Office Administrators
 1. Certificated Administrators conduct site visits to evaluate and monitor agency program implementation. Attendance documentation is closely monitored during these site visits
 - b. Field Office Traveling Playground Supervisors
 1. Classified/Unclassified Traveling Playground Supervisors conduct weekly visits to evaluate and monitor agency program implementation. Attendance documentation is closely monitored during these site visits.
 - c. Central Office Administrators
 1. 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.
7. 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:
 - a. Comply with Beyond the Bell's "Early Release Policy."
 - b. Verify the sign-in/sign-out forms are certified by Site Coordinator.
 - c. Contain Student ID Numbers.
8. To ensure the documentation for the After School Education and Safety Programs (ASES) 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:

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- 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 continues 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 2016 – 2017 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 e-mail. 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.

We will continue to monitor these changes in protocol to ensure that the procedures are followed and all information is reported accurately and documented as necessary for auditing purposes. Should problems arise in any area for contractors or staff, Beyond the Bell will alter and refine the process accordingly to ensure continuous improvement in operations.

S-2015-008 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

School Affected

- Paul Revere Middle School (Dependent Charter School)

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Criteria

California Education Code, Section 2574(b)(3)(A): In determining the enrollment percentage of unduplicated pupils, under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS).

(B): The Superintendent shall make the calculations pursuant to this section using the data submitted through the CALPADS.

Condition, Cause and Effect

On a sample basis, we tested the Free and Reduced Price Meal (FRPM) and English Learner (EL) eligibility of 2,956 students from 40 schools from the “1.18 – FRPM / English Learner / Foster Youth – Student List” reported in the CALPADS. We examined supporting documentation for the selected students and verified their respective eligibility.

Of the 2,956 students tested, 1,025 students were selected for verification of their English Language Acquisition Status (ELAS) designation of English Learner (EL) in accordance with procedure 19849(a)(2) of the audit guide. The ELAS designations include English Learner (EL), English Only (EO), Reclassified Fluent English Proficient (RFEP), or Initially English Proficient Student (IFEP). Students who are determined to be EL can be reclassified based on completion of required measures. Reclassification is the process by which the District determines if students who are EL have acquired sufficient proficiency in English to perform successfully in core academic subjects without English Language Development (ELD) support. Successful reclassification would lead to the student’s ELAS designation changing to either RFEP or IFEP.

Based on our testing, we noted that one (1) student from the District’s Dependent Charter School who was incorrectly reported in CALPADS as EL as of the census date.

According to the District’s officials, the student’s California English Language Development Test (CELDT) score was returned to District during the school’s summer break, before the census date. As such, the student should have been reclassified within CALPADS and should not have been reported as an EL student.

The District should have updated the student’s record centrally during the school’s break. Due to an oversight, the update was not made.

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The one exception noted was extrapolated to the EL population of the Dependent Charter School in question based on the error rate of the samples selected. The following is the extrapolated impact on the Dependent Charter School’s UPC and UPP:

School	* Total Enrollment	* UPC	UPP	UPC adjusted based on eligibility of FRPM	UPC adjusted based on eligibility for EL funding	UPC adjusted based on eligibility for both FRPM and EL	Adjusted total UPC	Adjusted UPP
Paul Revere Middle School (Dependent Charter)	4,155	1,098	26.43%	-	(1)	-	1,097	26.40%

* Total is the sum of prior year and current year results.

Questioned Costs

The determination of the total impact of the finding on the District’s Dependent Charter School, by extrapolation, is not applicable as 100% of the population of Paul Revere Middle School (Dependent Charter School) was tested.

We decreased the Dependent Charter School’s UPC by the known error of one (1) student, and calculated an Adjusted UPC of 26.40%.

We applied the Adjusted UPC to the Dependent Charter School LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2014-15, and we computed total questioned costs to be \$265.

Recommendation

We recommend in instances when schools are not in session, the District’s Multilingual & Multicultural Education (MMED) office implement a system of timely updates of MISIS records centrally.

