



Los Angeles Unified School District

Audited Annual

FINANCIAL REPORT

For Fiscal Year Ended June 30, 2021



2020-21

Los Angeles, California

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

**AUDITED ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

MS. MEGAN K. REILLY
INTERIM SUPERINTENDENT OF SCHOOLS
(EFFECTIVE JULY 1, 2021)

MR. AUSTIN BEUTNER
SUPERINTENDENT OF SCHOOLS
(MAY 1, 2018 – JUNE 30, 2021)

MR. PEDRO SALCIDO
INTERIM DEPUTY SUPERINTENDENT, BUSINESS SERVICES & OPERATIONS
(EFFECTIVE JULY 1, 2021)

MR. DAVID D. HART
CHIEF FINANCIAL OFFICER

MR. V. LUIS BUENDIA
DEPUTY CHIEF FINANCIAL OFFICER

MS. JOY MAYOR
CONTROLLER



**PREPARED BY
ACCOUNTING AND DISBURSEMENTS DIVISION**

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Audited Annual Financial Report

Year Ended June 30, 2021

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LOS ANGELES UNIFIED SCHOOL DISTRICT

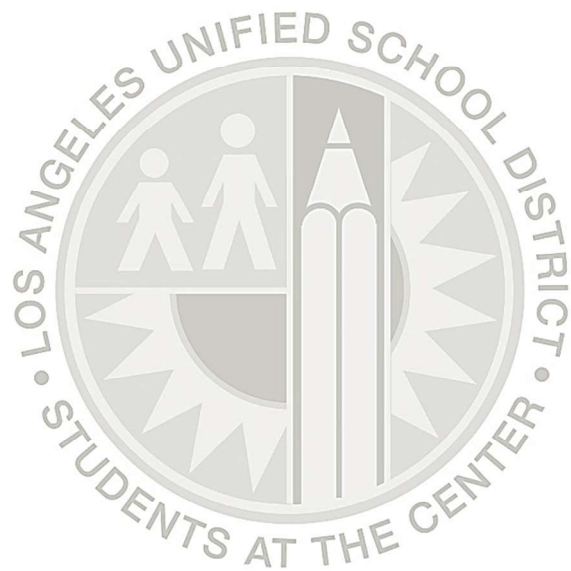
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INTRODUCTORY SECTION

KELLY GONEZ, PRESIDENT
MÓNICA GARCÍA
JACKIE GOLDBERG
DR. GEORGE J. MCKENNA III
NICK MELVOIN
TANYA ORTIZ FRANKLIN
SCOTT M. SCHMERELSON



MEGAN K. REILLY
Interim Superintendent of Schools

PEDRO SALCIDO
Interim Deputy Superintendent of Schools

DAVID D. HART
Chief Financial Officer

V. LUIS BUENDIA
Deputy Chief Financial Officer

January 13, 2022

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

Dear Board Members:

The Audited Annual Financial Report of the Los Angeles Unified School District (District), for the fiscal year ended June 30, 2021, 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

Education Code Section (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 2020-21 is Simpson & Simpson, CPAs. The independent auditor's report on the basic financial statements is presented in the Financial Section of this report on page 1.

Management Discussion and Analysis (MD&A)

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

Profile of the Los Angeles Unified School District

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

As of June 30, 2021, the District operated 438 elementary schools, 78 middle/junior high schools, 89 senior high schools, 54 options schools, 28 multi-level schools, 13 special education schools, 65 magnet schools and 245 magnet centers, 18 primary school centers, 1 community adult school, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, and 89 California State Preschools. The District is governed by a seven-member Board of Education elected by voters within the District to serve alternating five-year terms. These terms were extended to five years for members elected in 2015 and thereafter. As of June 30, 2021, the District employed 35,911 certificated, 29,635 classified, and 14,196 unclassified employees. Enrollment as of September 2020 was 456,964 students in K-12 schools, 43,734 students in adult schools and centers, and 7,222 students in early education centers.

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

Economic Condition and Outlook

California and the nation have made a remarkable rebound from the economic downturn caused by the COVID-19 pandemic. The State’s three largest sources of tax revenue (personal income, sales and use, and corporation) have posted big gains and are continuing to surge. The significant increase in State revenue provided the highest level of funding in California’s history for K-12 education as unveiled in the 2021-22 Enacted State Budget. Historically high three-year increase in the minimum guarantee of \$47 billion over the level funded in the 2020 Budget Act with Proposition 98 estimated at \$79.3 billion in 2019-20, \$93.4 billion in 2020-21, and \$93.7 billion in 2021-22.

The latest UCLA Anderson September 2021 Forecast reports a solid but unimpressive economic growth, a change of tone from the past two quarters that pictured a much robust and roaring economic performance. While the Delta variant spread quickly across the country, vaccination rates have flattened which led to lower expectations of economic growth. The current forecast for 2021 is for an average annual GDP growth of 5.6%, down from the 7.1% rate predicted in June. GDP growth for 2022 is predicted to be 4.1%, down from the 5% in June. For 2023, on the other hand, is an increase in growth at 3.1%, up from the 2.2% as forecasted in June with consumption and investment shifting further into the future. On the labor market, California forecast is an annual unemployment rate of 7.6% in 2021, 5.6% in 2022, and 4.4% in 2023. The forecast expects California’s recovery and expansion to outpace those of the U.S. as a whole because of its better public health outcomes that paved the way for the continuance of the state economic reopening. The analysis of California’s pandemic-induced recession and recovery also points to the disproportionate effect on lower-income Californians increasing inequities within the state.

The table below shows the monthly unemployment rates in 2020 and 2021, in comparison to the pre-pandemic year of 2019 for both the U.S. and California. The declining California unemployment rate, from a high of 16% in April 2020 to the latest November 2021 rate of 6.9%, highlights the ongoing economic recovery for the Golden State.

Month	U.S. 2019	U.S. 2020	U.S. 2021	California 2019	California 2020	California 2021
January	4.0%	3.5%	6.3%	4.3%	4.2%	9.0%
February	3.8%	3.5%	6.2%	4.3%	4.3%	8.5%
March	3.8%	4.4%	6.0%	4.2%	4.5%	8.3%
April	3.7%	14.8%	6.1%	4.1%	16.0%	8.0%
May	3.7%	13.3%	5.8%	4.1%	15.6%	7.7%
June	3.6%	11.1%	5.9%	4.1%	14.1%	7.6%

July	3.6%	10.2%	5.4%	4.1%	13.2%	7.6%
August	3.7%	8.4%	5.2%	4.1%	12.3%	7.5%
September	3.5%	7.8%	4.8%	4.1%	10.6%	7.5%
October	3.6%	6.9%	4.6%	4.1%	9.8%	7.3%
November	3.6%	6.7%	N/A	4.1%	8.7%	6.9% (P)
December	3.6%	6.7%	N/A	4.2%	9.3%	N/A

Source: Bureau of Labor Statistics – Labor Force Statistics from the Current Population Survey/(P) preliminary/N/A Not Available

What could possibly pose as risks to the economic health of California and the country are the rising inflation, with demand for resources outpacing supply, possible interest rate increase policy to curb inflation, and the potential resurgence of COVID-19 from new variants that could disrupt again global supply chains and temper consumer enthusiasm.

Superintendent’s Strategic Plan

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

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

Financial Information

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

School districts in California are required by EC §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.

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 2020-21, the Statement of Changes in Net Position shows that the District's Net Position slightly increased by \$0.7 billion during the year. The Unrestricted Net Position, which is negative, improved by \$0.02 billion from -\$16.38 billion to -\$16.36 billion. The negative Unrestricted Net Position is largely the result of net other postemployment (OPEB) liability and net pension liability for various retirement plans. The noted improvement is primarily attributable to the receipt of COVID-19 funding and cost savings on operating expenses due to a delayed school reopening for safety reasons.

Audit Results

The District received unmodified opinions on its financial statements, federal and state compliance audits, which indicate the accuracy of the District's financial data for school year 2020-21. 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).

There were 12 federal programs and 17 state compliance requirements audited. The examination resulted to 15 audit findings with a total questioned costs of \$160.9 million. The questioned costs mainly pertain to the District not meeting the Current Expense Formula (CEF). CEF based on EC Section 41372, is a calculation to monitor if a school district has spent at least a specified percentage of its General Fund resources on classroom salaries and benefits – i.e., mainly on teachers and paraprofessionals. The minimum threshold for unified school districts is 55%. For 2020-21, the District's percentage spent is 52.7%, which is 2.3% below the minimum. This is due to a significant amount of dollars spent on expenditures other than classroom salaries and benefits necessary to provide remote learning to students brought about by the COVID-19 pandemic. Further, the ratio is lower due to the significant increase in COVID-19 expenditures which are part of the denominator in the formula. Examples of these expenditures include purchases of devices, connectivity, instruction software licenses, and other necessary expenses to address learning loss and the safety of students. The District is engaged with the Los Angeles County Office of Education (LACOE) to seek a waiver request, which is allowed under Education Code Section 41372. Should the waiver be denied, the District shall be required, based on the audit, to spend on classroom salaries and benefits to meet the minimum requirement in the following year.

The District shall continue to work with schools and offices to improve internal controls and recordkeeping process, and ensure that compliance with State and Federal program requirements are met.

Acknowledgments

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

Respectfully submitted,

Megan K. Reilly
Interim Superintendent of Schools

Prepared by:



Joy Mayor
Controller



V. Luis Buendia
Deputy Chief Financial Officer



David D. Hart
Chief Financial Officer

BOARD OF EDUCATION

Kelly Gonez, President
Board District 6

Dr. George J. McKenna III
Board District 1

Nick Melvoin
Board District 4

Mónica García
Board District 2

Jackie Goldberg
Board District 5

Scott Schmerelson
Board District 3

Tanya Ortiz Franklin
Board District 7

PRINCIPAL SCHOOL DISTRICT OFFICIALS

Megan K. Reilly
Interim Superintendent of Schools
(Effective July 1, 2021)

Austin Beutner
Superintendent of Schools
(May 1, 2018 – June 30, 2021)

Pedro Salcido
Interim Deputy Superintendent, Business Services & Operations
(Effective July 1, 2021)

David D. Hart
Chief Financial Officer

V. Luis Buendia
Deputy Chief Financial Officer

Joy Mayor
Controller

LOCAL DISTRICT OFFICIALS

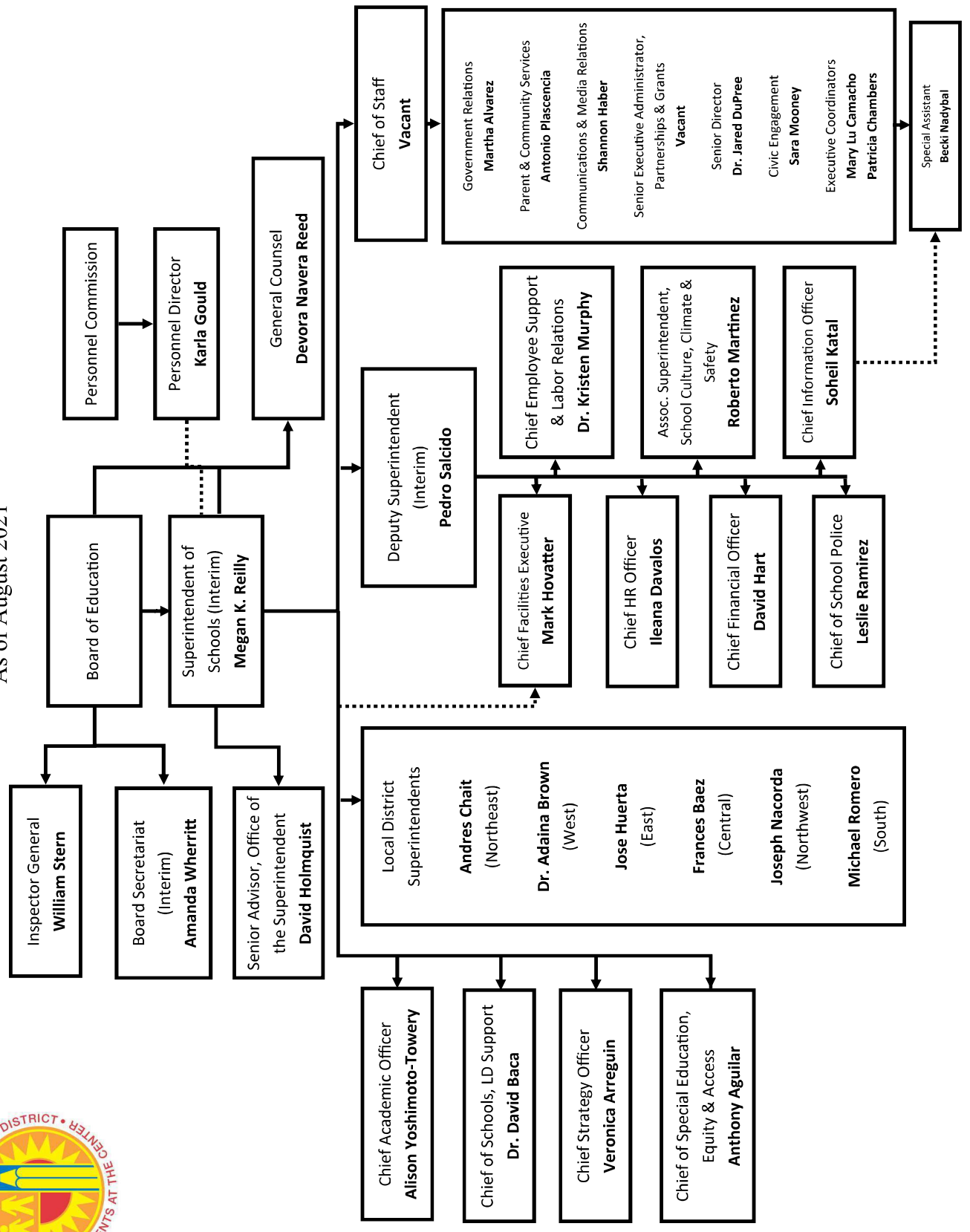
as of December 8, 2021

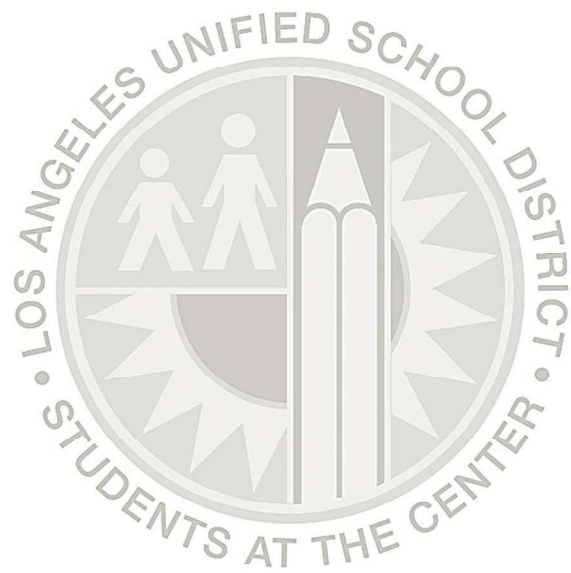
	Local District Superintendent	Administrator of Instruction	Administrator of Operations	Administrator of Parent & Community Engagement	Administrator of Special Education
Northeast:	Andres E. Chait	Alma Flores Sandra Gephart Fontana	Jose Razo	Patrizia Puccio	Alesha Haase
Northwest:	Joseph Nacorda	Dr. Margaret Kim	Debra Bryant	Gonsalo Garay	Lisa Kendrick
South:	Michael Romero	Alma Kimura (Interim) John K. Vladovic	Peter Hastings	Leticia Estrada de Carreon	Jennifer McConn
East:	Jose Huerta	Cristina Munoz Lourdes Ramirez-Ortiz	Jose Avila	Elsa Tinoco	Janet Montoya
West:	Dr. Adaina Brown	Karen Mercado L. Remon Corley	Dr. Douglas Meza	Robin Willis	Annmarie Serrano
Central:	Frances Baez	Julie Gonzalez Andre Spicer	Miguel Saenz	Theresa Arreguin	Yolanda Bueno

Los Angeles Unified School District

2020-2021 Organizational Chart

As of August 2021





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
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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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles Unified School District as of June 30, 2021, 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) and 1(r) to the basic financial statements, on July 1, 2020, the District adopted the recognition and disclosure requirements of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. The beginning net position and fund balance of the governmental fund as of July 1, 2020, have been restated. 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 to 14 and the required supplementary information on pages 75 to 83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The supplementary information on pages 84 to 111, 117 to 119, and 126, and the schedule of expenditures of federal awards and related notes on pages 127 to 131, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the supplementary information on pages 113 to 116 and 120 to 125 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
January 13, 2022

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

As management of the Los Angeles Unified School District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021.

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 plus deferred inflows of resources of the District exceeded its assets plus deferred outflows of resources at the close of the most recent fiscal year by \$9.8 billion (deficit net position). The negative net position is primarily comprised of an unrestricted \$16.4 billion deficit, which includes net pension liabilities for various retirement plans totaling \$7.9 billion and net other postemployment benefits (OPEB) liability totaling \$11.1 billion.
- The District's total net position increased by \$0.7 billion from the prior year.
- Long term liabilities increased by \$0.3 billion primarily due to the issuance of General Obligation (GO) Bonds and Certificates of Participation (COPs).
- As of the close of the 2021 fiscal year, the District's governmental funds reported combined ending fund balances of \$6.2 billion, an increase of \$1.5 billion from the fiscal year ended June 30, 2020.
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was \$2.6 billion, or 31.8% 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.

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 15-16 of this report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

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 two categories: governmental funds and proprietary 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 21 individual governmental funds. In the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances, separate columns are presented for General Fund, District Bonds Fund, Bond Interest and Redemption Fund, and all other funds. Individual account data for all other nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

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

The governmental fund financial statements can be found on pages 17 and 19 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 22-24 of this report.

Notes to basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-73 of this report.

Combining and individual fund schedules and statements. Combining schedules and statements consisting of the budget to actual comparisons for District Bonds Fund, Bond Interest and Redemption Fund, the individual accounts within the nonmajor governmental funds, and the internal service funds are presented immediately following the required supplementary information. Combining and individual fund schedules and statements can be found on pages 84-111 of this report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

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 \$9.8 billion at the close of the most recent year.

The District's net position reflects its investments in capital assets (\$4.8 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 (\$1.8 billion) represents resources that are subject to external restrictions on how they may be used. The majority of this pertains to capital projects funds, primarily the County School Facilities Bonds Fund and Bond Interest and Redemption Fund. The remaining negative balance in unrestricted net position (-\$16.4 billion) resulted primarily from the net pension liability for various retirement plans totaling \$7.9 billion and the net OPEB liability totaling \$11.1 billion.

At the end of the 2021 fiscal year, the District is able to report positive balances in all categories of net position except for unrestricted net position.

The \$0.1 billion increase in net capital assets primarily relates to costs incurred for school modernization projects throughout the District which is higher compared to the recognition of depreciation expense.

Long-term liabilities increased by \$0.3 billion primarily due to the issuance of new and refunding bonds of General Obligation Bonds and the refunding of Certificates of Participation.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

Summary Statements of Net Position (in thousands)

As of June 30, 2021 and 2020:

	Governmental Activities	
	2021	Restated 2020
Current Assets	\$ 8,557,740	\$ 7,138,641
Capital Assets, net	15,037,598	14,891,080
Total Assets	<u>23,595,338</u>	<u>22,029,721</u>
Deferred Outflows of Resources	4,203,087	2,529,761
Current Liabilities	1,483,315	1,252,570
Long-term Liabilities	12,660,254	12,377,635
Net Pension Liability	7,935,187	7,446,273
Net Other Postemployment Benefits Liability	11,062,961	8,578,152
Total Liabilities	<u>33,141,717</u>	<u>29,654,630</u>
Deferred Inflows of Resources	<u>4,416,829</u>	<u>5,385,932</u>
Net Position:		
Net investment in capital assets	4,791,464	4,450,448
Restricted for:		
Debt service	1,094,376	992,121
Program activities	711,574	452,801
Unrestricted	(16,357,535)	(16,376,450)
Total Net Position	<u>\$ (9,760,121)</u>	<u>\$ (10,481,080)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

Summary Statements of Changes in Net Position (in thousands)

Year ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	Restated 2020
Revenues:		
Program Revenues:		
Charges for services	\$ 134,532	\$ 152,432
Operating grants and contributions	3,163,258	1,958,995
Capital grants and contributions	160,183	102,786
Total Program Revenues	<u>3,457,973</u>	<u>2,214,213</u>
General Revenues:		
Property taxes levied for general purposes	1,840,504	1,679,311
Property taxes levied for debt service	1,149,309	960,402
Property taxes levied for community redevelopment	49,455	38,758
State aid not restricted to specific purpose	3,815,566	3,974,319
Grants, entitlements, and contributions not restricted to specific programs	188,864	221,640
Unrestricted investment earnings	9,253	34,632
Miscellaneous	37,775	25,729
Total General Revenues	<u>7,090,726</u>	<u>6,934,791</u>
Total Revenues	<u>10,548,699</u>	<u>9,149,004</u>
Expenses:		
Instruction	\$ 4,692,148	4,559,696
Support Services:		
Support services – students	605,902	493,093
Support services – instructional staff	745,931	616,598
Support services – general administration	122,422	130,274
Support services – school administration	543,716	537,280
Support services – business	401,658	273,679
Operation and maintenance of plant services	866,231	795,422
Student transportation services	149,066	197,902
Data processing services	77,363	61,805
Operation of noninstructional services	475,967	545,275
Facilities acquisition and construction services	144,969	143,576
Other uses	5,541	5,584
Interest expense	411,255	398,179
Depreciation – unallocated	585,571	584,447
Total Expenses	<u>9,827,740</u>	<u>9,342,810</u>
Changes in Net Position	720,959	(193,806)
Net Position – Beginning of Year	<u>(10,481,080)</u>	<u>(10,287,274)</u>
Net Position – End of Year	<u>\$ (9,760,121)</u>	<u>\$ (10,481,080)</u>

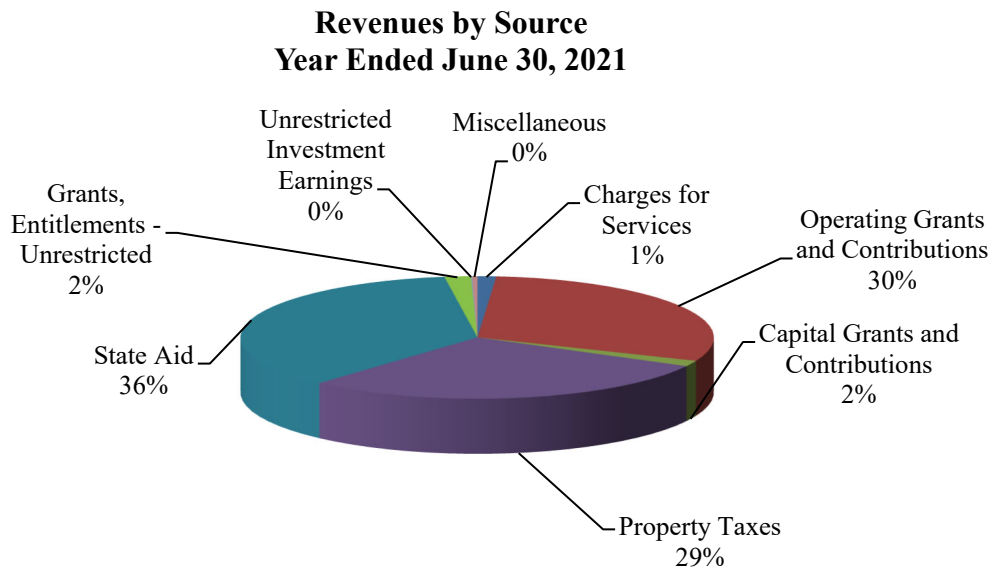
LOS ANGELES UNIFIED SCHOOL DISTRICT

Management’s Discussion and Analysis

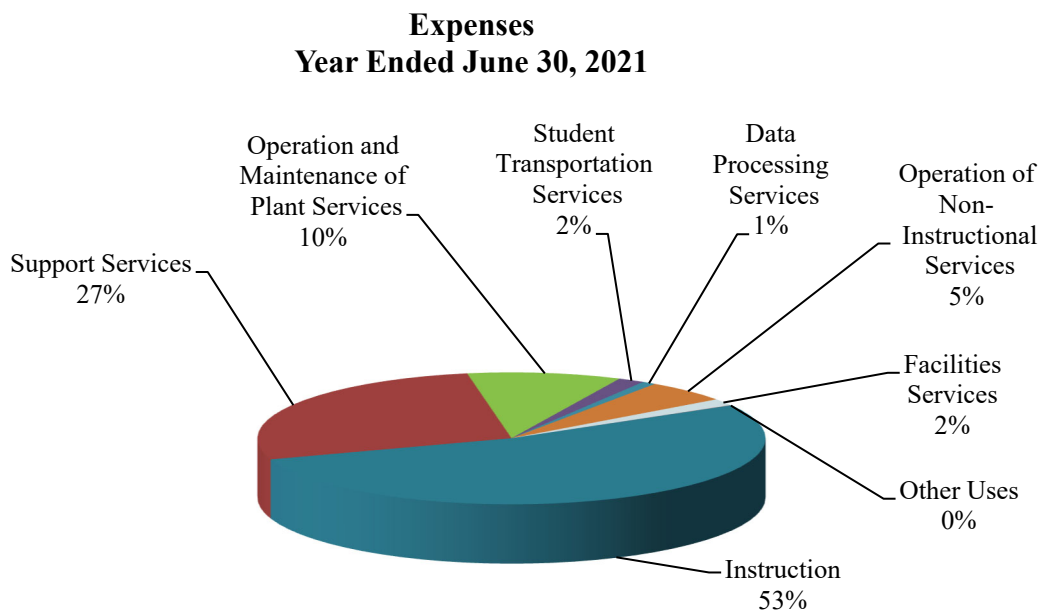
June 30, 2021

The District’s beginning net position was restated for 2019-20 for Governmental Accounting Standards Board (GASB) No. 84 (see note 1 (q)). At the end of the current fiscal year, the District’s net position increased by \$0.7 billion from the prior year primarily due to the receipt of COVID-19 funding and cost savings on operating expenses due to a delayed school reopening for safety reasons.

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, 2021

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 \$6.2 billion, an increase of \$1.4 billion in comparison with the prior year. Approximately 75.5% of this total combined ending fund balance consists of the assigned fund balance totaling \$1.1 billion (17.4%) and nonspendable and restricted fund balances totaling \$3.6 billion (58.1%), which can only be spent for specific purposes because of laws and regulations or grantor restrictions. The remaining \$1.5 billion (24.6%) of this total combined ending fund balance constitutes reserved for economic uncertainties fund balance totaling \$0.09 billion (1.5%), and unassigned fund balance totaling \$1.4 billion (23.1%), which includes spendable amounts not contained in the other classifications.

The General Fund is the primary operating fund of the District. At the end of the 2021 fiscal year, the unassigned fund balance of the General Fund was \$1.4 billion, while the total fund balance is \$2.9 billion. The fund balance of the District's General Fund increased by \$0.8 billion during the current fiscal year. This is primarily attributable to the receipt of COVID-19 funding and cost savings on operating expenses due to a delayed school reopening for safety reasons.

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

	Other Governmental Funds					Total
	District Bonds	Bond Interest and Redemption	Special Revenue	Debt Service	Other Capital Projects	
Fund Balance, June 30, 2021:						
Nonspendable						
Revolving cash and imprest funds	\$ 619	\$ —	\$ 17	\$ —	\$ —	\$ 17
Inventories	—	—	24,090	—	—	24,090
Prepays	—	—	42	—	—	42
Restricted	1,556,335	1,224,323	139,869	16,448	407,086	563,403
Assigned	—	—	8,062	—	13,188	21,250
Total	1,556,954	1,224,323	172,080	16,448	420,274	608,802
Fund Balance, July 1, 2020 (Restated)*	1,063,017	1,042,805	185,621 *	35,150	448,453	669,224
Increase (decrease) in fund balance	\$ 493,937	\$ 181,518	\$ (13,541)	\$ (18,702)	\$ (28,179)	\$ (60,422)

The fund balance increased during the current year for the District Bonds due to the issuance of new General Obligation Bonds offset by increase in spending for school modernization projects and renovation. The increase of \$0.2 billion in Bond Interest and Redemption was attributable to the increase in property tax levy for local bond debt service. Special Revenue decreased primarily due to the Cafeteria Fund in which overall revenues is lower due to temporary school closures during the year.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

The decrease of \$0.03 billion for the Capital Projects is primarily due to spending on projects in the County School Facilities Bonds combined with project cost transfers out to other funds. Debt Service decreased primarily due to balloon payment of COPs 2005QZAB for \$10 million and issuance of COPs 2020A which refunded 2010B1, 2010B2 & 2013A.

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

At the end of the year, the District's proprietary funds have an unrestricted net position of \$0.3 billion. The net decrease of \$0.2 billion in the current year is primarily attributed to a transfer of fund balance totaling \$0.2 billion from the Health and Welfare Benefits Fund to the General Fund.

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 occur 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 Enacted Budget, while the Modified Final Budget is based on all other known State budgetary changes and changes to the District's priority of program implementations and/or planned expenditures since the Original Final Budget. Differences between the 2020-21 General Fund Original Final Budget and the Modified Final Budget, resulted in a higher budgeted ending balance by \$0.1 billion, from \$1.9 billion to \$2.0 billion. Adjustments to the Original Final Budget were an increase in beginning balance by \$0.2 billion, an increase in budgeted revenues and financing sources by \$0.9 billion, and an increase in budgeted expenditures and other financing uses by \$0.9 billion.

The increase in beginning balance by \$0.2 billion was to reflect the actual ending balance as of June 30, 2020 as opposed to the estimated June 30, 2020 ending balance. The net increase in budgeted revenues and other financing sources of \$0.9 billion was mostly due to the recognition of COVID-related federal and state funding totaling \$0.7 billion, increase in Local Control Funding Formula (LCFF) revenue of \$0.1 billion, and funding increase of State's on behalf contribution to California State Teachers' Retirement System (CalSTRS).

The increase in estimated expenditures and other financing uses of \$0.9 billion was mostly attributable to the program implementation of COVID-related funds and the increased expenditure authority for the State's on behalf contribution to California State Teachers' Retirement System (CalSTRS).

Actual vs. Modified Final Budget

The beginning balances are the same on both the Actual and the Modified Final Budget. The unfavorable variance of \$0.4 billion in revenues and other financing sources between the Actual and Modified Final Budget was mostly due to adjustments on multi-year grants and COVID-related funds which are budgeted in their entirety but earned only to the extent of actual expenditures incurred.

The favorable variance of \$1.3 billion in expenditures and other financing uses between the Actual and the Modified Final Budget was mostly from school carryover accounts. The unspent portion of these school accounts will be carried over into the next fiscal year to pay for future obligations. The largest decreases in expenditures

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

were mainly in Books and Supplies (\$0.5 billion), Certificated Salaries (\$0.2 billion), and Services and Other Operating Expenditures (\$0.3 billion).

Differences between the Actual and Modified Final Budget in the General Fund resulted in a higher ending balance by \$0.8 billion, from \$2.0 billion to \$2.8 billion.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2021 amounts to \$15.0 billion (net of accumulated depreciation), 0.98% increase from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment, and construction in progress, net of any related accumulated depreciation. The increase is primarily due to comprehensive and major modernization projects, heating, ventilation, and air conditioning (HVAC) projects, and various Americans with Disabilities Act (ADA) improvement at school sites.

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

	Governmental Activities	
	2021	Restated 2020
Sites	\$ 3,100,360	\$ 3,100,133
Improvement of sites	313,870	279,301
Buildings and improvements	9,432,012	9,598,504
Equipment	430,697	380,565
Construction in progress	1,760,659	1,532,577
Total	<u>\$ 15,037,598</u>	<u>\$ 14,891,080</u>

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

Long-term obligations. At the end of the current fiscal year, the District had total long-term obligations of \$31.7 billion. Of this amount, \$11.8 billion is comprised of debt to be repaid by voter approved property taxes and not by the General Fund of the District.

The District's total long-term obligations increased by \$3.3 billion (11.5%) during the current fiscal year. The increase was primarily due to new issuance of new and refunding General Obligation Bonds and increase in change of actuarial assumptions.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

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

	Governmental Activities	
	2021	Restated 2020
General Obligation (GO) Bonds	\$ 11,768,846	\$ 11,408,196
Certificates of Participation (COPs)	139,517	168,430
Capital Lease Obligations	93	186
Children's Center Facilities Revolving Loan	—	80
Liability for Compensated Absences	108,286	90,595
Liability for Other Employee Benefits	33,671	39,552
Self-insurance Claims	609,841	670,596
Net Pension Liability	7,935,187	7,446,273
Other Postemployment Benefits (OPEB)	11,062,961	8,578,152
Total	<u>\$ 31,658,402</u>	<u>\$ 28,402,060</u>

Long-Term Credit Ratings

Below are the District's long-term credit ratings as of June 30, 2021 from the rating agencies that carry ratings on all or some of the District's outstanding GO bonds and COPs:

1. Moody's Investors Service (Moody's) rated the District's GO bonds and COPs "Aa3" and "A2", respectively, with a Stable Outlook. In addition, Moody's assigned a "A1" issuer credit rating to the District.
2. Fitch Ratings (Fitch) rated the District's GO bonds as "AA+" with a Negative Outlook and provided an Issuer Default Rating of "A-" with a Negative Outlook. See Footnote 16 Subsequent Events for an update to this rating.
3. Standard & Poor's (S&P) rated the District's GO bonds and COPs as "A+" and "A", respectively, with a Stable Outlook.
4. Kroll Bond Rating Agency (KBRA) rated the District's GO bonds as "AAA" with a Stable Outlook.

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

State statutes limit the issuance of general obligation bond debt by a unified school district if the outstanding general obligation bonds are more than 2.5% of its total taxable property. The debt limitation for the District as of June 30, 2021 is \$19.7 billion, which is in excess of the District's outstanding general obligation bond debt.

