

LOS ANGELES UNIFIED SCHOOL DISTRICT



AUDITED ANNUAL
**FINANCIAL
REPORT**

FOR FISCAL YEAR ENDED JUNE 30, 2020



2019-2020
LOS ANGELES, CA

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

**AUDITED ANNUAL
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020**

MR. AUSTIN BEUTNER
SUPERINTENDENT OF SCHOOLS

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

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

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

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

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



**PREPARED BY
ACCOUNTING AND DISBURSEMENTS DIVISION**

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Audited Annual Financial Report

Year Ended June 30, 2020

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LOS ANGELES UNIFIED SCHOOL DISTRICT

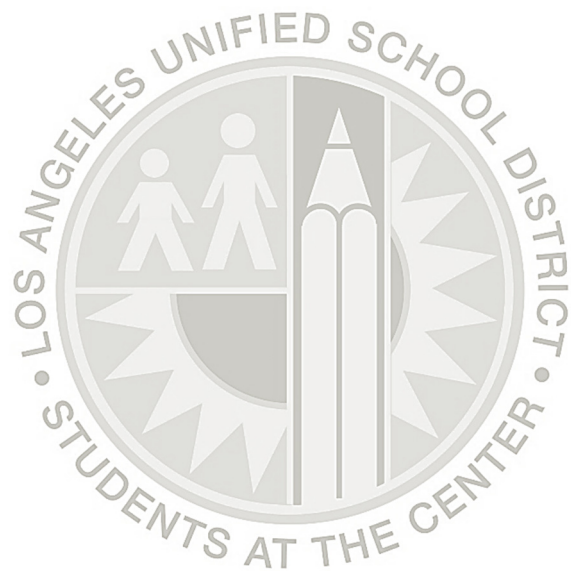
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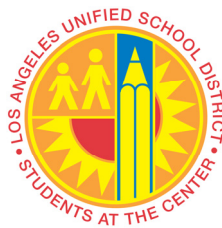
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INTRODUCTORY SECTION

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



AUSTIN BEUTNER
Superintendent of Schools

MEGAN K. REILLY
Deputy Superintendent

DAVID D. HART
Chief Financial Officer

V. LUIS BUENDIA
Deputy Chief Financial Officer

March 24, 2021

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

Dear Board Members:

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

Independent Audit

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

Management Discussion and Analysis (MD&A)

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

Profile of the Los Angeles Unified School District

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

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

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

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

Economic Condition and Outlook

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

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

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

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

Currently, the Proposition 98 minimum guarantee is determined by Test 1 which requires the state to provide 38% of the General Fund revenues on K-14 education. Proposition 98 amended the California Constitution to mandate a minimum level of education spending commonly known as the minimum guarantee and sets forth three main tests for calculating the minimum guarantee. Since Test 1 links the school funding to the State’s General Fund revenue, changes in the state’s economic activity or condition directly impacts the Proposition 98 minimum guarantee. On January 8, 2021, Governor Newsom unveiled the 2021-22 State Proposed Budget. Proposition 98 minimum guarantee remained at Test 1 and received a total increased funding of \$19.1 billion, with K-12 receiving \$17.3 billion of the funding. This is reflective of a revenue windfall from an economy

that recovered sooner than anticipated. However, the risks to the economic outlook and revenue forecast remain a caveat. The health crisis is still ongoing, more Californians are still receiving unemployment benefits, and jobs lost to the pandemic had not been fully recovered. In addition, the State is anticipating a structural deficit of \$7.6 billion in 2022-23 and to further grow to over \$11 billion by 2024-25 as expenditures are projected to grow faster than revenues.

Superintendent's Strategic Plan

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

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

Financial Information

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

School districts in California are required by Education Code Section 41010 to follow the California School Accounting Manual in preparing reports to the State. The District utilizes a single-adoption budget schedule that requires Final Budget adoption by the State-mandated July 1 deadline. The District is allowed to modify its adopted budget within 45 days of the passage of the State budget.

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

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

Financial Results

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

Audit Results

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

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

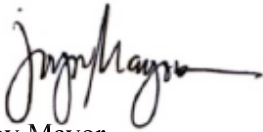
Acknowledgments

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

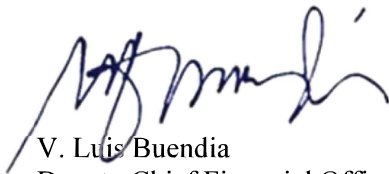
Respectfully submitted,

Austin Beutner
Superintendent of Schools

Prepared by:



Joy Mayor
Deputy Controller



V. Luis Buendia
Deputy Chief Financial Officer



David D. Hart
Chief Financial Officer

BOARD OF EDUCATION

Kelly Gonez, President
Board District 6

Dr. George J. McKenna III
Board District 1

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

Austin Beutner
Superintendent of Schools

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

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

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

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

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

LOCAL DISTRICT OFFICIALS

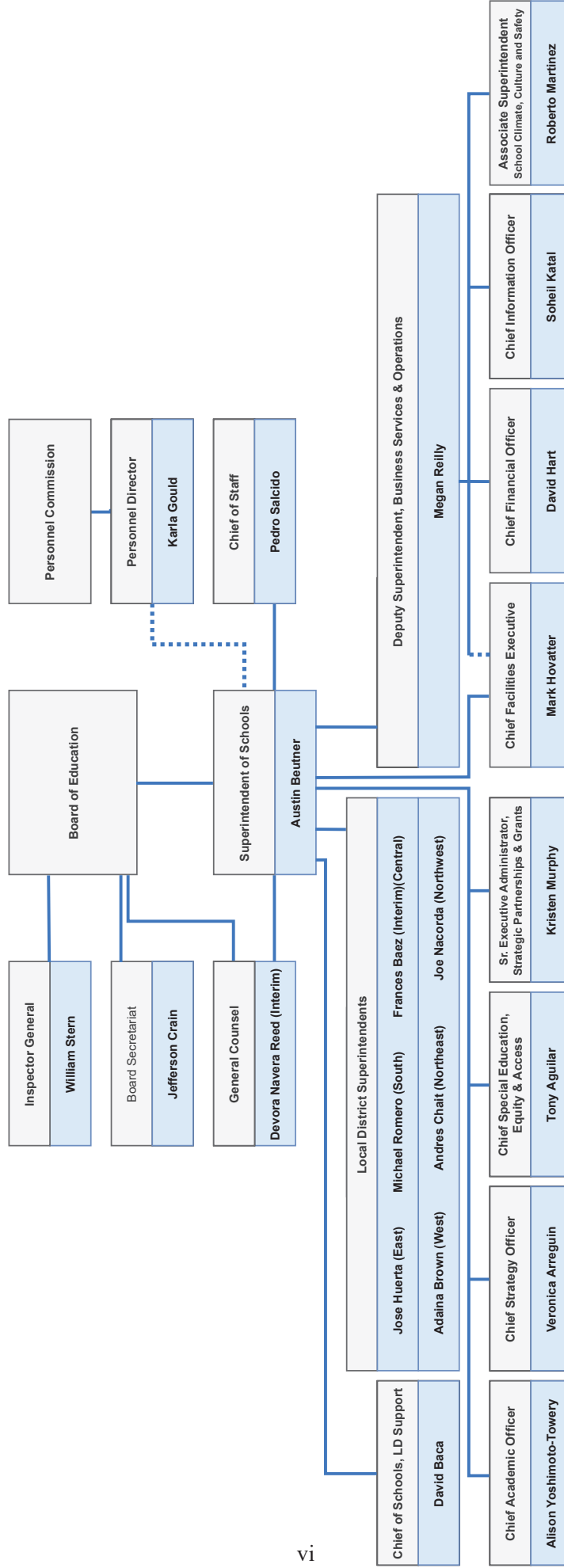
as of December 1, 2020

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Chart

2019-2020



As of March 2021

FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

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LOS ANGELES, CA 90071
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(213) 736-6692 FAX
www.simpsonandsimpsoncpas.com

Independent Auditor's Report

To The Honorable Board of Education
Los Angeles Unified School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

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

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

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



Other Reporting Required by Government Auditing Standards

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

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

Los Angeles, California
March 24, 2021

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

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

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

Financial Highlights

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

Overview of the Basic Financial Statements

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

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

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

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

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

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

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

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

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

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

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

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

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

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

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

Government-wide Financial Analysis

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

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

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

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

Summary Statements of Net Position (in thousands)

As of June 30, 2020 and 2019:

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

Summary Statements of Changes in Net Position (in thousands)

Year ended June 30, 2020 and 2019:

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

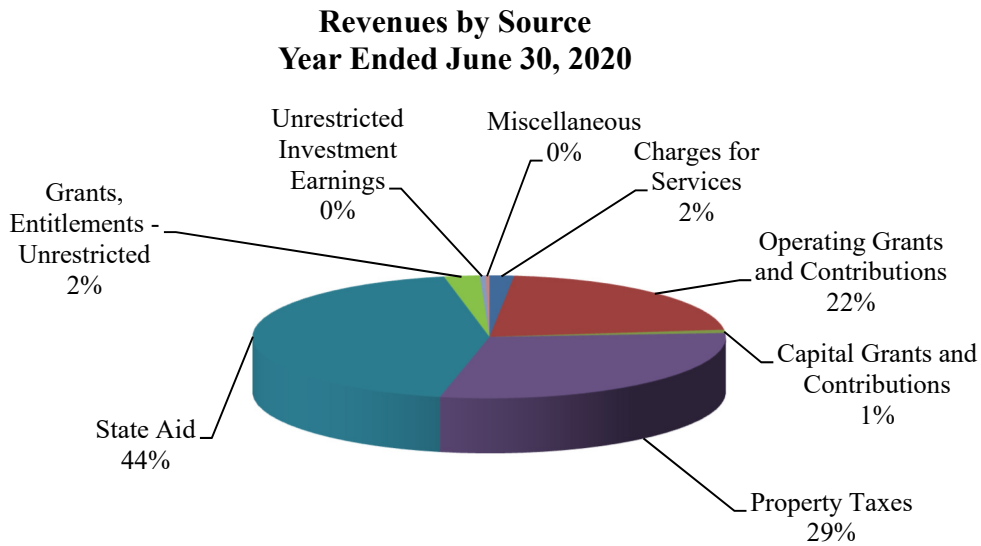
LOS ANGELES UNIFIED SCHOOL DISTRICT

Management’s Discussion and Analysis

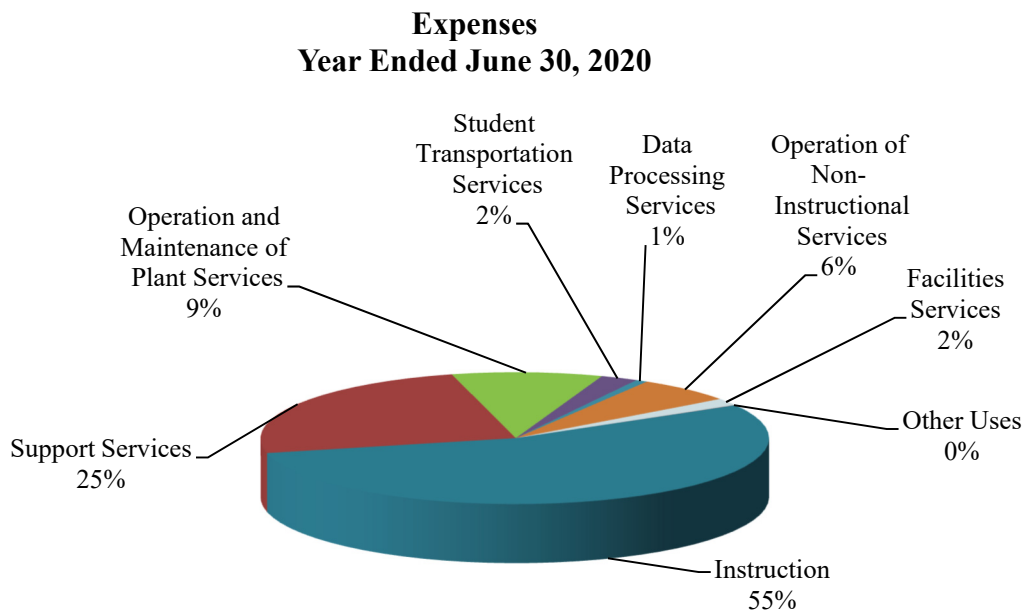
June 30, 2020

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

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



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, 2020

Financial Analysis of the Governmental Funds

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

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

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

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

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

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

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

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

General Fund Budgetary Highlights

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

Modified Final Budget vs. Original Final Budget

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

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

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

Actual vs. Modified Final Budget

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

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

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

Capital Assets and Debt Administration

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

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

	Governmental Activities	
	2020	2019
Sites	\$ 3,100,133	\$ 3,099,629
Improvement of sites	279,301	239,385
Buildings and improvements	9,598,504	9,576,623
Equipment	379,507	314,114
Construction in progress	1,532,577	1,291,610
Total	<u>\$ 14,890,022</u>	<u>\$ 14,521,361</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 \$28.4 billion. Of this amount, \$11.4 billion is comprised of debt to be repaid by voter-approved property taxes and not by the General Fund of the District.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Management's Discussion and Analysis

June 30, 2020

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

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

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

Long-Term Credit Ratings

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

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

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

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

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

Requests for Information

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

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

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

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Statement of Activities
 Year Ended June 30, 2020
 (in thousands)

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 4,559,696	\$ 23,700	\$ 904,294	\$ —	\$ (3,631,702)
Support services – students	493,093	1,499	169,053	—	(322,541)
Support services – instructional staff	616,598	387	224,239	—	(391,972)
Support services – general administration	130,274	—	531	—	(129,743)
Support services – school administration	537,280	—	84,617	—	(452,663)
Support services – business	273,679	8,628	60,599	—	(204,452)
Operation and maintenance of plant services	795,422	34,376	41,445	—	(719,601)
Student transportation services	197,902	—	1,481	—	(196,421)
Data processing services	61,805	—	519	—	(61,286)
Operation of non-instructional services	522,532	6,778	427,026	—	(88,728)
Facilities acquisition and construction services*	143,576	77,064	43,610	8,585	(14,317)
Other Uses	5,584	—	—	—	(5,584)
Interest expense	398,179	—	1,581	69,997	(326,601)
Depreciation – unallocated**	584,447	—	—	—	(584,447)
Total Governmental Activities	<u>\$ 9,320,067</u>	<u>\$ 152,432</u>	<u>\$ 1,958,995</u>	<u>\$ 78,582</u>	<u>(7,130,058)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,679,311
Property taxes, levied for debt service					960,402
Property taxes, levied for community redevelopment					38,758
State aid not restricted to specific purpose					3,974,319
Grants, entitlements, and contributions not restricted to specific programs					221,640
Unrestricted investment earnings					34,632
Miscellaneous					25,729
Total General Revenues					<u>6,934,791</u>
Change in Net Position					(195,267)
Net Position – Beginning of Year					<u>(10,333,302)</u>
Net Position – End of Year					<u>\$ (10,528,569)</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, 2020
 (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	\$ 1,928,839	\$ 1,219,688	\$ 954,545	\$ 548,182	\$ 4,651,254
Cash held by trustee	—	—	88,260	31,991	120,251
Taxes receivable	—	—	94,544	—	94,544
Accounts receivable – net	834,443	—	26,471	66,206	927,120
Accrued interest receivable	7,097	2,818	—	1,660	11,575
Prepays	9,233	223	—	41	9,497
Inventories	25,542	—	—	16,786	42,328
Total Assets	2,805,154	1,222,729	1,163,820	664,866	5,856,569
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 2,805,154	\$ 1,222,729	\$ 1,163,820	\$ 664,866	\$ 5,856,569
Liabilities and Fund Balances:					
Vouchers and accounts payable	\$ 201,934	\$ 45,877	\$ —	\$ 12,911	\$ 260,722
Contracts payable	19,605	105,458	—	6,289	131,352
Accrued payroll	300,472	3,781	—	11,911	316,164
Other payables	215,051	4,596	—	8,022	227,669
Unearned revenue	18,618	—	—	2,939	21,557
Total Liabilities	755,680	159,712	—	42,072	957,464
Deferred Inflows of Resources:					
Property taxes	—	—	94,544	—	94,544
Build America Bond Subsidy	—	—	26,471	—	26,471
Total Deferred Inflows of Resources	—	—	121,015	—	121,015
Fund Balances:					
Nonspendable	37,672	492	—	16,841	55,005
Restricted	103,850	1,062,525	1,042,805	—	2,209,180
Restricted, reported in:					
Special revenue funds	—	—	—	114,898	114,898
Debt service funds	—	—	—	35,150	35,150
Capital projects funds	—	—	—	435,096	435,096
Committed	87,626	—	—	—	87,626
Assigned	1,248,900	—	—	—	1,248,900
Assigned, reported in:					
Special revenue funds	—	—	—	7,452	7,452
Capital projects funds	—	—	—	13,357	13,357
Unassigned:					
Reserved for economic uncertainties	79,000	—	—	—	79,000
Unassigned	492,426	—	—	—	492,426
Total Fund Balances	2,049,474	1,063,017	1,042,805	622,794	4,778,090
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,805,154	\$ 1,222,729	\$ 1,163,820	\$ 664,866	\$ 5,856,569

See accompanying notes to basic financial statements.

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

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

See accompanying notes to basic financial statements.

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

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

See accompanying notes to basic financial statements.

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

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

Assets:	
Cash in county treasury, in banks, and on hand	\$ 1,116,982
Accounts receivable – net	38,460
Accrued interest and dividends receivable	3,185
Prepays	52,220
Other assets	3,035
Total Assets	1,213,882
Deferred Outflows of Resources	3,171
Liabilities:	
Current:	
Vouchers and accounts payable	8,513
Accrued payroll	732
Other payables	35,076
Estimated liability for self-insurance claims	186,428
Total Current Liabilities	230,749
Noncurrent:	
Estimated liability for self-insurance claims	484,168
Net other postemployment benefits liability	10,359
Net pension liability	10,868
Total Noncurrent Liabilities	505,395
Total Liabilities	736,144
Deferred Inflows of Resources	5,950
Total Net Position – Unrestricted	\$ 474,959

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2020
(in thousands)

Operating Revenues:	
In-District premiums	\$ 1,312,114
Others	226
Total Operating Revenues	1,312,340
Operating Expenses:	
Certificated salaries	176
Classified salaries	5,252
Employee benefits	(5,930)
Supplies	270
Premiums and claims expenses	1,274,912
Claims administration	18,422
Other contracted services	1,295
Total Operating Expenses	1,294,397
Operating Income	17,943
Nonoperating Revenues (Expenses):	
Investment income	18,343
Miscellaneous expense	(56)
Total Nonoperating Revenues	18,287
Changes in Net Position	36,230
Total Net Position, July 1, 2019	438,729
Total Net Position, June 30, 2020	\$ 474,959

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
Governmental Activities – Internal Service Funds
Year Ended June 30, 2020
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	\$ (8,561)
Cash payments for goods and services	(1,231,681)
Receipts from assessment to other funds	1,312,114
Receipts from other operating revenue	<u>226</u>
Net Cash Provided by Operating Activities	<u>72,098</u>
Cash Flows from Investing Activities:	
Earnings on investments	<u>20,786</u>
Net Cash Provided by Investing Activities	<u>20,786</u>
Net Increase in Cash and Cash Equivalents	92,884
Cash and Cash Equivalents, July 1	<u>1,024,098</u>
Cash and Cash Equivalents, June 30	<u><u>\$ 1,116,982</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income	<u>\$ 17,943</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Net decrease in pension and other postemployment benefits expense from actuarial valuation	(8,892)
Change in Assets: Decrease (Increase)	
Accounts receivable	(9,183)
Prepays	(1,463)
Other assets	2,009
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	3,147
Accrued payroll	(171)
Other payables	1,115
Estimated liability for self-insurance claims – current	(12,739)
Estimated liability for self-insurance claims – noncurrent	<u>80,332</u>
Total Adjustments	<u>54,155</u>
Net Cash Provided by Operating Activities	<u><u>\$ 72,098</u></u>

See accompanying notes to basic financial statements.

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

	Other Postemployment Benefits (OPEB) Trust Fund	<u>Agency Funds</u>
Assets:		
Cash in county treasury, in banks, and on hand	\$ —	\$ 196,558
Cash held by trustee	425,988	<u>—</u>
Total Assets	<u>\$ 425,988</u>	<u>\$ 196,558</u>
Liabilities:		
Other payables	\$ —	\$ 196,558
Total Liabilities	<u>\$ —</u>	<u>\$ 196,558</u>
Net Position:		
Restricted for other postemployment benefits	<u>\$ 425,988</u>	

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
Year Ended June 30, 2020
(in thousands)

	Other Postemployment Benefits (OPEB) Trust Fund
Additions:	
In-District contributions	\$ —
Other local revenues	14,712
Total Additions	14,712
Deductions:	
Administrative expenses	354
Total Deductions	354
Change in net position	14,358
Total Net Position, July 1, 2019	411,630
Total Net Position, June 30, 2020	\$ 425,988

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(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, 2020

obtained by written request to General Manager/Secretary, LAUSDRMA, 333 S. Beaudry Avenue, 28th Floor, Los Angeles, CA 90017.