Views of Responsible Officials and Planned Corrective Actions

We agree with the recommendation and will continue with our processes of updating MISIS in a timely manner.

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

FS-14-01 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. A group authorization could also be considered when processing a large number of transports simultaneously.

Current Status

Corrective action(s) implemented.

FS-14-02 Accounts Payable Three-Way Matching Control – Significant Deficiency

State Audit Guide Finding Code: 30000

Recommendation

Conflicting access should be removed from SAP system users to ensure that no individual has the ability to create a purchase order, post an invoice and receive goods. Also, the District's SAP GRC (Governance, Risk and Compliance) tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) not implemented. See FS-2015-002 of the Section II – Findings Relating to the Basic Financial Statements which are Required to be Reported in Accordance with GAS.

FS-14-03 Excessive Vendor Management Access – Significant Deficiency

State Audit Guide Finding Code: 30000

Recommendation

ITD management should periodically review access to Accounts Payable vendor management transaction codes and remove inappropriate access in a timely manner. Also, the District's SAP GRC (Governance, Risk and Compliance) tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

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Current Status

Corrective action(s) partially implemented as ITD Functional personnel access was noted for this year. See FS-2015-001 (ITD Access to SAP Production Transactions) in Section II – Findings Relating to the Basic Financial Statements which are Required to be Reported in Accordance with GAS.

FS-14-04 SAP General Ledger transactions Access – Significant Deficiency

State Audit Guide Finding Code: 30000

General Ledger transactions should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) partially implemented as ITD Functional personnel access was noted for this year. See FS-2015-001 (ITD Access to SAP Production Transactions) in Section II – Findings Relating to the Basic Financial Statements which are Required to be Reported in Accordance with GAS.

FS-14-05 Release Payroll Transaction Access – Significant Deficiency

State Audit Guide Finding Code: 30000

Recommendation

Inappropriate access to the SAP release payroll transaction (PC00_M99_PA03_RELEA) should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) implemented.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2015

Findings and Questioned Costs Related to Federal Awards

1. Finding F-14-01 – Allowable Costs – Payroll Certifications and Documentation for Specially Funded Employee Positions

Program Identification:

Workforce Investment Act, Title II: Adult Education and Family Literacy Act, U.S. Department of Education (USED), passed through California Department of Education, CFDA No. 84.002, Grant Agreement No. 14508;

Title I Grants to Local Educational Agencies, U.S. Department of Education (USED), passed through California Department of Education, CFDA No. 84.010, Grant Agreement No. 14329;

Special Education Cluster: Grants to States, Preschool Grants, U.S. Department of Education (USED), passed through California Department of Education, CFDA No. 84.027, Grant Agreement No. 13-13682;

Improving Teacher Quality State Grants, U.S. Department of Education (USED), passed through California Department of Education, CFDA No. 84.367, Grant Agreement No. PCA14341;

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, passed through California Department of Education, CFDA No. 93.575, Grant Agreement Nos. CSPP-3203 and CCTR-3102.

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.

Current Status

Implemented

2. Finding F-14-02 – Eligibility – Verification Requirements

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 California Department of Education, CFDA Nos. 10.553, 10.555, and 10.559, Grant Agreement No. 19-64733.

Recommendation

We recommend that the District continue to provide training to its staff that performs the verification process to ensure that adequate income verification evidence be obtained.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2015

Current Status

Implemented

3. Finding F-14-03– Equipment – Equipment Management Policies

Program Identification:

Title I Grants to Local Educational Agencies, U.S. Department of Education (USED), passed through California Department of Education, CFDA No. 84.010, Grant Agreement No. 14329;

Magnet Schools Assistance Program, U.S. Department of Education (USED), CFDA No 84.165, Grant Agreement No. U165A10057.

Recommendation

The District should continue to strengthen its controls over property management by providing adequate supervision and training to ensure that inventory management procedures be performed properly.

Current Status

Implemented

4. Finding F-14-04 – Matching, Level of Effort and Earmarking

Program Identification:

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP), U.S. Department of Education (USED), CFDA No. 84.334, Grant Agreement Nos. P334A110166 & P334A110159;

Bold Competition (i3), U.S. Department of Education (USED), CFDA No. 84.396, Grant Agreement No. U396C1000336.