Additional information on the District's long-term obligations can be found in Notes 11 and 12 on pages 65-69 of this report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2021

Requests for Information

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2021
(in thousands)

	<u>Governmental Activities</u>
Assets:	
Cash in county treasury, in banks, and on hand	\$ 6,495,250
Cash held by trustee	167,836
Investments	13,800
Property taxes receivable	112,274
Accounts receivable, net	1,600,075
Accrued interest receivable	11,607
Prepays	76,663
Inventories	56,888
Accounts receivable, non current	17,902
Other assets	5,445
Capital assets:	
Sites	3,100,360
Improvement of sites	826,805
Buildings and improvements	17,016,892
Equipment	2,529,059
Construction in progress	1,760,659
Less accumulated depreciation	<u>(10,196,177)</u>
Total Capital Assets, Net of Depreciation	<u>15,037,598</u>
Total Assets	<u>23,595,338</u>
Deferred Outflows of Resources	<u>4,203,087</u>
Liabilities:	
Vouchers and accounts payable	335,789
Contracts payable	111,586
Accrued payroll	453,916
Accrued interest	267,691
Other payables	202,271
Unearned revenue	112,062
Long-term liabilities:	
Portion due within one year	914,645
Portion due after one year	11,745,609
Net pension liability	7,935,187
Net other post-employment liability	<u>11,062,961</u>
Total Liabilities	<u>33,141,717</u>
Deferred Inflows of Resources	<u>4,416,829</u>
Net Position:	
Net investment in capital assets	4,791,464
Restricted for:	
Debt service	1,094,376
Program activities	711,574
Unrestricted	<u>(16,357,535)</u>
Total Net Position	<u>\$ (9,760,121)</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2021
(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	\$ 4,692,148	\$ 17,578	\$ 1,482,371	\$ —	\$ (3,192,199)
Support services – students	605,902	1,367	312,556	—	(291,979)
Support services – instructional staff	745,931	337	368,912	—	(376,682)
Support services – general administration	122,422	—	1,595	—	(120,827)
Support services – school administration	543,716	—	110,418	—	(433,298)
Support services – business	401,658	9,377	294,471	—	(97,810)
Operation and maintenance of plant services	866,231	28,955	164,393	—	(672,883)
Student transportation services	149,066	—	14,543	—	(134,523)
Data processing services	77,363	—	105	—	(77,258)
Operation of non-instructional services	475,967	364	375,445	—	(100,158)
Facilities acquisition and construction services*	144,969	76,554	37,257	77,689	46,531
Other Uses	5,541	—	—	—	(5,541)
Interest expense	411,255	—	1,192	82,494	(327,569)
Depreciation – unallocated**	585,571	—	—	—	(585,571)
Total Governmental Activities	<u>\$ 9,827,740</u>	<u>\$ 134,532</u>	<u>\$ 3,163,258</u>	<u>\$ 160,183</u>	<u>(6,369,767)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,840,504
Property taxes, levied for debt service					1,149,309
Property taxes, levied for community redevelopment					49,455
State aid not restricted to specific purpose					3,815,566
Grants, entitlements, and contributions not restricted to specific programs					188,864
Unrestricted investment earnings					9,253
Miscellaneous					37,775
Total General Revenues					<u>7,090,726</u>
Change in Net Position					720,959
Net Position – Beginning of Year, Restated					<u>(10,481,080)</u>
Net Position – End of Year					<u>\$ (9,760,121)</u>

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

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

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2021
(in thousands)

	<u>General</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Assets:					
Cash in county treasury, in banks, and on hand	\$ 2,257,664	\$ 1,673,750	\$ 1,078,475	\$ 573,420	\$ 5,583,309
Cash held by trustee	17	—	154,870	12,949	167,836
Investments	—	—	—	13,800	13,800
Taxes receivable	—	—	112,274	—	112,274
Accounts receivable – net	1,522,263	—	—	45,133	1,567,396
Accrued interest receivable	4,509	3,805	—	1,229	9,543
Prepays	22,331	223	—	42	22,596
Inventories	32,798	—	—	24,090	56,888
Other assets	—	—	—	215	215
Total Assets	<u>3,839,582</u>	<u>1,677,778</u>	<u>1,345,619</u>	<u>670,878</u>	<u>7,533,857</u>
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 3,839,582</u>	<u>\$ 1,677,778</u>	<u>\$ 1,345,619</u>	<u>\$ 670,878</u>	<u>\$ 7,533,857</u>
Liabilities and Fund Balances:					
Vouchers and accounts payable	\$ 294,308	\$ 26,595	\$ —	\$ 10,209	\$ 331,112
Contracts payable	27,241	82,816	—	1,529	111,586
Accrued payroll	416,294	5,153	—	35,644	457,091
Other payables	136,245	6,260	—	12,837	155,342
Unearned revenue	110,205	—	—	1,857	112,062
Total Liabilities	<u>984,293</u>	<u>120,824</u>	<u>—</u>	<u>62,076</u>	<u>1,167,193</u>
Deferred Inflows of Resources:					
Property taxes	—	—	112,274	—	112,274
Qualified School Construction Bonds	—	—	9,022	—	9,022
Total Deferred Inflows of Resources	<u>—</u>	<u>—</u>	<u>121,296</u>	<u>—</u>	<u>121,296</u>
Fund Balances:					
Nonspendable	57,963	619	—	24,149	82,731
Restricted	199,917	1,556,335	1,224,323	—	2,980,575
Restricted, reported in:					
Special revenue funds	—	—	—	139,869	139,869
Debt service funds	—	—	—	16,448	16,448
Capital projects funds	—	—	—	407,086	407,086
Assigned	1,064,146	—	—	—	1,064,146
Assigned, reported in:					
Special revenue funds	—	—	—	8,063	8,063
Capital projects funds	—	—	—	13,187	13,187
Unassigned:					
Reserved for economic uncertainties	91,990	—	—	—	91,990
Unassigned	1,441,273	—	—	—	1,441,273
Total Fund Balances	<u>2,855,289</u>	<u>1,556,954</u>	<u>1,224,323</u>	<u>608,802</u>	<u>6,245,368</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,839,582</u>	<u>\$ 1,677,778</u>	<u>\$ 1,345,619</u>	<u>\$ 670,878</u>	<u>\$ 7,533,857</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2021
 (in thousands)

Total Fund Balances – Governmental Funds	\$ 6,245,368
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 \$25,233,775 and the accumulated depreciation is \$10,196,177.	15,037,598
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.	112,274
Federal subsidies for debt service expenditures are recognized in the governmental funds only when the corresponding interest expenditure is recognized.	9,022
Receivables that will be collected in the following year and thereafter are not available soon enough to pay the current period's expenditures and therefore are not reported in the governmental funds.	17,902
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.	318,710
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(12,313,952)
Deferred outflow/inflow of resources – refunding charges are not reported in the governmental funds.	36,990
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(6,653,415)
Net other postemployment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	<u>(12,570,618)</u>
Total Net Position – Governmental Activities	<u>\$ (9,760,121)</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, 2021
(in thousands)

	<u>General</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Revenues:					
Local Control Funding Formula sources	\$ 5,655,895	\$ —	\$ —	\$ —	\$ 5,655,895
Federal revenues	1,674,440	—	95,945	293,115	2,063,500
Other state revenues	1,223,838	—	3,718	340,696	1,568,252
Other local revenues	190,821	10,446	1,131,877	151,086	1,484,230
Total Revenues	<u>8,744,994</u>	<u>10,446</u>	<u>1,231,540</u>	<u>784,897</u>	<u>10,771,877</u>
Expenditures:					
Current:					
Certificated salaries	3,086,731	—	—	100,750	3,187,481
Classified salaries	1,159,789	47,269	—	185,403	1,392,461
Employee benefits	2,151,390	22,706	—	189,432	2,363,528
Books and supplies	621,289	12,876	—	129,084	763,249
Services and other operating expenditures	1,067,785	29,813	—	(29,140)	1,068,458
Capital outlay	95,701	588,262	—	85,241	769,204
Debt service – principal	93	—	695,045	29,316	724,454
Debt service – bond issuance cost	—	—	2,948	—	2,948
Debt service – bond, COPs, and capital leases interest	10	—	510,456	6,166	516,632
Other outgo	5,541	—	—	—	5,541
Transfers of indirect costs – interfund	(22,308)	—	—	22,308	—
Total Expenditures	<u>8,166,021</u>	<u>700,926</u>	<u>1,208,449</u>	<u>718,560</u>	<u>10,793,956</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>578,973</u>	<u>(690,480)</u>	<u>23,091</u>	<u>66,337</u>	<u>(22,079)</u>
Other Financing Sources (Uses):					
Transfers in	265,007	270,033	—	69,555	604,595
Transfers out	(38,165)	(142,676)	—	(196,754)	(377,595)
Issuance of bonds	—	1,057,060	—	—	1,057,060
Issuance of refunding bonds	—	—	498,310	—	498,310
Payment to refunded bond escrow agent	—	—	(631,490)	—	(631,490)
Premium on refunding bonds issued	—	—	134,937	—	134,937
Premium on bonds issued	—	—	156,670	—	156,670
Premium on refunding COPs issued	—	—	—	5,644	5,644
Issuance of refunding COPs	—	—	—	28,390	28,390
Payment to refunded COPs escrow agent	—	—	—	(33,594)	(33,594)
Total Other Financing Sources (Uses)	<u>226,842</u>	<u>1,184,417</u>	<u>158,427</u>	<u>(126,759)</u>	<u>1,442,927</u>
Net Changes in Fund Balances	805,815	493,937	181,518	(60,422)	1,420,848
Fund Balances, July 1, 2020, Restated	2,049,474	1,063,017	1,042,805	669,224	4,824,520
Fund Balances, June 30, 2021	<u>\$ 2,855,289</u>	<u>\$ 1,556,954</u>	<u>\$ 1,224,323</u>	<u>\$ 608,802</u>	<u>\$ 6,245,368</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, 2021
 (in thousands)

Net Changes in Fund Balances – Governmental Funds	\$ 1,420,848
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.	146,519
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.	(194,222)
Premiums, discounts, and refunding charges are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.	(168,531)
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.	17,730
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).	(11,824)
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.	(19,157)
Some expenses, including legal settlements and rebatable arbitrage, are recognized in the government wide statements as soon as the underlying event has occurred but not until due and payable in the governmental funds.	(911)
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.	(156,249)
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.	(2,334)
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.	(17,449)
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.	(424,767)
Adoption of GASB 75 recognizes actuarial OPEB expense in the government wide statements and reclassify actual pension contribution in the current year as deferred outflow of resources.	131,306
Change in Net Position of Governmental Activities	\$ 720,959

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, 2021
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula sources	\$ 5,529,868	\$ 5,653,427	\$ 5,655,895	\$ 2,468
Federal revenues	1,576,613	1,987,247	1,674,440	(312,807)
Other state revenues	963,132	1,394,471	1,223,838	(170,633)
Other local revenues	142,507	131,169	190,821	59,652
Total Revenues	<u>8,212,120</u>	<u>9,166,314</u>	<u>8,744,994</u>	<u>(421,320)</u>
Expenditures:				
Current:				
Certificated salaries	3,252,131	3,298,359	3,086,731	211,628
Classified salaries	1,073,509	1,162,032	1,159,789	2,243
Employee benefits	2,169,124	2,329,130	2,151,390	177,740
Books and supplies	1,001,918	1,144,749	621,289	523,460
Services and other operating expenditures	893,427	1,403,315	1,067,785	335,530
Capital outlay	81,537	97,707	95,701	2,006
Debt service – principal	402	298	93	205
Debt service – bond, COPs, and capital leases interest	28	28	10	18
Other outgo	7,653	7,588	5,541	2,047
Transfers of indirect costs – interfund	(26,991)	(24,250)	(22,308)	(1,942)
Total Expenditures	<u>8,452,738</u>	<u>9,418,956</u>	<u>8,166,021</u>	<u>1,252,935</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(240,618)</u>	<u>(252,642)</u>	<u>578,973</u>	<u>831,615</u>
Other Financing Sources (Uses):				
Transfers in	245,000	265,099	265,007	(92)
Transfers out	(58,372)	(38,250)	(38,165)	85
Proceeds from sale of capital assets	100,000	—	—	—
Total Other Financing Sources (Uses)	<u>286,628</u>	<u>226,849</u>	<u>226,842</u>	<u>(7)</u>
Net Changes in Fund Balances	46,010	(25,793)	805,815	831,608
Fund Balances, July 1, 2020	1,866,686	2,049,474	2,049,474	—
Fund Balances, June 30, 2021	<u>\$ 1,912,696</u>	<u>\$ 2,023,681</u>	<u>\$ 2,855,289</u>	<u>\$ 831,608</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, 2021
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	\$ 911,941
Accounts receivable – net	32,679
Accrued interest and dividends receivable	2,062
Prepays	54,067
Other assets	5,230
Total Assets	1,005,979
Deferred Outflows of Resources	4,809
Liabilities:	
Current:	
Vouchers and accounts payable	10,181
Accrued payroll	1,886
Other payables	40,514
Estimated liability for self-insurance claims	226,933
Total Current Liabilities	279,514
Noncurrent:	
Estimated liability for self-insurance claims	382,908
Net other post-employment benefits liability	13,468
Net pension liability	11,038
Total Noncurrent Liabilities	407,414
Total Liabilities	686,928
Deferred Inflows of Resources	5,150
Total Net Position – Unrestricted	\$ 318,710

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, 2021
(In thousands)

Operating Revenues:		
In-District premiums		\$ 1,211,036
Others		<u>10,388</u>
Total Operating Revenues		<u>1,221,424</u>
Operating Expenses:		
Certificated salaries		193
Classified salaries		5,641
Employee benefits		3,827
Supplies		217
Premiums and claims expenses		1,128,018
Claims administration		17,386
Other contracted services		<u>1,106</u>
Total Operating Expenses		<u>1,156,388</u>
Operating Income		<u>65,036</u>
Nonoperating Revenues (Expenses):		
Investment income		5,767
Miscellaneous expense		<u>(52)</u>
Total Nonoperating Revenues		<u>5,715</u>
Income before Transfers		70,751
Transfers out		<u>(227,000)</u>
Changes in Net Position		(156,249)
Total Net Position, July 1, 2020		<u>474,959</u>
Total Net Position, June 30, 2021		<u><u>\$ 318,710</u></u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2021
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	\$ (7,666)
Cash payments for goods and services	(1,198,637)
Receipts from assessment to other funds	1,211,036
Receipts from other operating revenue	<u>10,388</u>
Net Cash Provided by Operating Activities	<u>15,121</u>
Cash Flows from Non-Capital Financing Activities:	
Transfer to other funds	<u>(227,000)</u>
Cash Used by Non-Capital Financing Activities	<u>(227,000)</u>
Cash Flows from Investing Activities:	
Earnings on investments	<u>6,838</u>
Cash Provided by Investing Activities	<u>6,838</u>
Net Decrease in Cash and Cash Equivalents	(205,041)
Cash and Cash Equivalents, July 1	<u>1,116,982</u>
Cash and Cash Equivalents, June 30	<u>\$ 911,941</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 65,036</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net increase in pension and other postemployment benefits expense from actuarial valuation	840
Change in Assets: Decrease (Increase)	
Accounts receivable	5,781
Prepays	(1,847)
Other assets	(2,195)
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	1,668
Accrued payroll	1,154
Other payables	5,439
Estimated liability for self-insurance claims – current	40,504
Estimated liability for self-insurance claims – noncurrent	<u>(101,259)</u>
Total Adjustments	<u>(49,915)</u>
Net Cash Provided by Operating Activities	<u>\$ 15,121</u>

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

(1) Summary of Significant Accounting Policies

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

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

(a) Reporting Entity

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

The District's Audited Annual Financial Report includes all funds of the District and its component units with the exception of the fiscally independent charter schools, which are required to submit audited financial statements individually to the State, and the Auxiliary Services Trust Fund, which is not significant in relation to District operations. This fund was established in 1935 to receive and disburse funds for insurance premiums on student body activities and property, "all city" athletic and musical events, and grants restricted for student-related activities. The District has certain oversight responsibilities for these operations but there is no financial interdependency between the financial activities of the District and the fiscally independent charter schools or the Auxiliary Services Trust Fund.

Blended Component Units

The LAUSD Financing Corporation and the LAUSD Administration Building Finance Corporation (the Corporations) were formed in 2000 and 2001, respectively, to finance properties leased by the District. The Corporations have a financial and operational relationship which meets the reporting entity definition criteria of GASB for inclusion of the Corporations as blended component units of the District. These Corporations are nonprofit public benefit corporations and they were formed to provide financing assistance to the District for construction and acquisition of major capital facilities. The District currently occupies all completed Corporation facilities under lease purchase agreements. At the end of the lease terms, or pursuant to relevant transaction documents with the District, or upon dissolution of the Corporations, title to all Corporations property passes to the District.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

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 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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements on pages 17 and 19. 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.

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Expenditures for the governmental funds are generally recognized when the related fund liability is incurred, except debt service expenditures and expenditures related to compensated absences which are recognized when payment is due.

(d) Financial Statement Presentation

The District's audited annual financial report includes the following:

- Management's Discussion and Analysis is a narrative introduction and analytical overview of the District's financial activities as required by GASB Statement No. 34. This narrative overview is in a format similar to that in the private sector's corporate annual reports.
- Government-wide financial statements are prepared using full accrual accounting for all of the District's activities. Therefore, current assets and liabilities, deferred outflow and inflow of resources, capital and other long-term assets, and long-term liabilities are included in the financial statements.
- Statement of net position displays the financial position of the District including all capital assets and related accumulated depreciation, long-term liabilities, and net pension and other postemployment benefits (OPEB) liabilities.
- Statement of activities focuses on the cost of functions and programs and the effect of these on the District's net position. This financial report is also prepared using the full accrual basis and includes depreciation expense.

(e) Fund Accounting

The District's accounting system is organized and operated on the basis of funds. Fund Accounting emphasizes accountability rather than profitability. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. A description of the activities of the various funds is provided below:

Major Governmental Funds

The District has the following major governmental funds for the fiscal year 2020-21:

General Fund – The General Fund is used to account for all financial resources relating to educational activities and the general business operations of the District, including educational programs funded by other governmental agencies. The General Fund consists of unrestricted and restricted funds.

District Bonds Fund – This category represents the total of the following building accounts: Building Account – Bond Proceeds (Proposition BB), established to account for bond proceeds received as a result of the passage of such proposition in Election of 1997; Building Account – Measure K, established to account for bond proceeds received by the passage of such measure in Election of 2002; Building Account – Measure R, established to account for bond proceeds received by the passage of such measure in Election of 2004; Building Account – Measure Y, established to account for bond proceeds received by the passage of such measure in Election of 2005; and Building Account – Measure Q, established to account for bond proceeds received by the passage of such measure in Election of 2008.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Bond Interest and Redemption Fund – This Debt Service Fund is used to account for the payment of principal and interest on the general obligation bond issues (Proposition BB, Measure K, Measure R, Measure Y, and Measure Q). Revenues are derived from ad valorem taxes levied upon all taxable property in the District.

Other Governmental Funds

The District has the following nonmajor governmental funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for the specific purpose (other than debt service or capital projects) of the individual funds. The District maintains the following Special Revenue Funds: Student Activity Special Revenue, Adult Education, Child Development, and Cafeteria.

Debt Service Funds – Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the repayment of general long-term debt principal and interest. The District maintains the following nonmajor Debt Service Funds: Tax Override and Capital Services. The Bond Interest and Redemption Fund is reported separately as a major fund in fiscal year 2020-21.

Capital Projects Funds – Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and equipment other than those financed by the General and Special Revenue Funds. The District maintains the following nonmajor Capital Projects Funds: Building, Capital Facilities Account, State School Building Lease-Purchase, County School Facilities Bonds, Special Reserve – Community Redevelopment Agency, Special Reserve, Special Reserve – FEMA – Earthquake, and Special Reserve – FEMA – Hazard Mitigation. The District Bonds Fund (BB Bonds, Measure K, Measure R, Measure Y, and Measure Q) is reported separately as a major fund in fiscal year 2020-21.

Proprietary Funds

The District has the following Proprietary Funds:

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

Under the full accrual basis of accounting that is generally accepted for Internal Service Funds, total estimated liabilities for self-insurance are recorded based on estimated claims liabilities, including the estimated liability for incurred but not reported claims. For the Workers' Compensation Self-Insurance and Liability Self-Insurance Funds, the estimates are determined by applying an appropriate discount rate to estimated future claim payments. No discount is applied to estimated Health and Welfare

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

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.

(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, 2021

(g) Cash and Investments

Cash includes amounts in demand deposits with the Los Angeles County Treasury and various financial institutions, imprest funds for schools and offices, and cafeteria change funds. The District maintains some cash deposits with various banking institutions for collection clearing, check clearing, or revolving fund purposes. The District also maintains deposit accounts held by various trustees for the acquisition or construction of capital assets, for the repayment of long-term debts, and for the payment of other postemployment benefits.

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

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

(h) Short-term Interfund Receivables/Payables

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position. At June 30, 2021, there were no balances on due to/from other funds.

(i) Inventories

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

(j) Capital Assets

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

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

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.

<u>Assets</u>	<u>Years</u>
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, 2021.

(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, 2021

(m) Pensions

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

(n) Long-term Obligations

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

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

(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 2020-21, the District received \$1.5 billion of local property taxes, \$1.0 billion of EPA, and \$3.2 billion of State aid.

Implementation of the LCFF began in fiscal year 2013-14 with a projected eight-year transition period. For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in fiscal year 2012-13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. As of 2020-21, the LCFF is funded at target for the District. Funding is calculated based on data reported by each LEA including pupil attendance, local revenue, and other demographic factors, in accordance with the LCFF. Allocations are made through the Principal Apportionment system.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

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

Another funding component to the total LCFF is the Education Protection Account (EPA). The EPA provides LEAs with general purpose state aid funding pursuant to Proposition 30, The Schools and Local Public Safety Protection Act of 2012, approved by the voters on November 6, 2012. Proposition 30 temporarily increases the state's sales tax rate for all taxpayers until the end of 2016 and the personal income tax rates for upper-income taxpayers until the end of 2018. Proposition 55 was passed on November 8, 2016, extending the temporary personal income tax increases enacted in 2012 by 12 years. A portion of the revenues generated by the measure's temporary tax increases is deposited into the EPA which is used to support increased school funding.

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

(p) *Estimates*

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

(q) *New Pronouncements*

The GASB has issued Statement No. 84, *Fiduciary Activities*, effective for periods beginning after June 15, 2018. In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which deferred the effective date for implementing Statement No. 84 to periods beginning after December 15, 2019. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement established criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. As a result of the adoption of this standard, the District removed the reporting of the Other Postemployment Benefits (OPEB) Trust Fund in its fiscal year 2020-21 financial statements, as it is no longer required. In addition, Student Body Activities previously reported in the Fiduciary Fund are now reflected as part of the Governmental Funds. The District then restated its June 30, 2020 fund balance in the governmental fund and net position in the governmental activities to reflect the cumulative effect of change in accounting principle. The result is an increase

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

in the governmental fund balance and in the governmental activities net position by \$46.4 million and \$47.5 million, respectively.

The GASB has issued Statement No. 90 – *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. This Statement aims to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. The District’s adoption of this statement does not have a material impact on its 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 Balance Sheet and Statement of Activities (in thousands):

Fund Balance at beginning of year, as previously reported	\$	4,778,090
Restatement –		
Recognition of Student Body Activities (see Note 1q)		46,430
Fund Balance at beginning of year, as restated	\$	<u>4,824,520</u>
Net position at beginning of year, as previously reported	\$	(10,528,569)
Restatement –		
Recognition of Student Body Activities (see Note 1q)		47,489
Net position at beginning of year, as restated	\$	<u>(10,481,080)</u>

(2) Tax and Revenue Anticipation Notes

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

The District did not have any TRANs issuance in fiscal year 2020-21.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

(3) Reconciliation of Government-wide and Fund Financial Statements

(a) *Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position*

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.” The details of the \$12,313,952 difference are as follows (in thousands):

Bonds payable	\$ (11,768,846)
Certificates of Participation (COPs)	(139,517)
Capital lease obligations	(93)
Liability for compensated absences	(104,992)
Liability for other employee benefits	(31,902)
Accrued interest	(267,691)
Other	<u>(911)</u>
Adjustment to reduce <i>total fund balances – governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (12,313,952)</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.” Moreover, in the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold. The details of this \$146,519 difference are as follows (in thousands):

Capital related expenditures	\$ 769,204
Cost of the capital assets sold	(51)
Depreciation expense	<u>(622,634)</u>
Net adjustment to decrease net changes in <i>total fund balances – governmental funds</i> to arrive at changes in net position – governmental activities	<u>\$ 146,519</u>

Another element of that reconciliation states that “Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

additions and reductions to liabilities in the statement of net position.” The details of this \$194,222 difference are as follows (in thousands):

Principal repayments:	
GO Bonds	695,045
COPs	29,236
Children Center Facilities Loan	80
Capital Leases Obligations	93
Payments to escrow agent for refunding:	
Refunding GO Bonds	631,490
Refunding COPs	33,594
	<hr/>
Net adjustment to increase net changes in <i>total</i> fund balances – governmental funds to arrive at changes in net position – governmental activities	<u>\$ (194,222)</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 \$946.1 million.

(5) Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:	
Cash	\$ 6,495,250
Investments	13,800
Cash held by trustee	167,836
	<hr/>
Total cash and investments	<u>\$ 6,676,886</u>

Cash and investments as of June 30, 2021 consist of the following (in thousands):

Cash on hand (cafeteria change funds)	\$ 26
Deposits with financial institutions and Los Angeles County Pool	6,663,060
Investments	13,800
	<hr/>
Total cash and investments	<u>\$ 6,676,886</u>

Deposits with financial institutions include: (1) cash in the Los Angeles County Pooled Surplus Investment Fund (\$6,457.6 million); (2) cash held by fiscal agents or trustees (\$167.8 million); (3) cash deposited with various other financial institutions for imprest funds of schools and offices (\$9.9 million); and cash in the Student Activity Special Revenue Fund (\$27.8 million).

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Except for investments by trustees of Certificates of Participation (COPs) proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from the website at <http://ttax.co.la.ca.us/>. The table below identifies some of the investment types permitted in the investment policy:

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

<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	None	15% of PSI portfolio with no more than 10% in any one fund	None
J. Repurchase Agreement	30 days	\$1 billion	\$500 million/dealer
K. Reverse Repurchase Agreement	1 year	\$500 million	\$250 million/broker
L. Forwards, Futures and Options	90 days	\$100 million	\$50 million/counterparty
M. Interest-Rate Swaps in conjunction with approved bonds and limited to highest credit rating categories	None	None	None
N. Securities Lending Agreement	180 days	20% of base portfolio value (combined total value of reverse repurchase agreements and securities lending)	None
O. Supranationals in accordance with Gov. Code 53601(q)	5 years	30% of PSI portfolio	with credit rating limits

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Interest rate risk is the risk involved with fluctuations of interest rates that may adversely affect the fair value of the investments. The County's investment guidelines target the weighted average maturity of its portfolio to a range between 1.0 and 2.0 years. As of June 30, 2021, 63.34% of district funds in the County PSI Fund does not exceed one year. In addition, variable-rate notes that comprised 0.01% of the County PSI Fund and other investments portfolio are tied to periodic coupon resets eliminating interest-rate risk by repricing back to par value at each reset date.

Credit risk means the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, as measured by assignment of a rating by a nationally recognized statistical rating organization. This County's investment guidelines establish minimum acceptable credit ratings issued by any three nationally recognized statistical rating organizations. For short term and long-term debt issuers, the rating must be no less than A1 from Standard & Poor's (S&P), P-1 from Moody's Investors Service (Moody's), or F1 from Fitch Ratings (Fitch). The County PSI Fund is not rated.

Concentration of credit risk means the risk of loss attributed to the magnitude of an investment in a single issuer. For District funds in the County pool, the County's investment policy has concentration limits that provide sufficient diversification. As of June 30, 2021, 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

(6) Accounts Receivable, net

Receivables by Fund at June 30, 2021 consist of the following (in thousands):

	<u>General</u>	<u>Other Governmental</u>	<u>Internal Service Funds</u>	<u>Total</u>
Accrued grants and entitlements	\$ 1,503,495	\$ 38,177	\$ —	\$ 1,541,672
Other	18,768	6,956	32,679	58,403
Total Accounts Receivable, Net	<u>\$ 1,522,263</u>	<u>\$ 45,133</u>	<u>\$ 32,679</u>	<u>\$ 1,600,075</u>

(7) Capital Assets

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

	<u>Restated Balances June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2021</u>
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 3,100,133	\$ 227	\$ —	\$ 3,100,360
Construction in progress	1,532,577	756,551	(528,469)	1,760,659
Total capital assets, not being depreciated	<u>4,632,710</u>	<u>756,778</u>	<u>(528,469)</u>	<u>4,861,019</u>
Capital assets, being depreciated:				
Improvement of sites	764,587	62,218	—	826,805
Buildings and improvements	16,675,727	341,165	—	17,016,892
Equipment	2,400,818	137,460	(9,219)	2,529,059
Total capital assets, being depreciated	<u>19,841,132</u>	<u>540,843</u>	<u>(9,219)</u>	<u>20,372,756</u>
Less accumulated depreciation for:				
Improvement of sites	(485,286)	(27,649)	—	(512,935)
Buildings and improvements	(7,077,223)	(507,657)	—	(7,584,880)
Equipment	(2,020,253)	(87,328)	9,219	(2,098,362)
Total accumulated depreciation	<u>(9,582,762)</u>	<u>(622,634)</u>	<u>9,219</u>	<u>(10,196,177)</u>
Total capital assets, being depreciated, net	<u>10,258,370</u>	<u>(81,791)</u>	<u>—</u>	<u>10,176,579</u>
Governmental activities capital assets, net	<u>\$ 14,891,080</u>	<u>\$ 674,987</u>	<u>\$ (528,469)</u>	<u>\$ 15,037,598</u>

Due to the adoption of GASB No. 84, the beginning balance is restated. Refer to note 1 (q) for further details.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

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

Governmental activities:

Instruction	\$ 17,573
Support services - students	126
Support services - instructional staff	929
Support services - general administration	128
Support services - school administration	134
Support services - business	2,913
Operation and maintenance of plant services	6,222
Student transportation services	5,415
Data processing services	2,017
Operation of noninstructional services	1,606
Facilities Acquisition and construction	<u>585,571</u>
Total depreciation expense – governmental activities	<u><u>\$ 622,634</u></u>

(8) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2021 are comprised of the following (in thousands):

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Debt refunding charges	\$ 72,291	\$ 35,301
Pension contributions subsequent to measurement date	755,048	–
OPEB contributions subsequent to measurement date	231,192	–
Difference in contribution	17,433	71,785
Unamortized differences between projected and actual earnings on plan investments	454,516	258,975
Unamortized differences between expected and actual experience	131,530	996,564
Unamortized differences arising from changes of assumptions	2,321,062	2,731,883
Unamortized differences arising from change in proportion of net pension liability	165,107	265,694
Unamortized differences arising from change in proportion of deferred outflow	54,908	–
Unamortized differences arising from change in proportion of deferred inflow	<u>–</u>	<u>56,627</u>
Total	<u><u>\$ 4,203,087</u></u>	<u><u>\$ 4,416,829</u></u>

(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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Retirement Plans

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

The District's total net pension liability at June 30, 2021 is summarized in the following table (in thousands):

CalPERS – Safety Plan	\$ 117,825
CalPERS – Miscellaneous Plan	2,421,053
CalSTRS	5,396,309
Total	<u>\$ 7,935,187</u>

(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, 2021, are summarized as follows:

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hiring date	3% @ 50	2.7% @ 57
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	57
Retirement age: minimum	3.0%	2.70%
Monthly benefit, as a % of eligible compensation	9.00%	13.75%
Required employee contribution rates	47.268%	47.268%
Required employer contribution rates		

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Employees Covered

At June 30, 2021, the following employees were covered by the benefit terms for the Safety Plan:

	<u>Safety</u>
Inactive employees or beneficiaries currently receiving the benefits	475
Inactive employees entitled to, but not yet receiving benefits	177
Active employees	<u>272</u>
Total	<u>924</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 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, 2021, the contributions to the Safety Plan amounted to \$13.9 million.

Net Pension Liability

The District's net pension liability for the Safety Plan of \$117.8 million at June 30, 2021 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, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Change in Benefit Terms

The figures include any liability impact that may have resulted from voluntary benefit changes that occurred after the June 30, 2019 valuation. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the June 30, 2019 valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Discount Rate

The discount rate used to measure the total pension liability of the Safety Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Safety	
		Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	—	0.77	1.81
Private equity	8.00	6.30	7.23
Real estate	13.00	3.75	4.93
Liquidity	1.00	—	(0.92)
Total	100.00%		

^(a) An expected inflation of 2.00% used for this period.

^(b) An expected inflation of 2.92% used for this period.

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Notes to Basic Financial Statements

Year Ended June 30, 2021

Changes in the Net Pension Liability

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

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 429,526	\$ 320,593	\$ 108,933
Changes recognized for the measurement period:			
Service cost	11,066	-	11,066
Interest on the total pension liability	30,547	-	30,547
Changes of benefit terms	211	-	211
Differences between expected and actual experience	536	-	536
Net plan to plan resource movement	-	(164)	164
Contributions from the employer	-	14,619	(14,619)
Contributions from employees	-	3,348	(3,348)
Net investment income	-	16,117	(16,117)
Benefit payments, including refunds of employee contributions	(17,165)	(17,165)	-
Administrative expense	-	(452)	452
Net changes	25,195	16,303	8,892
Balance at June 30, 2021	\$ 454,721	\$ 336,896	\$ 117,825

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2020. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

The following presents the District's net pension liability for the Safety plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (in thousands):

	Safety		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's net pension liability	\$ 182,259	\$ 117,825	\$ 64,991

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2021, the District recognized pension expense of \$22.0 million for the Safety Plan. As of June 30, 2021, 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>
Change of assumptions	\$ 4,366	\$ 4,204
Differences between expected and actual experience	625	1,962
Net difference between projected and actual earnings on pension plan investments	2,669	—
District contributions subsequent to the measurement date	<u>13,900</u>	<u>—</u>
Total	<u>\$ 21,560</u>	<u>\$ 6,166</u>

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense.

The \$13.9 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	<u>Safety</u>
<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ (180)
2023	(1,378)
2024	1,687
2025	1,365

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Notes to Basic Financial Statements

Year Ended June 30, 2021

Payable to the Pension Plan

The District's contribution for all members to the Safety Plan for the fiscal year ended June 30, 2021 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, 2021.

Miscellaneous Plan

Plan Description and Benefits Provided

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

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hiring date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50	52
Monthly benefit, as a % of eligible compensation	1.10%	1.00%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	20.700%	20.700%

Contributions

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

For the year ended June 30, 2021, the contributions to the Miscellaneous Plan amounted to \$243.4 million.

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Notes to Basic Financial Statements

Year Ended June 30, 2021

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

At June 30, 2021, the District reported a net pension liability of \$2.4 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2020, 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, 2019 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on the 2019-20 fiscal year employer contributions calculated by CalPERS. At June 30, 2020, the District's proportion rate was 7.890515%.

For the year ended June 30, 2021, the District recognized pension expense of \$457.1 million for the Miscellaneous Plan. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (Miscellaneous Plan) from the following sources (in thousands):

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 121,834	\$ —
Difference between projected and actual earnings on pension plan investments	111,366	61,938
Change of assumption	8,965	—
Change in NPL proportion	12,998	46,629
Change in proportion of deferred outflow	7,319	—
Change in proportion of deferred inflow	—	11,560
Difference in contribution	815	54,703
District contributions subsequent to the measurement date	243,447	—
Total	<u>\$ 506,744</u>	<u>\$ 174,830</u>

The \$243.4 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	<u>Miscellaneous</u>	
<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>	
2022	\$	27,224
2023		28,785
2024		8,392
2025		24,066

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Notes to Basic Financial Statements

Year Ended June 30, 2021

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

⁽¹⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale of 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement dates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Discount Rate

The discount rate used to measure the total pension liability of the Miscellaneous Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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Notes to Basic Financial Statements

Year Ended June 30, 2021

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	Miscellaneous		
	Assumed Target Allocation	Real Return Years 1 - 10 ^(a)	Real Return Years 11+ ^(b)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00	1.00	2.62
Inflation assets	—	0.77	1.81
Private equity	8.00	6.30	7.23
Real assets	13.00	3.75	4.93
Liquidity	1.00	—	(0.92)
Total	<u>100.00%</u>		

^(a) An expected inflation of 2.00% used for this period.

^(b) An expected inflation of 2.92% used for this period.

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2020. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

The following presents the District's proportionate share of the net pension liability for the Miscellaneous plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate (in thousands):

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Notes to Basic Financial Statements

Year Ended June 30, 2021

	1.00% Decrease (6.15%)	Miscellaneous Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 3,480,705	\$ 2,421,053	\$ 1,541,595

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, 2021 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, 2021.

(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.

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Notes to Basic Financial Statements

Year Ended June 30, 2021

The Plan’s provisions and benefits in effect at June 30, 2021, are summarized as follows:

	CalSTRS	
	On or before December 31, 2012	On or after January 1, 2013
Hiring date		
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50-55 (30 years of service credit)	55 (5 years of service credit)
Monthly benefit, as a % of eligible compensation	1.1% - 2.4%	1.16% - 2.4%
Required employee contribution rates	10.25%	10.205%
Required employer contribution rates	16.15%	16.15%

Contributions

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

Assembly Bill (AB 1469) enacted in Chapter 47, Statutes of 2014 is projected to fully fund the CalSTRS Defined Benefit (DB) Program in 32 years through shared contribution among CalSTRS members, employers and the State of California. Contribution increases will be phased in over several years with the first increases taking effect on July 1, 2014. Member contribution increases will be phased in over the next three years and increase by an additional 2.25% of payroll for CalSTRS 2% at 60 members and an additional 1.205% for CalSTRS 2% at 62 members. Effective July 1, 2020, the Board cannot adjust the employer rate by more than 1% in a fiscal year, and the increase to the contribution rate above the 8.25% base contribution rate cannot exceed 12% for a maximum of 20.25%. The Board has limited authority to adjust state contribution rates annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation associated with the 1990 benefit structure. The Board cannot increase the rate by more than 0.50% in a fiscal year, and if there is no unfunded actuarial obligation, the contribution rate imposed to pay for the 1990 benefit structure would be reduced to 0%.

The total employer contribution rate was set to increase to 19.100% of creditable compensation for the 2020–21 fiscal year. However, in July 2019, CalSTRS received additional supplemental contributions from the state to reduce the employers’ contribution rate both short term and long term. In order to provide additional short-term rate relief to employers, the California Legislature and the Governor, through the adoption of the 2020 Budget Act, repurposed previous supplemental contributions intended to reduce the employers’ unfunded actuarial obligation to provide additional short-term rate relief. The employers’ contribution rate has been reduced by 1.03% for fiscal year 2019–20, by 2.95% for fiscal year 2020–21 and by 2.18% for fiscal year 2021–22. As a result, the total employer contribution rate was equal to 17.100% of creditable compensation for the 2019-20 fiscal year and is equal to 16.15% of creditable compensation for the 2020–21 fiscal year. Effective

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Notes to Basic Financial Statements

Year Ended June 30, 2021

with the 2021–22 fiscal year, the board will have limited authority to adjust the contribution rate to amortize the remaining unfunded actuarial obligation by the 2046 deadline.

For the year ended June 30, 2021, the contributions to the CalSTRS' TRF amounted to \$497.7 million.

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

At June 30, 2021, the District reported a net pension liability of \$5.4 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2020, 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 2019-20 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, 2020, the District's proportion rate was 5.403%.

For the year ended June 30, 2021, the District recognized pension expense of \$480.5 million. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 9,071	\$ 148,811
Difference between projected and actual earnings	326,816	197,037
Change of assumption	502,096	—
Change in NPL proportion	152,109	219,065
Change in proportion of deferred outflow	47,589	—
Change in proportion of deferred inflow	—	45,067
Difference in contribution	16,618	17,082
District contributions subsequent to the measurement date	497,701	—
Total	\$ 1,552,000	\$ 627,062

The \$497.7 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

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Notes to Basic Financial Statements

Year Ended June 30, 2021

Year ended June 30	CalSTRS	
	Deferred Outflows	(Inflows) of Resources
2022	\$	12,061
2023		123,067
2024		205,640
2025		72,051
2026		13,979
2027		439

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, 2019, and rolling forward the total pension liability to June 30, 2020. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date	June 30, 2019
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Post-retirement benefit increases	2.00% simple for defined benefit (annually) maintain 85% purchasing power level for defined benefit not applicable for Defined Benefit Supplement

*Net of investment expenses, but gross of administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability of the CalSTRS’ TRF was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions and benefit payments and administrative expenses occur mid year. Based on those assumptions, the CalSTRS’ TRF fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS’ general investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the Board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	CalSTRS	
	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public equity	42.00 %	4.80 %
Real estate	15.00	3.60
Private equity	13.00	6.30
Fixed income	12.00	1.30
Risk mitigating strategies	10.00	1.80
Inflation sensitive	6.00	3.30
Cash/liquidity	2.00	(0.40)
	<u>100.00 %</u>	

* 20-year average

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2020. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate (in thousands):

CalSTRS		
1.00% Decrease (6.10%)	Current Discount Rate (7.10%)	1.00% Increase (8.10%)

District's proportionate share of the net pension liability	\$ 7,910,856	\$ 5,396,309	\$ 3,027,517
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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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Notes to Basic Financial Statements

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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, 2021 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, 2021.

(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, 2021, there are 47,128 District employees covered under PARS.

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

The minimum total contribution is 7.50% of employees' salaries, of which the District and the employees contribute 3.75% each. For the year ended June 30, 2021, the District recognized pension expense of \$7.3 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2021, 2020, and 2019 were in accordance with the required contributions.

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

Postemployment Benefits – Health and Welfare for Retirees

Plan Description

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

- a. Those hired prior to March 11, 1984 must have served a minimum of five consecutive qualifying years immediately prior to retirement.

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Notes to Basic Financial Statements

Year Ended June 30, 2021

- b. Those hired from March 11, 1984 through June 30, 1987 must have served a minimum of 10 consecutive qualifying years immediately prior to retirement.
- c. Those hired from July 1, 1987 through May 31, 1992 must have served a minimum of 15 consecutive qualifying years immediately prior to retirement, or served 10 consecutive qualifying years immediately prior to retirement plus an additional previous 10 years which are not consecutive.
- d. Those hired from June 1, 1992 through February 28, 2007 must have at least 80 years combined total of qualifying service and age. For those employees that have a break in service, this must include 10 consecutive years immediately prior to retirement.
- e. Those hired from March 1, 2007 through March 31, 2009 must have at least 80 years combined total of qualifying service and age. In addition, the employee must have 15 consecutive years of qualifying service immediately prior to retirement.
- f. Those hired on or after April 1, 2009, except School Police, must have at least 85 years combined total of qualifying service and age. In addition, the employee must have a minimum of 25 consecutive years of qualifying service immediately prior to retirement.
- g. School Police (sworn personnel) hired on or after April 1, 2009 must have at least 80 years combined total of qualifying service and age. In addition, the employee must have a minimum of 20 consecutive years of qualifying service immediately prior to retirement.
- h. Associated Administrators of Los Angeles (AALA) Certificated employees, Service Employees International Union (SEIU) hired on or after July 1, 2018, and California School Employees Association (CSEA) members hired on or after September 1, 2018 must have at least 87 years combined total of qualifying service and age. In addition, the employee must have a minimum of 30 consecutive years of qualifying service immediately prior to retirement.

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

To receive retiree health care benefits, an individual must:

- a. Be eligible for active health care benefits at the date of retirement.
- b. Retire in accordance with the eligibility rules of the applicable retirement system (CalSTRS or CalPERS).
- c. Receive a monthly pension payment from the state retirement system (CalSTRS or CalPERS).
- d. Comply with the Medicare requirements of the District plans. Lack of Medicare does not impact dental or vision coverage.

Eligible dependents are also covered for the life of the retiree. Upon the retiree’s death, eligible dependents may continue coverage under the plan but will generally have to pay 100% of premium and plan costs.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Employees Covered

As of June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	60,601
Inactive employees or beneficiaries currently receiving benefits	38,634
Inactive employees entitled to, but not yet receiving benefits	<u>134</u>
Total	<u><u>99,369</u></u>

Contributions

The District's contribution obligation for the fiscal year for the health and welfare benefits of District personnel, including the cost of term life insurance coverage and employee assistance for active employees and coverage under health plans for dependents and retirees, generally is subject to an aggregate contribution limit. Determination of this fiscal year contribution obligation limit occurs through discussions with the relevant collective bargaining units and recommendation by the District-wide Health and Welfare Committee, and is subject to approval by the Board of Education.

Moreover, the District established in fiscal year 2013-14 an irrevocable other postemployment benefits (OPEB) trust with CalPERS – California Employers' Retiree Benefit Trust (CERBT) to address its fiscal obligation in relation to its OPEB liability. Contributions to the OPEB trust will be calculated annually and are governed by the District's Budget and Finance Policy wherein such contributions will be subject to maintaining an Unrestricted General Fund balance of 5.00% of the unrestricted revenue.

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

For fiscal year 2020-21, the District contributed a total of \$231.2 million to the OPEB Plan.