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

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

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

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

(c) *Measurement Focus and Basis of Accounting*

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

(d) *Financial Statement Presentation*

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

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

(e) *Fund Accounting*

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

Major Governmental Funds

The District has the following major governmental funds for the fiscal year 2019-20:

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

Other Governmental Funds

The District has the following nonmajor governmental funds:

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

Debt Service Funds – Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the repayment of general long-term debt principal and interest. The District maintains the following nonmajor Debt Service Funds: Tax Override and Capital Services. The Bond Interest and Redemption Fund is reported separately as a major fund in fiscal year 2019-20.

Capital Projects Funds – Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and equipment other than those financed by the General and Special Revenue Funds. The District maintains the following nonmajor Capital Projects Funds: Building, Capital Facilities Account, State School Building Lease-Purchase, County School Facilities Bonds, Special Reserve – Community Redevelopment Agency, Special Reserve, Special Reserve – FEMA – Earthquake, and Special Reserve – FEMA – Hazard Mitigation. The District Bonds Fund (BB Bonds, Measure K, Measure R, Measure Y, and Measure Q) is reported separately as a major fund in fiscal year 2019-20.

Proprietary Funds

The District has the following Proprietary Funds:

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

Fiduciary Funds

The District has the following Fiduciary Funds:

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

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

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

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

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

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

(f) Budgetary Control and Encumbrances

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

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

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

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

(g) *Cash and Investments*

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

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

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

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

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

temporary borrowings between funds are classified as “due from other funds” or “due to other funds” on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position.

(i) Inventories

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

(j) Capital Assets

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

Projects under construction are recorded at cost as construction in progress and transferred to the appropriate asset account when substantially complete. Costs of major improvements and rehabilitation of buildings are capitalized. Repair and maintenance costs are charged to expense when incurred. Equipment disposed of, or no longer required for its existing use, is removed from the records at actual or estimated historical cost, net of accumulated depreciation.

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

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

(k) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2020.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(l) *Compensated Absences*

All vacation leaves are accrued in the government-wide statements when they are incurred. A liability is reported in the governmental funds only for vested or accumulated vacation leave of employees who have separated from the District as of June 30 and whose vacation benefits are payable within 60 days from the end of the fiscal year. The District, as a practice, does not accrue a liability for unused sick leave since accumulated sick leave is not a vested benefit. Employees who retire after January 1, 1999 who are members of the Public Employees' Retirement System (PERS) may use accumulated sick leave to increase their service years in the calculation of retirement benefits.

In 1995, pursuant to the District/UTLA Agreement (Article XIV, Section 1.2), the District agreed to compensate eligible employees for furlough days taken during the 1992-93 fiscal year to be paid in a lump-sum bonus upon retirement. The amount of bonus corresponds to the percentage that the employee's compensation was reduced in the 1992-93 school year based on the employee's salary band for that year. Liability is accrued in the government-wide statements for all unpaid balances. A liability is reported in the governmental funds only for employees who have separated from the District as of June 30.

(m) *Pensions*

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

(n) *Long-term Obligations*

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

LCFF sources are the basic financial support for District activities. The District's LCFF is received from a combination of local property taxes, EPA, and state apportionments. For the fiscal year 2019-20, the District received \$1.4 billion of local property taxes, \$0.4 billion of EPA, and \$3.9 billion of State aid.

Implementation of the LCFF began in fiscal year 2013-14 with a projected eight-year transition period. For school districts and charter schools, the LCFF creates base, supplemental, and concentration grants in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Until full implementation, local educational agencies (LEAs) will receive roughly the same amount of funding they received in fiscal year 2012-13 plus an additional amount each year to bridge the gap between current funding levels and the new LCFF target levels. As of 2019-20, the LCFF is funded at target for the District. Funding is calculated based on data reported by each LEA including pupil attendance, local revenue, and other demographic factors, in accordance with the LCFF. Allocations are made through the Principal Apportionment system.

The county is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(p) Estimates

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

(2) Tax and Revenue Anticipation Notes

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

The District did not have any TRANs issuance in fiscal year 2019-20.

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

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

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.” The details of the \$11,956,301 difference are as follows (in thousands):

Bonds payable	\$ (11,408,196)
Certificates of Participation (COPs)	(168,430)
Capital lease obligations	(186)
Children Center Facilities Revolving loan	(80)
Liability for compensated absences	(88,082)
Liability for other employee benefits	(36,989)
Accrued interest	<u>(254,338)</u>
Adjustment to reduce <i>total fund balances – governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (11,956,301)</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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

the change in fund balance by the cost of the capital asset sold. The details of this \$368,660 difference are as follows (in thousands):

Capital related expenditures	\$ 978,189
Cost of the capital assets sold	(40)
Depreciation expense	<u>(609,489)</u>
Net adjustment to decrease net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ 368,660</u>

Another element of that reconciliation states that “Proceeds of new debt and repayment of debt principal are reported as other financing sources and uses in the governmental funds, but constitute additions and reductions to liabilities in the statement of net position.” The details of this \$501,053 difference are as follows (in thousands):

Debt issued or incurred:	
General Obligation Bonds	\$ (942,940)
Principal repayments:	
General Obligation Bonds	425,380
Certificates of Participation	16,115
Children Center Facilities Loan	79
Capital Leases Obligations	<u>313</u>
Net adjustment to increase net changes in <i>total fund balances – governmental funds</i> to arrive at <i>changes in net position – governmental activities</i>	<u>\$ (501,053)</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 \$222.7 million.

(5) Cash and Investments

Cash and investments as of June 30, 2020 are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:	
Cash and investments	\$ 5,768,236
Cash and investments held by trustee	<u>120,251</u>
Subtotal	5,888,487
Fiduciary funds:	
Cash and investments	196,558
Cash and investments held by trustee	<u>425,988</u>
Total cash and investments	<u>\$ 6,511,033</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

Cash and investments as of June 30, 2020 consist of the following (in thousands):

Cash on hand (cafeteria change funds)	\$	25
Deposits with financial institutions and Los Angeles County Pool		<u>6,511,008</u>
Total cash and investments	\$	<u>6,511,033</u>

Deposits with financial institutions include cash in the Los Angeles County Pooled Surplus Investment Fund (\$5,768.2 million), cash held by fiscal agents or trustees (\$120.3 million), cash deposited with various other financial institutions for imprest funds of schools and offices (\$196.6 million), and cash deposited with trustee for other postemployment benefits (\$426.0 million).

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

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

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Notes to Basic Financial Statements

Year Ended June 30, 2020

	<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, 2020

Interest-rate risk is the risk involved with fluctuations of interest rates that may adversely affect the fair value of the investments. The County's investment guidelines target the weighted average maturity of its portfolio to a range between 1.0 and 2.0 years. As of June 30, 2020, 68.41% of district funds in the County PSI Fund does not exceed one year. In addition, variable-rate notes that comprised 0.12% of the County PSI Fund and other investments portfolio are tied to periodic coupon resets eliminating interest-rate risk by repricing back to par value at each reset date.

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

Concentration of credit risk means the risk of loss attributed to the magnitude of an investment in a single issuer. For District funds in the County pool, the County's investment policy has concentration limits that provide sufficient diversification. As of June 30, 2020, the County did not exceed these limitations.

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(6) Accounts Receivable, net

Receivables by Fund at June 30, 2020 consist of the following (in thousands):

	<u>General</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental</u>	<u>Internal Service Funds</u>	<u>Total</u>
Accrued grants and entitlements	\$ 801,870	\$ —	\$ 58,488	\$ —	\$ 860,358
Other	32,573	26,471	7,718	38,460	105,222
Total Accounts Receivable, Net	<u>\$ 834,443</u>	<u>\$ 26,471</u>	<u>\$ 66,206</u>	<u>\$ 38,460</u>	<u>\$ 965,580</u>

(7) Capital Assets

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

	<u>Balance, June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2020</u>
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 3,099,629	\$ 504	\$ —	\$ 3,100,133
Construction in progress	1,291,610	970,976	(730,009)	1,532,577
Total capital assets, not being depreciated	<u>4,391,239</u>	<u>971,480</u>	<u>(730,009)</u>	<u>4,632,710</u>
Capital assets, being depreciated:				
Improvement of sites	701,353	63,234	—	764,587
Buildings and improvements	16,156,932	518,795	—	16,675,727
Equipment	2,248,496	154,689	(4,084)	2,399,101
Total capital assets, being depreciated	<u>19,106,781</u>	<u>736,718</u>	<u>(4,084)</u>	<u>19,839,415</u>
Less accumulated depreciation for:				
Improvement of sites	(461,968)	(23,318)	—	(485,286)
Buildings and improvements	(6,580,309)	(496,914)	—	(7,077,223)
Equipment	(1,934,382)	(89,257)	4,045	(2,019,594)
Total accumulated depreciation	<u>(8,976,659)</u>	<u>(609,489)</u>	<u>4,045</u>	<u>(9,582,103)</u>
Total capital assets, being depreciated, net	<u>10,130,122</u>	<u>127,229</u>	<u>(39)</u>	<u>10,257,312</u>
Governmental activities capital assets, net	<u>\$ 14,521,361</u>	<u>\$ 1,098,709</u>	<u>\$ (730,048)</u>	<u>\$ 14,890,022</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

Governmental activities:

Instruction	\$	6,315
Support services – students		114
Support services – instructional staff		1,040
Support services – general administration		127
Support services – school administration		105
Support services – business		2,794
Operation and maintenance of plant services		6,105
Student transportation services		5,306
Data processing services		1,588
Operation of noninstructional services		1,548
Facilities Acquisition and construction		<u>584,447</u>
Total depreciation expense – governmental activities	\$	<u>609,489</u>

(8) Deferred Outflows and Inflows of Resources

District’s deferred outflows and inflows of resources as of June 30, 2020 are comprised of the following (in thousands):

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Debt refunding charges	\$ 86,741	\$ 12,810
Pension contributions subsequent to measurement date	748,142	–
OPEB contributions subsequent to measurement date	221,166	–
Difference in contribution	21,914	230
Unamortized differences between projected and actual earnings on plan investments	275,750	472,256
Unamortized differences between expected and actual experience	184,682	1,149,931
Unamortized differences arising from changes of assumptions	727,806	3,359,394
Unamortized differences arising from change in proportion of net pension liability	199,397	324,577
Unamortized differences arising from change in proportion of deferred outflow	64,163	–
Unamortized differences arising from change in proportion of deferred inflow	–	66,734
Total	<u>\$ 2,529,761</u>	<u>\$ 5,385,932</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, 2020

Retirement Plans

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

The District’s total net pension liability at June 30, 2020 is summarized in the following table (in thousands):

CalPERS – Safety Plan	\$ 108,933
CalPERS – Miscellaneous Plan	2,356,549
CalSTRS	4,980,791
Total	<u>\$ 7,446,273</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, 2020, are summarized as follows:

	<u>Safety</u>	
	<u>Prior to</u>	<u>On or after</u>
	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Hiring date	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%	13.25%
Required employee contribution rates	43.059%	43.059%
Required employer contribution rates		

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

Employees Covered

At June 30, 2020, the following employees were covered by the benefit terms for the Safety Plan:

	<u>Safety</u>
Inactive employees or beneficiaries currently receiving the benefits	451
Inactive employees entitled to, but not yet receiving benefits	167
Active employees	<u>343</u>
Total	<u><u>961</u></u>

Contributions

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

For the year ended June 30, 2020, the contributions to the Safety Plan amounted to \$14.6 million.