Recommendation

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

Current Status

Implemented

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2015

5. Finding F-14-05 – Reporting – Performance Reporting

Program Identification:

Vocational Education Basic Grants to States (Perkins IV), U.S. Department of Education (USED), passed through California Department of Education (CDE), CFDA No. 84.048, Grant Agreement No. 13-14894-6473-00;

Twenty-First Century Community Learning Centers, U.S. Department of Education (USED), passed through California Department of Education (CDE), CFDA No 84.287, Grant Agreement Nos. 10-14349-6473-4A, 10-14349-6473-5A, 10-14535-6473-4A, 10-14535-6473-5A, 10-14535-6473-6A.

Recommendation

Vocational Education Basic Grants to States (CFDA No. 84.048): We recommend that the District amend its policies and procedures to include controls over safeguarding of electronic backup files.

21st CCLC (CFDA No 84.287): We recommend that the District strengthen its procedures on attendance documentation to ensure that the agencies performing services for these programs are aware of the District’s policies, specifically on maintaining accurate attendance records. In addition, the District should continue to perform monitoring site visits and review the attendance reporting process of its sub-recipients.

Current Status

Implemented

6. Finding F-14-06 – Special Tests and Provisions (Parent Notification Letters) – Support for Notifications

Program Identification:

English Language Acquisition Program, U.S. Department of Education (USED), passed through California Department of Education, CFDA No. 84.365, Grant Agreement No. 14346-64733.

Recommendation

We recommend that the District continue to strengthen its policies and procedures to ensure that the schools comply with the requirement that all parental notifications are completed and submitted in a timely manner. We also recommend that the supporting documentation is maintained on file to support the schools’ compliance as required by the English Language Acquisition Program.

Current Status

Implemented

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2015

Section IV - Findings and Questioned Costs Relating to State Awards

S-14-01 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

- El Sereno Elementary School
- Gates Elementary School
- Kennedy Elementary School
- Lemay Elementary School
- Panorama City Elementary School
- Tulsa Elementary School
- Coughlin Elementary School
- Del Amo 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 for affected schools.

S-14-02 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

- Pacoima Middle School
- Edison Middle School
- Kennedy High School
- Van Nuys High School
- South Gate High School
- Belmont High School
- Nobel Middle School (Dependent Charter School)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2015

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 for Affected Schools.

S-14-03 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

School Affected

- Hooper Elementary School
- Commonwealth Elementary School
- Liggett Elementary School
- Sterry Elementary School
- 10th Street Elementary School
- Kester Elementary School
- Rosewood Elementary School
- Wadsworth Elementary School
- Sheridan Elementary School
- Plummer Elementary School
- Audubon Middle School
- Berendo Middle School
- Liberty Elementary School
- Union Elementary School
- Victoria Elementary School
- Weemes Elementary School
- Beethoven Elementary School
- Broadous Elementary School
- Burroughs Middle School
- Lawrence Middle School
- Pio Pico Middle School
- Reed Middle School
- Sepulveda Middle School
- Sun Valley 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 Branch continues to refine and implement the procedures indicated to ensure that the District is providing training on attendance policies and procedures, as well as monitoring how the procedures are being implemented at the sites, and to ensure that documentation of reported attendance figures is readily available and accurate for auditing purposes.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2015

S-14-04 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Belmont Senior High
- John Muir Middle
- Loreto Street Elementary
- Venice Senior High

Recommendation

We recommend that the School Information Branch of the District provide updates and training to the staff regarding data entry requirements of CALPADS. Additionally, staff inputting records into CALPADS should validate the accuracy of the data entered and accepted by the system.

Further, the District's schools should follow-up with the state vendor regarding unreturned tests which are used in determining the student's EL eligibility, and should retain a copy of the hand-calculated Student Score Sheet as supporting documentation.