Net OPEB Liability

The District's net OPEB liability of \$11.1 billion at June 30, 2021 is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. All information provided is based on the census data, actuarial assumptions, and plan provisions used in the June 30, 2019 actuarial valuation report (dated February 2020), which are assumed to continue to be appropriate, except for the Changes of Benefit Terms and Changes of Assumptions which are reflected in the June 30, 2020 actuarial valuation, and noted below. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Valuation date	July 1, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal Cost
Discount rate	2.30%
Payroll growth	2.75% per annum
Salary increases	1997-2015 CalPERS Experience Study
Investment rate of return	7.30%
Mortality rate	Based on the Pub-2010 headcount-weighted tables for general employees, teachers and safety employees, with generational future improvement scale MP-2019
Pre-retirement turnover ¹	Turnover rates used in the most recent CalSTRS valuation and developed in the 1997-2015 CalPERS Experience Study, as applicable.
Healthcare trend rate	Non-Medicare Advantage Plans Pre-65 [7.33% - 4.50%]; Post 65 [9.24% - 4.50%] Medicare Advantage Plans Post 65 Kaiser [8.71% - 4.50%]; Anthem PPO [9.68% - 4.50%]; Health Net/Anthem EPO [8.71% - 4.50%] Dental & Vision - 5.00%

⁽¹⁾The Experience Study reports may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Changes of Assumptions

During the measurement period ended June 30, 2020, the following assumptions were changed from the prior valuation:

1. Assumed contributions are based on the current contribution policy of the Plan Sponsor, namely:
 - a. Contributions from members will continue based on the current cost sharing provisions; and
 - b. Contributions from LAUSD will continue to follow the current funding policy of Pay-As-You-Go annual premiums/claims. No additional pre-funding contributions are assumed to be made.
2. Projected benefit payments have been determined in accordance with Paragraphs 30-35 of GASB
3. Statement No. 75, and are based on the closed group of active, retired members and beneficiaries as of June 30, 2019. Benefit payments are assumed to be paid mid-year.
4. Administrative expenses are \$0.2 million for 2021. Expenses are assumed to be paid mid-year.
5. Projected investment earnings are based on the assumed investment rate of return of 7.30% per annum.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Discount Rate

The discount rate is based on a single equivalent rate that reflects a blend of expected return on assets during the period such that assets are projected to be sufficient to pay benefits of current participants; and 20-year municipal bond yields/index for periods beyond the depletion of the assets.

Based on the District’s current funding policy, projected cash flows, and the assumed asset return, the plan assets are projected to be depleted in 2028. This results in a single equivalent rate of 2.3% as of July 1, 2020, which reflects the assumed asset return until asset depletion and municipal bond rates thereafter. The municipal bond rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index and the rate was 2.21% as of July 1, 2020.

The long-term expected rate of return on OPEB plan investments was based on CalPERS’ expected return for California Employers’ Retirement Benefit Trust Strategy 1.

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

Asset class	Assumed asset allocation	Long-Term Geometric Expected Real Rate of Return ^(a)	Real return years 11+ ^(b)
Global equity	59.00%	4.80%	5.98%
Global debt securities	25.00	1.10	2.62
Inflation assets	5.00	0.25	1.46
REITs	8.00	3.20	5.00
Commodities	3.00	1.50	2.87
Total	100.00%		

^(a) An expected inflation of 2.00% used for this period.

^(b) An expected inflation of 2.92% used for this period.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Changes in the OPEB Liability

The changes in the net OPEB liability for the plan are as follows (in thousands):

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning Balance, June 30, 2020 (Based on 06/30/2019 Measurement Date)	<u>\$ 8,989,783</u>	<u>\$ 411,631</u>	<u>\$ 8,578,152</u>
Changes recognized for the fiscal year			
Service cost	291,399	—	291,399
Interest on the total OPEB liability	330,177	—	330,177
Changes of benefit terms	—	—	—
Changes of assumptions	2,098,757	—	2,098,757
Differences between expected and actual experience	—	—	—
Benefit payments	(221,166)	(221,166)	—
Contributions – employer	—	221,166	(221,166)
Net investment income	—	14,563	(14,563)
Other expenses – administrative expense	—	(205)	205
Net changes	<u>2,499,167</u>	<u>14,358</u>	<u>2,484,809</u>
Ending Balance, June 30, 2021 (Based on 06/30/2020 Measurement Date)	<u>\$11,488,950</u>	<u>\$ 425,989</u>	<u>\$ 11,062,961</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2021 (in thousands):

	1.00% Decrease (1.30%)	Current Discount Rate (2.30%)	1.00% Increase (3.30%)
Net OPEB liability	\$ 13,153,906	\$ 11,062,961	\$ 9,397,010

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2021 (in thousands):

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

	<u>1.00%</u> <u>Decrease</u>	<u>Trend</u> <u>Rate</u>	<u>1.00%</u> <u>Increase</u>
Net OPEB liability	\$ 8,981,140	\$ 11,062,961	\$ 13,829,177

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2021, the District recognized a decrease in OPEB expense of \$130.3 million. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Difference between expected and actual earnings on OPEB plan investments	\$ 13,665	\$ —
Changes of assumptions	1,805,635	2,727,679
Difference between expected and actual experience	—	845,791
District contributions subsequent to the measurement date	231,192	—
Total	<u>\$ 2,050,492</u>	<u>\$ 3,573,470</u>

The table below lists the amortization bases included in the deferred outflows/inflows as of June 30, 2021 (in thousands):

Date Established	Type of Base	Period		Balance		Annual Amortization
		Original	Remaining	Original	Remaining	
6/30/2020	Asset (gain)/loss	5.00	4.00	\$ 16,664	\$ 13,331	\$ 3,333
6/30/2020	Assumptions	7.16	6.16	2,098,757	1,805,635	293,122
6/30/2019	Liability (gain)/loss	7.25	5.25	(1,167,998)	(845,792)	(161,103)
6/30/2019	Asset (gain)/loss	5.00	3.00	4,258	2,555	852
6/30/2019	Assumptions	7.25	5.25	(1,965,158)	(1,423,046)	(271,056)
6/30/2018	Asset (gain)/loss	5.00	2.00	(1,759)	(703)	(352)
6/30/2018	Assumptions	7.33	4.33	(580,167)	(342,718)	(79,150)
6/30/2017	Asset (gain)/loss	5.00	1.00	(7,587)	(1,517)	(1,517)
6/30/2017	Assumptions	7.50	3.50	(2,061,247)	(961,915)	(274,833)
	Total charges			<u>\$ (1,754,170)</u>	<u>\$ (490,704)</u>	

The \$231.2 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

Amounts recognized in the deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows (in thousands):

<u>Year ended June 30</u>	<u>Deferred Outflows</u> <u>(Inflows) of Resources</u>
2022	\$ (490,704)
2023	(489,187)
2024	(488,835)
2025	(352,270)
2026	(165,156)
Thereafter	231,982

(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 provides \$500.0 million limit above a \$1.0 million self-insured retention. Excess insurance has been purchased for general liability, which currently provides \$35.0 million limit above a \$5.0 million self-insurance retention. No settlements exceeded insurance coverage in the last five fiscal years that ended June 30, 2021.

The District has implemented an Owner Controlled Insurance Program (OCIP) covering new construction and renovation projects funded by school bonds. Under an OCIP, the District provides general liability and workers' compensation insurance coverage for construction contractors. Because contractors remove insurance costs from their bids, potential savings accrue to the District. Under the District's OCIP program, workers' compensation coverage with statutory limits and primary general liability and excess liability coverage with limits of \$102.0 million have been underwritten by six major insurance carriers.

The District has also purchased contractors' pollution liability insurance coverage for the construction program. The policy protects contractors and the District from losses resulting from pollution liability related incidents occurring during construction. The policy provides optional coverage to ensure that site cleanup cost overruns are not borne by the District. The limits of coverage on the cleanup cost-cap policy are variable by specific project. The total limit available on the other policies is \$50.0 million.

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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

As of June 30, 2021, the amount of the total claims liabilities recorded for health and welfare, workers' compensation, and liability self-insurance was \$609.8 million. Changes in the reported liabilities since July 1, 2019 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
2020-2021				
Health and welfare benefits	\$ 19,924	\$ 238,175	\$ (237,055)	\$ 21,044
Workers' compensation self-insurance	479,992	3,069	(79,416)	403,645
Liability self-insurance	170,680	26,231	(11,759)	185,152
	<u>\$ 670,596</u>	<u>\$ 267,475</u>	<u>\$ (328,230)</u>	<u>\$ 609,841</u>
2019-2020				
Health and welfare benefits	\$ 22,009	\$ 214,708	\$ (216,793)	\$ 19,924
Workers' compensation self-insurance	442,654	124,537	(87,199)	479,992
Liability self-insurance	138,339	100,307	(67,966)	170,680
	<u>\$ 603,002</u>	<u>\$ 439,552</u>	<u>\$ (371,958)</u>	<u>\$ 670,596</u>

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

The District has entered into Certificates of Participation (COPs) for the acquisition of the new administration building, warehouse, school sites, relocatable classroom buildings, furniture and equipment; modernization, rehabilitation and repair of certain facilities; replacement of the legacy financial and procurement systems; and automation of certain business processes. The COPs outstanding as of June 30, 2021 are as follows (in thousands):

COP Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2021	Interest Rates to Maturity		Final Maturity
				Min	Max	
2012A Refunding Headquarters Building Projects	6/12/2012	\$ 87,845	\$ 33,375	3.750	5.000	2031
2012B Refunding Headquarters Building Projects	6/12/2012	72,345	69,205	3.000	5.000	2031
2020A Refunding	10/27/2020	28,390	28,390	2.250	5.000	2034
			<u>\$ 130,970</u> *			

* The total amount shown above excludes net unamortized premium of \$8.5 million.

Other Leasing Arrangements

The District has entered into various lease agreements ranging from four to five years to finance the acquisition of office equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The future minimum lease payments (principal plus interest) and the net present value of these minimum lease payments (principal only) are detailed in Note 12 – Long-Term Obligations.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

The District's operating leases consist of various leased facilities. The leased facilities have varying terms ranging from one year to 80 years. Some leases are month to month and year to year. The leases expire over the next 62 years subject to renewal option provisions.

The total expenditure for all operating leases amounted to \$9.3 million in fiscal year 2020-21. The future minimum commitments for noncancelable operating lease of the District as of June 30, 2021 are as follows (in thousands):

<u>Fiscal year ending</u>	<u>Amount</u>
2022	\$ 6,879
2023	6,074
2024	5,630
2025	5,802
2026	3,629
2027/2031	15,728
2032/2036	18,934
2037/2041	21,756
2042/2046	12,677
2047/2051	14,580
2052/2056	16,879
2057/2061	19,681
2062/2066	23,127
2067/2071	27,406
2072/2076	32,763
2077/2081	39,525
2082/2086	16,700
	<u>\$ 287,770</u>

(12) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2021 (in thousands):

	<u>Balance</u>			<u>Other</u>	<u>Balance,</u>	<u>Due Within</u>	<u>Interest</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Changes**</u>	<u>June 30, 2021</u>	<u>One Year</u>	<u>Expense</u>
General Obligation Bonds*	\$ 11,408,196	\$ 1,555,370	\$ 1,314,825	\$ 120,105	\$ 11,768,846	\$ 668,090	\$ 405,121
Certificates of Participation (Note 11)*	168,430	28,390	61,850	4,547	139,517	11,906	4,943
Capital lease obligations	186	-	93	-	93	73	10
Children center facilities revolving loan	80	-	80	-	-	-	-
Liability for compensated absences	90,595	83,981	66,290	-	108,286	4,359	-
Liability for other employee benefits	39,552	-	5,881	-	33,671	3,284	-
Self-Insurance claims (Note 10)	670,596	267,475	328,230	-	609,841	226,933	-
Total	<u>\$ 12,377,635</u>	<u>\$ 1,935,216</u>	<u>\$ 1,777,249</u>	<u>\$ 124,652</u>	<u>\$ 12,660,254</u>	<u>\$ 914,645</u>	<u>\$ 410,074</u>

* The amounts shown above include unamortized premiums and discounts.

** Premium on bonds and premium and discount amortization.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

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		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 529,405	\$ 526,983	\$ 10,333	\$ 6,123	\$ 539,738	\$ 533,106
2023	530,910	504,492	10,717	5,600	541,627	510,092
2024	547,430	478,184	10,488	5,076	557,918	483,260
2025	564,360	450,689	10,410	4,561	574,770	455,250
2026	867,080	419,397	11,140	4,031	878,220	423,428
2027-2031	3,164,225	1,594,269	60,630	11,384	3,224,855	1,605,653
2032-2036	3,030,150	722,252	17,345	678	3,047,495	722,930
2037-2041	957,705	250,613	—	—	957,705	250,613
2042-2046	673,290	56,291	—	—	673,290	56,291
	<u>\$10,864,555</u>	<u>\$5,003,170</u>	<u>\$131,063</u>	<u>\$ 37,453</u>	<u>\$10,995,618</u>	<u>\$5,040,623</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

The General Obligation (GO) Bonds outstanding balance as of June 30, 2021 consists of the following (in thousands):

Bond Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2021	Interest Rates to Maturity		Final Maturity
				Min	Max	
KRY (2009-BAB) ^(a)	10/15/2009	\$ 1,369,800	\$ 1,369,800	5.750%	5.755%	2034
Election of 2005, H (2009)	10/15/2009	318,800	318,800	1.540	1.540	2025
RY (2010-BAB) ^(a)	3/4/2010	1,250,585	1,250,585	6.758	6.758	2034
Election of 2005, J-1 (2010) ^(c)	5/6/2010	190,195	190,195	(b) 5.981	5.981	2027
Election of 2005, J-2 (2010) ^(c)	5/6/2010	100,000	100,000	(b) 5.720	5.720	2027
2011A-1 Refunding	11/1/2011	206,735	52,305	4.000	5.000	2023
2011A-2 Refunding	11/1/2011	201,070	131,825	5.000	5.000	2021
2012A Refunding	5/8/2012	156,000	79,965	2.000	5.000	2028
2014A Refunding	6/26/2014	196,850	39,990	5.000	5.000	2022
2014B Refunding	6/26/2014	323,170	126,165	5.000	5.000	2026
2014C Refunding	6/26/2014	948,795	767,245	3.000	5.000	2031
2014D Refunding	6/26/2014	153,385	115,040	5.000	5.000	2030
2015A Refunding	5/28/2015	326,045	218,260	5.000	5.000	2025
Election of 2008, A (2016)	4/5/2016	648,955	377,985	3.500	5.000	2040
2016A Refunding	4/5/2016	577,400	267,465	5.000	5.000	2030
2016B Refunding	9/15/2016	500,855	498,240	2.000	5.000	2032
2017A Refunding	5/25/2017	1,080,830	1,034,695	2.000	5.000	2027
Election of 2005, Series M-1 (2018)	3/8/2018	117,005	111,265	3.000	5.250	2042
Election of 2008, Series B-1 (2018)	3/8/2018	1,085,440	1,034,935	4.000	5.250	2042
2019A Refunding	5/29/2019	594,605	545,295	3.000	5.000	2034
Series RYQ (2020)	4/30/2020	942,940	829,000	4.000	5.000	2044
2020A Refunding	10/6/2020	302,000	302,000	3.000	5.000	2033
Measure Q, Series C (2020)	11/10/2020	1,057,060	907,190	3.000	5.000	2045
2021A Refunding	4/29/2021	196,310	196,310	4.000	5.000	2032
			<u>\$ 10,864,555</u>	*		

* The total amount shown above excludes unamortized premium and discount of \$904.3 million.

(a) Issued under Build America Bonds (BABs), a taxable bond program for which the federal government initially subsidized 35% of the interest cost.

(b) Includes accumulated set-aside deposits for Qualified School Construction Bonds totaling \$154.87 million representing \$69.76 million for Election of 2005, H (2009) (Tax Credit Bonds) and \$85.11 million for Election of 2005, J-1 and J-2 (2010) (Federally Taxable Direct Subsidy Bonds).

(c) Issued as qualified school construction bonds, a taxable bond program in which the federal government initially subsidized interest as if such bonds bore interest at the applicable federal rate for such bonds of 5.72% per annum.

On October 6, 2020, the District issued \$302.0 million of 2020 General Obligation Refunding Bonds, Series A (Dedicated Unlimited Ad Valorem Property Tax Bonds) to refund the outstanding General Obligation Bonds, Series KRY (2010) with an outstanding par amount of \$379.7 million. The Refunding Bonds received ratings of “AA+”, “AAA”, and “Aa3” from Fitch, KBRA, and Moody’s, respectively. The refunding generated net present value savings of \$124.1 million or 32.7% of the refunded bonds.

LOS ANGELES UNIFIED SCHOOL DISTRICT

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Year Ended June 30, 2021

On October 27, 2020, the District issued \$28.4 million of Refunding Certificates of Participation, 2020 Series A. The Refunding COPs proceeds, together with other available funds, were used to refund the 2010 Series B-1 and B-2 COPs and prepay a lease that was executed in 2013. The Refunding COPs received a rating of “A2” from Moody’s and the portion of the Refunding COPs that were insured by the Build America Mutual Assurance Corporation (“BAM”) were rated “AA” from S&P. The refunding resulted in net present value savings of \$7.7 million or 18.1% of the refunded COPs.

On November 10, 2020, the District issued \$1.057 billion of new money General Obligation Bonds, Measure Q, Series C (2020) (Dedicated Unlimited *Ad Valorem* Property Tax Bonds). The Bonds were rated “AA+” from Fitch, “AAA” from KBRA and “Aa3” from Moody’s. The Bonds were issued to finance school modernization and IT projects.

On April 29, 2021, the District issued \$196.31 million of 2021 General Obligation Refunding Bonds, Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) to refund bonds originally issued in 2011 and 2016 that had an aggregate par amount of \$240.1 million. The Refunding Bonds were sold via competitive bid with ratings of “AA+” from Fitch with a Negative Outlook, “AAA” from KBRA with a Stable Outlook, and “Aa3” from Moody’s with a Stable Outlook. The refunding generated net present value savings of \$64.48 million or 26.86% of the refunded bonds.

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, 2021, there was no positive arbitrage rebate or yield restriction liability accrued.

Debt Liquidation

Payments on the General Obligation Bonds and Certificates of Participation are made through the debt service funds. The employee benefits liability for retirement bonus are all paid out of the General Fund, while the compensated absences portion are liquidated from different governmental funds and proprietary funds. In fiscal year 2021, approximately 92% of compensated absences has been paid by the General Fund, 7% by the District Bonds Fund, and 1% by the proprietary funds.

The self-insurance claims and other postemployment benefits are generally liquidated through the internal service funds, which finance the payment of those claims and benefits by charging user funds. The General Fund assumes 100% of liability self-insurance claims. For workers’ compensation and health benefit claims, including retiree health benefits, the General Fund currently bears approximately 89% of the cost, the Cafeteria Fund carries 6%; and the Child Development Fund carries 3%; no other individual fund is charged more than 3% of the total amount.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

(13) Interfund Transfers

Interfund transfers are eliminated on the government-wide statement of activities but are reported on the fund financial statements. These consist of transfers for exchange of services or reimbursement of expenditures. In addition, interfund transactions are also made to move revenue collected in one fund to another fund where the resources are spent or accounted for, in accordance with budgetary authorization through which resources are to be expended. Transfers between funds for the year ended June 30, 2021 were as follows (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Adult Education Fund	Transfer of balance	\$ 4,340
General Fund	Child Development Fund	Child development support	17,125
General Fund	Cafeteria Fund	Reimbursement of expenditures	136
General Fund	Building Fund – Measure K	Reimbursement of capital expenditures	51
General Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	222
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	88
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	110
General Fund	Capital Services Fund	Debt service	16,093
Adult Education Fund	General Fund	Reimbursement of expenditures	6
Child Development Fund	General Fund	Reimbursement of expenditures	14
Building Fund – Measure R	Building Fund – Measure Y	Reimbursement of capital expenditures	3
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	45,646
Building Fund – Measure R	County School Facilities - Prop 47	Reimbursement of capital expenditures	13
Building Fund – Bond Proceeds	Building Fund – Measure Q	Reimbursement of capital expenditures	8
Building Fund – Measure K	General Fund	Reimbursement of capital expenditures	0
Building Fund – Measure K	Building Fund – Measure R	Reimbursement of capital expenditures	393
Building Fund – Measure K	Building Fund – Measure Y	Reimbursement of capital expenditures	341
Building Fund – Measure K	Building Fund – Measure Q	Reimbursement of capital expenditures	13
Building Fund – Measure K	County School Facilities - Prop 47	Reimbursement of capital expenditures	1
Building Fund – Measure K	Special Reserve Fund	Reimbursement of capital expenditures	12
Building Fund – Measure Y	General Fund	Reimbursement of capital expenditures	52
Building Fund – Measure Y	Building Fund – Measure R	Reimbursement of capital expenditures	1,556
Building Fund – Measure Y	Building Fund – Measure K	Reimbursement of capital expenditures	2,296
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	43,433
Building Fund – Measure Y	County School Facilities - Prop 47	Reimbursement of capital expenditures	101
Building Fund – Measure Y	Special Reserve Fund	Reimbursement of capital expenditures	11
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	17,259
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	15
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	50
Building Fund – Measure Q	Building Fund – Measure Y	Reimbursement of capital expenditures	90
Building Fund – Measure Q	Capital Facilities Fund	Reimbursement of capital expenditures	5,000
Building Fund – Measure Q	County School Facilities - Prop 47	Reimbursement of capital expenditures	26,307
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	76
Capital Facilities Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	39
Capital Facilities Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	97,315
Capital Facilities Fund	County School Facilities - Prop 47	Reimbursement of capital expenditures	19
County School Facilities - Prop 47	Building Fund – Measure R	Reimbursement of capital expenditures	497
County School Facilities - Prop 47	Building Fund – Measure K	Reimbursement of capital expenditures	69,461
County School Facilities - Prop 47	Building Fund – Measure Y	Reimbursement of capital expenditures	87
County School Facilities - Prop 47	Building Fund – Measure Q	Reimbursement of capital expenditures	5,242
County School Facilities - Prop 47	Capital Facilities Fund	Reimbursement of capital expenditures	1
Capital Services Fund	General Fund	Debt service	675
Special Reserve Fund – CRA	General Fund	Reimbursement of capital expenditures	20,000
Special Reserve Fund	Building Fund – Measure R	Reimbursement of capital expenditures	48
Special Reserve Fund	Building Fund – Measure K	Reimbursement of capital expenditures	205
Special Reserve Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	2,825
Special Reserve Fund	Capital Services Fund	Debt service	320
Health & Welfare Fund	General Fund	Transfer of balance	227,000
Total			\$ 604,595

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

(14) Fund Equity

The following is a summary of nonspendable, restricted, assigned, and unassigned fund balances at June 30, 2021 (in thousands):

	<u>General</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental</u>
Nonspendable:				
Revolving cash and imprest funds	\$ 2,834	\$ 396	\$ —	\$ 17
Inventories	32,798	—	—	24,090
Prepays	22,331	223	—	42
Total Nonspendable Balances	<u>57,963</u>	<u>619</u>	<u>—</u>	<u>24,149</u>
Restricted for:				
Child Nutrition: School Programs	—	—	—	64,872
Child Development: Corona Virus Response	—	—	—	4,022
Medi-Cal Billing Options	2,428	—	—	—
FEMA Public Assistance Funds	8	—	—	2,374
California Clean Energy Jobs Act	5,478	—	—	—
Special Education	1,646	—	—	—
Special Education: Early Education Individuals with Exceptional Needs (Infant Program)	189	—	—	—
Classified Employee Professional Development Block Grant	3,578	—	—	—
SB 117 Covid-19 LEA Response Funds	5,486	—	—	—
Capital Facilities Account	—	—	—	102,195
State School Facilities Projects	—	—	—	6,172
County School Facilities Funds	—	—	—	89,221
Special Reserve	—	—	—	86,328
Adult Education Block Grant Program	—	—	—	24,433
Calworks	—	—	—	780
Debt Service Reserve	—	—	1,224,323	—
District Bonds	—	1,556,335	—	—
Expanded Learning Opportunities	168,115	—	—	—
Other Federal	4,735	—	—	—
Other State - Adult Education	—	—	—	4,568
Other Local	8,254	—	—	—
Student Activity Funds	—	—	—	41,194
Tax Override	—	—	—	418
Special Reserve - Community Redelopment Agency	—	—	—	120,796
Capital Services	—	—	—	16,030
Total Restricted Balances	<u>199,917</u>	<u>1,556,335</u>	<u>1,224,323</u>	<u>563,403</u>
Assigned to:				
Subsequent year expenditures	1,064,146	—	—	21,250
Unassigned:				
Reserved for economic uncertainties	91,990	—	—	—
Unassigned	1,441,273	—	—	—
Total Fund Balances	<u>\$ 2,855,289</u>	<u>\$ 1,556,954</u>	<u>\$ 1,224,323</u>	<u>\$ 608,802</u>

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

purpose unless the governing board removes or changes the specific use through formal action. Governing board action to commit fund balance needs to occur within the fiscal reporting period, no later than June 30. The amount which will be committed can be determined subsequently but prior to the release of the District's financial statements.

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

Unassigned fund balances represent all other spendable amounts.

General Fund is the only fund that reports a positive unassigned fund balance, as it is not appropriate to report a positive unassigned fund balance in other governmental funds except where expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned for those purposes. In such case, a negative unassigned fund balance may be reported.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers assigned amounts to be reduced first, before the unassigned amounts.

Minimum Fund Balance Policy

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

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

(15) Contingencies and Commitments

(a) General

The District, as well as current and former Board Members and employees to whom the District has defense and indemnification responsibilities under the Government Code, has been named as defendants in numerous lawsuits, administrative proceedings and arbitrations. These seek, among other things, to require the District to cease its Covid mitigating measures (e.g., vaccine mandate, masking, testing, etc.), to reinstate terminated, demoted, suspended, and laid-off employees, to remedy alleged noncompliance regarding special education services/schools, and to change existing instructional programs, pupil integration methods, and employment and administration procedures. In

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2021

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

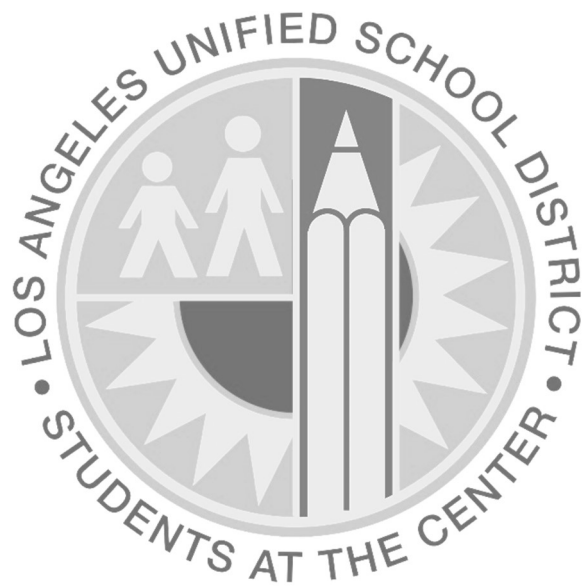
The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under the terms of the grants, management believes that any required reimbursement will not be material to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

(c) Construction Contracts

The District has entered into various contracts for the construction of facilities throughout the campuses. During fiscal year 2020-2021 the District entered into approximately 45 contracts with a combined value of \$908.8 million. The durations of the contracts range from 60 days to six years.

(16) Subsequent Events

On October 27, 2021, the District issued \$494.1 million of new money General Obligation Bonds, Series RYRR (Dedicated Unlimited Ad Valorem Property Tax Bonds) and \$48.9 million of 2021 General Obligation Refunding Bonds, Series B (Dedicated Unlimited Ad Valorem Property Tax Bonds) to refund the outstanding General Obligation Bonds, Series A (2012) with an outstanding par amount of \$46.37 million. The new money and refunding bonds received ratings of "AA+" from Fitch with a Stable Outlook, "AAA" from KBRA with a Stable Outlook, and "Aa3" from Moody's with a Stable Outlook. In conjunction with this bond sale, Fitch revised its Rating Outlook to Stable from Negative. The new money bonds were issued to finance certain school facilities projects. The refunding generated net present value savings of \$5.66 million or 12.21% of the refunded bonds.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of Changes in the Net OPEB Liability and Related Ratios*

For the Year Ended June 30, 2021
 (Dollar amounts in thousands)
 (unaudited)

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
Total OPEB Liability				
Service cost	\$ 634,089	\$ 523,203	\$ 380,844	\$ 291,399
Interest on the total OPEB liability	490,582	561,040	460,486	330,177
Differences between expected and actual experience	—	—	(1,167,998)	—
Changes of benefit terms	—	(3,842,546)	(1)	—
Changes of assumptions	(2,061,247)	(580,166)	(1,965,158)	2,098,757
Benefit payments	<u>(264,763)</u>	<u>(305,521)</u>	<u>(287,040)</u>	<u>(221,166)</u>
Net change in total OPEB liability	(1,201,339)	(3,643,990)	(2,578,867)	2,499,167
Total OPEB liability – beginning	<u>16,413,979</u>	<u>15,212,640</u>	<u>11,568,650</u>	<u>8,989,783</u>
Total OPEB liability – ending (a)	<u>\$ 15,212,640</u>	<u>\$ 11,568,650</u>	<u>\$ 8,989,783</u>	<u>\$ 11,488,950</u>
Plan fiduciary net position				
Contributions – employer	\$ 342,763	\$ 425,521	\$ 287,040	\$ 221,166
Net investment income	20,995	23,893	23,970	14,563
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)
Administrative expense	<u>(103)</u>	<u>(172)</u>	<u>(190)</u>	<u>(205)</u>
Net change in plan fiduciary net position	98,892	143,721	23,780	14,358
Plan fiduciary net position – beginning	<u>145,238</u>	<u>244,130</u>	<u>387,851</u>	<u>411,631</u>
Plan fiduciary net position – ending (b)	<u>244,130</u>	<u>387,851</u>	<u>411,631</u>	<u>425,989</u>
Net OPEB liability – ending (a) - (b)	<u>\$ 14,968,510</u>	<u>\$ 11,180,799</u>	<u>\$ 8,578,152</u>	<u>\$ 11,062,961</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.60%	3.35%	4.58%	3.71%
Covered – employee payroll	\$ 3,905,000	\$ 3,728,000	\$ 4,062,000	\$ 4,174,000
Net OPEB liability as percentage of covered – employee payroll	383.32%	299.91%	211.18%	265.04%

* Fiscal year 2017-18 was the first year of implementation, therefore only four years are shown.

Schedule of Contributions
 For the Year Ended June 30, 2021

Not applicable – Funding is not based on actuarially determined contributions and contributions are neither statutorily or contractually established.

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2021
(Dollar amounts in thousands)
(unaudited)

	<u>2014-2015</u>	<u>2015-2016</u>
Total Pension Liability		
Service cost	\$ 8,284	\$ 8,240
Interest on total pension liability	22,121	23,128
Differences between expected and actual experience	—	(4,558)
Changes of assumptions	—	(5,860)
Changes of benefit terms	—	—
Benefit payments, including refunds of employee contributions	<u>(12,325)</u>	<u>(12,853)</u>
Net change in total pension liability	18,080	8,097
Total pension liability – beginning	<u>296,973</u>	<u>315,053</u>
Total pension liability – ending (a)	<u>\$ 315,053</u>	<u>\$ 323,150</u>
Plan fiduciary net position		
Contributions – employer	8,341	9,347
Contributions – employees	2,717	2,825
Net investment income (net of administrative expenses)	37,066	5,185
Benefit payments, including refunds of employee contributions	(12,325)	(12,853)
Plan to plan resource movement	<u>—</u>	<u>1</u>
Net change in plan fiduciary net position	35,799	4,505
Plan fiduciary net position – beginning	<u>213,160</u>	<u>248,959</u>
Plan fiduciary net position – ending (b)	<u>248,959</u>	<u>253,464</u>
Net pension liability – ending (a) - (b)	<u>\$ 66,094</u>	<u>\$ 69,686</u>
Plan fiduciary net position as a percentage of the total pension liability	79.02%	78.44%
Covered – employee payroll	\$ 26,213	\$ 27,384
Net pension liability as percentage of covered – employee payroll	252.14%	254.48%

* Fiscal year 2014-15 was the first year of implementation, therefore only seven years are shown.

See accompanying independent auditor's report.

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
\$ 8,861	\$ 10,331	\$ 10,073	\$ 10,054	\$ 11,066
25,394	26,815	27,428	28,862	30,547
11,191	(1,831)	(2,039)	(1,660)	536
—	23,771	(11,622)	—	—
—	—	—	—	211
(13,653)	(14,041)	(15,498)	(16,060)	(17,165)
31,793	45,045	8,342	21,196	25,195
323,150	354,943	399,988	408,330	429,526
<u>\$ 354,943</u>	<u>\$ 399,988</u>	<u>\$ 408,330</u>	<u>\$ 429,526</u>	<u>\$ 454,721</u>
8,701	9,711	10,746	12,751	14,619
3,064	3,352	3,291	3,505	3,348
1,196	28,500	22,418	19,647	15,665
(13,653)	(14,041)	(15,498)	(16,060)	(17,165)
(3)	(15)	(176)	(307)	(164)
(695)	27,507	20,781	19,536	16,303
253,464	252,769	280,276	301,057	320,593
252,769	280,276	301,057	320,593	336,896
<u>\$ 102,174</u>	<u>\$ 119,712</u>	<u>\$ 107,273</u>	<u>\$ 108,933</u>	<u>\$ 117,825</u>
71.21%	70.07%	73.73%	74.64%	74.09%
\$ 31,786	\$ 33,239	\$ 33,381	\$ 33,097	\$ 34,582
321.45%	360.16%	321.36%	329.14%	340.72%

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Contributions *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2021
(Dollar amounts in thousands)
(unaudited)

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Actuarially determined contribution	\$ 9,342	\$ 10,397	\$ 11,392	\$ 11,057
Contributions in relation to the				
actuarially determined contributions	<u>(9,342)</u>	<u>(10,397)</u>	<u>(11,392)</u>	<u>(11,057)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered – employee payroll	\$ 39,837	\$ 42,476	\$ 43,788	\$ 43,799
Contributions as a percentage of covered				
– employee payroll	23.45%	24.48%	26.02%	25.24%

Notes to Schedule:

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

Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset valuation method	15 Year Smoothed Market	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually
Salary increases	Varies by entry age and service	3.3% to 14.2% depending on age, service and type of employment	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.0%	3.0%	3.0%	3.0%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation.	7.5%	7.5%	7.5%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using scale AA published by the Society of Actuaries. There is no margin for future mortality improvement beyond the valuation date.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only seven years are shown.

See accompanying independent auditor's report.

<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>
\$ 12,992	\$ 14,611	\$ 13,900
(12,992)	(14,611)	(13,900)
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
\$ 46,849	\$ 45,139	\$ 34,583
27.73%	32.37%	40.19%

6/30/2016	6/30/2017	6/30/2018
Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Market Value of Assets	Market Value of Assets	Market Value of Assets
2.75% compounded annually	2.63% compounded annually	2.50% compounded annually
Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
3.0%	2.9%	2.75%
7.5%	7.25%	7.00%
The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.

Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2021
(Dollar amounts in thousands)
(unaudited)

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

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
District's proportion of the net pension liability (asset)	9.3936%	8.7047%	8.3405%	8.1507%
District's proportionate share of the net pension liability (asset)	\$ 1,066,402	\$ 1,283,081	\$ 1,647,254	\$ 1,945,775
District's covered-employee payroll	\$ 839,116	\$ 1,016,759	\$ 1,078,634	\$ 1,108,784
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	127.09%	126.19%	152.72%	175.49%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%

2. Schedule of District Contributions

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Contractually required contribution				
District contributions	\$ 113,398	\$ 119,193	\$ 144,467	\$ 166,342
Contributions in relation to the contractually required contribution	113,398	119,193	144,467	166,342
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
District's covered-employee payroll	1,016,759	1,078,634	1,108,784	1,116,870
Contributions as a percentage of covered-employee payroll	11.15%	11.05%	13.03%	14.89%

Notes to Schedule:

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

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	20-year period	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.
Asset valuation method	Actuarial value of Assets	Market value of Assets	Market value of Assets	Market value of Assets
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
Investment rate of return	7.50%	7.50%	7.50%	7.50%
Retirement age	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
Mortality	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

* Fiscal year 2014-15 was the first year of implementation, therefore only seven years are shown.

See accompanying independent auditor's report.

	<u>2018-2019</u>		<u>2019-2020</u>		<u>2020-2021</u>
	7.96783%		8.0858%		7.8905%
\$	2,124,474	\$	2,356,549	\$	2,421,053
\$	1,116,870	\$	1,228,585	\$	1,221,081
	190.22%		191.81%		198.27%
	70.85%		70.05%		70.00%

	<u>2018-2019</u>		<u>2019-2020</u>		<u>2020-2021</u>
\$	205,346	\$	224,546	\$	243,447
	205,346		224,546		243,447
\$	—	\$	—	\$	—
	1,228,585		1,221,081		1,256,381
	16.71%		18.39%		19.38%

6/30/2017	6/30/2018	6/30/2019
Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.
Market value of Assets	Market value of Assets	Market value of Assets
2.75%	2.63%	2.50%
Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
7.15%	7.15%	7.15%
CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan
California State Teachers' Retirement System (CalSTRS)
For the Year Ended June 30, 2021
(Dollar amounts in thousands)
(unaudited)

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

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
District's proportion of the net pension liability (asset)	5.7380%	5.9320%	5.5890%	5.3050%
District's proportionate share of the net pension liability (asset)	\$ 3,353,000	\$ 3,993,660	\$ 4,520,439	\$ 4,906,064
District's covered-employee payroll	\$ 2,585,154	\$ 2,771,643	\$ 2,834,892	\$ 2,865,305
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129.70%	144.09%	159.46%	171.22%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%

2. Schedule of District Contributions

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Contractually required contribution				
District contributions	\$ 245,474	\$ 302,716	\$ 358,073	\$ 407,198
Contributions in relation to the contractually required contribution	<u>245,474</u>	<u>302,716</u>	<u>358,073</u>	<u>407,198</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
District's covered-employee payroll	2,771,643	2,834,892	2,865,305	2,833,461
Contributions as a percentage of covered-employee payroll	8.86%	10.68%	12.50%	14.37%

Notes to Schedule:

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

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	30 years	32 years	31 years	30 years
Asset valuation method	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
Inflation	3.00%	3.00%	3.00%	2.75%
Salary increases	3.75%	3.75%	3.75%	3.50%
Investment rate of return	7.50%	7.50%	7.50%	7.25%
Retirement age	Experience Tables	Experience Tables	Experience Tables	Experience Tables
Mortality	RP-2000 Series Table	RP-2000 Series Table	RP-2000 Series Table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table

* Fiscal year 2014-15 was the first year of implementation, therefore only seven years are shown.

See accompanying independent auditor's report.