Net Pension Liability

The District's net pension liability for the Safety Plan of \$108.9 million at June 30, 2020 is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Safety Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability of the Safety Plan is shown below.

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Notes to Basic Financial Statements

Year Ended June 30, 2020

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Discount Rate

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

Changes in the Net Pension Liability

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

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2019	\$ 408,330	\$ 301,057	\$ 107,273
Changes recognized for the measurement period:			
Service cost	10,054	-	10,054
Interest on the total pension liability	28,862	-	28,862
Differences between expected and actual experience	(1,660)	-	(1,660)
Changes of assumptions	-	-	-
Plan to plan resource movement	-	(307)	307
Contributions from the employer	-	12,751	(12,751)
Contributions from employees	-	3,505	(3,505)
Net investment income	-	19,861	(19,861)
Benefit payments, including refunds of employee contributions	(16,060)	(16,060)	-
Other miscellaneous	-	1	(1)
Administrative expense	-	(215)	215
Net changes	21,196	19,536	1,660
Balance at June 30, 2020	\$ 429,526	\$ 320,593	\$ 108,933

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

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

	Safety		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
	District's net pension liability	\$ 170,194	\$ 108,933

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).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

For the year ended June 30, 2020, the District recognized pension expense of \$19.8 million for the Safety Plan. As of June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to pensions (Safety Plan) as follows (in thousands):

	<u>Safety</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 9,217	\$ 6,676
Differences between expected and actual experience	2,414	3,155
Net difference between projected and actual earnings on pension plan investments	—	1,777
District contributions subsequent to the measurement date	14,611	—
Total	<u>\$ 26,242</u>	<u>\$ 11,608</u>

The amounts above are net of outflows and inflows recognized in the 2019-20 measurement period expense.

The \$14.6 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	<u>Safety</u>
<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 4,341
2022	(1,662)
2023	(2,860)
2024	204

Payable to the Pension Plan

The District's contribution for all members to the Safety Plan for the fiscal year ended June 30, 2020 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2020.

Miscellaneous Plan

Plan Description and Benefits Provided

The District contributes to a cost-sharing multiple-employer plan, the Public Employees' Retirement Fund (PERF) Miscellaneous Plan, a defined benefit pension plan administered by CalPERS. The plan

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Law.

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hiring date	2.0% @ 55	2.0% @ 62
Benefit formula	5 years service	5 years service
Benefit vesting schedule	monthly for life	monthly for life
Benefit payments	50	52
Retirement age: Minimum	1.10%	1.00%
Monthly benefit, as a % of eligible compensation	7.00%	7.00%
Required employee contribution rates	19.721%	19.721%
Required employer contribution rates		

Contributions

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

For the year ended June 30, 2020, the contributions to the Miscellaneous Plan amounted to \$224.5 million.

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

At June 30, 2020, the District reported a net pension liability of \$2.4 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured as of June 30, 2019, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on the 2018-19 fiscal year employer contributions calculated by CalPERS. At June 30, 2019, the District's proportion rate was 8.085812%.

For the year ended June 30, 2020, the District recognized pension expense of \$499.3 million for the Miscellaneous Plan. At June 30, 2020, the District reported deferred outflows of resources and

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Notes to Basic Financial Statements

Year Ended June 30, 2020

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	\$ 170,173	\$ —
Difference between projected and actual earnings on pension plan investments	91,487	111,337
Change of assumption	112,667	—
Change in NPL proportion	19,497	25,153
Change in proportion of deferred outflow	9,862	—
Change in proportion of deferred inflow	—	11,810
Difference in contribution	1,390	230
District contributions subsequent to the measurement date	224,546	—
Total	<u>\$ 629,622</u>	<u>\$ 148,530</u>

The \$224.5 million reported as deferred outflows of resources related to District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows (in thousands):

	<u>Miscellaneous</u>
<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ 190,465
2022	27,785
2023	29,345
2024	8,951

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Notes to Basic Financial Statements

Year Ended June 30, 2020

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement dates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Discount Rate

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

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

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Notes to Basic Financial Statements

Year Ended June 30, 2020

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 estate	13.00	3.75	4.93
Liquidity	1.00	—	(0.92)
Total	100.00%		

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

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

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

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

	Miscellaneous		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 3,396,811	\$ 2,356,549	\$ 1,493,580

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Notes to Basic Financial Statements

Year Ended June 30, 2020

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

The District’s contribution for all members to the Miscellaneous Plan for the fiscal year ended June 30, 2020 was in accordance with the required contribution rate calculated by the CalPERS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2020.

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

Plan Description and Benefits Provided

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

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

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	CalSTRS	
	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	17.10%	17.10%

Contributions

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

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Notes to Basic Financial Statements

Year Ended June 30, 2020

Retirement Law. Both the member and employer contributions are set as a percentage of employees' earnings.

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

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately \$2.2 billion in fiscal year 2018-19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill requires portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts for fiscal years 2019-20 and 2020-21, respectively. The remaining portion of the contribution is allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

For the year ended June 30, 2020, the contributions to the CalSTRS' TRF amounted to \$509.0 million.

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

At June 30, 2020, the District reported a net pension liability of \$5.0 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 2018-19 fiscal year employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and nonemployer contributing entities. At June 30, 2019, the District's proportion rate was 5.382%.

For the year ended June 30, 2020, the District recognized pension expense of \$403.3 million. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

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Notes to Basic Financial Statements

Year Ended June 30, 2020

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 12,095	\$ 139,881
Difference between projected and actual earnings	179,402	353,598
Change of assumption	605,922	—
Change in NPL proportion	179,900	299,424
Change in proportion of deferred outflow	54,301	—
Change in proportion of deferred inflow	—	54,924
Difference in contribution	20,524	—
District contributions subsequent to the measurement date	508,985	—
Total	<u>\$ 1,561,129</u>	<u>\$ 847,827</u>

The \$509.0 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

	CalSTRS	
<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>	
2021	\$	73,076
2022		(61,719)
2023		49,287
2024		131,861
2025		(1,729)
2026		13,541

Actuarial Methods and Assumptions

The total pension liability for the CalSTRS' TRF was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date	June 30, 2018
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Post-retirement benefit increases	2.00% simple for defined benefit (annually) maintain 85% purchasing power level for defined benefit not applicable for Defined Benefit Supplement

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

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Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultant (Pension Consulting Alliance-PCA) as inputs to the process. The actuarial investment rate of return assumption was adopted by the Board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2019, are summarized in the following table:

Asset Class	CalSTRS	
	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Global equity	47.00 %	4.75 %
Private equity	13.00	6.25
Real estate	13.00	3.55
Inflation sensitive	4.00	3.25
Fixed income	12.00	1.25
Risk mitigating strategies	9.00	1.75
Cash/liquidity	2.00	(0.35)
	<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, 2019. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the District's proportionate share of the net pension liability

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate (in thousands):

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

District's proportionate share of the net pension liability	\$ 7,238,144	\$ 4,980,791	\$ 2,889,542
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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.

Payable to the Pension Plan

The District's contribution for all members to the CalSTRS' TRF for the fiscal year ended June 30, 2020 was in accordance with the required contribution rate calculated by the CalSTRS actuary. Hence, no payable to the pension plan is recognized for the fiscal year ended June 30, 2020.

(c) Public Agency Retirement System (PARS)

Plan Description

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

On July 1, 1992, the District joined the PARS, a multiple-employer retirement trust established by a coalition of public employers. The plan covers the District's part-time, seasonal, temporary, and other employees not covered under CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. As of June 30, 2020, there are 47,023 District employees covered under PARS.

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

The minimum total contribution is 7.50% of employees' salaries, of which the District and the employees contribute 3.75% each. For the year ended June 30, 2020, the District recognized pension expense of \$7.2 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2020, 2019, and 2018 were in accordance with the required contributions.