Current Status

Implemented.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER



SIMPSON & SIMPSON
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December 15, 2015

The Honorable Board of Education
Los Angeles Unified School District
Los Angeles, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Los Angeles Unified School District** (District) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies as items FS-2015-001 through FS-2015-003.

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 352 to 359. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.



This communication is intended solely for the information and use of the Board of Education, District management, the State Controller's office, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Simpson & Simpson

Current Year Management Letter Comments

1. ML-2015-001 Project Management and Systems Development Procedures

Condition

A project management methodology provides a roadmap for managing projects relative to project organization and life cycle. A systems development methodology provides a roadmap for guiding the implementation and integration of customized (i.e., MiSiS) or vendor packages prior to production implementation.

During the course of our review we noted that project management and systems development processes are not applied in a consistent manner for LAUSD. Various District Reference guides, Policy statements, Bulletins, Change Management/MOC Policy, application specific release cycle management guides (e.g., for SAP, MiSiS, etc.) exist. However, a comprehensive project management and systems development methodology that requires key control points (i.e., business owner approvals, user acceptance testing, business and security requirements development, etc.) be incorporated into a common guiding principles document has not been developed to govern District accounting systems to include MiSiS (a system project that incurred significant implementation difficulties). Such a document can be shared with and communicated to IT and business owners to ensure all project stakeholders remain sufficiently informed and intended system functionality is delivered for major system implementations.

We also noted that differing sign-off requirements and mechanisms (e.g., emails for MiSiS, MOC form templates for Welligent, etc.) exist for approving change management phases (i.e., enhancement requests, user acceptance testing, production migration, etc.) for different accounting systems reviewed during our audit.

A project management methodology can include the following project control points:

- Project Charter definition
- Feasibility study/business case
- Stakeholder/business sponsor identification (e.g., designated users)
- Stakeholder/business sponsor role definitions and project participation required
- Stakeholder/business sponsor milestone deliverable approvals required
- Project Risk Management
- Project Status Reporting/Communication
- Project Quality Assurance
- Stakeholder/business sponsor System Acceptance
- Post Implementation Review

A systems development methodology can include the following project life cycle controls points:

- Requirements Definition
- Development Testing/Sign-offs
- Integration Testing
- User acceptance Testing

Current Year Management Letter Comments

- Issues/problem Prioritization
- Go/No Go Criteria
- User Acceptance
- User Training

Impact

Lack of consistent project management and systems development procedures can impact management control over the implementation process for mission critical LAUSD accounting systems.

Recommendation

Consistent Project Management and Systems Development methodologies should be implemented to guide the consistent implementation and maintenance of major LAUSD accounting systems. Both methodologies can be designed to work in concert to meet project goals. Procedures should include consistent documenting of business sponsor management approval for initiating system implementation projects, program change requests, user acceptance testing and production migration/cutover.

Management Response

We agree that consistent Project Management and Systems Development methodologies should be further implemented to guide the consistent implementation and maintenance of major LAUSD systems however we have to be mindful that certain software products have their own methodologies. For example, SAP uses the SAP methodology aligned with PMI's methodology but specific to SAP. Other software development lifecycles (SDLC's) will require varying processes (e.g. package versus custom, iterative versus waterfall, and others).

ITD is currently conducting a re-organization, including the ITD Program Management Office (PMO). The new IT PMO will review the existing project management and systems development procedures, within the different software development departments, update them for consistency and inclusion (as appropriate), and develop a common guiding principles document within the next six - eight months. We will also expand the project management and systems development procedures to software development areas that are lacking such methodologies.

ML-2015-002 Security Management Policy and Procedures

Condition

Information security management is a critical component to managing information systems that process and track sensitive data to include student academic records, protected health information (PHI), etc. Accordingly, stringent and comprehensive security policies and procedures are warranted to ensure such data is adequately secured and protected from unauthorized use, system intruders and the granting of conflicting and inappropriate access to system users.