	2018-2019	2019-2020	2020-2021
	5.1840%	5.3820%	5.4030%
\$	4,764,511	\$ 4,980,791	\$ 5,396,309
\$	2,833,461	\$ 3,052,549	\$ 2,825,924
	168.15%	163.17%	190.96%
	70.99%	72.56%	71.82%

	2018-2019	2019-2020	2020-2021
\$	483,163	\$ 508,985	\$ 497,701
	483,163	508,985	497,701
\$	—	\$ —	\$ —
	3,052,549	2,825,924	3,093,726
	15.83%	18.01%	16.09%

6/30/2017	6/30/2018	6/30/2019
Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
29 years	28 years	27 years
Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
2.75%	2.75%	2.75%
3.50%	3.50%	3.50%
7.10%	7.10%	7.10%
Experience Tables	Experience Tables	Experience Tables
110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table

LOS ANGELES UNIFIED SCHOOL DISTRICT
District Bonds Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2021
(in thousands)

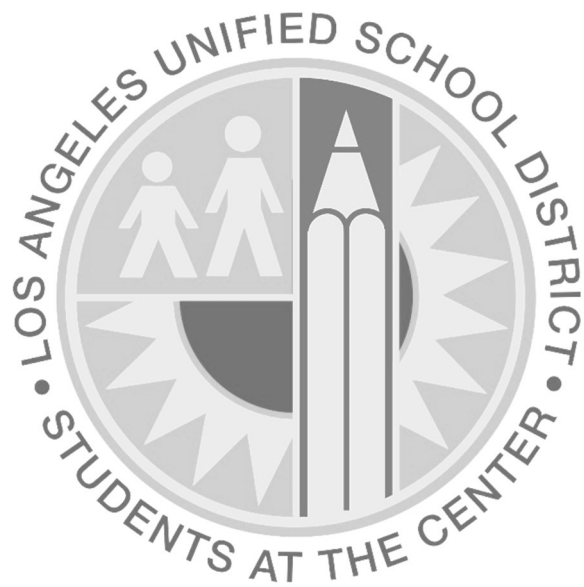
	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other local revenues	\$ 20,850	\$ 19,626	\$ 10,446	\$ (9,180)
Total Revenues	<u>20,850</u>	<u>19,626</u>	<u>10,446</u>	<u>(9,180)</u>
Expenditures:				
Current:				
Classified salaries	113,292	123,444	47,269	76,175
Employee benefits	54,533	61,415	22,706	38,709
Books and supplies	1,368	24,432	12,876	11,556
Services and other operating expenditures	216	352,018	29,813	322,205
Capital outlay	852,330	686,530	588,262	98,268
Total Expenditures	<u>1,021,739</u>	<u>1,247,839</u>	<u>700,926</u>	<u>546,913</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,000,889)</u>	<u>(1,228,213)</u>	<u>(690,480)</u>	<u>537,733</u>
Other Financing Sources (Uses):				
Transfers in	—	270,033	270,033	—
Transfers out	—	(142,731)	(142,676)	55
Issuance of bonds	1,057,060	1,057,060	1,057,060	—
Total Other Financing Sources (Uses)	<u>1,057,060</u>	<u>1,184,362</u>	<u>1,184,417</u>	<u>55</u>
Net Changes in Fund Balances	56,171	(43,851)	493,937	537,788
Fund Balances, July 1, 2020	<u>1,030,557</u>	<u>1,063,017</u>	<u>1,063,017</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 1,086,728</u>	<u>\$ 1,019,166</u>	<u>\$ 1,556,954</u>	<u>\$ 537,788</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, 2021
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ 95,945	\$ 95,945
Other state revenues	—	—	3,718	3,718
Other local revenues	897,937	897,937	1,131,877	233,940
Total Revenues	<u>897,937</u>	<u>897,937</u>	<u>1,231,540</u>	<u>333,603</u>
Expenditures:				
Debt service – principal	372,479	695,045	695,045	—
Debt service – bond issuance cost	—	2,948	2,948	—
Debt service – bond, COPs, and capital leases interest	525,458	510,456	510,456	—
Total Expenditures	<u>897,937</u>	<u>1,208,449</u>	<u>1,208,449</u>	<u>—</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	(310,512)	23,091	333,603
Other Financing Sources (Uses):				
Issuance of refunding bonds	—	—	498,310	498,310
Payment to refunded bond escrow agent	—	—	(631,490)	(631,490)
Premium on refunding bonds issued	—	—	134,937	134,937
Premium on bonds issued	—	—	156,670	156,670
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>158,427</u>	<u>158,427</u>
Net Changes in Fund Balances	—	(310,512)	181,518	492,030
Fund Balances, July 1, 2020	<u>765,538</u>	<u>1,042,805</u>	<u>1,042,805</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 765,538</u>	<u>\$ 732,293</u>	<u>\$ 1,224,323</u>	<u>\$ 492,030</u>

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

The Student Activity Special Revenue Fund is used to account for the transactions of student organizations that are established to raise and spend money on behalf of the students.

The Adult Education Fund is used to account for resources committed to the operation of Community Adult Schools including educational programs funded by other government agencies. This Fund was established as authorized by State Education Code Section 42238. Revenues are primarily derived from State apportionments, federal subventions, investment income, and adult education fees.

The Child Development Fund is used to account for resources committed to the operation of the District's child development programs. Revenues are primarily derived from federal and state grants and apportionments, early education center fees, and investment income.

The Cafeteria Fund is used to account for resources designated for the operation of the District's food services programs. Revenues are primarily derived from federal and state subsidies, food sales, and investment income. Since the primary source of revenues is from federal and state subsidies rather than food sales, this fund is classified as a Special Revenue Fund rather than as an Enterprise Fund.

Debt Service Funds

The Tax Override Fund is used to account for the accumulation of resources from ad valorem tax levies for the repayment of State School Building Aid Fund apportionments. The loan was paid in full in May 2010.

The Capital Services Fund is used to account for the accumulation of resources for the repayment of principal and interest on Certificates of Participation and long-term capital lease agreements. Revenues are derived primarily from operating transfers from user funds and investment income.

Capital Projects Funds

The Building Fund is used to account for revenue from rentals and leases of real property and other resources designated for facility expansion.

The Capital Facilities Account Fund was established on January 1, 1987 in accordance with Section 53080 of the California Government Code and is used to account for resources received from fees levied upon new residential, commercial, or industrial development projects within the District's boundaries in order to obtain funds for the construction or acquisition of school facilities to relieve overcrowding.

The State School Building Lease – Purchase Fund is used to account for State apportionments received in accordance with State Education Code Sections 17700-17780. Projects are funded by the State subject to appropriation of funds in the State Budget. The District may be required to transfer to this fund any available monies from other funds as the District's contribution to a particular project.

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

The Special Reserve Fund – Community Redevelopment Agency is used to account for reimbursements of tax increment revenues from certain community redevelopment agencies based on agreements between the District and the agencies. These reimbursements are to be used for capital projects within the respective redevelopment areas covered in the agreements.

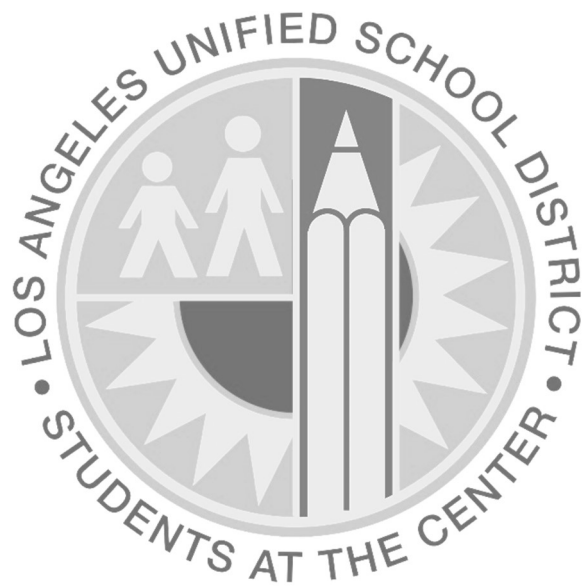
LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

The Special Reserve Fund is used to account for District resources designated for capital outlay purposes such as land purchases, ground improvements, facilities construction and improvements, new acquisitions, and related expenditures.

The Special Reserve Fund – FEMA – Earthquake is used to account for funds received from the Federal Emergency Management Agency (FEMA) for capital outlay projects resulting from the January 17, 1994 Northridge Earthquake.

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



LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2021
 (in thousands)

	Special Revenue				
	Student Activity	Adult Education	Child Development	Cafeteria	Total
Assets:					
Cash in county treasury, in banks, and on hand	\$ 27,787	\$ 37,167	\$ 20,551	\$ 58,424	\$ 143,929
Cash held by trustee	—	—	—	—	—
Investments	13,800	—	—	—	13,800
Accounts receivable – net	493	7,409	388	31,101	39,391
Accrued interest receivable	—	50	25	144	219
Prepays	—	—	—	42	42
Inventories	3,582	—	—	20,508	24,090
Other Assets	215	—	—	—	215
Total Assets	45,877	44,626	20,964	110,219	221,686
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 45,877	\$ 44,626	\$ 20,964	\$ 110,219	\$ 221,686
Liabilities and Fund Balances:					
Vouchers and accounts payable	\$ —	\$ 1,785	\$ 717	\$ 5,655	\$ 8,157
Contracts payable	—	—	9	—	9
Accrued payroll	—	4,218	14,276	17,077	35,571
Other payables	1,101	854	1,398	1,095	4,448
Unearned revenue	—	—	452	969	1,421
Total Liabilities	1,101	6,857	16,852	24,796	49,606
Deferred Inflows of Resources	—	—	—	—	—
Fund Balances:					
Nonspendable	3,582	16	—	20,551	24,149
Restricted	41,194	29,781	4,022	64,872	139,869
Assigned	—	7,972	90	—	8,062
Total Fund Balances	44,776	37,769	4,112	85,423	172,080
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 45,877	\$ 44,626	\$ 20,964	\$ 110,219	\$ 221,686

See accompanying independent auditors' report.

Debt Service

Tax Override	Capital Services	Total
\$ 417	\$ 3,074	\$ 3,491
—	12,949	12,949
—	—	—
—	—	—
1	7	8
—	—	—
—	—	—
—	—	—
418	16,030	16,448
—	—	—
\$ 418	\$ 16,030	\$ 16,448
\$ —	\$ —	\$ —
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
418	16,030	16,448
—	—	—
418	16,030	16,448
\$ 418	\$ 16,030	\$ 16,448

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2021
 (in thousands)

	Capital			
	Building	Capital Facilities Account	State School Building Lease – Purchase	County School Facilities Bonds
Assets:				
Cash in county treasury, in banks, and on hand	\$ 10,747	\$ 100,270	\$ 12,241	\$ 89,999
Cash held by trustee	—	—	—	—
Investments	—	—	—	—
Accounts receivable – net	—	5,742	—	—
Accrued interest receivable	23	255	26	259
Prepays	—	—	—	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Total Assets	<u>10,770</u>	<u>106,267</u>	<u>12,267</u>	<u>90,258</u>
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 10,770</u>	<u>\$ 106,267</u>	<u>\$ 12,267</u>	<u>\$ 90,258</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ —	\$ 1,420	\$ 133	\$ 150
Contracts payable	—	640	174	392
Accrued payroll	11	32	3	4
Other payables	2	1,980	5,785	491
Unearned revenue	—	—	—	—
Total Liabilities	<u>13</u>	<u>4,072</u>	<u>6,095</u>	<u>1,037</u>
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	102,195	6,172	89,221
Assigned	10,757	—	—	—
Total Fund Balances	<u>10,757</u>	<u>102,195</u>	<u>6,172</u>	<u>89,221</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,770</u>	<u>\$ 106,267</u>	<u>\$ 12,267</u>	<u>\$ 90,258</u>

See accompanying independent auditors' report.

Projects					
Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
\$ 120,555	\$ 87,197	\$ 2,773	\$ 2,218	\$ 426,000	\$ 573,420
—	—	—	—	—	12,949
—	—	—	—	—	13,800
—	—	—	—	5,742	45,133
256	171	7	5	1,002	1,229
—	—	—	—	—	42
—	—	—	—	—	24,090
—	—	—	—	—	215
<u>120,811</u>	<u>87,368</u>	<u>2,780</u>	<u>2,223</u>	<u>432,744</u>	<u>670,878</u>
—	—	—	—	—	—
<u>\$ 120,811</u>	<u>\$ 87,368</u>	<u>\$ 2,780</u>	<u>\$ 2,223</u>	<u>\$ 432,744</u>	<u>\$ 670,878</u>
\$ 1	\$ 320	\$ 28	\$ —	\$ 2,052	\$ 10,209
—	145	169	—	1,520	1,529
12	10	1	—	73	35,644
2	129	—	—	8,389	12,837
—	436	—	—	436	1,857
<u>15</u>	<u>1,040</u>	<u>198</u>	<u>—</u>	<u>12,470</u>	<u>62,076</u>
—	—	—	—	—	—
—	—	—	—	—	24,149
120,796	86,328	2,374	—	407,086	563,403
—	—	208	2,223	13,188	21,250
<u>120,796</u>	<u>86,328</u>	<u>2,582</u>	<u>2,223</u>	<u>420,274</u>	<u>608,802</u>
<u>\$ 120,811</u>	<u>\$ 87,368</u>	<u>\$ 2,780</u>	<u>\$ 2,223</u>	<u>\$ 432,744</u>	<u>\$ 670,878</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2021
 (in thousands)

	Special Revenue				
	Student Activity	Adult Education	Child Development	Cafeteria	Total
Revenues:					
Federal revenues	\$ —	\$ 18,561	\$ 8,952	\$ 260,223	\$ 287,736
Other state revenues	—	113,261	148,976	364	262,601
Other local revenues	4,721	1,337	944	1,063	8,065
Total Revenues	4,721	133,159	158,872	261,650	558,402
Expenditures:					
Current:					
Certificated salaries	—	55,850	44,900	—	100,750
Classified salaries	—	15,443	56,053	112,492	183,988
Employee benefits	—	32,641	57,648	98,425	188,714
Books and supplies	5,404	2,406	3,029	117,764	128,603
Services and other operating expenditures	862	10,447	3,330	(46,728)	(32,089)
Capital outlay	109	1,061	—	—	1,170
Debt service – principal	—	—	80	—	80
Debt service – bond, COPs, and capital leases interest	—	—	—	—	—
Transfers of indirect costs – interfund	—	3,910	6,998	11,400	22,308
Total Expenditures	6,375	121,758	172,038	293,353	593,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,654)	11,401	(13,166)	(31,703)	(35,122)
Other Financing Sources (Uses):					
Transfers in	—	4,340	17,125	136	21,601
Transfers out	—	(6)	(14)	—	(20)
Premium on refunding COPs issued	—	—	—	—	—
Issuance of refunding COPs	—	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—	—
Total Other Financing Sources (Uses)	—	4,334	17,111	136	21,581
Net Changes in Fund Balances	(1,654)	15,735	3,945	(31,567)	(13,541)
Fund Balances, July 1, 2020, Restated	46,430	22,034	167	116,990	185,621
Fund Balances, June 30, 2021	\$ 44,776	\$ 37,769	\$ 4,112	\$ 85,423	\$ 172,080

See accompanying independent auditor's report.

Debt Service

Tax Override	Capital Services	Total
\$ —	\$ 214	\$ 214
—	—	—
<u>2</u>	<u>306</u>	<u>308</u>
<u>2</u>	<u>520</u>	<u>522</u>
—	—	—
—	—	—
—	—	—
—	—	—
—	29,236	29,236
—	6,166	6,166
—	—	—
<u>—</u>	<u>35,402</u>	<u>35,402</u>
<u>2</u>	<u>(34,882)</u>	<u>(34,880)</u>
—	16,413	16,413
—	(675)	(675)
—	5,644	5,644
—	28,390	28,390
<u>—</u>	<u>(33,594)</u>	<u>(33,594)</u>
<u>—</u>	<u>16,178</u>	<u>16,178</u>
<u>2</u>	<u>(18,704)</u>	<u>(18,702)</u>
<u>416</u>	<u>34,734</u>	<u>35,150</u>
<u>\$ 418</u>	<u>\$ 16,030</u>	<u>\$ 16,448</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, 2021
 (in thousands)

	Building	Capital Facilities Account	State School Building Lease – Purchase	County School Facilities Bonds	Capital Special Reserve – Community Redevelopment Agency
Revenues:					
Federal revenues	\$ —	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	76,995	—
Other local revenues	492	77,446	67	627	50,019
Total Revenues	<u>492</u>	<u>77,446</u>	<u>67</u>	<u>77,622</u>	<u>50,019</u>
Expenditures:					
Current:					
Certificated salaries					
Classified salaries	256	586	15	20	208
Employee benefits	139	295	7	13	94
Books and supplies	—	26	—	273	—
Services and other operating expenditures	278	771	—	119	(1)
Capital outlay	—	32,538	—	46,359	—
Debt service – principal	—	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—	—
Total Expenditures	<u>673</u>	<u>34,216</u>	<u>22</u>	<u>46,784</u>	<u>301</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(181)</u>	<u>43,230</u>	<u>45</u>	<u>30,838</u>	<u>49,718</u>
Other Financing Sources (Uses):					
Transfers in	—	5,000	—	26,442	—
Transfers out	—	(97,373)	—	(75,287)	(20,000)
Premium on refunding COPs issued	—	—	—	—	—
Issuance of refunding COPs	—	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(92,373)</u>	<u>—</u>	<u>(48,845)</u>	<u>(20,000)</u>
Net Changes in Fund Balances	<u>(181)</u>	<u>(49,143)</u>	<u>45</u>	<u>(18,007)</u>	<u>29,718</u>
Fund Balances, July 1, 2020, Restated	<u>10,938</u>	<u>151,338</u>	<u>6,127</u>	<u>107,228</u>	<u>91,078</u>
Fund Balances, June 30, 2021	<u>\$ 10,757</u>	<u>\$ 102,195</u>	<u>\$ 6,172</u>	<u>\$ 89,221</u>	<u>\$ 120,796</u>

See accompanying independent auditor's report.

Projects

Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
\$ 5,165	\$ —	\$ —	\$ 5,165	\$ 293,115
1,100	—	—	78,095	340,696
14,032	18	12	142,713	151,086
<u>20,297</u>	<u>18</u>	<u>12</u>	<u>225,973</u>	<u>784,897</u>
330	—	—	—	100,750
170	—	—	1,415	185,403
182	—	—	718	189,432
1,782	—	—	481	129,084
4,271	903	—	2,949	(29,140)
—	—	—	84,071	85,241
—	—	—	—	29,316
—	—	—	—	6,166
—	—	—	—	22,308
<u>6,735</u>	<u>903</u>	<u>—</u>	<u>89,634</u>	<u>718,560</u>
<u>13,562</u>	<u>(885)</u>	<u>12</u>	<u>136,339</u>	<u>66,337</u>
99	—	—	31,541	69,555
(3,399)	—	—	(196,059)	(196,754)
—	—	—	—	5,644
—	—	—	—	28,390
—	—	—	—	(33,594)
<u>(3,300)</u>	<u>—</u>	<u>—</u>	<u>(164,518)</u>	<u>(126,759)</u>
10,262	(885)	12	(28,179)	(60,422)
76,066	3,467	2,211	448,453	669,224
<u>\$ 86,328</u>	<u>\$ 2,582</u>	<u>\$ 2,223</u>	<u>\$ 420,274</u>	<u>\$ 608,802</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, 2021
(in thousands)

	Student Activity Special Revenue			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	15,137	7,182	4,721	(2,461)
Total Revenues	<u>15,137</u>	<u>7,182</u>	<u>4,721</u>	<u>(2,461)</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	11,921	6,442	5,404	1,038
Services and other operating expenditures	3,274	1,168	862	306
Capital outlay	409	225	109	116
Debt Service – principal	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	<u>15,604</u>	<u>7,835</u>	<u>6,375</u>	<u>1,460</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(467)</u>	<u>(653)</u>	<u>(1,654)</u>	<u>(1,001)</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	(467)	(653)	(1,654)	(1,001)
Fund Balances, July 1, 2020, Restated	<u>46,430</u>	<u>46,430</u>	<u>46,430</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 45,963</u>	<u>\$ 45,777</u>	<u>\$ 44,776</u>	<u>\$ (1,001)</u>

See accompanying independent auditor’s report.

Adult Education				Child Development			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ 15,974	\$ 19,516	\$ 18,561	\$ (955)	\$ 4,641	\$ 8,864	\$ 8,952	\$ 88
113,691	113,852	113,261	(591)	135,564	146,909	148,976	2,067
4,149	2,259	1,337	(922)	2,888	882	944	62
133,814	135,627	133,159	(2,468)	143,093	156,655	158,872	2,217
57,661	59,237	55,850	3,387	50,495	45,028	44,900	128
16,497	16,275	15,443	832	55,993	56,091	56,053	38
35,233	35,286	32,641	2,645	57,016	57,678	57,648	30
28,139	31,907	2,406	29,501	7,351	4,480	3,029	1,451
9,571	13,655	10,447	3,208	3,677	3,332	3,330	2
—	1,425	1,061	364	—	—	—	—
—	—	—	—	170	159	80	79
4,377	4,143	3,910	233	6,973	7,007	6,998	9
151,478	161,928	121,758	40,170	181,675	173,775	172,038	1,737
(17,664)	(26,301)	11,401	37,702	(38,582)	(17,120)	(13,166)	3,954
—	4,293	4,340	47	38,570	17,126	17,125	(1)
—	(12)	(6)	6	—	(14)	(14)	—
—	4,281	4,334	53	38,570	17,112	17,111	(1)
(17,664)	(22,020)	15,735	37,755	(12)	(8)	3,945	3,953
17,680	22,034	22,034	—	170	167	167	—
\$ 16	\$ 14	\$ 37,769	\$ 37,755	\$ 158	\$ 159	\$ 4,112	\$ 3,953

(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, 2021
(in thousands)

	Cafeteria			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 368,255	\$ 258,187	\$ 260,223	\$ 2,036
Other state revenues	24,704	364	364	—
Other local revenues	10,403	927	1,063	136
Total Revenues	<u>403,362</u>	<u>259,478</u>	<u>261,650</u>	<u>2,172</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	112,425	113,741	112,492	1,249
Employee benefits	104,659	100,276	98,425	1,851
Books and supplies	165,174	121,357	117,764	3,593
Services and other operating expenditures	3,964	(5,992)	(46,728)	40,736
Capital outlay	—	—	—	—
Debt Service – principal	—	—	—	—
Transfers of indirect costs – interfund	15,642	13,100	11,400	1,700
Total Expenditures	<u>401,864</u>	<u>342,482</u>	<u>293,353</u>	<u>49,129</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,498</u>	<u>(83,004)</u>	<u>(31,703)</u>	<u>51,301</u>
Other Financing Sources (Uses):				
Transfers in	1,402	—	136	136
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>1,402</u>	<u>—</u>	<u>136</u>	<u>136</u>
Net Changes in Fund Balances	2,900	(83,004)	(31,567)	51,437
Fund Balances, July 1, 2020, Restated	<u>143,684</u>	<u>116,990</u>	<u>116,990</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 146,584</u>	<u>\$ 33,986</u>	<u>\$ 85,423</u>	<u>\$ 51,437</u>

See accompanying independent auditor's report.

Total			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final		
\$ 388,870	\$ 286,567	\$ 287,736	\$ 1,169
273,959	261,125	262,601	1,476
32,577	11,250	8,065	(3,185)
<u>695,406</u>	<u>558,942</u>	<u>558,402</u>	<u>(540)</u>
108,156	104,265	100,750	3,515
184,915	186,107	183,988	2,119
196,908	193,240	188,714	4,526
212,585	164,186	128,603	35,583
20,486	12,163	(32,089)	44,252
409	1,650	1,170	480
170	159	80	79
26,992	24,250	22,308	1,942
<u>750,621</u>	<u>686,020</u>	<u>593,524</u>	<u>92,496</u>
<u>(55,215)</u>	<u>(127,078)</u>	<u>(35,122)</u>	<u>91,956</u>
39,972	21,419	21,601	182
—	(26)	(20)	6
<u>39,972</u>	<u>21,393</u>	<u>21,581</u>	<u>188</u>
(15,243)	(105,685)	(13,541)	92,144
<u>207,964</u>	<u>185,621</u>	<u>185,621</u>	<u>—</u>
<u>\$ 192,721</u>	<u>\$ 79,936</u>	<u>\$ 172,080</u>	<u>\$ 92,144</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2021
(in thousands)

	Tax Override			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other local revenues	—	—	2	2
Total Revenues	—	—	2	2
Expenditures:				
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Total Expenditures	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	2	2
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Premium on refunding COPs issued	—	—	—	—
Issuance of refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources	—	—	—	—
Net Changes in Fund Balances	—	—	2	2
Fund Balances, July 1, 2020	415	416	416	—
Fund Balances, June 30, 2021	<u>\$ 415</u>	<u>\$ 416</u>	<u>\$ 418</u>	<u>\$ 2</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		
\$ 578	\$ 578	\$ 214	\$ (364)	\$ 578	\$ 578	\$ 214	\$ (364)
549	549	306	(243)	549	549	308	(241)
1,127	1,127	520	(607)	1,127	1,127	522	(605)
10,363	29,236	29,236	—	10,363	29,236	29,236	—
8,624	6,829	6,166	663	8,624	6,829	6,166	663
18,987	36,065	35,402	663	18,987	36,065	35,402	663
(17,860)	(34,938)	(34,882)	56	(17,860)	(34,938)	(34,880)	58
18,402	16,684	16,413	(271)	18,402	16,684	16,413	(271)
—	(675)	(675)	—	—	(675)	(675)	—
—	5,644	5,644	—	—	5,644	5,644	—
—	28,390	28,390	—	—	28,390	28,390	—
—	(33,594)	(33,594)	—	—	(33,594)	(33,594)	—
18,402	16,449	16,178	(271)	18,402	16,449	16,178	(271)
542	(18,489)	(18,704)	(215)	542	(18,489)	(18,702)	(213)
34,665	34,734	34,734	—	35,080	35,150	35,150	—
<u>\$ 35,207</u>	<u>\$ 16,245</u>	<u>\$ 16,030</u>	<u>\$ (215)</u>	<u>\$ 35,622</u>	<u>\$ 16,661</u>	<u>\$ 16,448</u>	<u>\$ (213)</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Capital Projects Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
 Year Ended June 30, 2021
 (in thousands)

	Building			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	789	789	492	(297)
Total Revenues	<u>789</u>	<u>789</u>	<u>492</u>	<u>(297)</u>
Expenditures:				
Current:				
Classified salaries	337	345	256	89
Employee benefits	180	183	139	44
Books and supplies	—	—	—	—
Services and other operating expenditures	—	336	278	58
Capital outlay	1,483	1,265	—	1,265
Total Expenditures	<u>2,000</u>	<u>2,129</u>	<u>673</u>	<u>1,456</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,211)</u>	<u>(1,340)</u>	<u>(181)</u>	<u>1,159</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(1,211)</u>	<u>(1,340)</u>	<u>(181)</u>	<u>1,159</u>
Fund Balances, July 1, 2020	<u>10,810</u>	<u>10,938</u>	<u>10,938</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 9,599</u>	<u>\$ 9,598</u>	<u>\$ 10,757</u>	<u>\$ 1,159</u>

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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
102,000	102,000	77,446	(24,554)	—	—	67	67
102,000	102,000	77,446	(24,554)	—	—	67	67
585	967	586	381	—	15	15	—
277	481	295	186	—	7	7	—
78	796	26	770	—	—	—	—
31,478	883	771	112	—	—	—	—
53,081	37,195	32,538	4,657	128	91	—	91
85,499	40,322	34,216	6,106	128	113	22	91
16,501	61,678	43,230	(18,448)	(128)	(113)	45	158
—	5,000	5,000	—	—	—	—	—
—	(97,373)	(97,373)	—	—	—	—	—
—	(92,373)	(92,373)	—	—	—	—	—
16,501	(30,695)	(49,143)	(18,448)	(128)	(113)	45	158
160,740	151,338	151,338	—	6,141	6,127	6,127	—
<u>\$ 177,241</u>	<u>\$ 120,643</u>	<u>\$ 102,195</u>	<u>\$ (18,448)</u>	<u>\$ 6,013</u>	<u>\$ 6,014</u>	<u>\$ 6,172</u>	<u>\$ 158</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Capital Projects Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)
 Year Ended June 30, 2021
 (in thousands)

	County School Facilities Bonds			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	80,994	80,994	76,995	(3,999)
Other local revenues	2,840	2,840	627	(2,213)
Total Revenues	<u>83,834</u>	<u>83,834</u>	<u>77,622</u>	<u>(6,212)</u>
Expenditures:				
Current:				
Classified salaries	—	9,816	20	9,796
Employee benefits	—	4,686	13	4,673
Books and supplies	—	9,865	273	9,592
Services and other operating expenditures	—	17,570	119	17,451
Capital outlay	32,825	50,510	46,359	4,151
Total Expenditures	<u>32,825</u>	<u>92,447</u>	<u>46,784</u>	<u>45,663</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,009</u>	<u>(8,613)</u>	<u>30,838</u>	<u>39,451</u>
Other Financing Sources (Uses):				
Transfers in	—	26,442	26,442	—
Transfers out	—	(75,287)	(75,287)	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(48,845)</u>	<u>(48,845)</u>	<u>—</u>
Net Changes in Fund Balances	51,009	(57,458)	(18,007)	39,451
Fund Balances, July 1, 2020	<u>119,053</u>	<u>107,228</u>	<u>107,228</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 170,062</u>	<u>\$ 49,770</u>	<u>\$ 89,221</u>	<u>\$ 39,451</u>

See accompanying independent auditors' report.

Special Reserve – Community Redevelopment Agency				Special Reserve			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ 5,202	\$ 9,127	\$ 5,165	\$ (3,962)
—	—	—	—	1,735	1,735	1,100	(635)
37,935	37,935	50,019	12,084	12,883	22,398	14,032	(8,366)
37,935	37,935	50,019	12,084	19,820	33,260	20,297	(12,963)
212	220	208	12	—	497	330	167
96	101	94	7	—	236	170	66
222	210	—	210	—	491	182	309
1,886	1,885	(1)	1,886	—	7,804	1,782	6,022
8,839	13,495	—	13,495	18,447	17,391	4,271	13,120
11,255	15,911	301	15,610	18,447	26,419	6,735	19,684
26,680	22,024	49,718	27,694	1,373	6,841	13,562	6,721
—	—	—	—	—	99	99	—
(20,000)	(20,000)	(20,000)	—	(3)	(3,401)	(3,399)	2
(20,000)	(20,000)	(20,000)	—	(3)	(3,302)	(3,300)	2
6,680	2,024	29,718	27,694	1,370	3,539	10,262	6,723
86,421	91,078	91,078	—	78,898	76,066	76,066	—
\$ 93,101	\$ 93,102	\$ 120,796	\$ 27,694	\$ 80,268	\$ 79,605	\$ 86,328	\$ 6,723

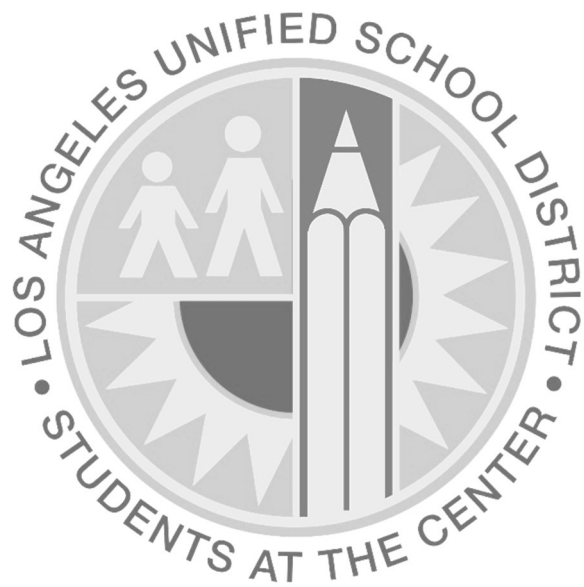
(Continued)

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, 2021
 (in thousands)

	Special Reserve – FEMA – Earthquake			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	18	18
Total Revenues	<u>—</u>	<u>—</u>	<u>18</u>	<u>18</u>
Expenditures:				
Current:				
Classified salaries	—	52	—	52
Employee benefits	—	24	—	24
Books and supplies	—	—	—	—
Services and other operating expenditures	—	674	—	674
Capital outlay	1,771	1,019	903	116
Total Expenditures	<u>1,771</u>	<u>1,769</u>	<u>903</u>	<u>866</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,771)</u>	<u>(1,769)</u>	<u>(885)</u>	<u>884</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(1,771)</u>	<u>(1,769)</u>	<u>(885)</u>	<u>884</u>
Fund Balances, July 1, 2020	<u>3,470</u>	<u>3,467</u>	<u>3,467</u>	<u>—</u>
Fund Balances, June 30, 2021	<u>\$ 1,699</u>	<u>\$ 1,698</u>	<u>\$ 2,582</u>	<u>\$ 884</u>

See accompanying independent auditors' report.

Special Reserve – FEMA – Hazard Mitigation				Total			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ 5,202	\$ 9,127	\$ 5,165	\$ (3,962)
—	—	—	—	82,729	82,729	78,095	(4,634)
—	—	12	12	156,447	165,962	142,713	(23,249)
—	—	12	12	244,378	257,818	225,973	(31,845)
—	—	—	—	1,134	11,912	1,415	10,497
—	—	—	—	553	5,718	718	5,000
—	—	—	—	300	11,362	481	10,881
—	—	—	—	33,364	29,152	2,949	26,203
—	—	—	—	116,574	120,966	84,071	36,895
—	—	—	—	151,925	179,110	89,634	89,476
—	—	12	12	92,453	78,708	136,339	57,631
—	—	—	—	—	31,541	31,541	—
—	—	—	—	(20,003)	(196,061)	(196,059)	2
—	—	—	—	(20,003)	(164,520)	(164,518)	2
—	—	12	12	72,450	(85,812)	(28,179)	57,633
2,215	2,211	2,211	—	467,748	448,453	448,453	—
\$ 2,215	\$ 2,211	\$ 2,223	\$ 12	\$ 540,198	\$ 362,641	\$ 420,274	\$ 57,633



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, 2021
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 141,680	\$ 574,882	\$ 195,379	\$ 911,941
Accounts receivable – net	32,679	—	—	32,679
Accrued interest and dividends receivable	546	1,226	290	2,062
Prepays	54,067	—	—	54,067
Other assets	5,230	—	—	5,230
Total Assets	234,202	576,108	195,669	1,005,979
Deferred Outflows of Resources	1,694	2,013	1,102	4,809
Liabilities:				
Current:				
Vouchers and accounts payable	4,628	5,016	537	10,181
Accrued payroll	1,228	229	429	1,886
Other payables	36,654	16	3,844	40,514
Estimated liability for self-insurance claims	21,044	104,808	101,081	226,933
Total Current Liabilities	63,554	110,069	105,891	279,514
Noncurrent:				
Estimated liability for self-insurance claims	—	298,837	84,071	382,908
Net other postemployment benefits liability	3,476	7,380	2,612	13,468
Net pension liability	3,236	5,469	2,333	11,038
Total Noncurrent Liabilities	6,712	311,686	89,016	407,414
Total Liabilities	70,266	421,755	194,907	686,928
Deferred Inflows of Resources	1,765	2,249	1,136	5,150
Total Net Position – Unrestricted	\$ 163,865	\$ 154,117	\$ 728	\$ 318,710

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, 2021
(in thousands)

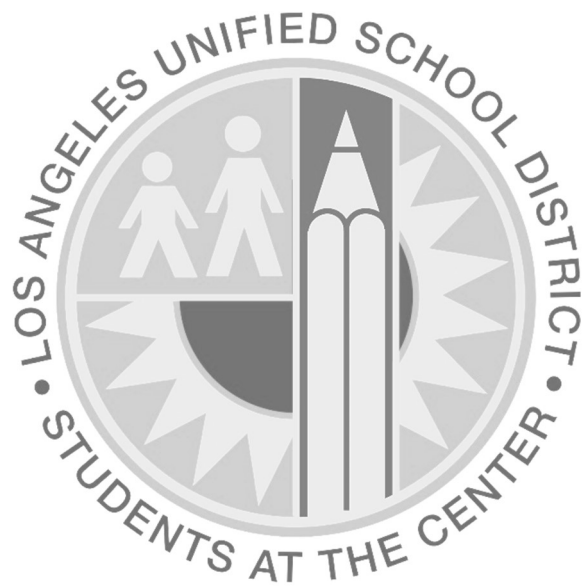
	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Operating Revenues:				
In-District premiums	\$ 1,081,346	\$ 86,803	\$ 42,887	\$ 1,211,036
Others	10,388	—	—	10,388
Total Operating Revenues	<u>1,091,734</u>	<u>86,803</u>	<u>42,887</u>	<u>1,221,424</u>
Operating Expenses:				
Certificated salaries	—	—	193	193
Classified salaries	2,365	1,440	1,836	5,641
Employee benefits	1,633	1,004	1,190	3,827
Supplies	204	7	6	217
Premiums and claims expenses	1,087,832	3,069	37,117	1,128,018
Claims administration	3,407	13,706	273	17,386
Other contracted services	791	309	6	1,106
Total Operating Expenses	<u>1,096,232</u>	<u>19,535</u>	<u>40,621</u>	<u>1,156,388</u>
Operating Income (Loss)	<u>(4,498)</u>	<u>67,268</u>	<u>2,266</u>	<u>65,036</u>
Nonoperating Revenues (Expenses):				
Investment income	1,887	3,148	732	5,767
Miscellaneous expense	—	(52)	—	(52)
Total Nonoperating Revenues	<u>1,887</u>	<u>3,096</u>	<u>732</u>	<u>5,715</u>
Income (Loss) before Transfers	<u>(2,611)</u>	<u>70,364</u>	<u>2,998</u>	<u>70,751</u>
Transfers out	<u>(227,000)</u>	<u>—</u>	<u>—</u>	<u>(227,000)</u>
Changes in Net Position	<u>(229,611)</u>	<u>70,364</u>	<u>2,998</u>	<u>(156,249)</u>
Total Net Position, July 1, 2020	<u>393,476</u>	<u>83,753</u>	<u>(2,270)</u>	<u>474,959</u>
Total Net Position, June 30, 2021	<u>\$ 163,865</u>	<u>\$ 154,117</u>	<u>\$ 728</u>	<u>\$ 318,710</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2021
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	\$ (2,687)	\$ (2,160)	\$ (2,819)	\$ (7,666)
Cash payments for goods and services	(1,083,828)	(90,668)	(24,141)	(1,198,637)
Receipts from assessment to other funds	1,081,346	86,803	42,887	1,211,036
Other operating revenue	10,388	—	—	10,388
Cash Provided (Used) by Operating Activities	<u>5,219</u>	<u>(6,025)</u>	<u>15,927</u>	<u>15,121</u>
Cash Flows from Non-Capital Financing Activities:				
Transfer to other funds	(227,000)	—	—	(227,000)
Cash Used by Non-Capital Financing Activities	<u>(227,000)</u>	<u>—</u>	<u>—</u>	<u>(227,000)</u>
Cash Flows from Investing Activities:				
Earnings on investments	2,591	3,575	672	6,838
Net Cash Provided by Investing Activities	<u>2,591</u>	<u>3,575</u>	<u>672</u>	<u>6,838</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(219,190)	(2,450)	16,599	(205,041)
Cash and Cash Equivalents, July 1	360,870	577,332	178,780	1,116,982
Cash and Cash Equivalents, June 30	<u>\$ 141,680</u>	<u>\$ 574,882</u>	<u>\$ 195,379</u>	<u>\$ 911,941</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (4,498)	\$ 67,268	\$ 2,266	\$ 65,036
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Net increase in pension and other postemployment benefits expense from actuarial valuation	352	216	272	840
Change in Assets: Decrease (Increase)				
Accounts receivable	5,781	—	—	5,781
Prepays	(1,847)	—	—	(1,847)
Other assets	(2,195)	—	—	(2,195)
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	3,934	2,753	(5,019)	1,668
Accrued payroll	959	68	127	1,154
Other payables	1,613	16	3,810	5,439
Estimated liability for self-insurance claims – current	1,120	1,032	38,352	40,504
Estimated liability for self-insurance claims – noncurrent	—	(77,378)	(23,881)	(101,259)
Total Adjustments	<u>9,717</u>	<u>(73,293)</u>	<u>13,661</u>	<u>(49,915)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,219</u>	<u>\$ (6,025)</u>	<u>\$ 15,927</u>	<u>\$ 15,121</u>

See accompanying independent auditor's report.



**SUPPLEMENTARY
INFORMATION**

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

Fiscal Year	Secured*	Unsecured*	Total Assessed	Total District	Increase (Decrease) Over Preceding Year		Total	Assessed Value per Unit of
			Value	Tax Rates	Amount	Rate	ADA**	ADA
2011-2012	447,830,204	21,265,021	469,095,225	1.168187	5,249,674	1.13	547,592	857
2012-2013	458,767,053	21,308,439	480,075,492	1.175606	10,980,267	2.34	534,345	898
2013-2014	482,043,584	21,634,336	503,677,920	1.146439	23,602,428	4.92	527,995	954
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	516,229	1,032
2015-2016	546,807,059	23,362,405	570,169,464	1.129709	37,235,257	6.99	503,367	1,133
2016-2017	581,473,213	24,495,794	605,969,007	1.131096	35,799,543	6.28	491,856	1,232
2017-2018	619,162,082	25,342,665	644,504,747	1.122192	38,535,740	6.36	478,591	1,347
2018-2019	665,355,078	27,377,547	692,732,625	1.123226	48,227,878	7.48	454,010	1,526
2019-2020	710,954,606	28,442,486	739,397,092	1.125520	46,664,467	6.74	454,905 ^{acd}	1,625 ^a
2020-2021	759,004,740	28,679,271	787,684,011	1.139929	48,286,919	6.53	454,905 ^{bd}	1,732 ^b

* 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: ADA – Average Daily Attendance, Annual Report

^a Condensed reporting period. Due to the COVID-19 pandemic, the California Department of Education reduced the school year for ADA purposes and included only the full school months that ended on or before February 29, 2020.