LOS ANGELES UNIFIED SCHOOL DISTRICT

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

Postemployment Benefits – Health and Welfare for Retirees

Plan Description

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

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

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

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Notes to Basic Financial Statements

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To receive retiree medical benefits, an individual must:

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

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

Employees Covered

As of June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the District’s OPEB Plan:

Active employees	61,041
Inactive employees or beneficiaries currently receiving benefits	38,320
Inactive employees entitled to, but not yet receiving benefits	<u>57</u>
Total	<u>99,418</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 2019-20, the District contributed a total of \$221.2 million to the OPEB Plan.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

Net OPEB Liability

The District's net OPEB liability of \$8.6 billion at June 30, 2020 is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. All information provided is based on the census data, actuarial assumptions, and plan provisions used in the June 30, 2019 actuarial valuation report (dated February 2020). The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2019
Measurement date	June 30, 2019
Actuarial cost method	Entry Age Normal Cost
Discount rate	3.60%
Payroll growth	2.75% per annum
Salary increases	1997-2015 CalPERS Experience Study
Investment rate of return	7.59%
Mortality rate	Based on the Pub-2010 headcount-weighted tables for general employees, teachers and safety employees, with generational future improvement scale MP-2019
Pre-retirement turnover ¹	Turnover rates used in the most recent CalSTRS valuation and developed in the 1997-2015 CalPERS Experience Study, as applicable.
Healthcare trend rate	Non-Medicare Advantage Plans Pre-65 [7.33% - 4.50%]; Post 65 [9.24% - 4.50%] Medicare Advantage Plans Post 65 Kaiser [8.71% - 4.50%]; Anthem PPO [9.68% - 4.50%]; Health Net/Anthem EPO [8.71% - 4.50%] Dental & Vision - 5.00%

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

Changes of Assumptions

During the measurement period ended June 30, 2019, the following assumptions were changed from the prior valuation:

1. Discount rate was decreased from 3.9% to 3.6% as of July 1, 2019.
2. Healthcare trends – details of the changes are shown in the Annual Health Inflation section.
3. Mortality base rates were updated to the Pub-2010 headcount-weighted tables for respective employee groups.
4. The mortality improvement was updated from scale MP-2017 to MP-2019.
5. Turnover rates, retirement rates, and salary scale were also updated per the most recent CalSTRS experience study.
6. Expected claims were updated to reflect actual 2019 and 2020 premium rates.
7. The effect of the ACA excise tax and the health insurer fee was removed due to the repeal enacted in December 2019.
8. The post-65 election rates were updated to reflect actual experience after the implementation of the Anthem Preferred PPO (50 State Medicare Advantage Plan).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

Discount Rate

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

Based on the District’s current funding policy, projected cash flows, and the assumed asset return, the plan assets are projected to be depleted in 2030. This results in a single equivalent rate of 3.6% as of July 1, 2019, which reflects the assumed asset return until asset depletion and municipal bond rates thereafter. The municipal bond rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index and the rate was 3.51% as of July 1, 2019.

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

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

Asset class	Assumed asset allocation	Long-Term 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.

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Year Ended June 30, 2020

Changes in the OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning Balance, June 30, 2019	\$ 11,568,650	\$ 387,851	\$ 11,180,799
Changes recognized for the fiscal year			
Service cost	380,844	—	380,844
Interest on the total OPEB liability	460,486	—	460,486
Changes of benefit terms	(1)	—	(1)
Changes of assumptions	(1,965,158)	—	(1,965,158)
Differences between expected and actual experience	(1,167,998)	—	(1,167,998)
Benefit payments	(287,040)	(287,040)	—
Contributions – employer	—	287,040	(287,040)
Net investment income	—	23,970	(23,970)
Other expenses – administrative expense	—	(190)	190
Net changes	<u>(2,578,867)</u>	<u>23,780</u>	<u>(2,602,647)</u>
Ending Balance, June 30, 2020	\$ 8,989,783	\$ 411,631	\$ 8,578,152

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

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2020 (in thousands):

	1.00% Decrease (2.60%)	Current Discount Rate (3.60%)	1.00% Increase (4.60%)
Net OPEB liability	\$ 10,090,043	\$ 8,578,152	\$ 7,357,345

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2020 (in thousands):

	1.00% Decrease	Trend Rate	1.00% Increase
Net OPEB liability	\$ 7,130,745	\$ 8,578,152	\$ 10,458,919

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

For the fiscal year ended June 30, 2020, the District recognized a decrease in OPEB expense of \$195.0 million. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual earnings on OPEB plan investments	\$ —	\$ 683
Changes of assumptions	—	3,352,718
Difference between expected and actual experience	—	1,006,895
District contributions subsequent to the measurement date	221,166	—
Total	<u>\$ 221,166</u>	<u>\$ 4,360,296</u>

The table below lists the amortization bases included in the deferred outflows/inflows as of June 30, 2020 (in thousands):

<u>Date Established</u>	<u>Type of Base</u>	<u>Period</u>		<u>Balance</u>		<u>Annual Amortization</u>
		<u>Original</u>	<u>Remaining</u>	<u>Original</u>	<u>Remaining</u>	
6/30/2019	Liability (gain)/loss	7.25	6.25	\$ (1,167,998)	\$ (1,006,895)	\$ (161,103)
6/30/2019	Asset (gain)/loss	5.00	4.00	4,258	3,406	852
6/30/2019	Assumptions	7.25	6.25	(1,965,158)	(1,694,102)	(271,056)
6/30/2018	Asset (gain)/loss	5.00	3.00	(1,759)	(1,055)	(352)
6/30/2018	Assumptions	7.33	5.33	(580,167)	(421,867)	(79,150)
6/30/2017	Asset (gain)/loss	5.00	2.00	(7,587)	(3,035)	(1,517)
6/30/2017	Assumptions	7.50	4.50	(2,061,247)	(1,236,748)	(274,833)
	Total charges			<u>\$ (4,360,296)</u>	<u>\$ (4,360,296)</u>	<u>\$ (787,159)</u>

The \$221.2 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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>
2021	\$ (787,160)
2022	(787,159)
2023	(785,642)
2024	(785,290)
2025	(648,726)
Thereafter	(566,319)

(10) Risk Management

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

Excess insurance has been purchased for physical property loss damages, which currently provides \$1 billion limit above a \$500,000 self-insurance retention. Excess insurance has been purchased for general liability, which currently provides \$35 million limit above a \$5 million self-insurance retention. No settlements exceeded insurance coverage in the last five fiscal years that ended June 30, 2020.

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

As of June 30, 2020, the amount of the total claims liabilities recorded for health and welfare, workers' compensation, and liability self-insurance was \$670.6 million. Changes in the reported liabilities since July 1, 2018 are summarized as follows (in thousands):

	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Fiscal Year Liability</u>
2019-2020				
Health and welfare benefits	\$ 22,009	\$ 214,708	\$ (216,793)	\$ 19,924
Workers' compensation self-insurance	442,654	124,537	(87,199)	479,992
Liability self-insurance	138,339	100,307	(67,966)	170,680
Total	<u>\$ 603,002</u>	<u>\$ 439,552</u>	<u>\$ (371,958)</u>	<u>\$ 670,596</u>
2018-2019				
Health and welfare benefits	\$ 25,798	\$ 249,371	\$ (253,160)	\$ 22,009
Workers' compensation self-insurance	455,406	85,111	(97,863)	442,654
Liability self-insurance	139,944	39,440	(41,045)	138,339
Total	<u>\$ 621,148</u>	<u>\$ 373,922</u>	<u>\$ (392,068)</u>	<u>\$ 603,002</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, 2020 are as follows (in thousands):

<u>COP Issue</u>	<u>Sale Date</u>	<u>Original Principal Amount</u>	<u>Outstanding June 30, 2020</u>	<u>Interest Rates to Maturity</u>		<u>Final Maturity</u>
				<u>Min</u>	<u>Max</u>	
2005 Qualified Zone Academy Bonds	12/13/2005	\$ 10,000	\$ 10,000	N/A	N/A	2020
2010B-1 Federally Taxable Direct Pay						
Build America Bonds, Capital Projects I	12/21/2010	21,615	21,615	7.663 (a)	8.525 (a)	2035
2010B-2 Tax-Exempt, Capital Projects I	12/21/2010	61,730	7,430	5.000	5.750	2020
2012A Refunding Headquarters Building Projects	6/12/2012	87,845	40,900	3.750	5.000	2031
2012B Refunding Headquarters Building Projects	6/12/2012	72,345	69,565	2.375	5.000	2031
2013A Refunding Lease	6/24/2013	24,780	14,920	2.290	2.290	2028
			<u>\$ 164,430</u> *			

* The total amount shown above excludes net unamortized premium of \$4 million.

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

In prior years, the District defeased certain sinking fund payments for its 2005 Certificates of Participation (Qualified Zone Academy Bonds) by placing proceeds of general obligation bonds, interest earnings on all said deposits, and interest earnings on forward delivery agreements into the sinking fund account held by the trustee to provide for the payment of the 2005 Certificates of Participation (Qualified Zone Academy Bonds) at maturity. While the District's financial statements indicate that the full principal amount of the

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

2005 Certificates of Participation (Qualified Zone Academy Bonds) are outstanding as of June 30, 2020, a total of \$9.8 million of accumulated sinking fund payments have been made, which reflects the portion of the COPs that are considered economically defeased.

Other Leasing Arrangements

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

The District's operating leases consist of various leased facilities. The leased facilities have varying terms ranging from two years to 80 years. Some leases are month to month and year to year. The leases expire over the next 63 years subject to renewal option provisions.

The total expenditure for all operating leases amounted to \$7.3 million in fiscal year 2019-20. The future minimum commitments for noncancelable operating lease of the District as of June 30, 2020 are as follows (in thousands):

<u>Fiscal year ending</u>	<u>Amount</u>
2021	\$ 6,619
2022	5,295
2023	3,425
2024	2,900
2025	2,992
2026-2030	14,983
2031-2035	17,812
2036-2040	21,541
2041-2045	12,612
2046-2050	13,944
2051-2055	16,296
2055-2060	19,197
2061-2065	22,809
2066-2070	27,341
2071-2075	33,075
2076-2080	40,384
2081-2085	22,304
	<u>\$ 283,529</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(12) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2020 (in thousands):

	<u>Balance, July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Other Changes**</u>	<u>Balance, June 30, 2020</u>	<u>Due Within One Year</u>	<u>Interest Expense</u>
General Obligation Bonds*	\$ 10,891,318	\$ 942,940	\$ 425,380	\$ (682)	\$ 11,408,196	\$ 665,466	\$ 389,043
Certificates of Participation (Note 11)*	185,554	-	16,115	(1,009)	168,430	27,671	7,190
Capital lease obligations	499	-	313	-	186	93	12
Children center facilities revolving loan	159	-	79	-	80	80	-
Liability for compensated absences	77,117	81,530	68,052	-	90,595	3,151	-
Liability for other employee benefits	45,660	-	6,108	-	39,552	4,108	-
Self-Insurance claims (Note 10)	603,002	439,552	371,958	-	670,596	186,428	-
Arbitrage payable	2,295	-	2,295	-	-	-	-
Total	<u>\$ 11,805,604</u>	<u>\$ 1,464,022</u>	<u>\$ 890,300</u>	<u>\$ (1,691)</u>	<u>\$ 12,377,635</u>	<u>\$ 886,997</u>	<u>\$ 396,245</u>

* The amounts shown above include unamortized premiums and discounts.