Current Year Management Letter Comments

Our review for the District's information security policies and procedures revealed:

- Although a security plan was drafted for the District in November 2013, it has not been updated, formally adopted and implemented. A comprehensive security plan is designed to identify needed data security policy and security measures essential to protecting an organization's data. A security plan ensures security measures are implemented that are commensurate with the business and operational risks associated with the organization's data. It also establishes the basis for comprehensive information security policies and procedures.
- Throughout the prior ten years (from 2005 to present) a series of distinct information security related bulletins have been published by ITD management to address various aspects of security management to include acceptable use of computer resources (2014), firewall filtering (2002, 2010), data classification (2006), description of security standards for networked computer systems (2007), etc. However, information security policies have not been compiled into a common document to ensure security management governance is comprehensive, current and effectively communicated to system stakeholders. Such security governance policies would aide in preventing conflicting access and segregation of duties conditions as reported for SAP in this year's audit.

Impact

Lack of a comprehensive information security plan, policies and procedures could result in sensitive district data being subject to unauthorized access, modifications/changes and use.

Recommendation

We recommend that ITD management coordinate with District business/operations management to complete an information security plan (e.g., update, adopt and implement the November 2013 plan) and compile a comprehensive set of information security policies and procedures.

Management Response

ITD Security recently released an Informal Request for Proposal (IRFP) to several vendors for IT security plan/roadmap to update the current security plan. The goal of the IRFP is to identify and contract a vendor to provide consulting services to perform a gap analysis, define IT security strategy, and design a roadmap. This will be instrumental in identifying, achieving, and maintaining a desired state for information assurance. Additionally, ITD Security has begun drafting a District-wide ITD Security Governance policy using ISO 27001/2 as a baseline.

ML-2015-003 Cafeteria Management Systems (CMS) Access

Condition

Our sample of thirty-seven users (four with Admin access and thirty-three with Finance access) revealed:

Current Year Management Letter Comments

- Two (2) users with a withdrawn (separated from LAUSD) employee status
- One (1) user with a retired employee status

Although these employees are unable to access their CMS user accounts as their Single Sign-On (SSO) network account access was deleted, there remains a potential risk that their CMS user account could be subject to being hacked by an extender system intruder.

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 coordinate with Cafeteria management to review CMS access and remove inappropriate access in a timely manner.

Management Response

We have implemented a task that cleans up CMS access and privileges using an HR file interface since November 2015. This task is run every Friday on a manual basis and will deactivate CMS accounts for any employee who is no longer authorized to access CMS such as employees who are separated, retired or assigned in a different job classification or location which is not authorized to use CMS. Deactivated employees will not be able to login to CMS nor access any information as their CMS user accounts will no longer be valid in addition to their invalid LAUSD SSO user account. We are currently automating this job to run on a daily basis and is tentatively planned to be implemented starting December 31, 2015.

ML-2015-004 My Integrated Student Information Systems (MiSiS)

Condition

Our sample of forty (40) MiSiS users revealed four (4) school teachers with MiSiS access to a school that is different than the school or cost center they are assigned to in the SAP HR module.

We were informed that the MiSiS team does not currently have an automated process to remove access based on changes to assignment or employment status.

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.

Current Year Management Letter Comments

Recommendation

ITD management should implement an automated interface to process a file of employee status changes (e.g., school reassignments) against the MiSiS application security data.

Management Response

The MiSiS team is aware and in the process of refining MiSiS access issues. The automated interface from the HR Mega File will be updated to filter employees who have retired or are deceased as well as identify employees who have changed locations.

The process of removing access from staff no longer assigned to a school cannot be fully automated due to the following various exceptions.

- Staff assigned to a Local District, Central Office, or other location that have received approval from the school administrator via EZ Access
- Itinerant staff assigned to multiple locations (e.g. Adaptive Physical Education teachers, Speech Therapists, Psychiatric Social Workers, etc)
- Former school staff that are assisting new staff during a transitional period

On October 16, 2015, the MiSiS team posted the MiSiS Staff Access Management document on the Apply for Access section of the MiSiS website. The comprehensive guide provides school site administrators information on how to monitor access to their school's data, how to remove access via the EZ Access for MiSiS application, and how to request assistance with removing access from the MiSiS Help Desk. These processes are similar, if not identical, to what school administrators followed with the previous Integrated Student Information System application, LAUSD MAX.