^b To ensure funding stability in light of the COVID-19 pandemic, the 2020-21 State Budget included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21. The provision provided that apportionment be based on fiscal year 2019-20 ADA. As a result, ADA reported is the same as the prior year.

^c Adjusted for fiscal year 2019-20 audit finding.

^d The data presented is based on the latest ADA information submitted to CDE for school year 2019-20. During fiscal year 2020-21, CDE credited additional ADA to the District for the closure of two independent charter schools, Excelencia Charter Academy and Animo College Preparatory Academy. The ADA credits for these two schools which closed on 6/30/2020, totaling 86.54 and 343.72 for K-3 and 9-12, respectively, are not included in the above table.

See accompanying independent auditor's report.

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

Rank	2021			2012		
	Property Owner	Assessed Valuation	% of Total ⁽¹⁾	Property Owner	Assessed Valuation	% of Total ⁽²⁾
1	Douglas Emmett LLC	\$ 2,968,028	0.39%	Douglas Emmett Realty Funds	\$ 2,298,099	0.51%
2	Universal Studios LLC	2,684,592	0.35	Universal Studios LLC	1,212,699	0.27
3	Essex Portfolio LP	2,280,624	0.30	Anheuser Busch Inc.	779,369	0.17
4	Century City Mall LLC	1,079,951	0.14	One Hundred Towers LLC	583,509	0.13
5	FSP South Flower Street	954,846	0.13	Donald T. Sterling	552,750	0.12
6	Rochelle H. Sterling	873,994	0.12	Tishman Speyer Archstone Smith	499,686	0.11
7	Hanjin International Corp.	869,407	0.11	Duesenberg Investment Company	489,048	0.11
8	SM 10000 Property LLC	832,662	0.11	Paramount Pictures Corp.	473,289	0.11
9	Rexford Industrial Realty LP	798,266	0.11	Century City Mall LLC	459,585	0.10
10	Omni Wilshire Courtyard LLC	786,522	0.10	Taubman-Beverly Center	458,763	0.10
11	Anheuser Busch Commercial	748,192	0.10	Casden Park La Brea	455,877	0.10
12	Greenland LA Metropolis	739,588	0.10	BRE Properties Inc	454,392	0.10
13	One Hundred Towers LLC	679,564	0.09	Westfield Topanga Owner LP	447,375	0.10
14	Trizec 333 LA LLC	666,888	0.09	Trizec 333 LA LLC	383,700	0.09
15	Maguire Properties 355 S. Grand LLC	623,678	0.08	Twentieth Century Fox Film Corp.	378,866	0.08
16	BRE HH Property Owner LLC	618,887	0.08	LA Live Properties LLC	375,555	0.08
17	Tishman Speyer Archstone Smith	596,094	0.08	Next Century Associates LLC	367,049	0.08
18	Olympic and Georgia Partners LLC	586,764	0.08	1999 Stars LLC	350,305	0.08
19	LA Live Properties LLC	557,714	0.07	BP West Coast Products LLC	347,702	0.08
20	Maguire Properties 555 W. Fifth	546,884	0.07	AP Properties Ltd.	338,255	0.08
		<u>\$ 20,493,145</u>	<u>2.70%</u>		<u>\$ 11,705,873</u>	<u>2.60%</u>

⁽¹⁾ 2020-2021 Local Secured Assessed Valuation: \$758,850,059

⁽²⁾ 2011-2012 Local Secured Assessed Valuation: \$447,659,366

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
2011-2012	\$ 1,663,061	\$ (3,533)	\$ 1,520,001	91.59%	\$ 97,842	\$ 1,617,843	97.49%
2012-2013	1,731,129	114,465	1,798,032	97.42	132,847	1,930,879	104.62
2013-2014	1,652,164	26,846	1,684,486	100.33	29,409	1,713,895	102.08
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19
2015-2016	1,799,477	171,532	1,959,111	99.40	31,529	1,990,640	101.00
2016-2017	1,904,567	232,966	2,107,292	98.59	25,977	2,133,269	99.80
2017-2018	1,985,501	255,167	2,184,304	97.48	49,404	2,233,708	99.69
2018-2019	2,134,918	234,519	2,347,069	99.06	61,128	2,408,197	101.64
2019-2020	2,305,773	216,281	2,467,267	97.83	40,975	2,508,242	99.45
2020-2021	2,564,883	256,204	2,756,243	97.70	66,318	2,822,561	100.05

⁽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

Organization Structure
 Year Ended June 30, 2021
 (Unaudited)

Geographical Location: The Los Angeles Unified School District is a political subdivision of the State of California. It is located in the western section of Los Angeles County and includes most of the City of Los Angeles, all the Cities of Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon, and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Carson, Commerce, Cudahy, Culver City, Hawthorne, Inglewood, Long Beach, Los Angeles, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Santa Clarita, South Gate, and Torrance, in addition to considerable unincorporated territories devoted to homes and industry.

Geographical Area: 710 square miles

Administrative Offices: 333 South Beaudry Avenue, Los Angeles, CA 90017

Form of Government: The District is governed by a seven-member Board of Education elected by voters within the district to serve alternating five-year terms. The term was extended in 2015 by Charter Amendment 2.

<u>Name</u>	<u>Board District</u>	<u>Expiration of Term</u>
Kelly Gonez, President	6	December 11, 2022
George McKenna	1	December 16, 2024
Mónica García	2	December 11, 2022
Scott Schmerelson	3	December 16, 2024
Nick Melvoin	4	December 11, 2022
Jackie Goldberg	5	December 16, 2024
Tanya Ortiz Franklin	7	December 16, 2024

<u>Name</u>	<u>Title</u>
Megan Reilly	Interim Superintendent of Schools
Pedro Salcido	Interim Deputy Superintendent, Business Services & Operations
David Baca	Chief of Schools, Local District Support
Roberto Martinez	Associate Superintendent, School Climate, Culture and Safety
Alison Yoshimoto-Towery	Chief Academic Officer
Veronica Arreguin	Chief Strategy Officer
Tony Aguilar	Chief Special Education, Equity and Access
Mark Hovatter	Chief Facilities Executive
David Hart	Chief Financial Officer
Luis Buendia	Deputy Chief Financial Officer
Soheil Katal	Chief Information Officer
Devora Navera Reed	General Counsel
Karla Gould	Personnel Director

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

Fiscal Year: July 1 – June 30

Number of Schools: (As of October)	2017-2018	2018-2019	2019-2020	2020-2021
Elementary Schools	448	445	440	438
Middle/Junior High Schools	82	81	79	78
Senior High Schools	94	94	92	89
Options Schools	54	54	54	54
Special Education Schools	14	14	14	13
Magnet Schools	49	54	61	65
Magnet Centers	177	203	231	245
Community Adult Schools	2	2	1	1
Regional Occupational Centers	6	6	6	7
Skills Centers	3	3	4	2
Early Education Centers	86	86	86	87
Infant Centers	4	4	4	4
California State Preschools	89	90	88	89
Primary School Centers	19	19	19	18
Multi-level Schools	25	24	25	28
Total Schools and Centers	1,152	1,179	1,204	1,218
Independent Charter Schools	224	225	226	229

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Schedule of Instructional Time Offered
 Year Ended June 30, 2021

Grade Level	Required Minimum Daily Instructional Minutes	Minimum Actual Minutes Offered	Number of Instructional Days Offered	Complied with Instructional Minutes and Days Provisions
Kindergarten	180	180	180	Yes
Grades 1 to 3	230	230	180	Yes
Grades 4 to 6	240	240	180	Yes
Grades 7 to 8	240	240	180	Yes
Grades 9 to 12	240	240	180	Yes

Notes:

1. For the 2020-21 school year, only minimum daily instructional minutes were required; annual instructional minutes requirement was waived pursuant to EC Section 43502(d)(1).
2. For students in Opportunity and Continuation schools, the required minimum daily instructional minutes was 180.
3. The above schedule applies to all District schools, including affiliated charter schools.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
Year Ended June 30, 2021
(Dollars in thousands)

	<u>2021-2022</u> <u>Budgeted</u>	<u>2020-2021</u> <u>Actual</u>	<u>2019-2020</u> <u>Actual</u>	<u>2018-2019</u> <u>Actual</u>	<u>2017-2018</u> <u>Actual</u>
General Fund:					
Revenues	\$ 11,776,475	\$ 8,744,994	\$ 7,591,570	\$ 7,732,610	\$ 7,268,645
Other Financing Sources	30,025	265,007	22,145	56,100	39,431
Total Revenues and Other Financing Sources	<u>11,806,500</u>	<u>9,010,001</u>	<u>7,613,715</u>	<u>7,788,710</u>	<u>7,308,076</u>
Expenditures	9,701,492	8,166,021	7,730,286	7,542,236	7,007,852
Other Financing Uses	55,101	38,165	50,805	40,397	54,594
Total Expenditures and Other Financing Uses	9,756,593	8,204,186	7,781,091	7,582,633	7,062,446
Change in Fund Balance	2,049,907	805,815	(167,376)	206,077	245,630
Beginning Fund Balance	2,714,365	2,049,474	2,216,850	2,010,773	1,765,143
Ending Fund Balance	<u>\$ 4,764,272</u>	<u>\$ 2,855,289</u>	<u>\$ 2,049,474</u>	<u>\$ 2,216,850</u>	<u>\$ 2,010,773</u>
Available Reserves*	<u>\$ 1,402,976</u>	<u>\$ 1,533,263</u>	<u>\$ 571,426</u>	<u>\$ 984,235</u>	<u>\$ 790,056</u>
Unassigned Reserve for Economic Uncertainties	<u>\$ 97,670</u>	<u>\$ 91,990</u>	<u>\$ 79,000</u>	<u>\$ 75,618</u>	<u>\$ 75,381</u>
Unassigned Fund Balance	<u>\$ 1,305,306</u>	<u>\$ 1,441,273</u>	<u>\$ 492,426</u>	<u>\$ 908,617</u>	<u>\$ 714,675</u>
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	14.38%	18.69%	7.34%	12.98%	11.19%
Total Long-Term Debt	\$ 31,482,813	\$ 31,658,402	\$ 28,402,060	\$ 29,982,661	\$ 34,273,411
Average Daily Attendance (ADA) at P-2	410,416	455,356 ^a	454,848	451,551	478,350

The General Fund has maintained a positive ending fund balance for the past four fiscal years presented in this schedule. For a district this size, the State has recommended available reserves to be at least 1% of total General Fund expenditures and other financing uses. The District has been able to meet these requirements for the past four fiscal years.

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

^a To ensure funding stability in light of the COVID-19 pandemic, the 2020-21 State Budget and California Education Code section EC Section 2575(g)(2) included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21. The provision provided that apportionment be based on fiscal year 2019-20 ADA. As such, the District's ADA data presented for fiscal year 2020-21 is 2019-20 annual ADA plus credits and growth adjustments received in 2020-21.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule to Reconcile the Annual Financial Budget Report (SACS)
with Audited Financial Statements
Year Ended June 30, 2021
(in thousands)

	General Fund	District Bonds	Other Governmental *
June 30, 2021 Unaudited Actual Financial Reports			
Fund Balances	\$ 2,856,553	\$ 1,589,883	\$ 609,604
Adjustments:			
To adjust expenditure accruals	(1,264)	(32,929)	(802)
June 30, 2021 Audited Financial Statement			
Fund Balances	\$ 2,855,289	\$ 1,556,954	\$ 608,802

* The adjustment in the Other Governmental includes the following funds:

County School Facilities Fund (Fund 351)	\$ (203)
Special Reserve - FEMA Earthquake (Fund 402)	(7)
Special Reserve (Fund 401)	(52)
Capital Facilities Fund (Fund 250)	(540)
Total Other Governmental Funds	\$ (802)

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
Year Ended June 30, 2021
(Unaudited)

	State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
1	Alfred B. Nobel Charter Middle School	1480	19 64733 6061543	x	Yes
2	Beckford Charter for Enriched Studies	1344	19 64733 6015986	x	Yes
3	Calabash Charter Academy	1345	19 64733 6016240	x	Yes
4	Calvert Charter for Enriched Studies	1585	19 64733 6016265	x	Yes
5	Canyon Charter Elementary School	0226	19 64733 6016323	x	Yes
6	Carpenter Community Charter School	1235	19 64733 6016356	x	Yes
7	Castlebay Lane Charter School	1477	19 64733 6071435	x	Yes
8	Chatsworth Charter High School	1581	19 64733 1931708	x	Yes
9	Colfax Charter Elementary School	1041	19 64733 6016562	x	Yes
10	Community Magnet Charter Elementary School	0957	19 64733 6094726	x	Yes
11	Dearborn Elementary Charter Academy	1481	19 64733 6016729	x	Yes
12	Dixie Canyon Community Charter School	1469	19 64733 6016778	x	Yes
13	Dr. Theodore T. Alexander Jr. Science Center	0604	19 64733 0102491	x	Yes
14	El Oro Way Charter For Enriched Studies	1466	19 64733 6016869	x	Yes
15	Emerson Community Charter School	1688	19 64733 6057988	x	Yes
16	Enadia Way Technology Charter	1474	19 64733 0117036	x	Yes
17	Encino Charter Elementary School	1471	19 64733 6016935	x	Yes
18	Gaspar de Portola Charter Middle	2074	19 64733 6061584	x	Yes
19	George Ellery Hale Charter Academy	1346	19 64733 6061477	x	Yes
20	Grover Cleveland Charter High School	1571	19 64733 1931864	x	Yes
21	Hamlin Charter Academy	1472	19 64733 6017438	x	Yes
22	Haynes Charter For Enriched Studies	1470	19 64733 6017529	x	Yes
23	Hesby Oaks Leadership Charter	1468	19 64733 0112060	x	Yes
24	Justice Street Academy Charter School	1487	19 64733 6017693	x	Yes
25	Kenter Canyon Elementary Charter	0227	19 64733 6017701	x	Yes
26	Knollwood Preparatory Academy	1486	19 64733 6017743	x	Yes
27	Lockhurst Drive Charter Elementary	1478	19 64733 6017891	x	Yes
28	Marquez Charter School	0228	19 64733 6018063	x	Yes
29	Nestle Avenue Charter School	1465	19 64733 6018287	x	Yes
30	Open Charter Magnet School	0012	19 64733 6097927	x	Yes
31	Palisades Charter Elementary	0229	19 64733 6018634	x	Yes
32	Paul Revere Charter Middle	0225	19 64733 6058267	x	Yes
33	Plainview Academic Charter Academy	1435	19 64733 6018725	x	Yes
34	Pomelo Community Charter School	1347	19 64733 6018774	x	Yes
35	Reseda Charter High School	2005	19 64733 1937226	x	Yes
36	Riverside Drive Charter School	1362	19 64733 6018923	x	Yes
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	1473	19 64733 6058150	x	Yes
38	Serrania Avenue Charter School for Enriched Studies	1484	19 64733 6019111	x	Yes
39	Sherman Oaks Elementary Charter School	1348	19 64733 6019186	x	Yes
40	Superior Street Elementary	1476	19 64733 6019392	x	Yes
41	Sylmar Charter High School	1834	19 64733 1938554	x	Yes
42	Taft Charter High School	1580	19 64733 1938612	x	Yes
43	Topanga Elementary Charter School	0230	19 64733 6019525	x	Yes
44	Topeka Charter School For Advanced Studies	1475	19 64733 6019533	x	Yes
45	University High School Charter	2006	19 64733 1938885	x	Yes
46	Van Gogh Charter School	1479	19 64733 6019673	x	Yes
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	1349	19 64733 6019855	x	Yes
48	Westwood Charter Elementary School	0031	19 64733 6019939	x	Yes
49	Wilbur Charter For Enriched Academics	1482	19 64733 6019954	x	Yes
50	Woodlake Elementary Community Charter	1483	19 64733 6020036	x	Yes
51	Woodland Hills Elementary Charter For Enriched Studies	1485	19 64733 6020044	x	Yes

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools (Continued)
Year Ended June 30, 2021
(Unaudited)

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
52	Academia Moderna	1101	19 64733 0120097		x	No
53	Academy of Media Arts	2038	19 64733 0139055		x	No
54	Academic Performance Excellence Academy (APEX)	1459	19 64733 0117077		x	No
55	Accelerated	0045	19 64733 6112536		x	No
56	Accelerated Charter Elementary School (ACES)	0539	19 64733 0100743		x	No
57	Alain Leroy Locke College Preparatory Academy	1050	19 64733 0118588		x	No
58	Alliance Alice M. Baxter College-Ready High	1460	19 64733 0127217		x	No
59	Alliance Cindy and Bill Simon Technology Academy High School	1161	19 64733 0121285		x	No
60	Alliance College-Ready Middle Academy 12	1533	19 64733 0128058		x	No
61	Alliance College-Ready Middle Academy 4	1096	19 64733 0120030		x	No
62	Alliance College-Ready Middle Academy 5	1097	19 64733 0120048		x	No
63	Alliance College-Ready Middle Academy 8	1531	19 64733 0128033		x	No
64	Alliance Collins Family College-Ready High School	0718	19 64733 0108936		x	No
65	Alliance Dr. Olga Mohan High School	0790	19 64733 0111500		x	No
66	Alliance Gertz-Ressler Richard Merkin 6-12 Complex	0645	19 64733 0106864		x	No
67	Alliance Jack H. Skirball Middle School	0779	19 64733 0111518		x	No
68	Alliance Judy Ivie Burton Technology Academy High	0714	19 64733 0108894		x	No
69	Alliance Kory Hunter Middle School	1532	19 64733 0128041		x	No
70	Alliance Leichtman-Levine Family Foundation Environmental Science High	0929	19 64733 0117606		x	No
71	Alliance Marc & Eva Stern Math and Science (California State University Los Angeles Campus)	0788	19 64733 0111658		x	No
72	Alliance Margaret M. Bloomfield Technology Academy High	1356	19 64733 0124941		x	No
73	Alliance Marine - Innovation and Technology 6-12 Complex	1738	19 64733 0132084		x	No
74	Alliance Morgan McKinzie High	0928	19 64733 0116509		x	No
75	Alliance Ouchi-O'Donovan 6-12 Complex	0784	19 64733 0111641		x	No
76	Alliance Patti And Peter Neuwirth Leadership Academy	0789	19 64733 0111492		x	No
77	Alliance Piera Barbaglia Shaheen Health Services Academy	0927	19 64733 0117598		x	No
78	Alliance Renee and Meyer Luskin Academy High School	1343	19 64733 0124891		x	No
79	Alliance Susan and Eric Smidt Technology High School	1163	19 64733 0123133		x	No
80	Alliance Ted K Tajima High	1164	19 64733 0123141		x	No
81	Alliance Tennenbaum Family Technology High School*	1162	19 64733 0121293		x	No
82	Alliance Virgil Roberts Leadership Academy	1530	19 64733 0128009		x	No
83	Anahuacalmecac International University Preparatory of North America	1685	19 64733 0132928		x	No
84	Animo Ellen Ochoa Charter Middle School	1286	19 64733 0123992		x	No
85	Animo Florence-Firestone Charter Middle	1794	19 64733 0134023		x	No
86	Animo Jackie Robinson High School	0793	19 64733 0111583		x	No
87	Animo James B. Taylor Charter Middle School	1287	19 64733 0124008		x	No
88	Animo Jefferson Charter Middle School	1216	19 64733 0122481		x	No
89	Animo Legacy Charter Middle School(Clay Campus)*	1288	19 64733 0124016		x	No
90	Animo Mae Jemison Charter Middle School	1624	19 64733 0129270		x	No
91	Animo Pat Brown High School	0649	19 64733 0106849		x	No
92	Animo Ralph Bunche Charter High School	0781	19 64733 0111575		x	No
93	Animo South Los Angeles Charter Senior School	0602	19 64733 0102434		x	No
94	Animo Venice Charter High School	0648	19 64733 0106831		x	No
95	Animo Watts College Preparatory Academy	0783	19 64733 0111625		x	No
96	Animo Westside Charter Middle School	1217	19 64733 0122499		x	No
97	Ararat Charter School	1156	19 64733 0121079		x	No
98	Arts In Action Community Charter School	1218	19 64733 0123158		x	No
99	Arts in Action Community Middle School	1806	19 64733 0134205		x	No
100	Aspire Centennial College Preparatory Academy	1436	19 64733 0126797		x	No
101	Aspire Firestone Academy*	1214	19 64733 0122622		x	No
102	Aspire Gateway Academy Charter*	1213	19 64733 0122614		x	No
103	Aspire Inskip Academy Charter*	1332	19 64733 0124800		x	No
104	Aspire Juanita Tate Academy Charter*	1331	19 64733 0124792		x	No

* PSC = Public School Choice

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools (Continued)
Year Ended June 30, 2021
(Unaudited)

	State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
105	Aspire Junior Collegiate Academy	1551	19 64733 0114884	x	No
106	Aspire Pacific Academy	1230	19 64733 0122721	x	No
107	Aspire Slauson Academy Charter*	1330	19 64733 0124784	x	No
108	Aspire Titan Academy	1550	19 64733 0120477	x	No
109	Bert Corona Charter School	0654	19 64733 0106872	x	No
110	Bert Corona Charter High	1724	19 64733 0132126	x	No
111	Birmingham Community Charter High School	1119	19 64733 1931047	x	No
112	Bright Star Secondary Charter Academy	0826	19 64733 0112508	x	No
113	California Collegiate Charter	1771	19 64733 0133884	x	No
114	Camino Nuevo Charter Academy 2(Kayne Siart)	1231	19 64733 0122861	x	No
115	Camino Nuevo Charter Academy 4(Cisneros)*	1334	19 64733 0124826	x	No
116	Camino Nuevo Charter Academy(Burlington)	0293	19 64733 6117667	x	No
117	Camino Nuevo Charter High School (Miramar)	0635	19 64733 0106435	x	No
118	Camino Nuevo Elementary School 3 (Eisner)*	1212	19 64733 0122564	x	No
119	Camino Nuevo High 2 School (Dalzell Lance)	1540	19 64733 0127910	x	No
120	CATCH Prep Charter High, Inc.	0570	19 64733 0101659	x	No
121	Center for Advanced Learning	0937	19 64733 0115139	x	No
122	Central City Value High School	0534	19 64733 0100800	x	No
123	CHAMPS - Charter HS of Arts-Multimedia & Performing	0712	19 64733 0108878	x	No
124	CHIME Institute's Schwarzenegger Community School	0417	19 64733 6119531	x	No
125	Citizen of the World 5	2082	19 64733 0139832	x	No
126	Citizens of the World Charter School Hollywood	1200	19 64733 0122556	x	No
127	Citizens of the World Charter School Mar Vista(Gateway)	1414	19 64733 0126193	x	No
128	Citizens of the World Charter School Silver Lake	1413	19 64733 0126177	x	No
129	City Language Immersion Charter	1538	19 64733 0127886	x	No
130	Collegiate Charter High School of Los Angeles	1722	19 64733 0131821	x	No
131	Crete Academy	1854	19 64733 0135616	x	No
132	Crown Preparatory Academy	1187	19 64733 0121848	x	No
133	Discovery Charter Preparatory School 2	0949	19 64733 0115253	x	No
134	Downtown Value School	0448	19 64733 6119903	x	No
135	Ednovate - Brio College Prep	1843	19 64733 0135723	x	No
136	Ednovate - East College Prep	1702	19 64733 0132282	x	No
137	Ednovate - Esperanza College Prep	1842	19 64733 0135715	x	No
138	Ednovate - USC Hybrid High College Prep	1401	19 64733 0125864	x	No
139	Ednovate South LA College Prep 7	2087	19 64733 0140129	x	No
140	El Camino Real Charter High School	1314	19 64733 1932623	x	No
141	El Rio Community	2080	19 64733 0140004	x	No
142	Endeavor College Preparatory Charter School	1094	19 64733 0120014	x	No
143	Equitas Academy 2	1402	19 64733 0126169	x	No
144	Equitas Academy 3 Charter	1669	19 64733 0129650	x	No
145	Equitas Academy 4	1785	19 64733 0133686	x	No
146	Equitas Academy 5	2040	19 64733 0139121	x	No
147	Equitas Academy 6	2030	19 64733 0138883	x	No
148	Equitas Academy Charter	1093	19 64733 0119982	x	No
149	Everest Value School	1638	19 64733 0129858	x	No
150	Extera Public School	1300	19 64733 0124198	x	No
151	Extera Public School No. 2	1562	19 64733 0128132	x	No
152	Fenton Avenue Charter School	0030	19 64733 6017016	x	No
153	Fenton Charter Leadership Academy	1613	19 64733 0131722	x	No
154	Fenton Primary Center	0911	19 64733 0115048	x	No
155	Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics	1605	19 64733 0131466	x	No
156	Gabriella Charter	0713	19 64733 0108886	x	No
157	Gabriella Charter 2	1853	19 64733 0135509	x	No
158	Girls Athletic Leadership School Los Angeles	1791	19 64733 0133710	x	No
159	Global Education Academy	0934	19 64733 0114967	x	No

* PSC = Public School Choice

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools (Continued)
Year Ended June 30, 2021
(Unaudited)

	State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
160	Global Education Academy 2	1641	19 64733 0129833	x	No
161	Goethe International Charter School	1036	19 64733 0117978	x	No
162	Granada Hills Charter High School	0572	19 64733 1933746	x	No
163	High Tech Los Angeles High School	0537	19 64733 0100677	x	No
164	High Tech LA Middle School	1929	19 64733 0137471	x	No
165	ICEF Innovation Los Angeles Charter	1037	19 64733 0117952	x	No
166	ICEF View Park Preparatory High School	0543	19 64733 0101196	x	No
167	ICEF View Park Preparatory Elementary School	0190	19 64733 6117048	x	No
168	ICEF View Park Preparatory Middle School	0506	19 64733 6121081	x	No
169	ICEF Vista Elementary Academy	1039	19 64733 0117937	x	No
170	ICEF Vista Middle Academy	0953	19 64733 0115287	x	No
171	Ingenium Charter	1157	19 64733 0121137	x	No
172	Ingenium Charter Middle School	1536	19 64733 0127985	x	No
173	Invictus Leadership Academy	2088	19 64733 0140111	x	No
174	ISANA Cardinal Academy	1285	19 64733 0123984	x	No
175	ISANA Nascent Academy	0716	19 64733 0108910	x	No
176	ISANA Octavia Academy	1232	19 64733 0122655	x	No
177	ISANA Palmati Academy	1246	19 64733 0123166	x	No
178	Ivy Academia Charter School	0619	19 64733 0106351	x	No
179	Ivy Bound Academy Math, Science, and Technology Charter Middle 2	1570	19 64733 0128389	x	No
180	Ivy Bound Academy of Math, Science, and Technology Charter Middle	0936	19 64733 0115113	x	No
181	James Jordan Middle School	0734	19 64733 0109884	x	No
182	KIPP Academy of Innovation	1586	19 64733 0128512	x	No
183	KIPP Academy of Opportunity	0530	19 64733 0101444	x	No
184	KIPP Comienza Community Prep	1196	19 64733 0121707	x	No
185	KIPP Corazon Academy	1855	19 64733 0135517	x	No
186	KIPP Empower Academy	1195	19 64733 0121699	x	No
187	KIPP Ignite Academy	1720	19 64733 0131771	x	No
188	KIPP Iluminar Academy	1508	19 64733 0127670	x	No
189	KIPP Los Angeles College Preparatory	0531	19 64733 0100867	x	No
190	KIPP Philosophers Academy	1378	19 64733 0125609	x	No
191	KIPP Promesa Prep	1721	19 64733 0131797	x	No
192	KIPP Pueblo Unido	2041	19 64733 0139071	x	No
193	KIPP Raices Academy	1010	19 64733 0117903	x	No
194	KIPP Scholar Academy	1377	19 64733 0125625	x	No
195	KIPP Sol Academy	1379	19 64733 0125641	x	No
196	KIPP Vida Preparatory Academy	1587	19 64733 0129460	x	No
197	Larchmont Charter School	0717	19 64733 0108928	x	No
198	Learning by Design Charter	1959	19 64733 0137513	x	No
199	Libertas College Preparatory Charter	1711	19 64733 0131904	x	No
200	Los Angeles Academy of Arts and Enterprise Charter (LAAAE)	0675	19 64733 0110304	x	No
201	Los Angeles Leadership Academy	0461	19 64733 1996610	x	No
202	Los Angeles Leadership Primary Academy	1333	19 64733 0124818	x	No
203	Los Feliz Charter Middle School for the Arts	1960	19 64733 0137463	x	No
204	Los Feliz Charter School for the Arts	0827	19 64733 0112235	x	No
205	Magnolia Science Academy 4	0986	19 64733 0117622	x	No
206	Magnolia Science Academy 6	0988	19 64733 0117648	x	No
207	Magnolia Science Academy 7	0989	19 64733 0117655	x	No
208	Magnolia Science Academy Bell*	1236	19 64733 0122747	x	No
209	Math and Science College Preparatory	1412	19 64733 0126136	x	No
210	Matrix for Success Academy	1961	19 64733 0137562	x	No
211	Monsenor Oscar Romero Charter Middle	0931	19 64733 0114959	x	No

* PSC = Public School Choice

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools (Continued)
Year Ended June 30, 2021
(Unaudited)

	State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
212	Montague Charter Academy for the Arts and Sciences	0115	19 64733 6018204	x	No
213	Multicultural Learning Center	0388	19 64733 6119044	x	No
214	N.E.W. Academy Canoga Park	0592	19 64733 0102483	x	No
215	N.E.W. Academy of Science and Arts	0521	19 64733 0100289	x	No
216	New Designs Charter School	0601	19 64733 0102541	x	No
217	New Designs Charter School-Watts	1120	19 64733 0120071	x	No
218	New Heights Charter School	0761	19 64733 0111211	x	No
219	New Horizons Charter Academy	1567	19 64733 0128371	x	No
220	New Los Angeles Charter School	0998	19 64733 0117614	x	No
221	New Los Angeles Elementary School	1788	19 64733 0133702	x	No
222	New Millennium Secondary School	1020	19 64733 0117911	x	No
223	New Village Girls Academy	0791	19 64733 0111484	x	No
224	Ocean Charter School	0569	19 64733 0102335	x	No
225	Oscar De La Hoya Animo Charter High School	0581	19 64733 0101675	x	No
226	Our Community Charter School	0739	19 64733 0109934	x	No
227	Pacoima Charter Elementary	0583	19 64733 6018642	x	No
228	Palisades Charter High School	0037	19 64733 1995836	x	No
229	Para Los Niños - Evelyn Thurman Gratts Primary Center*	1215	19 64733 0122630	x	No
230	Para Los Niños Charter School	0475	19 64733 6120489	x	No
231	Para Los Niños Middle School	1007	19 64733 0117846	x	No
232	Port of Los Angeles High School	0542	19 64733 0107755	x	No
233	PREPA TEC - Los Angeles	1542	19 64733 0127936	x	No
234	Public Policy Charter	1703	19 64733 0131847	x	No
235	PUC CALS Charter Middle and Early College High School	0331	19 64733 0133298	x	No
236	PUC Community Charter Elementary	1657	19 64733 0129619	x	No
237	PUC Community Charter Middle and PUC Community Charter Early College High	0213	19 64733 6116750	x	No
238	PUC Early College Academy for Leaders and Scholars (ECALS)*	1354	19 64733 0124933	x	No
239	PUC Excel Charter Academy	0798	19 64733 0112201	x	No
240	PUC Inspire Charter Academy	1626	19 64733 0129593	x	No
241	PUC Lakeview Charter Academy	0603	19 64733 0102442	x	No
242	PUC Lakeview Charter High	1241	19 64733 0122606	x	No
243	PUC Milagro Charter	0600	19 64733 0102426	x	No
244	PUC Nueva Esperanza Charter Academy	1092	19 64733 0133280	x	No
245	PUC Triumph Charter Academy and PUC Triumph Charter High School	0797	19 64733 0133272	x	No
246	PUENTE Charter School (ELA Site)	0473	19 64733 6120471	x	No
247	Renaissance Arts Academy	0579	19 64733 0101683	x	No
248	Resolute Academy Charter	1642	19 64733 0131870	x	No
249	Rise Kohyang Elementary	1927	19 64733 0136994	x	No
250	Rise Kohyang High School	1786	19 64733 0133868	x	No
251	Rise Kohyang Middle	1315	19 64733 0124222	x	No
252	Santa Monica Boulevard Community Charter School	0446	19 64733 6019079	x	No
253	Scholarship Prep South Bay	2042	19 64733 0139097	x	No
254	Stella Elementary Charter Academy	1866	19 64733 0137604	x	No
255	Stella Middle Charter Academy	0535	19 64733 0100669	x	No
256	STEM Preparatory Elementary	1925	19 64733 0136986	x	No
257	Synergy Charter Academy	0636	19 64733 0106427	x	No
258	Synergy Kinetic Academy*	1014	19 64733 0117895	x	No
259	Synergy Quantum Academy*	1299	19 64733 0124560	x	No
260	TEACH Academy of Technologies	1206	19 64733 0122242	x	No
261	TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School	2004	19 64733 0138305	x	No
262	TEACH Tech Charter High School	1658	19 64733 0129627	x	No
263	The City School	1710	19 64733 0134148	x	No
264	University Preparatory Value High	1723	19 64733 0132027	x	No

* PSC = Public School Choice

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools (Continued)
Year Ended June 30, 2021
(Unaudited)

		State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
265	Valley Charter Elementary School	1237	19 64733 0122754		x	No
266	Valley Charter Middle School	1238	19 64733 0122838		x	No
267	Valley International Preparatory High	1926	19 64733 0137612		x	No
268	Valor Academy Elementary School	1787	19 64733 0133694		x	No
269	Valor Academy High School	1539	19 64733 0127894		x	No
270	Valor Academy Middle School	1095	19 64733 0120022		x	No
271	Vaughn Next Century Learning Center(Mainland/MIT)	0016	19 64733 6019715		x	No
272	Village Charter Academy	1639	19 64733 0129866		x	No
273	Vista Charter Middle School	1234	19 64733 0122739		x	No
274	Vista Horizon Global Academy	2043	19 64733 0139089		x	No
275	Vox Collegiate of Los Angeles	1917	19 64733 0137521		x	No
276	Wallis Annenberg High School	0538	19 64733 0100750		x	No
277	Watts Learning Center	0131	19 64733 6114912		x	No
278	Watts Learning Center Charter Middle School	1141	19 64733 0120527		x	No
279	WISH Academy High	1863	19 64733 0135632		x	No
280	WISH Community	1627	19 64733 0135921		x	No

* PSC = Public School Choice

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Supplementary Information

Year Ended June 30, 2021

(1) Statistical Data

The statistical data presented on pages 113-115 offers multi-year trend information and are provided to help the reader understand the District's significant local revenue sources as it relates to the District's overall financial health.

The average daily attendance historical data are not presented in fiscal year 2020-21. Refer to the footnotes of schedules presented on pages 113 and 118.

(2) Purpose of Schedules

(a) *Schedule of Average Daily Attendance*

Average daily attendance is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of state funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

The schedule of average daily attendance is not presented in fiscal year 2020-21. Refer to the footnotes of schedules presented on pages 113 and 118.

(b) *Schedule of Instructional Time Offered*

The District has received incentive funding for increasing instructional time as provided by the Incentive for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

(c) *Schedule of Financial Trends and Analysis*

This schedule focuses on financial trends by displaying past years' data along with current budget information and evaluates the District's ability to continue as a going concern for a reasonable period of time.

(d) *Reconciliation of Unaudited Actual Financial Reports with Audited Financial Statements*

This schedule provides the information necessary to reconcile the differences between fund balances reported on the unaudited actual financial reports and the audited financial statements.