** Premium on bonds and premium and discount amortization.

Future annual payments on long-term debt obligations are as follows (in thousands):

<u>Year Ending June 30</u>	<u>General Obligation Bonds</u>		<u>Capital Lease Obligations/ Certificates of Participation</u>		<u>Other Loans</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 545,175	\$ 511,278	\$ 26,923	\$ 7,502	\$ 80	\$ 572,178	\$ 518,780
2022	501,995	500,479	10,778	6,836	-	512,773	507,315
2023	515,580	475,704	11,142	6,306	-	526,722	482,010
2024	531,510	450,113	10,898	5,773	-	542,408	455,886
2025	542,250	423,573	10,800	5,248	-	553,050	428,821
2026-2030	3,283,055	1,639,834	61,090	17,587	-	3,344,145	1,657,421
2031-2035	3,363,545	819,671	30,960	3,782	-	3,394,505	823,453
2036-2040	684,525	228,365	2,025	83	-	686,550	228,448
2041-2045	656,375	62,093	-	-	-	656,375	62,093
	<u>\$ 10,624,010</u>	<u>\$ 5,111,110</u>	<u>\$ 164,616</u>	<u>\$ 53,117</u>	<u>\$ 80</u>	<u>\$ 10,788,706</u>	<u>\$ 5,164,227</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

The General Obligation (GO) Bonds outstanding balance as of June 30, 2020 consists of the following (in thousands):

Bond Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2020	Interest Rates to Maturity		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
KRY (2010-TE)	3/4/2010	478,575	384,380	4.000	5.250	2034
RY (2010-BAB) ^(a)	3/4/2010	1,250,585	1,250,585	6.758	6.758	2034
Election of 2005, J-1 (2010) ^(c)	5/6/2010	190,195	190,195 (b)	5.981	5.981	2027
Election of 2005, J-2 (2010) ^(c)	5/6/2010	100,000	100,000 (b)	5.720	5.720	2027
2011A-1 Refunding	11/1/2011	206,735	104,795	4.000	5.000	2024
2011A-2 Refunding	11/1/2011	201,070	141,880	4.000	5.000	2023
2012A Refunding	5/8/2012	156,000	95,760	2.000	5.000	2028
2014A Refunding	6/26/2014	196,850	58,580	5.000	5.000	2022
2014B Refunding	6/26/2014	323,170	150,940	5.000	5.000	2026
2014C Refunding	6/26/2014	948,795	821,985	2.000	5.000	2031
2014D Refunding	6/26/2014	153,385	130,045	5.000	5.000	2030
2015A Refunding	5/28/2015	326,045	269,400	5.000	5.000	2025
Election of 2008, A (2016)	4/5/2016	648,955	600,270	3.000	5.000	2040
2016A Refunding	4/5/2016	577,400	403,410	3.000	5.000	2030
2016B Refunding	9/15/2016	500,855	498,240	2.000	5.000	2032
2017A Refunding	5/25/2017	1,080,830	1,034,695	2.000	5.000	2027
Election of 2005, Series M-1 (2018)	3/8/2018	117,005	114,165	3.000	5.250	2042
Election of 2008, Series B-1 (2018)	3/8/2018	1,085,440	1,060,780	4.000	5.250	2042
2019A Refunding	5/29/2019	594,605	582,365	3.000	5.000	2034
Series RYQ (2020)	4/30/2020	942,940	942,940	2.375	5.000	2044
			<u>\$ 10,624,010</u>			

*

* The total amount shown above excludes unamortized premium and discount of \$784.2 million.

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

(b) Includes accumulated set-aside deposits for Qualified School Construction Bonds totaling \$88.26 million representing \$32.04 million for Election of 2005, H (2009) (Tax Credit Bonds) and \$56.22 million for Election of 2005, J-1 and J-2 (2010) (Federally Taxable Direct Subsidy Bonds).

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

On April 23, 2020, the District issued \$942.94 million of new money 2020 General Obligation Bonds, Series RYQ (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) during challenging capital market conditions as a result of COVID-19. The Bonds were sold via negotiated sale with ratings of “AA+” from Fitch and “Aa3” from Moody’s. Under the current phase of the District’s capital program, the bond proceeds will be used to modernize, build, and repair school facilities to improve student health, safety, and educational quality.

The Children Center Facilities revolving loan represents loan proceeds from the State Child Development Revolving Fund for the purchase of relocatable buildings, sites and site improvements for child care facilities. The loan, which does not incur interest charges, must be repaid in 10 equal installments commencing on July 1, 2012 and each year thereafter until July 1, 2021.

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Notes to Basic Financial Statements

Year Ended June 30, 2020

The arbitrage payable balance reflects amounts due to the United States Treasury in order to comply with Internal Revenue Code Section 148(f). When the District issues tax-exempt debt, Internal Revenue Service (IRS) regulations limit the yield that the District can earn on the bond proceeds. If the District earns an amount in excess of the bond yield and does not qualify for a spending exception, the District must remit the excess earnings to the United States Treasury. Payments equal to 90% of the calculated excess earnings are due on each fifth anniversary of a bond's issuance date. When a bond issue is retired, all of the remaining excess earnings must be remitted. As of June 30, 2020, there was no positive arbitrage rebate or yield restriction liability accrued. In February 2020, a final payment for \$2.3 million was made to IRS for the General Obligation Bonds, Election of 2004, Series J (2014) and Election of 2005, Series K (2014).

Debt Liquidation

Payments on the General Obligation Bonds and Certificates of Participation are made through the debt service funds. The employee benefits liability for retirement bonus are all paid out of the General Fund, while the compensated absences portion are liquidated from different governmental funds and proprietary funds. In fiscal year 2020, approximately 93% of compensated absences has been paid by the General Fund, 6% by the District Bonds Fund, and 1% by the proprietary funds.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(13) Interfund Transfers

Interfund transfers are eliminated on the government-wide statement of activities but are reported on the fund financial statements. These consist of transfers for exchange of services or reimbursement of expenditures. In addition, interfund transactions are also made to move revenue collected in one fund to another fund where the resources are spent or accounted for, in accordance with budgetary authorization through which resources are to be expended. Transfers between funds for the year ended June 30, 2020 were as follows (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Adult Education Fund	Transfer of balance	\$ 690
General Fund	Child Development Fund	Child development support	21,754
General Fund	Cafeteria Fund	Reimbursement of expenditures	1,023
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	3,095
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	1
General Fund	Capital Services Fund	Debt service	24,242
Building Fund – Measure R	General Fund	Reimbursement of capital expenditures	53
Building Fund – Measure R	Building Fund – Measure Y	Reimbursement of capital expenditures	5
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	29,991
Building Fund – Measure R	County School Facilities – Prop 47	Reimbursement of capital expenditures	539
Building Fund – Bond Proceeds	Building Fund – Measure R	Reimbursement of capital expenditures	534
Building Fund – Bond Proceeds	County School Facilities – Prop 47	Reimbursement of capital expenditures	252
Building Fund – Measure K	Building Fund – Measure Y	Reimbursement of capital expenditures	2
Building Fund – Measure K	Building Fund – Measure Q	Reimbursement of capital expenditures	6,315
Building Fund – Measure K	County School Facilities – Prop 47	Reimbursement of capital expenditures	19
Building Fund – Measure Y	General Fund	Reimbursement of capital expenditures	93
Building Fund – Measure Y	Building Fund – Measure R	Reimbursement of capital expenditures	49
Building Fund – Measure Y	Building Fund – Measure K	Reimbursement of capital expenditures	2
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	89,162
Building Fund – Measure Y	County School Facilities – Prop 47	Reimbursement of capital expenditures	271
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	1,871
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	35
Building Fund – Measure Q	Building Fund – Bond Proceeds	Reimbursement of capital expenditures	1
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	601
Building Fund – Measure Q	Building Fund – Measure Y	Reimbursement of capital expenditures	559
Building Fund – Measure Q	County School Facilities – Prop 47	Reimbursement of capital expenditures	51
Building Fund – Measure Q	Capital Facilities Fund	Reimbursement of capital expenditures	3,030
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	98
Capital Facilities Fund	Building Fund – Measure K	Reimbursement of capital expenditures	443
Capital Facilities Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	9,662
State School Bld Lease Purchase	Building Fund – Measure K	Reimbursement of capital expenditures	12
County School Facilities – Prop 47	Building Fund – Measure R	Reimbursement of capital expenditures	2,426
County School Facilities – Prop 47	Building Fund – Bond Proceeds	Reimbursement of capital expenditures	371
County School Facilities – Prop 47	Building Fund – Measure K	Reimbursement of capital expenditures	11,126
County School Facilities – Prop 47	Building Fund – Measure Y	Reimbursement of capital expenditures	2,112
County School Facilities – Prop 47	Building Fund - Measure Q	Reimbursement of capital expenditures	2,458
County School Facilities – Prop 47	Capital Facilities Fund	Reimbursement of capital expenditures	54
Special Reserve Fund – CRA	General Fund	Reimbursement of capital expenditures	20,000
Special Reserve Fund	General Fund	Reimbursement of capital expenditures	127
Special Reserve Fund	Building Fund – Measure R	Reimbursement of capital expenditures	478
Special Reserve Fund	Building Fund – Measure K	Reimbursement of capital expenditures	218
Special Reserve Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	632
Special Reserve Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	713
Special Reserve Fund	County School Facilities – Prop 47	Reimbursement of capital expenditures	660
Special Reserve Fund	Capital Facilities Fund	Reimbursement of capital expenditures	9
Special Reserve Fund	Capital Services Fund	Debt service	11
Total			<u>\$ 235,850</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(14) Fund Equity