ML-2015-005 Construction in Progress and Transfers to Depreciable Capital Assets

Observation

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 Program Support Services, a branch within the District's 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.

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 an 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

Current Year Management Letter Comments

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.

During our testing of the costs accumulated in CIP and transfers to depreciable capital assets, we noted that a Facilities construction project amounting to \$32.7 million was moved to completed projects during fiscal year 2015, but was still ongoing and should not have been transferred CIP. We also noted that an ITD project amounting to \$36.3 million was completed during fiscal year 2015 but was still in CIP. Depreciation expense related to this completed project amounted to \$7.3 million. In addition, we noted that costs amounting to \$7.3 million associated with ILTSS projects in CIP should not have been capitalized as they were non-capital in nature. A total amount of \$2.7 million were expenditures incurred in fiscal year 2015, and \$4.6 million was incurred in prior years.

Impact

During fiscal year 2014, the District established new and improved policies and procedures and conducted training for the analysis and reconciliation of the CIP accounts. Due to the District’s continuous effort to clean up the CIP accounts, misclassification of non-capital costs, construction in progress, and depreciable capital assets were discovered that resulted in audit adjustments in depreciation expenses for fiscal year 2015.

Recommendation

We recommend that FSD and ITD continue to follow the District’s policies and procedures. The FSD’s and ITD’s staff should perform a detail review and analysis of construction projects prior to transfer from the CIP accounts to completed projects to ensure that the project has been completed and supporting documentation for completion are being maintained. We also recommend that FSD and ITD dedicate sufficient staff resources to perform timely analysis and review of the CIP accounts. Finally, we recommend that the ILTSS perform an analysis of the cost accumulated in the CIP accounts to ensure that they are capital in nature.

Management Response

Management concurs with the recommendation and is committed to continually make improvements and follow the District’s policies and procedures. New reports are scheduled for release later in December 2015 that link asset records and transactions to the source projects. The District also implemented new guidelines and a capitalization classification system for managing over 11,500 projects and over 75,000 CIP and asset records that significantly reduced capitalization errors during fiscal year 2015. Staff has reviewed Construction in Progress (CIP) balances for Integrated Library and Textbook Support Services (ILTSS) projects and made adjustments to exclude items that are not capital in nature. ILTSS staff has been trained on the use of separate project codes for expense and capital items to ensure the expense items are not improperly included in the CIP account.

In addition to the above, the District will continue to work on improvements by taking the following steps: 1) address staffing requirements to reduce user error and ensure timely analysis and review of the CIP accounts; 2) provide ongoing training to ensure adherence to established policies and

Current Year Management Letter Comments

procedures; and 3) work collaboratively among the different teams (Facilities Services Division, Information Technology Division, Integrated Library & Textbook Support Services, and Accounting) for any issues.

ML-2015-006 - Procurement of Professional Services

Observation

Our review over the internal controls of the District's procurement procedures related to Professional Services revealed one contract with a procured vendor in which the District did not obtain a Due Diligence investigation and/or background check in a timely manner in accordance with the District's Desk-Top Procedures for Facilities Contracts, partially revised in March 2015 which states, "The District will perform due diligence investigation and/or background check of any Architectural-Engineering (A-E) or Professional Services firm planning to enter into a contract agreement with the District."

The threshold requirement for requesting a Due Diligence report is as follows: "Facilities Services Division (FSD) shall request the Office of the Inspector General (OIG) to conduct Due Diligence reviews on all new contractors and consultants being considered for award on contracts valued over \$5 million."

The total value of the contract exceeded the \$5 million threshold during Fiscal Year 2015.

Impact

Untimely review of procured vendor's Due Diligence Investigation will delay the District's response to potential issues which may arise from the investigation. As it states in the District's Desk-Top Procedures for Facilities Contracts, "upon review of the Due Diligence Investigation, if there are any serious issues which are uncovered, the Director of Facilities Contracts (or his designee) will conduct a responsibility hearing with the firm to validate/discard the issues raised. If the responsibility hearing proves the firm is non-responsible, the Facilities Contract will not issue any addition task orders to that firm until the contract expires."