(e) *Schedule of Charter Schools*

This schedule lists all charter schools chartered by the District, includes the charter school number, and indicates whether or not the charter school is included in the District's audit.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:					
Passed through California Department of Education:					
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524		\$ 4,125,907	
Donated Food Commodities	10.555	Not Applicable		14,949,075	
Child Nutrition Summer Food Services Program Operations	10.559	PCA13004		113,733,181	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA13006		<u>14,235,072</u>	
Subtotal Expenditures – Child Nutrition Cluster					<u>\$ 147,043,235</u>
Child Nutrition Child Care Food Program Claims	10.558	PCA13529			53,236,127
Child Nutrition Child Care Food Program – Cash in Lieu of Commodities	10.558	PCA13534			<u>4,259,668</u>
Subtotal Assistance Listing Number 10.558					<u>57,495,795</u>
Child Nutrition Team Nutrition Grants	10.574	PCA15332			3,516
Passed through California Department of Health Services:					
Forest Reserve	10.665	PCA10044		<u>54,804</u>	
Subtotal Expenditures – Forest Service Schools and Roads Cluster					<u>54,804</u>
Subtotal Pass-Through Programs					<u>204,597,350</u>
Total U.S. Department of Agriculture					<u>204,597,350</u>
U.S. Department of Defense:					
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available			1,889,076
Startalk: Exploring Arabic Through Technology, Startalk - LAUSD	12.900	H98230-20-1-0282			<u>36,786</u>
Subtotal Direct Programs					<u>1,925,862</u>
Total U.S. Department of Defense					<u>1,925,862</u>
U.S. Department of Justice:					
Stop School Violence	16.839	2018-YS-BX-0008			<u>56,863</u>
Subtotal Direct Program					<u>56,863</u>
Total U.S. Department of Justice					<u>56,863</u>
U.S. Department of Labor:					
Passed through Employment Development Department:					
Employment Development Department Trade Act: Trade Adjustment Assistance (TAA)	17.245	Various			54,610
Passed through City of Los Angeles:					
Workforce Innovation and Opportunity Act (WIOA) – Worksource Educational Partnership – Adult	17.258	C-137771		91,660	
WIOA – Worksource Educational Partnership – Dislocated Workers	17.278	C-137771		72,020	
WIOA – T-1 Youth Source System	17.259	C-137535		1,089,840	
Passed through Para Los Ninos:					
WIOA – Youth	17.259	C-136077-L20		<u>101,986</u>	
Subtotal Expenditures – WIOA Cluster					<u>1,355,506</u>
Subtotal Pass-Through Programs					<u>1,410,116</u>
Total U.S. Department of Labor					<u>1,410,116</u>
U.S. Department of Transportation:					
Highway Planning and Construction: Active Transportation Program	20.205	ATPLNI-6508(001)		<u>196,345</u>	
Subtotal Expenditures – Highway Planning and Construction Cluster					<u>196,345</u>
Subtotal Direct Program					<u>196,345</u>
Total U.S. Department of Transportation					<u>196,345</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Treasury:					
Passed through California Department of Education:					
COVID-19 – Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	PCA25516			\$ 318,098,999
Subtotal Pass-Through Program					318,098,999
Total U.S. Department of Treasury					318,098,999
National Science Foundation:					
USC – Math for America Los Angeles	47.076	Not Available			89,620
Subtotal Direct Program					89,620
Total National Science Foundation					89,620
U.S. Department of Education:					
Indian Education	84.060A	S060A200283			133,000
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP):					
GEAR-UP 4 LA	84.334A	P334A190002	\$ 117,261		2,816,256
GEAR-UP 4 LA	84.334A	P334A140118	509,684		1,480,225
GEAR-UP 4 LA	84.334A	P334A-180080/180081	1,942,889		9,021,601
Subtotal Assistance Listing Number 84.334			2,569,834		13,318,082
Glider Lehman Institute of American History – A More Perfect Union	84.422B	Agreement dated 06/15/2018			10,354
Subtotal Direct Programs					13,461,436
Passed through California Department of Education:					
WIOA – Adult Basic Ed/ELA	84.002A	PCA14508			8,583,151
WIOA – Ad Ed & Fam Lit/EL – Civics	84.002A	PCA14109			4,894,759
WIOA – Adult Secondary Ed	84.002A	PCA13978			3,693,077
Subtotal Assistance Listing Number 84.002					17,170,987
Every Student Succeeds Act (ESSA), Title I Part A. Basic	84.010	PCA14329			337,180,177
ESSA, Title I Part D. Delinquent	84.010	PCA14357			154,238
ESSA, Title I Part A. Neglected	84.010	PCA14329			1,036,295
ESSA, Comprehensive Support & Improvement (CSI)	84.010	PCA15438			7,132,560
Subtotal Assistance Listing Number 84.010					345,503,270
Special Ed: IDEA Local Assistance, Part B, Sec.611 Early Intervening Services	84.027	PCA10119		\$ 26,904	
Special Ed: IDEA Basic Local Assistance Entitlement	84.027A	20-13379-64733-01		108,553,489	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	PCA10115		1,574,887	
Special Ed: IDEA Mental Health Allocation Plan	84.027A	20-15197-64733-01		6,530,287	
Special Ed: IDEA – Alternate Dispute Resolution, Part B – Sec 611	84.027A	19-13007-64733-01		6,499	
Special Ed: IDEA – Supporting Inclusive Practices, Part B – Sec 611	84.027A	19-13693-64733-01		80,000	
IDEA Preschool Expansion Grant	84.173A	19-13430-64733-01		4,886,713	
Preschool Expansion – Staff Development	84.173A	20-13431-64733-01		45,828	
Special Ed: IDEA – Embedded Instruction	84.173A	20-13839-64733-01		13,027	
Subtotal Expenditures – Special Education Cluster (IDEA)					121,717,634
Carl D. Perkins – Secondary Program, Sec131	84.048	PCA14894			5,227,336
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA14893			949,162
Subtotal Assistance Listing Number 84.048					6,176,498
Special Ed-Grants for Infants and Families: Early Intervention Funds – Part C	84.181	20-23761-64733-01			1,185,655
Education for Homeless Children & Youth	84.196A	PCA14332			185,043
Twenty-first Century Community Learning Centers	84.287C	PCA14349	934,772		4,721,377
Twenty-first Century Community Learning Centers	84.287C	PCA14535	12,125,356		14,620,100
Twenty-first Century Community Learning Centers	84.287C	PCA14603	—		898,698
Twenty-first Century Community Learning Centers	84.287C	PCA14765	—		520,895
Subtotal Assistance Listing Number 84.287			13,060,128		20,761,070
Title III, English Learner Student	84.365	PCA14346			10,177,450
Title III, Immigrant Student	84.365	PCA15146			1,575,518
Subtotal Assistance Listing Number 84.365					11,752,968
National Professional Development Grant, Project Royal	84.365Z	15-4-81105-28357			100,486
ESSA Title II, Part A, Supporting Effective Instruction	84.367	PCA14341			24,251,179

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
School Improvement Grants	84.377	PCA15364			8,587,757
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424A	PCA15396			32,355,049
Student Centered Funding	84.424E	S424E200009			389,933
COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) II Fund	84.425D	PCA15547			250,356,057
COVID-19 – ESSER Fund	84.425D	PCA15536			220,841,158
COVID-19 – Coronavirus Aid, Relief, and Economic Security (CARES) Act ESSER Child Nutrition	84.425D	PCA15535			21,771,922
COVID-19 – Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	PCA15517			24,800,153
Subtotal Assistance Listing Number 84.425D/C					<u>517,769,290</u>
Passed through Los Angeles County Office of Education:					
Title I – Migrant Ed – Regular	84.011	PCA14326			732,671
Title I – Migrant Ed – Summer	84.011	PCA14326			112,894
Title I – Migrant Ed – School Readiness	84.011	PCA10144			21,648
Subtotal Assistance Listing Number 84.011					<u>867,213</u>
Passed through California Department of Rehabilitation:					
Rehab – Transition Partnership Program/Trans Part-Greater LA	84.126A	PCA 10006_Agr No 30964,30987,31016,30970,30990			1,344,468
California Career Innovation – Work Based Learning Initiative	84.421B	30834			102,323
Passed through Fresno County Superintendent of Schools:					
WestEd Federal Investing in Innovation and Improvement program i3 Grant	84.411B	S-00015607			19,782
Subtotal Pass-Through Programs					<u>1,110,240,605</u>
Total U.S. Department of Education					<u>1,123,702,041</u>
U.S. Department of Health and Human Services:					
CDCP-School Based HIV/STD Prevention	93.079	5NU87PS004357-02-00; 6NU87PS004357-03-01; 5NU87PS004357-03-00			499,945
Youth Risk Behavior Survey Participation	93.079	20-01116-64733			1,000
Subtotal Assistance Listing Number 93.079					<u>500,945</u>
Subtotal Direct Programs					<u>500,945</u>
Passed through Los Angeles County of Education:					
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), School Based Covid-19 Testing	93.323	C-21248-20:23			7,187,033
Passed through County of Los Angeles:					
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PH-003967			806,872
Child Health Outreach Initiative – Whole Person Care	93.994	PH-002507-16			167,655
Passed through City of Los Angeles:					
County Youth Jobs Program – CalWorks	93.558	C-136452			134,247
Passed through California Department of Social Services:					
California Department of Social Services Refugee Program Bureau	93.566	RSIG18CA			145,809
Passed through California Department of Education:					
General Child Care Center – Block Grant	93.575	PCA15136		\$ 1,476,219	
COVID-19 CARES Act General Child Care and Development Child Care Funds	93.575	PCA15549			118,132
General Child Care Center – Mandatory & Matching Fund	93.596	PCA13609			1,897,358
Child Care Development Fund - Mandatory Child Care Service	93.596	PCA15163			1,333,414
Subtotal Expenditures – Child Care and Development Fund Cluster					<u>4,825,123</u>
Passed through Baldwin Park USD:					
Early Head Start	93.600	Not Applicable		104,925	
Subtotal Expenditures – Head Start Cluster					<u>104,925</u>
Subtotal Pass-Through Programs					<u>13,371,664</u>
Total U.S. Department of Health and Human Services					<u>13,872,609</u>
Corporation for National and Community Service:					
Youth Service America Corporation	94.014	FAIN 19MK218080			4,648
Subtotal Direct Program					<u>4,648</u>
Total Corporation for National and Community Service					<u>4,648</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Homeland Security:					
Passed through California Governor's Office of Emergency Services:					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	OES/FEMA-1585-DR			\$ 124,025
Hazard Mitigation Grant Program	97.039	PJ-004/PJ-007/PJ0455/PJ-0066			5,331,276
Pre-Disaster Mitigation Competitive Grant Program	97.047	PJ-0376 & PJ-002			4,076,490
Subtotal Pass-Through Programs					<u>9,531,791</u>
Total U.S. Department of Homeland Security					<u>9,531,791</u>
Total Expenditures of Federal Awards			<u>\$ 15,629,962</u>	<u>\$ 275,297,572</u>	<u>\$ 1,673,486,244</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

(1) General

The accompanying schedule of expenditures of federal awards (Schedule) presents the expenditures of all federal financial assistance programs for the Los Angeles Unified School District (District). The District's reporting entity is defined in the notes to the District's basic financial statements. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, as described in Note 1 of the notes to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the District's basic financial statements but agrees in all material respects.

(3) Indirect Cost Rate

The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

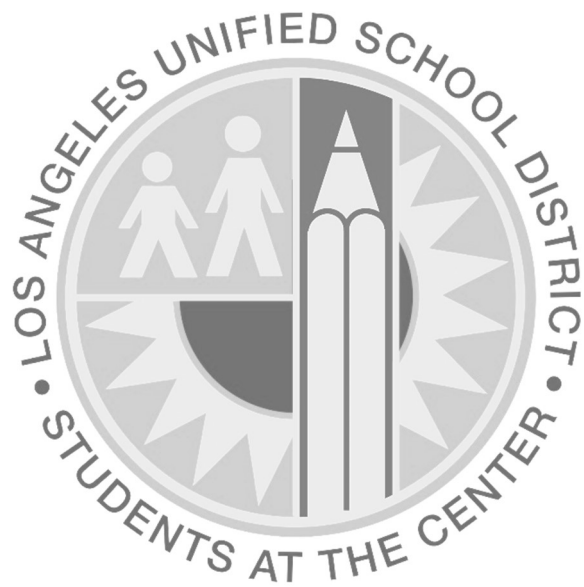
(4) Noncash Assistance

Included in the schedule of expenditures of federal awards is (Assistance Listing No. 10.555) \$14,949,075 of donated food commodities received from the U.S. Department of Agriculture, passed-through California Department of Education, during the year ended June 30, 2021.

(5) Federal Emergency Management Agency (FEMA)

The total FEMA approved eligible expenditures reported in the Schedule of Expenditures of Federal Award for Assistance Listing Nos. 97.039 and 97.047 included costs incurred in prior years. The details are as follows:

Fiscal Year	Assistance Listing 97.039	Assistance Listing 97.047	Total
2015-16	\$ —	\$ 2,773	\$ 2,773
2016-17	251,592	—	251,592
2017-18	324,513	18,398	342,911
2018-19	2,475,003	901,095	3,376,098
2019-20	1,189,311	840,586	2,029,897
2020-21	1,090,857	2,313,638	3,404,495
Total	\$ 5,331,276	\$ 4,076,490	\$ 9,407,766



**OTHER INDEPENDENT
AUDITOR REPORTS**



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

To The Honorable Board of Education
Los Angeles Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item FS-2021-001 that we consider to be a material weakness.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

District's Response to Findings

The District's response to 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Los Angeles, California
January 13, 2022



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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance for Each Major Federal Program

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our 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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items F-2021-001 to F-2021-007. Our opinion on each major federal program 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 responses.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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 have not been identified. However, as discussed below, we did identify 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 a 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-2021-001, F-2021-002, F-2021-005, F-2021-006, and F-2021-007 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2021-001, F-2021-003, and F-2021-004 to be significant deficiencies.



The District's responses 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 responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
January 13, 2022



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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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the Guide) for the year ended June 30, 2021. 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 *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the California Code of Regulations (CCR), Title 5, section 19810. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred. An audit also includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the District's compliance with those requirements.

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



	<u>Procedures performed</u>
Attendance and Distance Learning	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
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable**
California Clean Energy Jobs Act	Yes
Proper Expenditures of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study-Course Based for Charter Schools	Not applicable***
Attendance for Charter Schools	Yes
Mode of Instruction for Charter Schools	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No****
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	No****
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 the fiscal year.
- ** The District's Board of Education did not elect to operate as a school District of Choice.
- *** The District does not have any Independent Study-Course Based Programs for Charter Schools; therefore, we did not perform any testing related to this requirement.
- **** The District did not have any Average Daily Attendance generated from Nonclassroom-Based Instruction/Independent Study for Charter Schools during fiscal year 2020-21; 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, 2021.

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-2021-001 through S-2021-008. Our opinion is not modified with respect to these matters.

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

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

Los Angeles, California
January 13, 2022

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? None noted

Federal Awards

Internal control over major programs:

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

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

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>	<u>Opinion</u>
	U.S. Department of Agriculture – Child Nutrition Cluster:	Unmodified
10.555	National School Lunch Program (NSLP)	
10.559	Summer Food Service Program for Children (SFSP)	
21.019	U.S. Department of Treasury – COVID-19 - Coronavirus Relief Fund	Unmodified
84.002	U.S. Department of Education - Adult Education – Basic Grants to States	Unmodified
84.010	U.S. Department of Education - Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	Unmodified
84.048	U.S. Department of Education – Career and Technical Education – Basic Grants to States (Perkins V)	Unmodified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>	<u>Opinion</u>
84.287	U.S. Department of Education – Twenty-First Century Community Learning Centers	Unmodified
84.367	U.S. Department of Education – Supporting Effective Instruction State Grants (Title II, Part A of the ESEA)	Unmodified
84.377	U.S. Department of Education – School Improvement Grants	Unmodified
84.425D	U.S. Department of Education – COVID-19 - Elementary and Secondary School Emergency Relief Fund	Unmodified
93.323	U.S. Department of Health and Human Services – Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Unmodified
	U.S. Department of Health and Human Services – Child Care and 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	
97.039	U.S. Department of Homeland Security – Hazard Mitigation Grant Program (HMGP)	Unmodified
	<ul style="list-style-type: none"> • Any audit findings disclosed which are required to be reported in accordance with 2 CFR 200.516: • Dollar threshold used to distinguish between type A and type B programs: • Auditee qualified as low risk auditee 	<p>Yes</p> <p>\$5,020,459</p> <p>No</p>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

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, 2021

Section II – Finding(s) Relating to the Basic Financial Statements which is Required to be Reported in Accordance with Government Auditing Standards

Finding – FS-2021-001 Schedule of Expenditures of Federal Awards Completeness (Material Weakness)

Criteria

2 CFR section 200.502, Basis for determining Federal awards expended:

“ (a) *Determination Federal awards expended.* The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards, such as: expenditure/expense transactions associated with awards including grants, cost-reimbursement contracts under the FAR, compacts with Indian Tribes, cooperative agreements, and direct appropriations; the disbursement of funds to subrecipients;...”

2 CFR section 200.508, Auditee responsibilities:

“ (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510.”

2 CFR section 200.510, Financial statements:

“ (b) *Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately.”

The SEFA, while not part of the basic financial statements, is audited in relation to the basic financial statements, in accordance with the requirements of the Uniform Guidance. The Uniform Guidance requires auditors to determine major programs and perform risk assessments based on information reported on the SEFA.

Condition

During the process of reconciling the District’s Federal expenditures/revenues to the general ledger by grant and by program, to validate the completeness and accuracy of the Schedule of Expenditure of Federal Awards (SEFA), it was noted that two (2) Federal programs (Assistance Listing Numbers 97.039 and 97.047) related to Federal Emergency Management Agency (FEMA) grants that were passed through the California Governor’s Office of Emergency Services (Cal OES) were not included in the original SEFA. This led to an updated SEFA being provided at the end of the audit fieldwork which subsequently led to re-performing the major program determination, and the selection of one additional major program to be audited.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Cause and Effect

The controls within the Facilities Department were not properly designed to ensure that all Federal grants were communicated to the Accounting Department and the related expenditures were recorded in the accounting system in accordance with grant accounting requirements. Due to the Facilities Department's misconception of SEFA reporting, they failed to communicate to the Accounting Department the inclusion of certain Federal expenditures that resulted in the underreporting of expenditures in the SEFA.

Inaccurate reporting of Federal expenditures in the SEFA could result in inaccurate major program determinations, risk assessments, materiality determinations, identification of compliance requirements and reporting errors.

Questioned Costs

Not applicable.

Recommendation

We recommend that the District strengthen its controls within the Accounting Department over the preparation and review of the SEFA by ensuring that all Federal grants and awarded amounts are completely and accurately reported. Moreover, we recommend that each department complete a standard template that is formatted for the reporting of all Federal award expenditures and payments received, and to submit supporting documentation to the Accounting Department to reconcile expenditures and revenues which will ensure the completeness of the SEFA, prior to submission of the final SEFA.

View of Responsible Officials and Corrective Action Plan

This is an isolated case. Effective fiscal year 2021-22, Program Administrators Division shall provide Finance a copy of all executed grant awards from their end for review and proper recording. In addition, during year-end closing the grant master log will be provided to Program Administrators for validation.

Name: Simon Ho
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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number:	F-2021-001
Federal Program Title, Awarding Agency, Pass-Through Entity, Assistance Listing Number, and Award Number:	Child Nutrition Cluster, U.S. Department of Agriculture, Passed through the California Department of Education, Assistance Listing Nos. 10.555 and 10.559, PCA Nos. 13523, 13524, 13004, and 13006. (Significant Deficiency)
	Coronavirus Relief Fund, U.S. Department of Treasury, Passed through the California Department of Education, Assistance Listing No. 21.019, PCA No. 25516 (Material Weakness)
	Adult Education – Basic Grants to States, U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.002, PCA 14508, 14109, and 13978; (Material Weakness)
	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA), U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.010, PCA 14329, 14357, 14329, and 15438; (Material Weakness)
	Career and Technical Education – Basic Grants to States (Perkins V), U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.048, PCA 14894 and 14893; (Material Weakness)
	Supporting Effective Instruction State Grants (Title II, Part A of the ESEA), U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.367, PCA 14341; (Material Weakness)
	Elementary and Secondary School Emergency Relief Fund, U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.425D, PCA No. 15536, 15547, and 15535 (Material Weakness)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

State Audit Guide Finding Code: 30000 and 50000

Criteria

2 CFR section 200.430(i), Standards for Documentation of Personnel Expenses, requires:

- (1) “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:
 - (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
 - (ii) Be incorporated into the official records of the non-Federal entity;
 - (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
 - (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
 - (v) Comply with the established accounting policies and practices of the non-Federal entity;
 - (vi) [Reserved]
 - (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.”

In accordance with LAUSD Policy Bulletin 2643.10 entitled, “Documentation for Employees Paid from Federal and State Categorical Programs,” the Periodic Certification (formerly referred to as Semi-Annual Certifications) must be completed each fiscal year for employees whose compensation is singularly sourced from Federal funds. The first Periodic Certification covers the period between July 1st through December 31st, and the second Periodic Certification covers the period between January 1st through June 30th. These certifications should be completed no later than January 31st and July 31st, respectively. Employees whose compensation is sourced by a combination of Federal or State funds that are not a Single Cost Objective are required to complete and sign the Multi-Funded Time Report at the end of each month.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Condition

As part of our compliance review over payroll expenditures, we selected samples of payroll expenditures charged to the program and reviewed the supporting documents to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported in accordance with 2 CFR section 200.430(i) and LAUSD Policy Bulletin 2643.10.

Child Nutrition Cluster: In our sample of sixty (60) payroll expenditures, we noted that one (1) employee provided a signed Periodic Certification; however, the certification was signed subsequent to our request.

Total exception amounted to \$931 of the \$73,200 sampled from \$101,201,558 of the total payroll expenditures.

Coronavirus Relief Fund: In our sample of 165 payroll expenditures, we noted that five (5) employees provided timesheets, but the hours reported on the timesheets did not support the hours recorded in SAP, the District's accounting system.

Total exceptions amounted to \$1,193 of the \$213,809 sampled from \$89,903,154 of the total payroll expenditures.

Adult Education – Basic Grants to States: In our sample of sixty (60) payroll expenditures, we noted that one (1) employee provided a signed Periodic Certification and two (2) employees provided signed Multi-Funded Time Reports; however, the certification and the Multi-Funded Time Reports were signed subsequent to our request.

Total exceptions amounted to \$4,876 of the \$250,415 sampled from \$10,745,231 of the total payroll expenditures.

Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA): In our sample of sixty (60) payroll expenditures, we noted that one (1) employee provided a signed periodic certification; however, the certification was signed subsequent to our request. In addition, we noted that there was no supporting documentation available for one (1) other employee's Special Assignment hours.

Total exceptions amounted to \$7,320 (untimely certification) and \$2,221 (unsupported hours charged) of the \$193,720 sampled from \$217,378,737 of the total payroll expenditures.

Career and Technical Education – Basic Grants to States (Perkins V): In our sample of sixty (60) payroll expenditures, we noted that one (1) employee provided a signed periodic certification; however, the certification was signed subsequent to our request. In addition, we noted that three (3) employees provided timesheets, but the hours on the timesheets did not support the hours recorded on SAP.

Total exceptions amounted to \$786 (untimely certification) and \$461 (unsupported hours charged) of the \$106,864 sampled from \$1,495,993 of the total payroll expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Supporting Effective Instruction State Grants (Title II, Part A of the ESEA): In our sample of sixty (60) payroll expenditures, we noted that three (3) employees provided signed Multi-Funded Time Reports; however, the hours reported on the Multi-Funded Time Reports did not support the hours recorded in SAP. For two (2) of the three (3) employees, the hours reported on the Multi-Funded Time Reports were less than the hours recorded in SAP, leading to an overstatement of program expenditures. For one (1) of the three (3) employees, the hours reported on the Muti-Funded Reports were greater than the hours recorded in SAP, leading to an understatement of program expenditures.

Total exceptions for overstatement and understatement amounted to \$899 and \$368, respectively, of the \$277,072 sampled from \$15,231,916 of the total payroll expenditures.

Elementary and Secondary School Emergency Relief Fund: In our sample of 120 payroll expenditures, we noted that two (2) employees provided a signed Periodic Certification; however, the certifications were signed subsequent to our request. In addition, one (1) employee provided a timesheet, but the hours reported on the timesheet did not support the hours recorded in SAP. The hours reported on the timesheet were greater than the hours recorded in SAP, leading to an understatement of program expenditures.

Total exceptions amounted to \$3,340 (untimely certifications) and \$123 (unsupported hours charged) of the \$173,284 sampled from \$207,837,633 of the total payroll expenditures.

Our samples were statistically valid samples.

Cause and Effect

The untimely certifications appear to be incidents in which employees did not follow the District's policies and procedures. The discrepancies between time reports/timesheets and SAP data appear to be due to clerical errors and lack of sufficient review.

Coronavirus Relief Fund– This finding is a repeat finding and has been reported previously for June 30, 2020 (F-2020-001).

Elementary and Secondary School Emergency Relief Fund – This finding is a repeat finding and has been reported previously for June 30, 2020 (F-2020-001).

Questioned Costs

The total costs related to the conditions mentioned above amounted to the following:

Coronavirus Relief Fund (Assistance Listing No. 21.019): \$1,193 due to unsupported hours charged.

Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) (Assistance Listing No. 84.010): \$2,221 due to unsupported hours charged.

Career and Technical Education – Basic Grants to States (Perkins V) (Assistance Listing No. 84.048): \$461 due to unsupported hours charged.

Supporting Effective Instruction State Grants (Title II, Part A of the ESEA) (Assistance Listing No. 84.367): \$899 overstatement and \$368 understatement due to unsupported hours charged.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Elementary and Secondary School Emergency Relief Fund (Assistance Listing No. 84.425D): \$123 understatement due to unsupported hours charged.

There were no questioned costs due to untimely completed/signed Periodic Certifications or Multi-Funded Time Report because payroll costs incurred were allowable costs for the programs.

Recommendation

We recommend that the District continue to strengthen its internal controls over payroll expenditures and the related compliance requirements by providing ongoing training to appropriate personnel on the required procedures, and to include a review process for monitoring compliance with those procedures.

View of Responsible Officials and Corrective Action Plan

- 1) Central Office/program coordinators will
 - a. communicate the impact of questioned cost resulting from current year's audit findings,
 - b. perform sample testing on payroll documentations as a secondary control twice a year; and
 - c. provide feedback and training to the schools based on the result of sample testing.
- 2) The District will enhance the Time and Effort reminders to Administrators, Payroll Time Reporters, and Payroll time approvers with a checklist of key payroll documentations for certifications purposes.
- 3) The District will continue to provide training on myPLN on Time and Effort bulletin to school administrators, timekeepers, and supervisors.

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Name: Karen Ryback
Title: Federal & State Education Programs
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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Program Identification

Finding Reference Number:	F-2021-002
Assistance Listing Number:	93.323
Federal Program Title:	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Health and Human Services, Los Angeles County Office of Education
Award Number:	C-21248-20:23
Compliance Requirement:	Allowable Costs/Cost Principles
State Audit Guide Finding Code:	30000 and 50000

Criteria

2 CFR section 200.403, Factors affecting allowability of costs: “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.”

2 CFR section 200.404 Reasonable costs: “A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost.”

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

2 CFR section 200.53 Improper payment:

- (a) Improper payment means any payment that should not have been made or that was made in an incorrect amount (including overpayments and underpayments) under statutory, contractual, administrative, or other legally applicable requirements.

Condition

During our review of the expenditures charged to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (School Based COVID-19 Testing) Program, we identified the following issue related to contracted services:

According to an executed agreement entered on April 30, 2021, between the District and a Contractor, the Contractor is permitted to invoice the District the actual cost of equipment and materials directly related to program services, plus a “Material and Handling fee” (markup) of eleven percent (11%). However, it was noted that the Contractor applied the 11% markup to costs that were not related to equipment and materials for program services on the June 2021 invoice. The cost categories that were marked up by the Contractor included travel reimbursements, per diem, insurance, and subcontractor costs. The District has agreed that the markup on those cost categories were improper, and has subsequently adjusted the 11% markup on travel, per diem, and insurance in the FY2022 general ledger, except for the subcontractor’s markup.

Cause and Effect

The improper markup of costs was due to a lack of proper review procedures implemented over the Contractor’s executed agreement and invoices as both the executed agreement and the program were new to the District. The effect of these errors/ improper markup resulted in inaccurate claims/costs submitted for reimbursement to the grantor.

Questioned Costs

Federal amounts over reported to the grantor for reimbursement and removed from SEFA is \$305,635. Of the total amount, \$293,119 represents the additional 11% “Material and Handling fee” charged for travel reimbursements, per diem, insurance, and subcontractor costs. The remaining amount of \$12,516 represents the indirect cost/administrative cost that was charged by the District to the grantor related to the \$293,119 markup. We noted that the District has reduced the Fiscal Year 2022 program general ledger and reimbursement request to the grantor by this amount except for the subcontractor cost of \$2,975 and the related indirect cost of \$127 charged by the District.

Recommendation

We recommend that the District strengthen its review process over invoices to ensure that all costs charged by Contractors and vendors are in accordance with the terms stipulated in the executed agreements/contracts.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

View of Responsible Officials and Corrective Action Plan

The District office overseeing COVID-19 response operations has already implemented new processes in its invoice review process to help ensure all charges by vendors are in accordance with each vendor's contract terms. The District has also notified all vendors of its expectation that all invoices are in accordance with the payment schedule set forth in each contract agreement. Vendors have been asked to format invoice summaries such that they reflect cost of travel, lodging and MI&E as separate line items.

Name: Caitlin Paul

Title: Program & Policy Development Advisor, Office of COVID Response

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Program Identification

Finding Reference Number:	F-2021-003
Assistance Listing Number:	97.039
Federal Program Titles:	Hazard Mitigation Grant Program (HMGP) (Significant Deficiency)
Awarding Agency / Pass-Through Entity:	U.S. Department of Homeland Security, California Governor's Office of Emergency Services
Award Number:	Project Nos. PJ0004 and PJ0066
Compliance Requirement:	Period of Performance
State Audit Guide Finding Code:	30000 and 50000

Criteria

2 CFR section 200.403, Factors affecting allowability of costs:

“(h) Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to §200.308(e)(3).”

Condition

As part of our review over the reimbursable expenditures under the Hazard Mitigation Grant Program, we selected sixty (60) expenditure samples over four (4) projects and reviewed the underlying supporting documents to determine if the expenditures were allowable per program regulations, accurately charged to the program, and properly supported.

Based on our review, we noted the following:

- One (1) expenditure item included in the total reimbursable amounts for Eagle Rock High School Boys Gym, Project No. PJ0004, was related to activities between July 1, 2016 and July 31, 2016. However, the period of performance for this project began on July 29, 2016.
- One (1) expenditure item included in the total reimbursable amounts for King Middle School Auditorium, Project No. PJ0066, was related to activities between August 10, 2016 and January 27, 2017. However, the period of performance for this project began on December 23, 2016.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Cause and Effect

The condition was caused by the District using the “transaction date” field from SAP, the District’s accounting system, to identify program expenditures for reimbursements instead of determining the actual period in which the expenditures were incurred.

The effect is that cutoff issues may occur and program expenditures outside of the period of performance may be included as reportable and reimbursable expenditures.

Questioned Costs

We determined that, for Eagle Rock High School Boys Gym, Project No. PJ0004, there were no questioned costs as the total expenditure amounts tested for this project exceeded the total Federal share reimbursed to the District.

For King Middle School Auditorium, Project No. PJ0066, we were unable to determine whether the District had incurred allowable expenditures in excess of the total Federal share without reviewing additional expenditures charged to the project. The prorated amount of the expenditures that were incurred outside of the period of performance was \$35,270.

Recommendation

We recommend that the District strengthen its controls over period of performance by implementing procedures to accurately identify program expenditures based on the actual period in which the expenditures were incurred. We also recommend that the District review all expenditures charged to King Middle School Auditorium, Project No. PJ0066 to determine whether the expenditures were incurred within the period of performance in excess of the total Federal share reimbursed.

View of Responsible Officials and Corrective Action Plan

The District will continue to strengthen its controls and will formally document this process by establishing a user manual for District employees which will clarify and reiterate the performance period for FEMA reimbursement request within the fiscal year of 2021-22.

Name: Chris Alejo
Title: Facilities Financial Operations Manager
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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Program Identification

Finding Reference Number: **F-2021-004**

Assistance Listing Number: 84.287

Federal Program Titles: Twenty-First Century Community Learning Centers (Significant Deficiency)

Awarding Agency / Pass-Through Entity: U.S. Department of Education, California Department of Education

Award Number: PCA Nos. 14349, 14765, 14603 and 14535

Compliance Requirement: Subrecipient Monitoring

State Audit Guide Finding Code: 30000 and 50000

Criteria

Under 2 CFR section 200.332, Requirements for Pass-through Entities, all pass-through entities must:

“(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section, which may include consideration of such factors as:

- (1) The subrecipient's prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).

(f) Verify that every subrecipient is audited as required by Subpart F of this part when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in section 200.501.”

Condition

Risk Assessment

During procedures performed over the subrecipient monitoring compliance requirements, we noted that the District did not conduct an assessment/evaluation over the risk of noncompliance of all subrecipients in fiscal year 2021. The District would normally assess the risk of noncompliance for each subrecipient in a process called “Agency Review Meeting.” In lieu of the annual “Agency Review Meeting,” the District conducted a “Mid-Year Review” in fiscal year 2021 which consisted of one-on-one meetings with the subrecipients. The District provided the “Mid-Year Review” meeting agenda and calendar for review.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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However, upon our review of the information provided, we were unable to determine whether the District had conducted a risk analysis/assessment, as the meeting agenda did not include risk assessments as a meeting item, nor were meeting minutes or other supporting documents (e.g., completed risk assessment checklists, etc.) from the “Mid-Year Review” maintained or provided. In response, the District prepared a subrecipient monitoring checklist template/worksheet which would serve as a tool to assess/evaluate the risk of noncompliance for all subrecipients going forward. As a result, we were unable to determine if an assessment/evaluation of each subrecipient’s risk of noncompliance was performed.

Single Audit Verification

During procedures performed over the requirements described in 2 CFR 200.332 (f), we noted that one subrecipient received more than \$750,000 in Federal funds from the District during the fiscal year 2020, but the District did not obtain a Single Audit report for the same fiscal year-end, which was due during fiscal year 2021. Specifically, it was noted that the District maintained a tracking log of audited financial statements and/or Single Audit report submissions to document types of reports received from each subrecipient. This tracking log was cross-referenced to an invoicing spreadsheet, which tracked the amounts that were passed through to each subrecipient. In our review of the tracking log and the invoicing spreadsheet, we identified one (1) subrecipient that received more than \$750,000 in Federal funds from the District during fiscal year 2020, but was not identified by the District as requiring a Single Audit. Per further inquiry, we noted that the subrecipient did not have a Single Audit conducted.

Cause and Effect

Risk Assessment

The condition appears to be caused by an oversight by the District.

The lack of a risk assessment could impact the level of subrecipient monitoring performed by the District.

Single Audit Verification

The condition appears to be caused by a lack of detailed knowledge regarding the subrecipient monitoring requirements by District personnel responsible for the verification of Single Audits of the subrecipients, stemming from employee turnover within the department.

Questioned Costs

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control system to properly monitor subrecipients.

Recommendation

We recommend the District perform and document a risk of assessment/evaluation of noncompliance on all subrecipients by conducting the “Agency Review Meetings” at least annually. We also recommend that the District complete the Subrecipient Monitoring Checklist for all subrecipients to assess/evaluate the risk of noncompliance at least annually.

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We also recommend the District continue to strengthen its controls over subrecipient monitoring by providing adequate training/monitoring to District personnel to ensure that all subrecipients, who receive Federal awards from the District and other entities in excess of \$750,000 have a Single Audit conducted. If the subrecipient represents to the District that their total expenditures did not exceed the applicable threshold in Federal funding during the fiscal year, an exemption letter, signed by the subrecipient's CFO, should be obtained in lieu of a Single Audit report to officially notify the District that the subrecipient is exempt from the Single Audit requirements.

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

LAUSD - Beyond The Bell Branch agrees with "Audit Finding F-2021-004." Consequently, we will implement the following procedures to ensure we are performing and documenting a risk assessment/evaluation of non-compliance on all sub-recipients by conducting annual "Agency Performance Review Meetings" and strengthening our controls over sub-recipient monitoring by providing adequate training/monitoring to Beyond the Bell Branch personnel to ensure all sub-recipients who receive Federal awards from the District and other entities in excess of \$750,000.00 have a Single Audit conducted and submitted to Beyond the Bell Branch. In addition, Beyond the Bell Branch will provide training to agencies to ensure compliance with the established policies.

1. Agency contractors will be required to attend an annual "Agency Performance Review Meeting" scheduled during the current school year. During the "Agency Performance Review Meeting," extensive time will be spent on discussing Beyond the Bell's documentation of agency's performance based on established goals and expectations. Agencies will be provided assistance and guidance to ensure transparency of documentation collected resulting in a "low-risk" versus "high-risk" status for agencies. Beyond the Bell Administration will monitor agency status and act accordingly to ensure District's solvency.
2. Beyond the Bell Branch will strengthen its controls over sub-recipient monitoring by providing adequate training/monitoring to Beyond the Bell personnel to ensure that all sub-recipients, who receive Federal awards from the District and other entities in excess of \$750,000 have a Single Audit conducted.
3. Beyond the Bell Branch will establish policies and procedures to ensure sub-recipients are regularly monitored to demonstrate if the sub-recipient represents to Beyond the Bell Branch that their total expenditures did not exceed the applicable threshold in Federal funding during the fiscal year, an exemption letter, signed by the sub-recipient's CFO, will be obtained in lieu of a Single Audit report to officially notify Beyond the Bell Branch that the sub-recipient is exempt from the Single Audit requirements for that given year.
4. Agency contractors and Beyond the Bell personnel will be required to attend a training meeting scheduled prior to the beginning of the school year. During the meeting, personnel will be trained to ensure they have detailed knowledge regarding the sub-recipient monitoring requirements by District personnel responsible for the verification of Single Audits of the sub-recipients.

We will review and improve our "internal control systems" and monitor changes in protocol to ensure that the established 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.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

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Program Identification

Finding Reference Number:	F-2021-005
Assistance Listing Number:	84.010
Federal Program Titles:	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA No. 14329
Compliance Requirement:	Special Tests and Provisions – Annual Report Card, High School Graduation Rate
State Audit Guide Finding Code:	30000 and 50000

Criteria

Annual Report Card, High School Graduation Rate

An SEA and its LEAs must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv). Additionally, SEAs and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate or rates) in adequate yearly progress (AYP) determinations. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. Only students who earn a regular high school diploma may be counted as a graduate for purposes of calculating the 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm, in writing, that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of ESEA (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Section 8.3 of the LAUSD Attendance Manual states School staff shall document students who withdraw from the school. School staff shall follow Appendix J-2: Elementary School Withdrawal Symbols and Appendix J-3: Secondary School Withdrawal Symbols when recording withdrawal data.

Section XI.B of LAUSD REF-6554.4 states the Parent Assurance Letter (PAL) is the official form used to document withdrawal, transfer, and other student movement and that the form must be signed and submitted by the parent/guardian for student withdrawals.

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Condition

We sampled a total of sixty (60) out of 62,082 students with leave codes in the school year 2019-20 My Integrated Student Information System (MiSiS) data file to verify that the leave code and reason code reported in MiSiS was properly supported. In our review of the documentation in comparison to the leave and reason code, we noted five (5) schools provided documentation for five (5) students that did not support the leave code entered into MiSiS:

Leave Code per MISIS	Leave Code per Supporting Documentation
L3 (Student transfers to a California public school outside LAUSD)	L5 (School Outside California)
L3 (Student transfers to a California public school outside LAUSD)	L5 (School Outside California)
L3 (Student transfers to a California public school outside LAUSD)	L2 (Other LAUSD School)
L3 (Student transfers to a California public school outside LAUSD)	L2 (Other LAUSD School)
L3 (Student transfers to a California public school outside LAUSD)	L4 (California Private School)

Our sample was a statistically valid sample.

Cause and Effect

The discrepancy in the leave code was caused by the school using the “L3” code (Student transfers to a California public school outside LAUSD) when they did not have enough information to substantiate that code.

Inaccurate leave codes in MiSiS may lead to inaccurate data collected by CDE, which could lead to errors in the calculation of the graduation rate.

This finding is a repeat finding and has been reported previously for June 30, 2019 (F-2019-002) and June 30, 2020 (F-2020-003).

Questioned Costs

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control system to properly train and monitor the personnel who are assigned to maintain the accuracy of student records.

Recommendation

We recommend the District continue to strengthen its controls over enrollment/withdrawal status by providing adequate training/monitoring to ensure that student records on MiSiS are accurate and updated when new information is available and that necessary documents are maintained. We recommend that the training include the appropriate levels of written documentation required for different situations under both ESSA guidance and CDE guidance.

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

The policy has not changed but we continue to provide guidance:

1. Provide ongoing reminders every other month through Schoology communication platform regarding accurate enrollment and withdrawal codes.
2. Provide training to all PSA Administrators and Lead Counselors to review accurate enrollment and withdrawal codes in May 2022.

In addition, the following processes will be added to provide further guidance on the review on the Certify rule reporting:

3. Create a one-page resource tool for schools to review the Certify Rules exception reporting to support accurate enrollment and withdrawal codes in February 2022.
4. Create MYPLN training for school users on accurate enrollment and withdrawal codes in March 2022.
5. Pupil Services and Attendance will communicate with Local District Administrative Assistants and PSA Administrators regarding dissemination of information to school staff on tools available and the MYPLN training course on accurate enrollment and withdrawal codes. (focus on me providing) in March 2022.
6. Pupil Services and Attendance will communicate with Local District Administration on disseminating information to school-site designee with audit findings to participate in the MYPLN training on accurate enrollment and withdrawal codes during school year 2022-23.
7. Pupil Services will meet with the MiSiS team to review and discuss any potential enhancement/trainings to support with this finding in February 2022.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Program Identification

Finding Reference Number:	F-2021-006
Assistance Listing Number:	84.010
Federal Program Titles:	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA No. 14329
Compliance Requirement:	Special Tests and Provisions – Assessment System Security – (SEAs/LEAs)
State Audit Guide Finding Code:	30000 and 50000

Criteria

Under Section 1111(b)(2)(B)(iii) of the Elementary and Secondary Education Act of 1965 (ESEA), “State Education Agencies (SEAs), in consultation with LEAs, are required to establish and maintain an assessment system that is valid, reliable, and consistent with relevant professional and technical standards. Within their assessment system, SEAs must have policies and procedures to maintain test security and ensure that LEAs implement those policies and procedures.”

Per Reference Guide REF-096500 – 2020-21 Initial English Language Proficiency Assessments for California (ELPAC) Requirements for Principals, Coordinators, and Support Staff: Section II. Principal and Site ELPAC Coordinator Requirements: it indicates that principals must sign the 2020-21 ELPAC Test Security Agreement and Affidavit before a Site ELPAC Coordinator user role is created in TOMS (Test Operations Management System) to manage the ELPAC testing program at the school.

Condition

During the procedures performed over the District’s policies and procedures regarding assessment system security, we noted that six (6) schools administered the initial ELPAC assessment prior to the principals signing the 2020-21 ELPAC Security Agreement and Affidavit. Specifically, we sampled 45 out of 807 schools that administered the ELPAC to verify that the principals and coordinators followed the required procedures prior to administering the ELPAC assessment. Of the 45 sampled schools, we noted that six (6) schools created Site ELPAC Coordinator user roles and administered the initial ELPAC prior to the principals’ signing of the 2020-21 ELPAC Security Agreement and Affidavit.