The following is a summary of nonspendable, restricted, assigned, and unassigned fund balances at June 30, 2020 (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	\$ 2,897	\$ 269	\$ —	\$ 14
Inventories	25,542	—	—	16,786
Prepays	9,233	223	—	41
Total Nonspendable Balances	<u>37,672</u>	<u>492</u>	<u>—</u>	<u>16,841</u>
Restricted for:				
Child Nutrition: School Programs	—	—	—	100,163
Medi-Cal Billing Options	1,421	—	—	—
FEMA Public Assistance Funds	132	—	—	1,602
California Clean Energy Jobs Act	38,734	—	—	—
School Mental Health Medi-Cal Rehabilitation	5,630	—	—	—
Medi-Cal Electronic Health Record Incentive	90	—	—	—
Special Education	3,386	—	—	—
Special Education: Early Education Individuals with Exceptional Needs (Infant Program)	226	—	—	—
Classified Employee Professional Development Block Grant	3,979	—	—	—
SB 117 Covid-19 LEA Response Funds	7,934	—	—	—
Low Performance Students Block Grant	10,094	—	—	—
State School Facilities Projects	—	—	—	113,355
Employment Training Panel-Regional Occupational Centers and Programs	1,100	—	—	—
Census 2020 MOU	1,040	—	—	—
Ongoing and Major Maintenance Account	24,703	—	—	—
Prop 84 Stormwater Grant Reimbursement	—	—	—	5
CDE Grant Olive Vista Middle School	—	—	—	4
California Public Assistance & Reimbursement	—	—	—	851
California Disaster Assistance Act	—	—	—	35
Drought Response Outreach Program for Schools Grant	—	—	—	24
Division of State Architect Certification/Close out	—	—	—	1,723
B.E.S.T. Behavior – Special Education	131	—	—	—
KLCS – Capital Improvements	1,663	—	—	—
Clean Cities Grant	86	—	—	—
Cognitive Behavioral Intervention Therapy	96	—	—	—
JADE Continuing Education Learning	70	—	—	—
DWP Pilot Efficiency Activities	2,942	—	—	—
Prop K Maintenance Grant	308	—	—	—
LA CARE-CHDP	85	—	—	—
Adult Education Block Grant Program	—	—	—	14,371
Calworks	—	—	—	364
Debt Service Reserve	—	—	1,042,805	—
District Bonds	—	1,062,525	—	—
Capital Projects	—	—	—	352,647
Total Restricted Balances	<u>103,850</u>	<u>1,062,525</u>	<u>1,042,805</u>	<u>585,144</u>
Committed to:				
Ongoing program needs	87,626	—	—	—
Assigned to:				
Subsequent year expenditures	1,248,900	—	—	20,809
Unassigned:				
Reserved for economic uncertainties	79,000	—	—	—
Unassigned	492,426	—	—	—
Total Fund Balances	<u>\$ 2,049,474</u>	<u>\$ 1,063,017</u>	<u>\$ 1,042,805</u>	<u>\$ 622,794</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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

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

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

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

Unassigned fund balances represent all other spendable amounts.

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

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

Minimum Fund Balance Policy

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

(15) Contingencies and Commitments

(a) *General*

The District, as well as current and former Board Members and employees to whom the District has defense and indemnification responsibilities under the Government Code, has been named as defendants in numerous lawsuits, administrative proceedings and arbitrations. These seek, among other things, to require the District to reinstate terminated, demoted, suspended, and laid-off employees, to remedy alleged noncompliance regarding special education schools, and to change existing instructional programs, pupil integration methods, and employment and administration procedures. In many proceedings, monetary damages are sought including, for example, claims for retroactive pay and benefits and future pay and benefits. Based on the opinion of counsel, management believes that the ultimate outcome of such lawsuits will not have a material effect on the District's financial condition.

(b) *Grants*

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

(c) *Construction Contracts*

The District has entered into various contracts for the construction of facilities throughout the campuses. During fiscal year 2019-20 the District entered into approximately 59 contracts with a combined value of \$476.1 million. The durations of the contracts range from 45 days to five years.

(16) Subsequent Events

In September 2020, Standard & Poor Global Ratings revised its Outlook to Stable from Negative and affirmed its "A+" long term rating on the District's outstanding GO bonds that it rates. S&P also affirmed its "A" rating on the District's outstanding COPs.

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

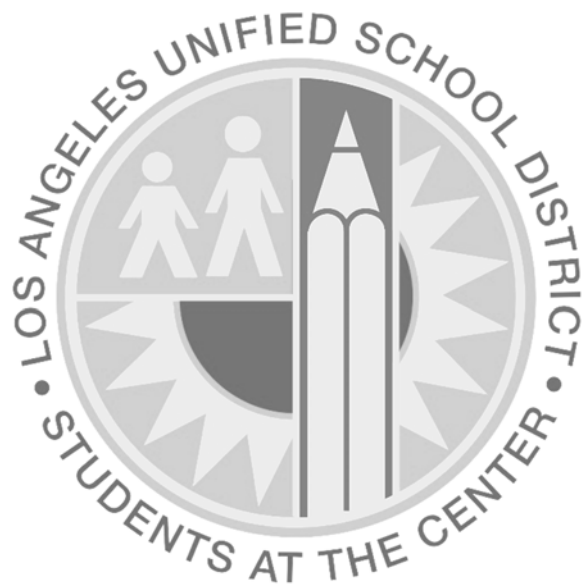
On October 27, 2020, the District issued \$28.4 million of Refunding Certificates of Participation, 2020 Series A. The Refunding COPs proceeds, together with other available funds, were used to refund the 2010 Series B-1 and B-2 COPs and prepay a lease that was executed in 2013. The Refunding COPs received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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2020

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



**REQUIRED
SUPPLEMENTARY
INFORMATION**

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios*
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

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

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

Schedule of Contributions
For the Year Ended June 30, 2020

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

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Total Pension Liability						
Service cost	\$ 8,284	\$ 8,240	\$ 8,861	\$ 10,331	\$ 10,073	\$ 10,054
Interest on total pension liability	22,121	23,128	25,394	26,815	27,428	28,862
Differences between expected and actual experience	—	(4,558)	11,191	(1,831)	(2,039)	(1,660)
Changes in assumptions	—	(5,860)	—	23,771	(11,622)	—
Changes in benefits	—	—	—	—	—	—
Benefit payments, including refunds of employee contributions	<u>(12,325)</u>	<u>(12,853)</u>	<u>(13,653)</u>	<u>(14,041)</u>	<u>(15,498)</u>	<u>(16,060)</u>
Net change in total pension liability	18,080	8,097	31,793	45,045	8,342	21,196
Total pension liability – beginning	<u>296,973</u>	<u>315,053</u>	<u>323,150</u>	<u>354,943</u>	<u>399,988</u>	<u>408,330</u>
Total pension liability – ending (a)	<u>315,053</u>	<u>323,150</u>	<u>354,943</u>	<u>399,988</u>	<u>408,330</u>	<u>429,526</u>
Plan fiduciary net position						
Contributions – employer	8,341	9,347	8,701	9,711	10,746	12,751
Contributions – employee	2,717	2,825	3,064	3,352	3,291	3,505
Net investment income (net of administrative expenses)	37,066	5,185	1,196	28,500	22,418	19,647
Benefit payments	(12,325)	(12,853)	(13,653)	(14,041)	(15,498)	(16,060)
Plan to plan resource movement	<u>—</u>	<u>1</u>	<u>(3)</u>	<u>(15)</u>	<u>(176)</u>	<u>(307)</u>
Net change in plan fiduciary net position	35,799	4,505	(695)	27,507	20,781	19,536
Plan fiduciary net position – beginning	<u>213,160</u>	<u>248,959</u>	<u>253,464</u>	<u>252,769</u>	<u>280,276</u>	<u>301,057</u>
Plan fiduciary net position – ending (b)	<u>248,959</u>	<u>253,464</u>	<u>252,769</u>	<u>280,276</u>	<u>301,057</u>	<u>320,593</u>
Net pension liability – ending (a) - (b)	<u>\$ 66,094</u>	<u>\$ 69,686</u>	<u>\$ 102,174</u>	<u>\$ 119,712</u>	<u>\$ 107,273</u>	<u>\$ 108,933</u>
Plan fiduciary net position as a percentage of the total pension liability	79.02%	78.44%	71.21%	70.07%	73.73%	74.64%
Covered – employee payroll	\$ 26,213	\$ 27,384	\$ 31,786	\$ 33,239	\$ 33,381	\$ 33,097
Net pension liability as percentage of covered – employee payroll	252.14%	254.48%	321.45%	360.16%	321.36%	329.14%

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

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of Contributions *
Agent Multiple-Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Safety Plan
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	2019-2020
Actuarially determined contribution	\$ 9,342	\$ 10,397	\$ 11,392	\$ 11,057	\$ 12,992	\$ 14,611
Contributions in relation to the actuarially determined contributions	(9,342)	(10,397)	(11,392)	(11,057)	(12,992)	(14,611)
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered – employee payroll	\$ 39,837	\$ 42,476	\$ 43,788	\$ 43,799	\$ 46,849	\$ 45,139
Contributions as a percentage of covered – employee payroll	23.45%	24.48%	26.02%	25.24%	27.73%	32.37%

Notes to Schedule:

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

Valuation date	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Asset valuation method	15 Year Smoothed Market	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets
Inflation	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.75% compounded annually	2.63% compounded annually
Salary increases	Varies by entry age and service	3.3% to 14.2% depending on age, service and type of employment	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.0%	3.0%	3.0%	3.0%	3.0%	2.9%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation.	7.5%	7.5%	7.5%	7.5%	7.25%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using scale AA published by the Society of Actuaries. There is no margin for future mortality improvement beyond the valuation date.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.

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

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan
California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

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

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
District's proportion of the net pension liability (asset)	9.3936%	8.7047%	8.3405%	8.15065%	7.96783%	8.085812%
District's proportionate share of the net pension liability (asset)	\$ 1,066,402	\$ 1,283,081	\$ 1,647,254	\$ 1,945,775	\$ 2,124,474	\$ 2,356,549
District's covered-employee payroll	\$ 839,116	\$ 1,016,759	\$ 1,078,634	\$ 1,108,784	\$ 1,116,870	\$ 1,228,585
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	127.09%	126.19%	152.72%	175.49%	190.22%	191.81%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.90%	71.87%	70.85%	70.05%

2. Schedule of District Contributions

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Contractually required contribution						
District contributions	\$ 113,398	\$ 119,193	\$ 144,467	\$ 166,342	\$ 205,346	\$ 224,546
Contributions in relation to the contractually required contribution	113,398	119,193	144,467	166,342	205,346	224,546
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
District's covered-employee payroll	1,016,759	1,078,634	1,108,784	1,116,870	1,228,585	1,221,081
Contributions as a percentage of covered-employee payroll	11.15%	11.05%	13.03%	14.89%	16.71%	18.39%

Notes to Schedule:

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

Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	20-year period	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.	Varies depending on the nature of the change in the unfunded liabilities.
Asset valuation method	Actuarial value of Assets	Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%	2.63%
Salary increases	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
Investment rate of return	7.50%	7.50%	7.50%	7.50%	7.15%	7.15%
Retirement age	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
Mortality	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/09 Valuation. Post-retirement mortality rates include 5 years of projected on-going mortality improvement using Scale AA published by the Society of Actuaries until June 30, 2010.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.