Recommendation

The District should adhere to its internal control procedures for facilities contracts, and perform Due Diligence Investigations based on those requirements.

Management Response

In July of 2014, a new protocol was established by Facilities Contracts, Procurement, and the OIG to raise the triggering amount of a Due Diligence Investigation to \$5,000,000. While this new protocol was known by the staff of Facilities Contracts, the "Desk-Top Procedures for Facilities Contracts" was not updated at that time.

*The Honorable Board of Education
Los Angeles Unified School District
December 15, 2015*

Current Year Management Letter Comments

In addition, a review of contracts over \$5,000,000 both in aggregate and as awarded in a single contract will be done. This review will be part of the contract review, and, a Due Diligence check box will be added to the Contract Summary Form that is provided for each contract going to the Board.

The review of the contract files, training of staff, and revisions to Facilities Contracts Desk-Top Procedures and other forms is expected to be completed by December 1, 2015.

Status of Prior Year Management Letter Comments

ML-14-01 Payroll's SAP PA30 Maintain Human Resource Data Access

Recommendation

Inappropriate access to SAP Payroll's PA30 Maintain Human Resource Data transaction should be removed in a timely manner. Also, the District's SAP GRC (Governance, Risk and Compliance) tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) implemented.

ML-14-02 SAP Maintain Payroll Position Descriptions Access

Recommendation

Inappropriate access to SAP Payroll's maintain payroll position descriptions (PO13) transaction should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) implemented.

ML-14-03 SAP Correct Payroll transaction Access

Recommendation

Inappropriate access to SAP Payroll's Correct Payroll transaction (PC00_M99_PA03_CORR) should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) implemented.

ML-14-04 SAP Maintain Benefit Tables Transaction Access

Recommendation

Inappropriate access to SAP Payroll's maintain benefit tables transaction (PA92) should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Status of Prior Year Management Letter Comments

Current Status

Corrective action(s) implemented.

ML-14-05 SAP Cost Center Assignments Transaction Access

Recommendation

Inappropriate access to the SAP cost center assignments transaction (PP03) should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) not implemented. See the FS-2015-003 (Access to SAP Payroll Transactions) of the Schedule of Findings and Questioned Costs section.

ML-14-06 SAP Additional Payments Infotype Access

Recommendation

Inappropriate access to the SAP Additional Payments infotype (015) should be removed in a timely manner. Also, the District's SAP GRC tool can be utilized to facilitate and document a periodic review (for example every 6 to 12 months) of SAP security roles by their respective business owner.

Current Status

Corrective action(s) implemented.

ML-14-07 Business Continuity / IT Disaster Recovery Planning

Recommendation

A Business Continuity Plan should be developed. This plan should address the requirements for alternative processing and timely recovery of mission critical IT services. The plan should be tested on a regular basis to ensure that IT systems can be effectively recovered, shortcomings are addressed and the plan remains relevant.

Current Status

Corrective action(s) in progress.

Status of Prior Year Management Letter Comments

ML-14-08 Construction in Progress and Transfers to Depreciable Capital Assets

Recommendation

We recommend that the FSD, ITD, and ILTSS departments dedicate sufficient staff resources to perform timely analysis and review of the CIP accounts.

Corrective Action

Corrective action(s) not implemented. See ML-2015-005 of the Current Year Management Letter Comments.

ML-14-09 Procurement of Construction Contracts

Recommendation

The District should adhere to the reporting requirements set forth by the DIR, and retain supporting documentation of the submission.

Current Status

Corrective action(s) implemented.

ML-14-10 Procurement of Professional Services

Recommendation

The District should adhere to the District's Desk-Top Procedures for Facilities Contracts, and perform Due Diligence Investigations based on the requirements.

Corrective Action

Corrective action(s) not implemented. See ML-2015-006 of the Current Year Management Letter Comments.