Our sample was a statistically valid sample.

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Cause and Effect

The condition was caused by an oversight on the requirement of a principal to sign the ELPAC Security Agreement and Affidavit before a Site ELPAC Coordinator's user role is created in TOMS and ELPAC assessment is administered.

Questioned Costs

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal controls over monitoring the requirement for principals to sign the ELPAC Security Agreement and Affidavit.

Recommendation

We recommend that the District strengthen its monitoring process to ensure principals sign the ELPAC Security Agreement and Affidavit before a Site ELPAC Coordinator user role is created in TOMS and the ELPAC assessment is administered.

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

As California and the country continue to overcome challenges associated with the pandemic, it is expected that the CDE will continue to make changes to their normal protocols to accommodate circumstances as they arise. The Student Testing Branch will continue to adhere to CDE policies and will continue to implement changes as allowed and required by the CDE.

The Student Testing Branch strives to maintain test security and examine processes and procedures that ensure compliance to state requirements for each testing program. To that end, the Student Testing Branch will implement the following safeguards:

- Regular examination of the Daily files to identify newly assigned principals and/or newly assigned coordinators.
- Regular cross check of Affidavit and Agreement reports focusing on the newly created accounts.
- Regular internal meetings to evaluate findings and ongoing maintenance of the Daily Affidavit and Agreement file.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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Program Identification

Finding Reference Number:	F-2021-007
Assistance Listing Number:	10.555 and 10.559
Federal Program Titles:	Child Nutrition Cluster: National School Lunch Program and Summer Food Service Program for Children (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Agriculture, California Department of Education
Award Number:	PCA Nos. 13523, 13524, 13004, and 13006
Compliance Requirement:	Special Tests and Provisions
State Audit Guide Finding Code:	30000 and 50000

Criteria

Per 7 CFR 225.15 (c)(1), “Sponsors shall maintain accurate records justifying all meals claimed and documenting that all program funds were spent only on allowable Child Nutrition Program costs. Failure to maintain such records may be grounds for denial of reimbursement for meals served and/or administrative costs claimed during the period covered by the records in question. The sponsor's records shall be available at all times for inspection and audit by representatives of the Secretary, the Comptroller General of the United States, and the State agency for a period of three years following the date of submission of the final claim for reimbursement for the fiscal year.”

Condition

During the procedures performed over meals claimed under the Summer Food Service Program (SFSP) during the fiscal year 2021, it was noted that monthly meal counts recorded in the District’s Cafeteria Management System (CMS) were not fully supported by underlying documentation (e.g., meal count sheet). Specifically, we noted that the District operated 64 meal pickup sites while schools were closed until the schools reopened in April 2021. We sampled five (5) out of 64 schools in August 2020 and in January 2021 each, and sampled 25 schools out of 685 schools in April 2021. In total, 35 schools were sampled over three (3) months to verify that the monthly meal counts recorded in the CMS for Breakfast and Lunch were supported by meal count sheets used at the school sites. Based on our procedures, we noted the following:

1. Of the five (5) schools sampled in August 2020, we noted variances for four (4) schools between the CMS count and the meal count sheets for both Breakfast and Lunch. Breakfast and Lunch counts were both under claimed by 153 and 304, respectively.
2. Of the five (5) schools sampled in January 2021, we noted variances in four (4) schools between the CMS count and the meal count sheets for both Breakfast and Lunch. Breakfast counts were over / (under) claimed by 307 and (4), respectively. Lunch counts were over / (under) claimed by 307 and (4), respectively.

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- 3. Of the 25 schools sampled in April 2021, we noted variances in twenty-one (21) schools between the CMS count and the meal count sheets for both Breakfast and Lunch. Breakfast counts were over / (under) claimed by 694 and (1,693), respectively. Lunch counts were over / (under) claimed by 1,318 and (1,496), respectively.

Our sample was a statistically valid sample.

Cause and Effect

The condition appears to be caused by human error while manually counting the paper meal count sheets, as well as potential confusion caused by multiple types of count sheets being used.

Inaccurate claims of meal counts could lead to questioned costs.

Questioned Costs

Overclaimed - \$9,481; Underclaimed – \$(12,281)

The following are the total over/(under) claimed per meal types:

Meal Type	Meal Claimed		Amount Billed	
	Over	Under	Over	(Under)
Breakfast	1,001	(1,850)	\$ 2,465	\$ (4,542)
Lunch	1,625	(1,804)	7,016	(7,739)
Total	2,626	(3,654)	\$ 9,481	\$ (12,281)

Recommendation

We recommend the District continue to strengthen its controls over the meal claim process to ensure that meals are accurately counted, inputted into CMS and claimed for reimbursement.

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

Food Services operated under emergency pandemic conditions between March 18, 2020, through April 26, 2021. During this time, the Summer Food Service Program (SFSP) and Child and Adult Care Programs (CACFP) were audited by CDE and we had minimal findings.

In August 2020, USDA had stated that student meals would be served under the NSLP and CACFP and not SFSP, and School Food Authorities should use procedures to serve meals per student eligibility. The District made hardware purchases to support this directive, and mid- way through the process, USDA changed its requirements and allowed SFA’s to continue serving meals under SFSP. The change in the program created confusion and data had to be transferred from one program to another to process the claim. The transfer was done manually.

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In April 2021, Los Angeles Unified transitioned to hybrid learning, with some students returning to school campuses. To ensure student and staff safety the transition was done in stages, starting with Elementary schools on April 12, and High schools on April 26. During hybrid learning, Food Services served food to the students on campus as well students learning virtually at different times. The meals served to students learning virtually were done as a Grab N Go operation and were recorded manually and then transferred into the Cafeteria Management System. The process of accounting for students on varying learning modes and manually uploading the information is the reason for the variances. Each time there was a change in the operation, the food service team had to create a new training module for the change in operation, which created confusion for employees leading to the errors.

Food Services will implement the following procedures to verify and ensure that accurate meal counts are entered and submitted for reimbursement:

1. Food Services Division will add steps to our current meal claiming procedures to ensure accuracy of claims.
 - a. Food Service Manager will complete a weekly review of the prior week's daily meal count documents for errors.
 - b. Food Service Manager will run a weekly Meal Counts Report generated from CMS.
 - c. Food Service Manager will compare daily meal count documents to the five-day Meal Count Report for accuracy.
 - d. Area Food Services Supervisors will do random meal counts checks to compare the numbers on the daily meal count sheet with the numbers entered in CMS.
2. Food Services will follow the newly implemented review steps as indicated in Corrective Action Response #1 and confirm the claim for accuracy prior to submission to CNIPS.
 - a. Manager will compare daily meal count documents to the five-day Meal Counts Report from CMS. All errors must be corrected in CMS immediately. This will take place prior to the CNIPS claim submission.

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Section IV – Findings and Questioned Costs Relating to State Awards

S-2021-001 – Regular and Special Day Classes – Attendance and Distance Learning

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 122nd Street Elementary School
- 122nd Street Elementary DL Two-Way IM Spanish School
- 20th Street Elementary School
- Albert Einstein Continuation High School
- Alfonso B Perez Special Education Center
- Alta California Elementary School
- Arleta Senior High School
- Apperson Street Elementary School
- Bellingham Elementary School
- Boys Academic Leadership Academy
- Cahuenga Elementary School
- Capistrano Avenue Elementary School
- Charles H Kim Elementary DL One-Way IM Korean School
- Charles Maclay Middle School
- Christopher Columbus Middle School
- Christopher Columbus MS Medical/Math/Science Magnet
- Coldwater Canyon Elementary School
- Crenshaw Magnets: Science Tech Engineer Math & Medicine
- Darby Avenue Elementary School
- Early College Academy - LA Trade Tech College
- Ernest Lawrence Middle School
- Erwin Elementary School
- Felicitas And Gonzalo Mendez Senior High School
- Ford Boulevard Elementary DL Two-Way IM Spanish School
- Francisco Sepulveda Middle School
- Frank Del Olmo Elementary School
- Gault Street Elementary School
- George K Porter Middle School
- Gil Garcetti Learning Academy
- Granada Elementary School
- Gulf Avenue Elementary School
- Harvard Elementary School
- Hillery T Broadous Elementary School
- Independence Elementary School
- Jack London Continuation High School
- John B Monlux Elementary School

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Schools Affected (continued)

- John B Monlux Elementary Science/Tech/Math Magnet
- John F Kennedy Senior High School
- John H Francis Polytechnic Senior High School
- John Hope Continuation High School
- La Salle Avenue Elementary School
- Lake Street Primary School
- Liggett Street Elementary School
- Logan Academy of Global Ecology
- Logan Street Elementary DL Two-Way IM Spanish School
- Magnolia Avenue Elementary School
- Mayberry Street Elementary Communication Arts Magnet
- Michelle Obama Elementary School
- Micheltorena Street DL Two-Way IM Spanish School
- Micheltorena Street Elementary School
- Norwood Street Elementary School
- Olympic Primary Center
- Pacific Boulevard School
- Porter Ranch Community School
- Porter Ranch School DL Two-Way IM Korean School
- Purche Avenue Elementary School
- Purche Avenue Elementary STEAM Magnet
- Richard E Byrd Middle School
- Russell Elementary School
- San Pedro Street Elementary School
- Saturn Street Elementary School
- Saturn Street Elementary Arts/Media Magnet
- Shirley Avenue Elementary School
- Toluca Lake Elementary School
- Tulsa Street Elementary School
- Ulysses S Grant Senior High School
- Valley Oaks Center for Enriched Studies (VOCES) Magnet
- Van Nuys Senior High School
- Vena Avenue Elementary School
- Vista Middle School
- Washington Irving Middle School Math Music Engineering Mag
- Westport Heights Elementary School
- Whitney Young Continuation High School

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Criteria

California Education Code, Section 46300(a) – In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils 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.

California Education Code, Section 43504(d) – (1) Each local educational agency shall document daily participation for each pupil on each schoolday, in whole or in part, for which distance learning is provided. A pupil who does not participate in distance learning on a schoolday shall be documented as absent for that schoolday.

(2) For purposes of this section, daily participation may include, but is not limited to, evidence of participation in online activities, completion of regular assignments, completion of assessments, and contacts between employees of the local educational agency and pupils or parents or guardians.

California Education Code, Section 43504(e) – Each local educational agency shall ensure that a weekly engagement record is completed for each pupil documenting synchronous or asynchronous instruction for each whole or partial day of distance learning, verifying daily participation, and tracking assignments.

California Education Code, Section 43504(i)(2) – (A) For a school district or charter school that does not meet the requirements in subdivision (d), (e), or (f), the Superintendent shall withhold from the school district's or charter school's local control funding formula grant apportionment an amount equal to the total days out of compliance divided by the number of instructional days required to be offered, multiplied by the derived value of average daily attendance.

Attendance

Condition, Cause and Effect

For our sample of seventy-five (75) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for 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 daily.

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 properly recorded as absent. 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.

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We selected a sample of 58,242 days of attendance and 6,570 days of absences for testing and noted the following findings:

- **122nd Street Elementary School** - Out of the 480 days of attendance and 40 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **122nd Street Elementary School DL Two-Way IM Spanish** - Out of the 342 days of attendance and 18 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **Alta California Elementary School** - Out of the 491 days of attendance and 29 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **Arleta Senior High School** - Out of the 1,065 days of attendance and 135 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **Christopher Columbus Medical/Math/Science Magnet Middle School** - Out of the 1,003 days of attendance and 197 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **Coldwater Canyon Elementary School** - Out of the 547 days of attendance and 13 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.
- **Early College Academy – LA Trade Tech College** - Out of the 1,101 days of attendance and 120 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **Ernest Lawrence Middle School** - Out of the 195 days of attendance and 20 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **Erwin Elementary School** - Out of the 636 days of attendance and 24 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

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- **Gault Street Elementary School** - Out of the 527 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 recorded as present in the SMASR.
- **George K Porter Middle School** - Out of the 1,026 days of attendance and 103 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **Jack London Continuation High School** - Out of the 442 days of attendance and 719 days of absences sampled, we noted the following exceptions:
 - Five (5) students were absent for a total of five (5) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **John F Kennedy Senior School** - Out of the 789 days of attendance and 171 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of three (3) days, as evidenced by an absence note but was recorded as present in the SMASR.
- **John Hope Continuation High School** - Out of the 865 days of attendance and 333 days of absences sampled, we noted the following exceptions:
 - Five (5) students were absent for a total of six (6) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **Lake Street Primary School** - Out of the 487 days of attendance and 13 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of three (3) days, as evidenced by an absence note but was recorded as present in the SMASR.
- **Logan Academy of Global Ecology** - Out of the 1,146 days of attendance and 54 days of absences sampled, we noted the following exceptions:
 - Seventeen (17) students were absent for a total of twenty-five (25) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **Logan Street Elementary DL Two-Way IM Spanish** - Out of the 423 days of attendance and 14 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **Porter Ranch Community School** - Out of the 1,178 days of attendance and 22 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.

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- **Saturn Street Elementary School** - Out of the 600 days of attendance and 20 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
- **Ulysses S Grant Senior High School** - Out of the 670 days of attendance and 123 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of five (5) days, as evidenced by an absence note but were recorded as present in the SMASR.
- **Van Nuys Senior High School** - Out of the 561 days of attendance and 159 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.

These findings are repeat findings, having been reported previously at June 30, 2020 (S-2020-001) but for different schools.

Questioned Costs

Not Applicable.

Distance Learning

Condition, Cause and Effect

For our sample of seventy-five (75) schools for distance learning, we obtained the Schoology Usage Reports for a sample of students for the week of March 8, 2021, of school month seven (7). The Reports were extracted from the District's Learning Management System, Schoology, a PowerSchool Unified Classroom Product, used for electronically inputting, submitting and tracking student daily activities. We identified students within our sample, for specific days, who did not have support evidencing participation in distance learning (weekly engagement records and daily participation documentation) to determine they were properly marked absent on the SMASRs. We selected a sample of 36,054 days of attendance and 2,320 days of absences for testing and noted the following findings:

- **122nd Street Elementary School DL Two-Way IM Spanish** - Out of the 222 days of attendance and 18 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of eight (8) days but did not have supporting documentation evidencing participation in distance learning.
- **20th Street Elementary School** - Out of the 317 days of attendance and 23 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of five (5) days but did not have supporting documentation evidencing participation in distance learning.
- **Albert Einstein Continuation High School** - Out of the 246 days of attendance and 249 days of absences sampled, we noted the following exceptions:
 - Five (5) students were recorded present on the SMASR for a total of five (5) days but did not have supporting documentation evidencing participation in distance learning.

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- **Alfonso B Perez Special Education Center** - Out of the 473 days of attendance and 21 days of absences sampled, we noted the following exceptions:
 - Five (5) students were recorded present on the SMASR for a total of sixteen (16) days but did not have supporting documentation evidencing participation in distance learning.
- **Alta California Elementary School** - Out of the 474 days of attendance and 26 days of absences sampled, we noted the following exceptions:
 - Ten (10) students were recorded present on the SMASR for a total of thirty (30) days but did not have supporting documentation evidencing participation in distance learning.
- **Apperson Street Elementary School** - Out of the 498 days of attendance and 2 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Bellingham Elementary School** – Out of the 492 days of attendance and 8 days of absences sampled, we noted the following exceptions:
 - Five (5) students were recorded present on the SMASR for a total of ten (10) days but did not have supporting documentation evidencing participation in distance learning.
- **Boys Academic Leadership Academy** - Out of the 482 days of attendance and 16 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Cahuenga Elementary School** - Out of the 499 days of attendance and 1 day of absence sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of seven (7) days but did not have supporting documentation evidencing participation in distance learning.
- **Capistrano Avenue Elementary School** - Out of the 490 days of attendance and 10 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Charles H Kim Elementary DL One-Way IM Korean School** - Out of the 159 days of attendance and 1 day of absence sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of two (2) days but did not have supporting documentation evidencing participation in distance learning.
- **Charles Maclay Middle School** - Out of the 464 days of attendance and 36 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of two (2) days but did not have supporting documentation evidencing participation in distance learning.

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- **Christopher Columbus Middle School** - Out of the 229 days of attendance and 51 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Coldwater Canyon Elementary School** - Out of the 487 days of attendance and 13 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of seven (7) days but did not have supporting documentation evidencing participation in distance learning.
- **Crenshaw Magnets: Science Tech Engineer Math & Medicine** - Out of the 446 days of attendance and 49 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of three (3) days but did not have supporting documentation evidencing participation in distance learning.
- **Darby Avenue Elementary School** - Out of the 496 days of attendance and 4 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of three (3) days but did not have supporting documentation evidencing participation in distance learning.
- **Erwin Elementary School** - Out of the 484 days of attendance and 16 days of absences sampled, we noted the following exceptions:
 - Nine (9) students were recorded present on the SMASR for a total of thirteen (13) days but did not have supporting documentation evidencing participation in distance learning.
- **Felicitas And Gonzalo Mendez Senior High School** - Out of the 476 days of attendance and 24 days of absences sampled, we noted the following exceptions:
 - Sixteen (16) students were recorded present on the SMASR for a total of seventeen (17) days but did not have supporting documentation evidencing participation in distance learning.
- **Ford Boulevard Elementary DL Two-Way IM Spanish School** - Out of the 237 days of attendance and 3 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Francisco Sepulveda Middle School** - Out of the 458 days of attendance and 22 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Frank Del Olmo Elementary School** - Out of the 497 days of attendance and 3 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of seven (7) days but did not have supporting documentation evidencing participation in distance learning.

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- **Gault Street Elementary School** - Out of the 473 days of attendance and 27 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **George K Porter Middle School** - Out of the 438 days of attendance and 22 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Gil Garcetti Learning Academy** - Out of the 472 days of attendance and 28 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **Granada Elementary School** - Out of the 491 days of attendance and 9 days of absences sampled, we noted the following exceptions:
 - Ten (10) students were recorded present on the SMASR for a total of thirty-one (31) days but did not have supporting documentation evidencing participation in distance learning.
- **Gulf Avenue Elementary School** - Out of the 475 days of attendance and 25 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of six (6) days but did not have supporting documentation evidencing participation in distance learning.
- **Harvard Elementary School** - Out of the 478 days of attendance and 22 days of absences sampled, we noted the following exceptions:
 - Six (6) students were recorded present on the SMASR for a total of eight (8) days but did not have supporting documentation evidencing participation in distance learning.
- **Hillery T Broadous Elementary School** - Out of the 493 days of attendance and 7 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of twelve (12) days but did not have supporting documentation evidencing participation in distance learning.
- **Independence Elementary School** - Out of the 352 days of attendance and 8 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Jack London Continuation High School** - Out of the 238 days of attendance and 260 days of absences sampled, we noted the following exceptions:
 - Nine (9) students were recorded present on the SMASR for a total of twenty-seven (27) days but did not have supporting documentation evidencing participation in distance learning.

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- **John B Monlux Elementary School** - Out of the 239 days of attendance and 21 days of absences sampled, we noted the following exceptions:
 - Five (5) students were recorded present on the SMASR for a total of eight (8) days but did not have supporting documentation evidencing participation in distance learning.
- **John B Monlux Elementary Science/Tech/Math Magnet** - Out of the 240 days of attendance and 0 day of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of three (3) days but did not have supporting documentation evidencing participation in distance learning.
- **John H Francis Polytechnic Senior High School** - Out of the 238 days of attendance and 9 days of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **John Hope Continuation High School** - Out of the 405 days of attendance and 95 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **La Salle Avenue Elementary School** - Out of the 436 days of attendance and 64 days of absences sampled, we noted the following exceptions:
 - Seven (7) students were recorded present on the SMASR for a total of seventeen (17) days but did not have supporting documentation evidencing participation in distance learning.
- **Lake Street Primary School** - Out of the 487 days of attendance and 13 days of absences sampled, we noted the following exceptions:
 - Eight (8) students were recorded present on the SMASR for a total of fifteen (15) days but did not have supporting documentation evidencing participation in distance learning.
- **Liggett Street Elementary School** - Out of the 482 days of attendance and 18 days of absences sampled, we noted the following exceptions:
 - Five (5) students were recorded present on the SMASR for a total of ten (10) days but did not have supporting documentation evidencing participation in distance learning.
- **Logan Academy of Global Ecology** - Out of the 470 days of attendance and 30 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Logan Street Elementary DL Two-Way IM Spanish School** - Out of the 423 days of attendance and 14 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.

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- **Magnolia Avenue Elementary School** - Out of the 487 days of attendance and 13 days of absences sampled, we noted the following exceptions:
 - Eighteen (18) students were recorded present on the SMASR for a total of fifty (50) days but did not have supporting documentation evidencing participation in distance learning.
- **Mayberry Street Elementary Communication Arts Magnet** - Out of the 233 days of attendance and 7 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **Michelle Obama Elementary School** - Out of the 485 days of attendance and 15 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Micheltorena Street DL Two-Way IM Spanish School** - Out of the 252 days of attendance and 8 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of five (5) days but did not have supporting documentation evidencing participation in distance learning.
- **Micheltorena Street Elementary School** - Out of the 234 days of attendance and 6 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Norwood Street Elementary School** - Out of the 478 days of attendance and 22 days of absences sampled, we noted the following exceptions:
 - Twelve (12) students were recorded present on the SMASR for a total of thirty-four (34) days but did not have supporting documentation evidencing participation in distance learning.
- **Olympic Primary Center** - Out of the 479 days of attendance and 21 days of absences sampled, we noted the following exceptions:
 - Nine (9) students were recorded present on the SMASR for a total of twenty-five (25) days but did not have supporting documentation evidencing participation in distance learning.
- **Pacific Boulevard School** - Out of the 486 days of attendance and 14 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of six (6) days but did not have supporting documentation evidencing participation in distance learning.
- **Porter Ranch School DL Two-Way IM Korean School** - Out of the 480 days of attendance and 0 day of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.

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- **Purche Avenue Elementary School** - Out of the 252 days of attendance and 8 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of seven (7) days but did not have supporting documentation evidencing participation in distance learning.
- **Purche Avenue Elementary STEAM Magnet** - Out of the 237 days of attendance and 3 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Richard E Byrd Middle School** - Out of the 438 days of attendance and 42 days of absences sampled, we noted the following exceptions:
 - Five (5) students were recorded present on the SMASR for a total of eighteen (18) days but did not have supporting documentation evidencing participation in distance learning.
- **Russell Elementary School** - Out of the 443 days of attendance and 57 days of absences sampled, we noted the following exceptions:
 - Fourteen (14) students were recorded present on the SMASR for a total of twenty-five (25) days but did not have supporting documentation evidencing participation in distance learning.
- **San Pedro Street Elementary School** - Out of the 496 days of attendance and 4 days of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of three (3) days but did not have supporting documentation evidencing participation in distance learning.
- **Saturn Street Elementary School** - Out of the 314 days of attendance and 6 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of six (6) days but did not have supporting documentation evidencing participation in distance learning.
- **Saturn Street Elementary Arts/Media Magnet** - Out of the 163 days of attendance and 17 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Shirley Avenue Elementary School** - Out of the 481 days of attendance and 19 days of absences sampled, we noted the following exceptions:
 - Thirteen (13) students were recorded present on the SMASR for a total of twenty-six (26) days but did not have supporting documentation evidencing participation in distance learning.
- **Toluca Lake Elementary School** - Out of the 498 days of attendance and 2 days of absences sampled, we noted the following exceptions:
 - Six (6) students were recorded present on the SMASR for a total of nine (9) days but did not have supporting documentation evidencing participation in distance learning.

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- **Tulsa Street Elementary School** - Out of the 496 days of attendance and 4 days of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of five (5) days but did not have supporting documentation evidencing participation in distance learning.
- **Ulysses S Grant Senior High School** - Out of the 210 days of attendance and 10 days of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **Valley Oaks Center for Enriched Studies (VOCES) Magnet** - Out of the 459 days of attendance and 41 days of absences sampled, we noted the following exceptions:
 - Four (4) students were recorded present on the SMASR for a total of five (5) days but did not have supporting documentation evidencing participation in distance learning.
- **Van Nuys Senior High School** - Out of the 216 days of attendance and 24 days of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **Vena Avenue Elementary School** - Out of the 493 days of attendance and 7 days of absences sampled, we noted the following exceptions:
 - Thirteen (13) students were recorded present on the SMASR for a total of thirty-nine (39) days but did not have supporting documentation evidencing participation in distance learning.
- **Vista Middle School** - Out of the 311 days of attendance and 29 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **Washington Irving Middle School Math Music Engineering Mag** - Out of the 477 days of attendance and 23 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of eleven (11) days but did not have supporting documentation evidencing participation in distance learning.
- **Westport Heights Elementary School** - Out of the 481 days of attendance and 19 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of two (2) days but did not have supporting documentation evidencing participation in distance learning.
- **Whitney Young Continuation High School** - Out of the 386 days of attendance and 114 days of absences sampled, we noted the following exceptions:
 - Six (6) students were recorded present on the SMASR for a total of twelve (12) days but did not have supporting documentation evidencing participation in distance learning.

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Questioned Costs

- Grades TK/K-3: $160 \text{ days} / 180 \text{ days} = 0.89$ ADA overstated * \$11,234.67 = \$9,999
 - Grades 4-6: $316 \text{ days} / 180 \text{ days} = 1.76$ ADA overstated * \$10,329.61 = \$18,180
 - Grades 7-8: $23 \text{ day} / 180 \text{ days} = 0.13$ ADA overstated * \$10,636.14 = \$1,383
 - Grades 9-12: $102 \text{ days} / 180 \text{ days} = 0.57$ ADA overstated * \$12,647.10 = \$7,209
-
- 122nd Street Elementary DL Two-Way IM Spanish School
 - Grades TK/K-3: 8 days overstated
 - 20th Street Elementary School
 - Grades 4-6: 5 days overstated
 - Albert Einstein Continuation High School
 - Grades 9-12: 5 days overstated
 - Alfonso B Perez Special Education Center
 - Grades 9-12: 16 days overstated
 - Alta California Elementary School
 - Grades 4-6: 30 days overstated
 - Apperson Street Elementary School
 - Grades TK/K-3: 1 day overstated
 - Bellingham Elementary School
 - Grades 4-6: 10 days overstated
 - Boys Academic Leadership Academy
 - Grades 9-12: 1 day overstated
 - Cahuenga Elementary School
 - Grades TK/K-3: 7 days overstated
 - Capistrano Avenue Elementary School
 - Grades TK/K-3: 1 day overstated
 - Charles H Kim Elementary DL One-Way IM Korean School
 - Grades TK/K-3: 2 days overstated
 - Charles Maclay Middle School
 - Grades 4-6: 2 days overstated
 - Christopher Columbus Middle School
 - Grades 7-8: 1 day overstated
 - Coldwater Canyon Elementary School
 - Grades 4-6: 7 days overstated
 - Crenshaw Magnets: Science Tech Engineer Math & Medicine
 - Grades 9-12: 3 days overstated
 - Darby Avenue Elementary School
 - Grades 4-6: 3 days overstated
 - Erwin Elementary School
 - Grades 4-6: 13 days overstated
 - Felicitas And Gonzalo Mendez Senior High School
 - Grades 9-12: 17 days overstated
 - Ford Boulevard Elementary DL Two-Way IM Spanish School
 - Grades TK/K-3: 1 day overstated

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Questioned Costs (continued)

- Francisco Sepulveda Middle School
 - Grades 4-6: 1 day overstated
- Frank Del Olmo Elementary School
 - Grades 4-6: 7 days overstated
- Gault Street Elementary School
 - Grades TK/K-3: 1 day overstated
- George K Porter Middle School
 - Grades 7-8: 1 day overstated
- Gil Garcetti Learning Academy
 - Grades 4-6: 4 days overstated
- Granada Elementary School
 - Grades 4-6: 31 days overstated
- Gulf Avenue Elementary School
 - Grades 4-6: 6 days overstated
- Harvard Elementary School
 - Grades 4-6: 8 days overstated
- Hillery T Broadous Elementary School
 - Grades 4-6: 12 days overstated
- Independence Elementary School
 - Grades 4-6: 1 day overstated
- Jack London Continuation High School
 - Grades 9-12: 27 days overstated
- John B Monlux Elementary School
 - Grades 4-6: 8 days overstated
- John B Monlux Elementary Science/Tech/Math Magnet
 - Grades 4-6: 3 days overstated
- John H Francis Polytechnic Senior High School
 - Grades 9-12: 4 days overstated
- John Hope Continuation High School
 - Grades 9-12: 4 days overstated
- La Salle Avenue Elementary School
 - Grades 4-6: 17 days overstated
- Lake Street Primary School
 - Grades TK/K-3: 15 days overstated
- Liggett Street Elementary School
 - Grades TK/K-3: 10 days overstated
- Logan Academy of Global Ecology
 - Grades 7-8: 1 day overstated
- Logan Street Elementary DL Two-Way IM Spanish School
 - Grades TK/K-3: 1 day overstated

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Schedule of Findings and Questioned Costs

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Questioned Costs (continued)

- Magnolia Avenue Elementary School
 - Grades 4-6: 50 days overstated
- Mayberry Street Elementary Communication Arts Magnet
 - Grades 4-6: 4 days overstated
- Michelle Obama Elementary School
 - Grades 4-6: 1 day overstated
- Micheltorena Street DL Two-Way IM Spanish School
 - Grades TK/K-3: 5 days overstated
- Micheltorena Street Elementary School
 - Grades 4-6: 1 day overstated
- Norwood Street Elementary School
 - Grades 4-6: 34 days overstated
- Olympic Primary Center
 - Grades TK/K-3: 25 days overstated
- Pacific Boulevard School
 - Grades 4-6: 6 days overstated
- Porter Ranch School DL Two-Way IM Korean School
 - Grades TK/K-3: 1 day overstated
- Purche Avenue Elementary School
 - Grades 4-6: 7 days overstated
- Purche Avenue Elementary STEAM Magnet
 - Grades TK/K-3: 1 day overstated
- Richard E Byrd Middle School
 - Grades 4-6: 10 days overstated
 - Grades 7-8: 8 days overstated
- Russell Elementary School
 - Grades 4-6: 25 days overstated
- San Pedro Street Elementary School
 - Grades 4-6: 3 days overstated
- Saturn Street Elementary School
 - Grades TK/K-3: 6 days overstated
- Saturn Street Elementary Arts/Media Magnet
 - Grades TK/K-3: 1 day overstated
- Shirley Avenue Elementary School
 - Grades TK/K-3: 26 days overstated
- Toluca Lake Elementary School
 - Grades TK/K-3: 9 days overstated
- Tulsa Street Elementary School
 - Grades 4-6: 5 days overstated
- Ulysses S Grant Senior High School
 - Grades 9-12: 4 days overstated

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Schedule of Findings and Questioned Costs

June 30, 2021

Questioned Costs (continued)

- Valley Oaks Center for Enriched Studies (VOCES) Magnet
 - Grades 9-12: 5 days overstated
- Van Nuys Senior High School
 - Grades 9-12: 4 days overstated
- Vena Avenue Elementary School
 - Grades TK/K-3: 39 days overstated
- Vista Middle School
 - Grades 7-8: 1 day overstated
- Washington Irving Middle School Math Music Engineering Mag
 - Grades 7-8: 11 days overstated
- Westport Heights Elementary School
 - Grades 4-6: 2 days overstated
- Whitney Young Continuation High School
 - Grades 9-12: 12 days overstated

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance and distance learning policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Students participating in distance learning should be supported by a weekly engagement record and daily participation record.

Finally, we recommend the District continue to support the schools by providing adequate training over attendance and distance learning reporting so that proper procedures are adhered to.

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

- 1) The District will create a training on the LAUSD MyPLN platform on accurate attendance reporting practices for school users in March 2022 and provide the link as part of every other month reminders on the Schoology platform.
- 2) The District will continue to facilitate ongoing communication, provide updates, reminders, and training materials, every other month for school staff thru the LAUSD Schoology platform including:
 - a. Reference to the MyPLN training (April 2022) .
 - b. Instructions on how to generate the MiSiS Uncleared Absence report, this report assists in identifying students with uncleared absences.

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- c. Reference to the Opening Day Procedures Reference guide on Attendance Monitoring and Accuracy, which clearly states that “school should regularly generate the MiSiS Uncleared Absence report to identify students with uncleared absences and attempt to obtain verification for absences from parents/guardians”. Essential Reports for Monitoring Attendance Taking and Accuracy (Attachment) in the policy, reminds schools to generate the uncleared absence report on a weekly/monthly basis.
 - d. Reference to the Essential Tips to Support Policy and Meet Compliance training which focuses on attendance and enrollment procedures to help reduce common errors reference to the Pupil Services website (<https://achieve.lausd.net/attendanceandenrollment>) with a section titled Essential Tips to Support Policy and Meet Compliance detailing tips and reminders on accurate attendance taking procedures and absence verification to comply with policy and meet compliance standards.
 - e. Reference to the sample absence recording form/template (one for elementary and one for secondary) that allows the school to indicate all pertinent information to the absence such as the time that student came/left (elementary) or period missed (secondary) and encourage the use of this form/template to avoid inconsistencies with recording partial day absence. This form can be attached to an absence note as a supplemental document to further clarify information as it refers to the time missed from school.
- 3) The District will continue to provide ongoing updates and support to Local District (LD) and PSA Lead Counselors on:
- a. Review attendance practice including absence recording and required documentation for verification of absence.
 - b. Training tools (e.g., PowerPoint presentations) that reinforces the attendance policy and absence verification documentation required.

Name: Elsy Rosado

Title: Director, Pupil Services

Contact Information: (323) 202-2018

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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S-2021-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Lake Balboa College Preparatory Magnet K-12
- Logan Academy of Global Ecology
- Reseda Charter High School
- Valley Oaks Center for Enriched Studies Magnet

Criteria

California Education Code, Section 44203(d) - "Authorization" means the designation that appears on a credential, certificate, or permit that identifies the subjects and circumstances in which the holder of the credential, certificate, or permit may teach, or the services which the holder may render in the public schools of this state.

Section 44256 - Authorization for teaching credentials shall be of four basic kinds, as defined below:

- (a) "Single subject instruction" means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools. The holder of a single subject teaching credential or a standard secondary credential or a special secondary teaching credential, as defined in this subdivision, who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 7 to 12, inclusive, other than the subject for which he or she is already certificated to teach, shall be eligible to have this subject appear on the credential as an authorization to teach this subject. The commission, by regulation, may require that evidence of additional competence is a condition for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the single subject credential on the basis of specialized needs. For purposes of this subdivision, a special secondary teaching credential means a special secondary teaching credential issued on the basis of at least a baccalaureate degree, a student teaching requirement, and 24 semester units of coursework in the subject specialty of the credential.
- (b) "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education. The holder of a multiple subject teaching credential or a standard elementary credential who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 9 and below shall be eligible to have that subject appear on the credential as authorization to teach the subject in departmentalized classes in grades 9 and below. The governing board of a school district by resolution may authorize the holder of a multiple subject teaching credential or a standard elementary credential to teach any subject in departmentalized classes to a given class or group of pupils below grade 9, provided that the teacher has completed at least 12 semester units, or six upper division or graduate units, of coursework at an accredited institution in each subject to be taught. The authorization shall be with the teacher's consent. However, the commission, by regulation, may provide that evidence of additional competence is necessary for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the multiple subject credential on the basis of specialized needs.

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- (c) "Specialist instruction" means any specialty requiring advanced preparation or special competence, including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.
- (d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or career technical courses which courses may be part of a program of trade, technical, or career technical education.

California Code of Regulations, Title 5, Section 80005(b)

The holder of a teaching credential based on a baccalaureate degree and a teacher preparation program, including student teaching or the equivalent, may be assigned, with his or her consent, to teach subject-matter classes which do not fall within or are not directly related to the broad subject areas listed in (a) if the employing agency has determined the teacher has the requisite knowledge and skills. Verification of this decision must be kept on file in the office of the employing agency for purposes of the monitoring of certificated assignments pursuant to Education Code Section 44258.9(b). Such courses may include, but are not limited to, life skills, conflict management, study skills, leadership, teen skills, and study hall. Service in such assignments is limited to the grade level authorized by the teaching credential.

Condition, Cause and Effect

During our procedures performed for each class sampled for attendance testing of regular and special day classes, adult education, and continuation, we reviewed the classroom teacher's credentials to determine if they possessed valid credentials, if their assigned teaching position was consistent with the authorization of their certification, and if the teachers held a valid English instruction certification in instances when the teacher taught a class in which more than 20% of the pupils were English learners.

We tested a total of 120 K-12 teachers and noted four (4) teachers who were assigned to teach in a position not consistent with the authorization of his/her certification, did not have written verification for teaching an elective or alternative setting:

- **Lake Balboa College Preparatory Magnet K-12** – one (1) teacher did not have written verification for teaching an elective on file, for a total of seven (7) subjects, due to the school site not submitting the appropriate form to the Human Resources Division.
- **Logan Academy School of Global Ecology** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to the candidate not meeting renewal requirements for a Limited Assignment Permit in Spanish.
- **Reseda Charter High School** – one (1) teacher did not have written verification for teaching an elective on file, for one (1) subject, due to the school site not submitting the appropriate form to the Human Resources Division.
- **Valley Oaks Center for Enriched Studies Magnet** – one (1) teacher did not have written verification for teaching in an alternative setting on file, for one (1) subject, due to the school site not submitting the appropriate form to the Human Resources Division and the receiving unit not identifying the error in the submission in time to request the appropriate form.

These findings are repeat findings, having been reported previously at June 30, 2020 (S-2020-002) but for different schools and teachers.

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Questioned Costs

Not Applicable

Recommendation

We recommend that the District continue to train schools on the MiSiS Assignment Monitoring Report. The District should continue to monitor and strengthen internal controls to ensure teachers are being assigned properly to teach in a position authorized by their certifications as well as having a consent form on file when necessary. We also recommend that the schools and the District remediate the misassignments identified above.

Views of Responsible Official, Planned Corrective Action, and Contact Information

Human Resources (HR) will continue to strive to ensure every student is taught by an appropriately authorized teacher by providing professional development to certificated staff overseeing the master schedule and training them on how the MiSiS Assignment Monitoring Report helps school sites take timely action to ensure they do not have misassignments. HR made their assignment monitoring training available via MyPLN to certificated staff in August 2021. HR will continue to send out reminders in the Spring of 2022 advising principals to submit their Ed Code options (ex. true elective, alternative setting, etc.) early for the 2021-22 academic year. HR will also continue their outreach effort to principals in the Summer of 2022, reminding them of the need to submit Ed Code options prior to the beginning of the academic year. The goal is for new principals to be made aware of this responsibility.

Upon receipt of service providers in the areas of Speech and Language Pathology, Orthopedic Impairment, Deaf and Hard of Hearing, and Visual Impairments, HR performed a credential check to ensure that service providers are appropriately authorized in November 2021.

HR will send reminder/training within the internal group on checking certificated staff to avoid human errors beginning in February 2022.

HR will follow up with sites on identified misassignments, missing elective forms, and missing alternative setting forms.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

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S-2021-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Castlebay Lane Charter School

Criteria

California Education Code, Section 46300 - In computing the average daily attendance of a school district, there shall be included the attendance of pupils in kindergarten after they have completed one school year in kindergarten only if the school district has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the State Department of Education and signed by the pupil's parent or guardian, that the pupil shall be retained in kindergarten for not more than an additional school year.

Condition, Cause and Effect

Using a total of 53 schools offering Kindergarten from the schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2020-21 and kindergarten in school year 2019-20 and verified that a signed kindergarten continuance parental agreement (agreement) was maintained. We noted the following exception due to school oversight:

- **Castlebay Lane Charter School** – A signed agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began their second year of kindergarten for one (1) student.

This finding is a repeat finding, having been reported previously at June 30, 2020 (S-2020-003) but for different schools.

Questioned Costs

Not Applicable.

Recommendation

We recommend that schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. The District should continue to communicate and train all schools on the MiSiS Monitoring tool.

We also recommend that the District obtain written acknowledgement from the school identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten. The District should also continue ensuring that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

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

In the Spring of 2021, an enhancement was made to the MiSiS grade change screen to include a reminder to review REF-6756.1, Kindergarten Continuance (Including Kindergarten Retention): Parental Agreement for Pupil to Continue in Kindergarten for an Additional Year when schools change a student's grade for a kindergarten retention. This enhancement supplements the change made in 2019 to the MiSiS progress report screen which provides a reminder about the required signed continuance form, and a link to the Kindergarten Continuance policy bulletin. The grade change screen enhancement checks for eligibility for retention using the table included in REF-6756.1, Kindergarten Continuance (Including Kindergarten Retention): Parental Agreement for Pupil to Continue in Kindergarten for an Additional Year. It does not allow the grade changes to be processed if the student has previously completed ETK or TK.

The certify rule is active for all elementary school sites. It provides a message for the school enrollment designee to clear certify cases by verifying the completed signed continuance form is in the cumulative record and then entering the information in MiSiS.

The elementary retention Focus dashboard report can be used to monitor retentions at the kindergarten level. There is a section on this report in REF 6756.1, which provides recommendations for schools on how to use the form.

Information on the Focus dashboard report and the certify rule will be included in future trainings for school site personnel conducted by Student Health and Human Services. Additionally, messages about Kindergarten retention requirements, the focus dashboard retention monitoring report and the certify rule will be included in the weekly instructional news that provides guidance to local district administrators, principal supervisors and principals. Informational sessions will be scheduled for each local district's operations team members. Drop-in informational sessions will also be scheduled for Community of school Administrators and principals to attend at their option.

Administrator of Elementary Instruction has obtained a written acknowledgement from the school identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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S-2021-004 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Criteria

California Education Code, Section 41402 – The maximum ratios of administrative employees to each 100 teachers in the various types of school districts shall be as follows: (b) In unified school districts – 8.

Condition, Cause and Effect

We noted that based on the District’s administrative employee-to-teacher ratio analysis that the number of administrative employees per hundred teachers is 9.51, which exceeds the allowable ratio set forth in Education Code section 41402, which for the District is 8.

The District exceeded the allowable ratio due in part to many school-sites instructional support positions (but are not assigned a classroom or carrying a roster) and school support staff who are placed in Local Districts and Central Offices are considered administrators for purposes of the ratio calculation.

Employees filling these positions are on leave from their regular classroom/school assignment. These positions are necessary and critical to the District’s mission to influence student outcomes and improve teaching and learning.

These findings are repeat findings, having been reported previously on June 30, 2020 (S-2020-006).

Questioned Costs

Per Assembly Bill No. 75 (AB-75) School Finance: Education Omnibus Trailer Bill, a school district with average daily attendance of more than 400,000 as of the 2016-17 second principal apportionment, shall be exempt from any penalties calculated pursuant to Section 41404 of the Education Code for the 2019-20 fiscal year to 2021-22 fiscal year.

The District is granted this exception as their 2016-17 second principal apportionment average daily attendance was 448,888.25.

As such, the calculation of questioned costs is not applicable.

Recommendation

We recommend that the District strengthen controls over the adherence of the administrative employees to teacher’s ratio requirement.

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

The District continuously monitors the Ratio of Administrative Employees to Teachers (R2) and are identifying strategies to reduce the ratio and become compliant.

The District is collaborating with School Services of California (SSC) to establish a standardized way of evaluating and classifying positions. District personnel are to receive training on the use of a job evaluation tracking tool to determine how to categorize positions as wholly or partly administrator, teacher, and/or pupil services.

District staff is also working on adding additional strategies to lower the R2 ratio as follows for us to become compliant for fiscal services 2022-23, including:

- Redesigning internal protocols and processes to ensure adherence to the R2 ratio.
- Developing a data analysis process to implement with District divisions, realigning protocols and procedures, and establishing a monitoring system to ensure we are making progress towards compliance.
- Establishing a communication campaign to inform all divisions and branches of the requirements associated with the R2 ratio.

The Office of Government Relations will continue to engage our legislative leadership and the Department of Finance to explore statutory changes in the R2 requirements.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

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S-2021-005 – Classroom Teacher Salaries

State Audit Guide Finding Codes: 61000

Criteria

California Education Code, Section 41372 - (a) “Salaries of classroom teachers” and “teacher” shall have the same meanings as prescribed by Section 41011 provided, however, that the cost of all health and welfare benefits provided to the teachers by the school district shall be included within the meaning of salaries of classroom teachers.

(b) “Current expense of education” means the gross total expended (not reduced by estimated income or estimated federal and state apportionments) for the purposes classified in the final budget of a school district (except one which, during the preceding fiscal year, had less than 101 units of average daily attendance) submitted to and approved by the county superintendent of schools pursuant to Section 42127 for certificated salaries other than certificated salaries for pupil transportation, food services, and community services; classified salaries other than classified salaries for pupil transportation, food services, and community services; employee benefits other than employee benefits for pupil transportation personnel, food services personnel, and community services personnel; books, supplies, and equipment replacement other than for pupil transportation and food services; and community services, contracted services, and other operating expenses other than for pupil transportation, food services, and community services. “Current expense of education,” for purposes of this section shall not include those expenditures classified as sites, buildings, books, and media and new equipment (object of expenditure 6000 of the California School Accounting Manual), the amount expended from categorical aid received from the federal or state government which funds were granted for expenditures in a program not incurring any teacher salary expenditures or requiring disbursement of the funds without regard to the requirements of this section, or expenditures for facility acquisition and construction; and shall not include the amount expended pursuant to any lease agreement for plant and equipment or the amount expended from funds received from the federal government pursuant to the “Economic Opportunity Act of 1964” or any extension of this act of Congress.

There shall be expended during each fiscal year for payment of salaries of classroom teachers:

- (1) By an elementary school district, 60 percent of the district’s current expense of education.
- (2) By a high school district, 50 percent of the district’s current expense of education.
- (3) By a unified school district, 55 percent of the district’s current expense of education.

Condition, Cause and Effect

We obtained the District’s general ledger (ledger) of expenditures and reconciled the ledger to the District’s Audited Financial Statements as of June 30, 2021, which accounts for all applicable audit adjustments.

We utilized the ledger to calculate the elements of the current expense formula, which amounted to \$7,067,634,749.22.

We then utilized the ledger to calculate the elements of the minimum classroom compensation, which amounted to \$3,726,663,243.95.

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Based on the information derived above, we determined that the District’s percent of current cost of education expended for classroom compensation to be 52.73%, which falls short of the 55.00% minimum percent required for unified school districts.

This leads to a deficiency percentage of 2.27% and a deficiency amount of \$160,435,308.81.

These calculations are illustrated below:

Total teacher salaries and benefits	\$ 3,726,663,243.95	(a)
Current expense	\$ 7,067,634,749.22	(b)
Percentage spent by the District	52.73%	(c) = (a) / (b)
Minimum percentage required	55.00%	(d)
Percentage below the minimum	2.27%	(e) = (d) - (c)
Deficiency amount	\$ 160,435,308.81	(f) = (e) * (b)

Questioned Costs

Deficiency amount - \$160,435,308.81.

Recommendation

We recommend the District to put mechanisms in place to track their compliance with the minimum percentage required throughout the year to be in compliance with classroom teacher salary requirements.

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

LAUSD like any other school districts have been the beneficiaries of historic one-time funding from the federal government to mitigate learning loss brought about by the COVID-19 pandemic. It should be noted that it is of this funding intended to help schools reopen and ensure a safety and healthy environment causes a school district like LAUSD to be non-compliant. This is due to a significant amount of dollars spent on expenditures other than classroom salaries and benefits necessary to provide remote learning to students. Examples of these expenditures include purchases of devices, connectivity, instruction software licenses, and other necessary expenses to address learning loss and the safety of students in this unprecedented time.

LAUSD is very much aware of this Ed Code requirement and is engaged with the Los Angeles County Office of Education (LACOE) to seek a waiver request, which is allowed under Education Code Section 41372.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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S-2021-006 – School Accountability Report Card

State Program: School Accountability Report Card

State Audit Guide Finding Codes: 72000

Schools Affected

- Charles Maclay Middle School
- Crenshaw High School Magnet: Science Tech Engineer Math & Medicine (STEMM)
- Shirley Avenue Elementary
- Valley Oaks Center for Enriched Studies Magnet

Criteria

California Education Code, Sections 33126 (a), (b)(5)&(8)

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

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

(5) The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, the number of teachers working without credentials, any assignment of teachers outside their subject areas of competence, misassignments, including misassignments of teachers of English learners, and the number of vacant teacher positions for the most recent three-year period.

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

Condition, Cause and Effect

In our sample of 83 elementary and secondary schools, we obtained the District's copy of its most recently completed "Facility Inspection Tool (FIT), School Facility Conditions Evaluation", and compared the information contained in the FIT to the information on safety, cleanliness, and adequacy of school facilities contained in the 2020-2021 School Accountability Report Card (SARC) and noted the following inconsistencies:

- One (1) school's result related to the hazardous materials category within the FIT were reported as "Good", however, the school's SARC reported the identified categories as "Poor" due to distortion in the SARC reporting process as a result of a onetime system migration.
- Two (2) school's results related to the structural damage category within the FIT were reported as "Good", however, the school's SARC reported the identified categories as "Poor" due to distortion in the SARC reporting process as a result of a onetime system migration.

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- One (1) school's result related to all categories within the FIT were reported as "Good", however, the school's SARC did not report any results under these categories due to distortion in the SARC reporting process as a result of a onetime system migration.

Questioned Costs

Not Applicable.

Recommendation

We recommend that information reported on the District's FIT be reported accurately in the District's SARC by conducting a review of the reported information in SARC to ensure its accuracy and consistency with source documents. Additionally, we recommend that the District maintain documentation supporting the reviews conducted and its results.

Views of Responsible Officials and Planned Corrective Actions

The Office of Data and Accountability considers the occurrence of the above discrepancy in reporting as an anomaly strictly due to the one time system migration of the ITD System B servers, which house the SARC reporting process. The unexpected deletion and subsequent restoration of the housed information had caused the distortion in the SARC reporting process. Consequently, once the discrepancy was discovered, we corrected our process to reflect accurate data.

Moving forward, ODA will review data regularly pre and post any future data migrations.

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S-2021-007 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- John F. Kennedy High School
- Logan Academy of Global Ecology
- George Ellery Hale Charter Academy (Dependent Charter)
- Taft Charter High School (Dependent Charter)

Criteria

California Education Code, Section 2574(b)(3)(A): In determining the enrollment percentage of unduplicated pupils, under procedures and timeframes established by the Superintendent, commencing with the 2013-14 fiscal year, a county superintendent of schools annually shall report the enrollment of unduplicated pupils, pupils classified as English learners, pupils eligible for free and reduced-price meals, and foster youth in schools operated by the county superintendent of schools to the Superintendent using the California Longitudinal Pupil Achievement Data System (CALPADS).

(B): The Superintendent shall make the calculations pursuant to this section using the data submitted through the CALPADS.

Condition, Cause and Effect

On a sample basis, we tested the Free or Reduced Price Meal (FRPM) and English Learner (EL) eligibility of 1,935 students from 83 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 1,935 students tested, 1,086 students were selected for verification of their Free and Reduced Price Meal (FRPM) eligibility as “181 - Free” or “182 - Reduced”, 268 students were selected for verification of their English Learner “EL”, and 581 students were selected for verification of either FRPM or EL eligibility in accordance with the audit guide.

Based on our testing, we noted that two (2) students from the District’s schools, and two (2) students from the District’s Dependent Charter Schools were reported as English Learner eligible but were unsupported. The cause of the error in determining the students’ EL eligibility stems from the parent/guardian providing erroneous information at enrollment that resulted in a temporary misidentification of English Only in the District’s student information system.

The exceptions noted were extrapolated to the EL population of the District Schools and Dependent Charter Schools in question based on the error rate of the samples selected. The following is the extrapolated impact on the District Schools’ and Dependent Charter Schools’ UPC and UPP:

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School	* Total Enrollment Applied	* UPC Applied	UPP	UPC adjusted based on eligibility of FRPM	UPC adjusted based on eligibility for EL funding	UPC adjusted based on eligibility for both FRPM and EL	Adjusted total UPC	Adjusted UPP
Los Angeles Unified School District	1,296,426	1,104,360	85.18%	-	(21)	**	1,104,339	85.18%
John F. Kennedy High School	7,018	5,144	73.30%	-	(1)	-	5,143	73.28%
Logan Academy of Global Ecology	1,142	1,078	94.40%	-	(1)	-	1,077	94.31%
George Ellery Hale Charter Academy (Dependent Charter)	6,318	2,424	38.37%	-	(10)	-	2,414	38.21%
George Ellery Hale Charter Academy (Dependent Charter)	6,318	2,424	38.37%	-	(1)	-	2,423	38.35%
Taft Charter High School (Dependent Charter)	7,065	4,306	60.95%	-	(19)	-	4,287	60.68%
Taft Charter High School (Dependent Charter)	7,065	4,306	60.95%	-	(1)	-	4,305	60.93%

* Total is the sum of the last two prior years and current year results.

** The adjustment represents the extrapolated impact of the error on the District's UPC. Refer to the Questioned Costs section for additional details

These findings are repeat findings, having been reported previously at June 30, 2020 (S-2020-008) but for different schools.

Questioned Costs

We determined the total impact of the two (2) findings on the District, and two (2) findings on the Dependent Charter Schools by extrapolating the noted errors to the total UPC. We determined that the total extrapolated impact on the District's UPC is 21, and for the Dependent Charter Schools is 29, broken down as follows:

George Ellery Hale Charter Academy	10
Taft Charter High	19
Total	29

We decreased the District's UPC by the extrapolated impact of 21 students and calculated an Adjusted UPC of 85.18%.

We applied the Adjusted UPC to the District's LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2020-21, and we computed total questioned costs to be \$0.

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We also decreased the Dependent Charter Schools' UPC by the extrapolated impact of 29 students and calculated an Adjusted UPC as follows:

George Ellery Hale Charter Academy	38.21%
Taft Charter High	60.68%

We applied the Adjusted UPC to the Dependent Charter Schools LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2020-21, and we computed total questioned costs to be \$45,698, broken down as follows:

George Ellery Hale Charter Academy	\$ 5,245
Taft Charter High	40,453
Total	\$ 45,698

Recommendation

We recommend that the District continue to monitor English learner eligibility status to ensure students who are designated as an English learner have proper supporting documentation. We also recommend that the District continue to train staff on enrollment procedures so that students' correct designations will be reflected in the student information system.

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

The Multilingual and Multicultural Education Department in collaboration with the Student Testing Branch and State Reporting Services will implement the following actions steps in addition to existing processes and controls:

- 1) In collaboration with Local District EL staff, provide Local District training in February 2022 to SSAs on enrollment procedures to ensure out-of-District student CUM records/documents are collected and reviewed on a timely basis.
- 2) Connect with the Charter Division to support identified charter schools with enrollment procedures and proper classification of students in February 2022.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

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S-2021-008 – Attendance Accounting – Dependent Charters – Attendance and Distance Learning

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Castlebay Lane Charter
- Enadia Way Technology Charter
- Hamlin Charter Academy
- Nestle Avenue Charter
- Reseda Charter High School
- Reseda Charter High School Science Magnet
- William Howard Taft Charter High School

Criteria

California Education Code, Section 47612(b) – The average daily attendance in a charter school may not, in any event, be generated by a pupil who is not a California resident. To remain eligible for generating charter school apportionments, a pupil over 19 years of age shall be continuously enrolled in public school and make satisfactory progress towards award of a high school diploma. The state board shall, on or before January 1, 2000, adopt regulations defining “satisfactory progress.”

California Education Code, Section 43504(d) – (1) Each local educational agency shall document daily participation for each pupil on each schoolday, in whole or in part, for which distance learning is provided. A pupil who does not participate in distance learning on a schoolday shall be documented as absent for that schoolday.

(2) For purposes of this section, daily participation may include, but is not limited to, evidence of participation in online activities, completion of regular assignments, completion of assessments, and contacts between employees of the local educational agency and pupils or parents or guardians.

California Education Code, Section 43504(e) – Each local educational agency shall ensure that a weekly engagement record is completed for each pupil documenting synchronous or asynchronous instruction for each whole or partial day of distance learning, verifying daily participation, and tracking assignments.

California Education Code, Section 43504(i)(2) – (A) For a school district or charter school that does not meet the requirements in subdivision (d), (e), or (f), the Superintendent shall withhold from the school district’s or charter school’s local control funding formula grant apportionment an amount equal to the total days out of compliance divided by the number of instructional days required to be offered, multiplied by the derived value of average daily attendance.

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Attendance

Condition, Cause and Effect

For our sample of eight (8) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for 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 daily.

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 recorded properly as absent. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls. We selected a sample of 13,894 days of attendance and 516 days of absences for testing and noted the following findings:

- **Enadia Way Technology Charter** - Out of the 520 days of attendance and 0 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.
- **William Howard Taft Charter High School** - Out of the 904 days of attendance and 188 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

These findings are repeat findings, having been reported previously at June 30, 2020 (S-2020-009) but for different schools.

Questioned Costs

Not Applicable.

Distance Learning

For our sample of eight (8) schools for distance learning, we obtained the Schoology Usage Reports for a sample of students for the week of March 8, 2021 of school month seven (7). The Reports were extracted from the District's Learning Management System, Schoology, a PowerSchool Unified Classroom Product, used for electronically inputting, submitting and tracking student daily activities.

We identified students within our sample, for specific days, who did not have support evidencing participation in distance learning (weekly engagement records and daily participation documentation) to determine they were properly marked absent on the SMASRs.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

We selected a sample of 3,863 days of attendance and 131 days of absences for testing and noted the following findings:

- **Castlebay Lane Charter** - Out of the 499 days of attendance and 1 day of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of three (3) days but did not have supporting documentation evidencing participation in distance learning.
- **Hamlin Charter Academy** - Out of the 480 days of attendance and 14 days of absences sampled, we noted the following exceptions:
 - Two (2) students were recorded present on the SMASR for a total of four (4) days but did not have supporting documentation evidencing participation in distance learning.
- **Nestle Avenue Charter** - Out of the 463 days of attendance and 37 days of absences sampled, we noted the following exceptions:
 - Three (3) students were recorded present on the SMASR for a total of three (3) days but did not have supporting documentation evidencing participation in distance learning.
- **Reseda Charter High School** - Out of the 410 days of attendance and 30 days of absences sampled, we noted the following exceptions:
 - One (1) student was recorded present on the SMASR for a total of two (2) days but did not have supporting documentation evidencing participation in distance learning.
- **Reseda Charter High School Science Magnet** - Out of the 19 days of attendance and 1 day of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of one (1) day but did not have supporting documentation evidencing participation in distance learning.
- **William Howard Taft Charter High School** - Out of the 466 days of attendance and 14 days of absences sampled, we noted the following exception:
 - One (1) student was recorded present on the SMASR for a total of (1) day but did not have supporting documentation evidencing participation in distance learning.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

Questioned Costs

- Grades 4-6: 3 days/175 days = 0.02 ADA overstated * \$8,156.36 = \$163
 - Castlebay Lane Charter
 - Grades 4-6: 3 days overstated
- Grades 4-6: 4 days/175 days = 0.02 ADA overstated * \$9,051.76 = \$181
 - Hamlin Charter Academy
 - Grades 4-6: 4 days overstated
- Grades 4-6: 3 days/175 days = 0.02 ADA overstated * \$9,393.80 = \$188
 - Nestle Avenue Charter
 - Grades 4-6: 3 days overstated
- Grades 9-12: 3 days/175 days = 0.02 ADA overstated * \$12,590.82 = \$252
 - Reseda Charter High School
 - Grades 9-12: 3 days overstated
- Grades 9-12: 1 day/175 days = 0.01 ADA overstated * \$11,023.59 = \$110
 - William Howard Taft Charter High School
 - Grades 9-12: 1 day overstated

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance and distance learning policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Students participating in distance learning should be supported by a weekly engagement record and daily participation record.

Finally, we recommend the District continue to support the schools by providing adequate training over attendance and distance learning reporting so that proper procedures are adhered to.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2021

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

- 1) The District will create a training on the LAUSD MyPLN platform on accurate attendance reporting practices for school users in March 2022 and provide the link as part of every other month reminders on the Schoology platform.
- 2) The District will continue to facilitate ongoing communication, provide updates, reminders, and training materials, every other month for school staff thru the LAUSD Schoology platform including:
 - a. Reference to the MyPLN training (April 2022).
 - b. Instructions on how to generate the MiSiS Uncleared Absence report, this report assists in identifying students with uncleared absences.
 - c. Reference to the Opening Day Procedures Reference guide on Attendance Monitoring and Accuracy, which clearly states that “school should regularly generate the MiSiS Uncleared Absence report to identify students with uncleared absences and attempt to obtain verification for absences from parents/guardians”. Essential Reports for Monitoring Attendance Taking and Accuracy (Attachment) in the policy, reminds schools to generate the uncleared absence report on a weekly/monthly basis.
 - d. Reference to the Essential Tips to Support Policy and Meet Compliance training which focuses on attendance and enrollment procedures to help reduce common errors reference to the Pupil Services website (<https://achieve.lausd.net/attendanceandenrollment>) with a section titled Essential Tips to Support Policy and Meet Compliance detailing tips and reminders on accurate attendance taking procedures and absence verification to comply with policy and meet compliance standards.
 - e. Reference to the sample absence recording form/template (one for elementary and one for secondary) that allows the school to indicate all pertinent information to the absence such as the time that student came/left (elementary) or period missed (secondary) and encourage the use of this form/template to avoid inconsistencies with recording partial day absence. This form can be attached to an absence note as a supplemental document to further clarify information as it refers to the time missed from school.
- 3) The District will continue to provide ongoing updates to Local District (LD) and PSA Lead Counselors:
 - a. Review attendance practice including absence recording and required documentation for verification of absence.
 - b. Provide training tools (PowerPoint presentations) that reinforces the attendance policy and absence verification documentation required.

Name: Elsy Rosado

Title: Director, Pupil Services

Contact Information: (323) 202-2018

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

Section V - Findings Relating to the Prior Year Basic Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards

None.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

Section VI - Findings and Questioned Costs Related to Federal Awards

1. Finding F-2020-001 – Activities Allowed or Unallowed/Allowable Costs and Cost Principles – Documentation for Payroll

Program Identification

COVID-19 - Coronavirus Relief Fund, U.S. Department of Treasury, Passed through the California Department of Education, Assistance Listing No. 21.019, PCA No. 25516.

COVID-19 - Elementary and Secondary School Emergency Relief Fund, Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.425D, PCA No. 15536.

Recommendations

We recommend that the District strengthen internal controls over payroll expenditures related to the CRF and ESSER.

Current Status

Implemented. However, there is a repeat finding which has been reported in the current year (F-2021-001).

2. Finding F-2020-002 – Earmarking – Administrative Costs Limit

Program Identification

Adult Education – Basic Grants to States, U.S. Department of Education, passed through California Department of Education, Assistance Listing No. 84.002, PCA Nos. 13978, 14508, and 14109.

Recommendations

We recommend that the District update its classifications of payroll costs to record the three positions in question as administrative costs. Also, we recommend that all transfers of cost are reviewed carefully and charged to the appropriate SAP program code to ensure the 7.1% administrative limit is not exceeded.

Current Status

Implemented.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

3. Finding F-2020-003 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, Assistance Listing No. 84.010, PCA No. 14329.

Recommendations

We recommend the District continue to strengthen its controls over enrollment/withdrawal status by providing adequate training/monitoring to ensure that student records on MiSiS are accurate and that necessary “official written documents” are maintained. We recommend that the training include the appropriate levels of written documentation required to be maintained for different situations under both ESSA guidance and CDE guidance.

Current Status

Partially implemented. The District has implemented the corrective action plan as stipulated in their response to the prior year audit finding, with the exception of one (1) item. The District has not been able to conduct monthly meetings with Local District (LD) PSA Lead Counselors where best practices to support audit compliance are addressed as an agenda item due to the pandemic. This is a repeat finding which has been reported in the current year (F-2021-005).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

Section VII – Findings and Questioned Costs Relating to State Awards

S-2020-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 75th Street Elementary
- Annalee Avenue Elementary
- Aragon Avenue Elementary
- Audubon Middle School
- Augustus F Hawkins High School –
Community Health Advocates School
- Barton Hill Elementary
- Benjamin Banneker Career and
Transition Center
- Bret Harte Preparatory Middle School
- Bryson Avenue Elementary
- Carson Senior High
- Cesar Chavez Elementary
- Chapman Elementary
- Edward R Roybal Learning Center
- Frank Lanterman High School
- George Washington Preparatory Senior
High
- Liberty Boulevard Elementary
- Loren Miller Elementary
- Luther Burbank
Arts/Technology/Community Magnet
Middle School
- Manual Arts Senior High College
Preparatory Magnet
- Marianna Avenue Elementary
- Miles Avenue Elementary
- Rancho Dominguez Preparatory School
- Samuel Gompers University Pathways
Medical Magnet Academy Middle
School
- Sierra Park Elementary
- Tweedy Elementary
- Victoria Avenue Elementary

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Current Status

The District has partially implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. Due to COVID-19 school response and deployment, the training over attendance reporting has been pushed out to March 2022. This is a repeat finding which has been reported in the current year (S-2021-001) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2020-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Cheremoya Avenue Elementary
- Eagle Rock High School
- Elizabeth Learning Center
- Elizabeth Learning Center Dual Language Two-Way Immersion Arabic
- Heliotrope Avenue Elementary
- Hilda L Solis Learning Academy
- Hollenbeck Middle School
- Hubert Howe Bancroft Middle School
- Huntington Park Senior High
- James Madison Middle School
- Laurel Elementary
- Legacy Science, Technology, Engineering, Arts and Mathematics High School
- Los Angeles Academy Middle School
- Maywood Center for Enriched Studies Magnet
- Rancho Dominguez Preparatory School
- South Gate Middle School
- Utah Street Elementary
- Victoria Avenue Elementary
- William Jefferson Clinton Middle School

Recommendation

We recommend that the schools and the District remediate the misassignments identified above. The District should train all schools on the MiSiS Assignment Monitoring Report. Additionally, we recommend the schools and the District strengthen internal controls to ensure that teachers are assigned to teach in a position consistent with the authorization of his/her certification by having a system in place to review the alignment of assignments and credentials at the beginning of the school year and monitoring of changes to those assignments during the school year.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2021-002) but for different schools and teachers.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2020-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Castle Heights Elementary School
- Elizabeth Learning Center
- Loren Miller Elementary School
- Maywood Elementary School
- Wisdom Elementary School

Recommendation

We recommend that the schools offering Kindergarten understand and adhere to the District’s policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. The District should communicate and train all schools on the MiSiS Monitoring tool. We also recommend that the District obtain written acknowledgement from the schools identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten. The District should also have controls in place to ensure that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2021-003) but for different schools.

S-2020-004 – Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Mar Vista Elementary

Recommendation

We recommend that the District strengthen its review process over short-term independent study to ensure that attendance is correctly classified. We also recommend that the District provide proper training to ensure attendance is reported accurately and policies are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2020-005 – Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

School Affected

- Highland Park Continuation High School
- Odyssey Continuation High School
- San Antonio Continuation High School

Recommendation

We recommend that the District strengthen its review process over student attendance reporting to ensure that the reports accurately reflect student attendance data. We also recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

S-2020-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Recommendation

We recommend that the District strengthen controls over the adherence of the administrative employees to teacher's ratio requirement.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2021-004).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2020-007 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Bonita Street Elementary
- Calvert Charter for Enriched Studies
- Crestwood Street Elementary
- Fair Avenue Elementary
- John Muir Middle School
- Joseph Le Conte Middle School
- Leo Politi Elementary
- Morningside Elementary
- Patrick Henry Middle School
- Rancho Dominguez Preparatory
- Virgil Middle School
- Washington Irving Middle School

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District’s policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2020-008 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Allesandro Elementary
- Annalee Avenue Elementary
- Augustus F. Hawkins High B
Community Health Advocates
- Baldwin Hills Elementary
- Belvedere Elementary
- Bryson Avenue Elementary
- Cesar Chavez Elementary
- Colfax Charter Elementary
- Community Magnet Charter Elementary
- Evergreen Avenue Elementary
- Franklin Avenue Elementary
- George Washington Preparatory High
- International Studies Learning Center at
Legacy High School Complex
- James Madison Middle
- Lillian Street Elementary
- Madison Elementary
- Manual Arts Senior High
- Marquez Charter
- Miles Avenue Elementary
- Rancho Dominguez Preparatory
- Richland Avenue Elementary
- Riverside Drive Charter
- Robert Hill Lane Elementary
- Roscomare Road Elementary
- Sheridan Street Elementary
- South East High
- Stephen M. White Middle
- Thomas Jefferson Senior High

Recommendation

We recommend the District implement a more effective system of collecting eligibility data/records and perform an adequate review before uploading into CALPADS to ensure all records have been properly updated to reflect the students' most recent designation.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2021-007) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2020-009 – Attendance Accounting – Dependent Charters – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Colfax Charter Elementary

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary, and retain supporting documentation for instances in which students arrive to school late or leave early. The District should have a process in place to identify charter students who are over the age of nineteen and are not making satisfactory progress to graduate. Finally, we recommend the District continue to support the school by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the school identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Current Status

The District has partially implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. Due to COVID-19 school response and deployment, the training over attendance reporting has been pushed out to March 2022. This is a repeat finding which has been reported in the current year (S-2021-008) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2019-009 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- 10th Street Elementary
- Alta Loma Elementary
- Carthay Elementary of Environmental Studies Magnet
- Dayton Heights Elementary
- El Sereno Middle School
- Fletcher Drive Elementary
- Fries Avenue Elementary
- Griffith Middle School STEAM Magnet
- Humphreys Avenue Elementary
- Kittridge Street Elementary
- Leland Street Elementary
- Limerick Avenue Elementary
- Miles Avenue Elementary
- Mount Gleason Middle School
- Nora Sterry Elementary
- Northridge Middle School
- Telfair Avenue Elementary
- Wilton Place Elementary
- Wilmington Park Elementary

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District’s policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2021

S-2018-006 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Arroyo Seco Museum Science Magnet
- Burbank Middle School
- Burroughs Middle School
- Canterbury Elementary
- Clinton Middle School
- Curtiss Middle School
- Drew Middle School
- Granada Elementary
- Hope Elementary
- Kim Academy (Young Oak)
- Lawrence Middle School
- Lorena Elementary
- Los Angeles Academy Middle School
- Madison Middle School
- Malabar Elementary
- Miller Elementary
- Mountain View Elementary
- Reed Middle School
- Romer Middle School
- San Gabriel Elementary
- Sharp Elementary
- Stanford Elementary
- Stevenson Middle School
- Union Elementary
- Virginia Elementary
- White Elementary
- Wisdom Elementary

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records. We also recommend for the District to continue performing agency visits to ensure compliance with the established policies, and develop and maintain auditable supporting documentations that leave an audit trail for students who cannot have a timely participation in the program.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

January 13, 2022

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, 2021, 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item F-2021-001 that we consider to be a material weakness.

Although not considered to be significant deficiencies or material weaknesses, we also noted certain items during our audit, which we would like to bring to your attention. These comments are summarized in the following report to management on page 218. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

We did not audit the District's response to the findings and comments identified in our audit, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Education, District management, the State Controller's office, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Current Year Management Letter Comments

ML-2021-001 - SAP Network Vulnerability

Condition

Scanning for and managing inventory, patch, and configuration issues are security practices designed to proactively identify and remediate technical vulnerabilities and weaknesses in information systems. Proactively managing and remediating vulnerabilities reduces, or eliminates, the potential of exploitation and involves considerably less time and effort than responding after exploitation has occurred. In addition, timely patching and fixing configuration issues are essential to maintaining the availability, confidentiality, and integrity of LAUSD information resources.

Our review of SAP network vulnerability scan reports for the period of February 26, 2021, through April 21, 2021, revealed 72 (seventy-two) “Critical” severity level SAP vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

NIST 800-40 Version 2 Creating a Patch and Vulnerability Management Program; Executive Summary:

- Timely patching of security issues is generally recognized as critical to maintaining the operational availability, confidentiality, and integrity of information technology (IT) systems.
- It is recommended that all organizations have a systematic, accountable, and documented process for managing exposure to vulnerabilities through the timely deployment of patches.

We were informed that the SAP vulnerability management tool, Onapsis, is newly procured and had not been fully implemented during the period under review. However, the lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, timely addressing security patches and fixing configuration issues are essential to maintaining the availability, confidentiality, and integrity of mission critical financial reporting information systems.

Recommendation

We recommend that District management implement a Vulnerability Management program for SAP. The program should be enforced by documented policy and ensure vulnerabilities are identified and remediated in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

Current Year Management Letter Comments

Management Response

The ITD vulnerability management program is scheduled to be operational in July 2022. The program will include technology, processes, and people to discover, report, prioritize, and mitigate vulnerabilities in critical systems. A draft vulnerability management policy is scheduled to be completed by March 2022 for the Superintendent's review and approval.

As for the remediation times/date for the sighted vulnerabilities, this is a living list as scans are performed regularly and the teams prioritize and address the “critical” items first.

Responsible Official

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITD
Telephone: (213) 241-1586

ML-2021-002 – MISIS Network Vulnerability

Condition

Scanning for and managing inventory, patch, and configuration issues are security practices designed to proactively identify and remediate technical vulnerabilities and weaknesses in information systems. Proactively managing and remediating vulnerabilities reduces, or eliminates, the potential of exploitation and involves considerably less time and effort than responding after exploitation has occurred. In addition, timely patching and fixing configuration issues are essential to maintaining the availability, confidentiality, and integrity of LAUSD information resources.

Our review of MISIS network vulnerability scan reports for the period of January 2021 through March 2021 revealed Seven (7) Critical and fifteen (15) High Vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, timely addressing security patches and fixing configuration issues are essential to maintaining the availability, confidentiality, and integrity of mission critical financial reporting information systems.

NIST 800-40 Version 2 Creating a Patch and Vulnerability Management Program; Executive Summary:

- Timely patching of security issues is generally recognized as critical to maintaining the operational availability, confidentiality, and integrity of information technology (IT) systems.
- It is recommended that all organizations have a systematic, accountable, and documented process for managing exposure to vulnerabilities through the timely deployment of patches.

Current Year Management Letter Comments

Recommendation

We recommend that District management implement a Vulnerability Management program for MISIS. The program should be enforced by documented policy and ensure vulnerabilities are identified and remediated in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

Management Response

The ITD vulnerability management program is scheduled to be operational in July 2022. The program will include technology, processes, and people to discover, report, prioritize, and mitigate vulnerabilities in critical systems. A draft vulnerability management policy is scheduled to be completed by March 2022 for the Superintendent's review and approval.

As for the remediation times/date for the sighted vulnerabilities, this is a living list as scans are performed regularly and the teams prioritize and address the “critical” items first.

Responsible Official

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITD
Telephone: (213) 241-1586

Name: Robert Pelayo
Title/Division: MISIS Director/ITD
Telephone: (213) 241-1144

ML-2021-003 - Active Directory Network User Account

Condition

User administration procedures should ensure process owners approve granting or removal of access to systems and transactions in their area of responsibility. Access to systems, transactions and data should be in alignment with user job responsibilities. However, we noted eight (8) separated employees with active network user accounts that exceeded two months (60 days) after their physical separation. The circumstances for their terminations are as follows as recorded in their SAP HR (Human Resources) record:

- Five (5) for “Resignation”
- One (1) for “Retirement”
- One (1) for “Exhaustion of illness & vacation”
- One (1) for “Deceased”

Current Year Management Letter Comments

We noted that ITD's automated HR file interface process is functioning as intended to disable the SSO (Single-Sign-On) account of separated employees in a timely manner once the action is entered into SAP. However, the delay in disabling the aforementioned accounts is attributed to the employee's termination status not being entered into the SAP HR module in a timely manner by the end user or HR. We were informed that in some instances, the separation form(s) were delayed or not received by HR from the employee's manager/supervisor in a timely manner.

NIST 800-53: PS-4 PERSONNEL TERMINATION

The organization, upon termination of individual employment:

- a. Disables information system access
- b. Terminates/revokes any authenticators/credentials associated with the individual

Automated Notification: The organization employs automated mechanisms to notify specific organizational personnel or roles (e.g., management personnel, supervisors, personnel security officers, information security officers, systems administrators, or information technology administrators) upon termination of an individual.

Recommendation

We recommend that terminated (i.e., retired, resigned, withdrawn, etc.) employees' Active Directory user accounts be disabled or deleted in a timely manner upon their physical separation from the District. To support facilitating this process, the user's manager/supervisor should submit a request to HR to have the employee's system access suspended or disabled in a timely manner.

Current Year Management Letter Comments

Management Response

Human Resources (HR): HR will review, and revise websites related to resignations, retirements and leaves of absences. It will be recommended that all related paperwork be submitted in advance, when possible.

Personnel Commission (PC): PC will review, and revise websites related to resignations, retirements and leaves of absences. It will be recommended that all related paperwork be submitted in advance, when possible. During the training sessions with time reporters, PC staff will also reiterate the need to notify the assignment offices if employees who have not reported to work, continue to appear on the sites' time sheets. PC anticipates a 4 to 6 months timeline for the implementation of the above corrective action plans.

Information Technology Division (ITD): The process we have in place does disable SSO account of separated employees in a timely manner once the action is entered in SAP. In some cases, as seen in this audit sample population, the action was not entered in SAP timely.

Responsible Official

Human Resources:

Name: Leanne Hannah
Title/Division: Director, Certificated Human Resources
Telephone: (310) 625-0410

Personnel Commission:

Name: Donna Barrow
Title: Assistant Director, Classified Employee Services
Telephone: (213) 241-7830

Information Technology Division:

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITD
Telephone: (213) 241-1586

Status of Prior Year Management Letter Comments

ML-2020-001 - SAP Segregation of Duties for Timekeeping

Recommendation

We recommend that an authorized Segregation of Duties (SOD) Exception Request be retained and made accessible for all employees whose access has been determined to present a segregation of duties condition. The SOD Exception Request should cover the period for which the employee has the access.

Also, the transaction processing activity for individuals authorized to have SOD conflicting access should be logged and independently reviewed.

Current Status

Implemented.

ML-2020-002 - CMS Personnel Access

Recommendation

CMS production system access for terminated users should be removed or expired in a timely manner.

Current Status

Implemented.

ML-2020-003 - CMS Program Change Approvals

Recommendation

- CMS production system approvals should be obtained prior to implementation of a change request.
- CMS change request forms should be scanned and maintained electronically so that the forms can be made available at any time to support the authorization of prior change management activities.

Current Status

Implemented.

Status of Prior Year Management Letter Comments

ML-2019-003 - Business Continuity Planning

ML-2016-001 - Business Continuity /IT Disaster Recovery Planning

ML-2014-007 - Business Continuity /IT Disaster Recovery Planning

Recommendation

BCPs should be completed and updated on a regular basis to ensure that operations and IT systems can be effectively recovered, shortcomings are addressed, and the plan remains relevant.

Current Status

Partially Implemented. As of March 1, 2021, 88 Branches/Offices across 16 Divisions have completed their Business Continuity Plans (BCP), this includes 18 ITD Divisions having a baselined BCP.

ITD has also set a June 2022 target timeframe to implement a Cloud Disaster Recovery Solution to provide a quick automated failover of system and application services to an external provider location to maintain operational needs during and/or after disasters and emergencies.

ML-2015-002 - Security Management Policy and Procedures

Recommendation

We recommend that ITD management coordinate with District business/operations management to complete an information security plan (e.g., update, adopt and implement the November 2013 plan) and compile a comprehensive set of information security policies and procedures.

Current Status

Partially Implemented. The following IT security policies have been drafted but not formally adopted as they are pending executive management approval:

- a. Incident Response for Information Security Events (The Cybersecurity incident management policy) is in draft.
- b. The Patch Management Policy (Vulnerability Management) was submitted to the Chief Information Officer on June 3, 2021, for approval.