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

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Required Supplementary Information
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions *
Cost Sharing Multiple Employer Defined Benefit Pension Plan
California State Teachers' Retirement System (CalSTRS)
For the Year Ended June 30, 2020
(Dollar amounts in thousands)
(unaudited)

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

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
District's proportion of the net pension liability (asset)	5.7380%	5.9320%	5.5890%	5.3050%	5.1840%	5.3820%
District's proportionate share of the net pension liability (asset)	\$ 3,353,000	\$ 3,993,660	\$ 4,520,439	\$ 4,906,064	\$ 4,764,511	\$ 4,980,791
District's covered-employee payroll	\$ 2,585,154	\$ 2,771,643	\$ 2,834,892	\$ 2,865,305	\$ 2,833,461	\$ 3,052,549
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	129.70%	144.09%	159.46%	171.22%	168.15%	163.17%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%

2. Schedule of District Contributions

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
Contractually required contribution						
District contributions	\$ 245,474	\$ 302,716	\$ 358,073	\$ 407,198	\$ 483,163	\$ 508,985
Contributions in relation to the contractually required contribution	245,474	302,716	358,073	407,198	483,163	508,985
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<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	3,052,549	2,825,924
Contributions as a percentage of covered-employee payroll	8.86%	10.68%	12.50%	14.37%	15.83%	18.01%

Notes to Schedule:

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

	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Valuation date	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	30 years	32 years	31 years	30 years	29 years	28 years
Asset valuation method	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
Inflation	3.00%	3.00%	3.00%	2.75%	2.75%	2.75%
Salary increases	3.75%	3.75%	3.75%	3.50%	3.50%	3.50%
Investment rate of return	7.50%	7.50%	7.50%	7.25%	7.10%	7.10%
Retirement age	Experience Tables	Experience Tables	Experience Tables	Experience Tables	Experience Tables	Experience Tables
Mortality	RP-2000 Series Table	RP-2000 Series Table	RP-2000 Series Table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table

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

See accompanying independent auditor's report.

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

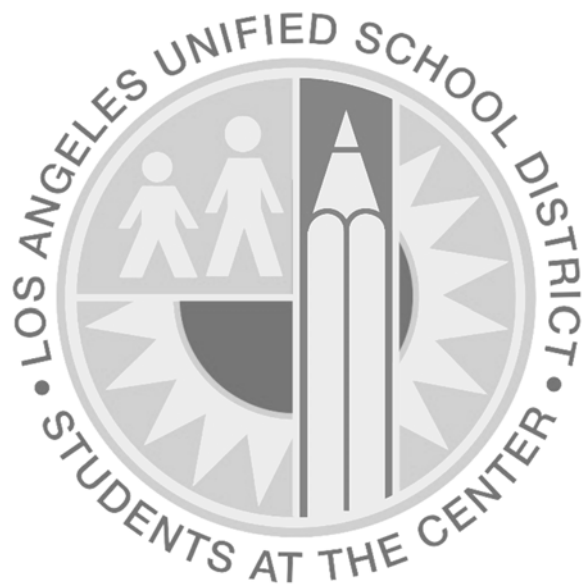
	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Other local revenues	\$ 15,628	\$ 16,090	\$ 15,057	\$ (1,033)
Total Revenues	<u>15,628</u>	<u>16,090</u>	<u>15,057</u>	<u>(1,033)</u>
Expenditures:				
Current:				
Classified salaries	113,315	82,632	49,920	32,712
Employee benefits	56,490	63,447	24,447	39,000
Books and supplies	14,142	40,377	1,658	38,719
Services and other operating expenditures	73,458	58,952	23,290	35,662
Capital outlay	520,566	745,733	740,428	5,305
Total Expenditures	<u>777,971</u>	<u>991,141</u>	<u>839,743</u>	<u>151,398</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(762,343)</u>	<u>(975,051)</u>	<u>(824,686)</u>	<u>150,365</u>
Other Financing Sources (Uses):				
Transfers in	—	157,954	161,003	3,049
Transfers out	—	(150,169)	(133,533)	16,636
Proceeds from sale of bonds	1,134,150	1,170,942	942,940	(228,002)
Total Other Financing Sources (Uses)	<u>1,134,150</u>	<u>1,178,727</u>	<u>970,410</u>	<u>(208,317)</u>
Net Changes in Fund Balances	371,807	203,676	145,724	(57,952)
Fund Balances, July 1, 2019	<u>1,055,539</u>	<u>917,293</u>	<u>917,293</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ 1,427,346</u>	<u>\$ 1,120,969</u>	<u>\$ 1,063,017</u>	<u>\$ (57,952)</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, 2020
 (in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ 42,819	\$ 42,819
Other state revenues	—	—	3,459	3,459
Other local revenues	843,375	843,375	947,445	104,070
Total Revenues	<u>843,375</u>	<u>843,375</u>	<u>993,723</u>	<u>150,348</u>
Expenditures:				
Debt service – principal	349,846	425,846	425,380	466
Debt service – bond issuance cost	—	1,102	1,102	—
Debt service – bond, COPs, and capital leases interest	493,529	496,529	495,247	1,282
Total Expenditures	<u>843,375</u>	<u>923,477</u>	<u>921,729</u>	<u>1,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>(80,102)</u>	<u>71,994</u>	<u>152,096</u>
Other Financing Sources (Uses):				
Premium on bonds issued	—	—	121,653	121,653
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>121,653</u>	<u>121,653</u>
Net Changes in Fund Balances	<u>—</u>	<u>(80,102)</u>	<u>193,647</u>	<u>273,749</u>
Fund Balances, July 1, 2019	<u>699,179</u>	<u>849,158</u>	<u>849,158</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ 699,179</u>	<u>\$ 769,056</u>	<u>\$ 1,042,805</u>	<u>\$ 273,749</u>

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

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

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

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

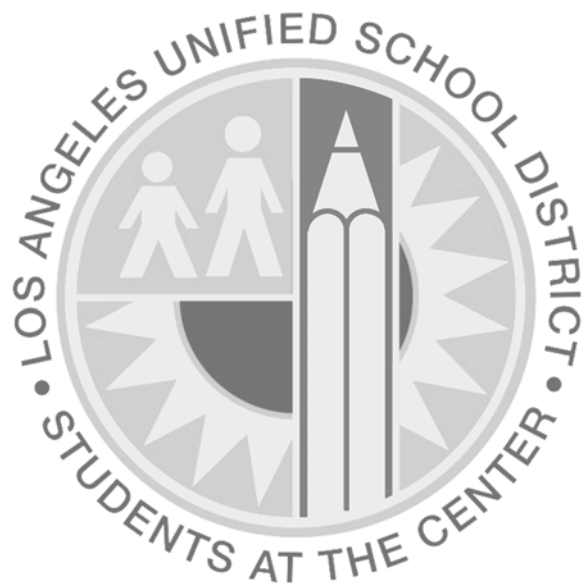
The Special Reserve Fund is used to account for District resources designated for capital outlay purposes such as land purchases, ground improvements, facilities construction and improvements, new acquisitions, and related expenditures.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

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

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



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

	<u>Special Revenue</u>			
	<u>Adult Education</u>	<u>Child Development</u>	<u>Cafeteria</u>	<u>Total</u>
Assets:				
Cash in county treasury, in banks, and on hand	\$ 9,651	\$ 4,829	\$ 70,682	\$ 85,162
Cash held by trustee	—	—	—	—
Accounts receivable – net	17,620	2,254	39,236	59,110
Accrued interest receivable	25	10	205	240
Prepays	—	—	41	41
Inventories	—	—	16,786	16,786
Total Assets	<u>27,296</u>	<u>7,093</u>	<u>126,950</u>	<u>161,339</u>
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 27,296</u>	<u>\$ 7,093</u>	<u>\$ 126,950</u>	<u>\$ 161,339</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ 1,376	\$ 1,987	\$ 5,654	\$ 9,017
Contracts payable	105	—	—	105
Accrued payroll	3,733	4,827	3,293	11,853
Other payables	8	9	60	77
Unearned revenue	40	103	953	1,096
Total Liabilities	<u>5,262</u>	<u>6,926</u>	<u>9,960</u>	<u>22,148</u>
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	14	—	16,827	16,841
Restricted	14,735	—	100,163	114,898
Assigned	7,285	167	—	7,452
Total Fund Balances	<u>22,034</u>	<u>167</u>	<u>116,990</u>	<u>139,191</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,296</u>	<u>\$ 7,093</u>	<u>\$ 126,950</u>	<u>\$ 161,339</u>

See accompanying independent auditors' report.

Debt Service

<u>Tax Override</u>	<u>Capital Services</u>	<u>Total</u>
\$ 415	\$ 3,053	\$ 3,468
—	31,671	31,671
—	—	—
1	10	11
—	—	—
—	—	—
416	34,734	35,150
—	—	—
—	—	—
<u>\$ 416</u>	<u>\$ 34,734</u>	<u>\$ 35,150</u>
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>
416	34,734	35,150
—	—	—
<u>416</u>	<u>34,734</u>	<u>35,150</u>
<u>\$ 416</u>	<u>\$ 34,734</u>	<u>\$ 35,150</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Nonmajor Governmental Funds
 Combining Balance Sheet (Continued)
 June 30, 2020
 (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	\$ 10,906	\$ 151,066	\$ 12,182	\$ 109,703
Cash held by trustee	—	—	—	—
Accounts receivable – net	—	7,096	—	—
Accrued interest receivable	32	455	36	345
Prepays	—	—	—	—
Inventories	—	—	—	—
Total Assets	<u>10,938</u>	<u>158,617</u>	<u>12,218</u>	<u>110,048</u>
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	<u>\$ 10,938</u>	<u>\$ 158,617</u>	<u>\$ 12,218</u>	<u>\$ 110,048</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ —	\$ 2,603	\$ 133	\$ 708
Contracts payable	—	3,029	174	1,663
Accrued payroll	—	28	—	3
Other payables	—	1,619	5,784	446
Unearned revenue	—	—	—	—
Total Liabilities	<u>—</u>	<u>7,279</u>	<u>6,091</u>	<u>2,820</u>
Deferred Inflows of Resources	—	—	—	—
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	151,338	6,127	107,228
Assigned	10,938	—	—	—
Total Fund Balances	<u>10,938</u>	<u>151,338</u>	<u>6,127</u>	<u>107,228</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,938</u>	<u>\$ 158,617</u>	<u>\$ 12,218</u>	<u>\$ 110,048</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
\$ 90,890	\$ 79,144	\$ 3,457	\$ 2,204	\$ 459,552	\$ 548,182
—	320	—	—	320	31,991
—	—	—	—	7,096	66,206
298	226	10	7	1,409	1,660
—	—	—	—	—	41
—	—	—	—	—	16,786
<u>91,188</u>	<u>79,690</u>	<u>3,467</u>	<u>2,211</u>	<u>468,377</u>	<u>664,866</u>
—	—	—	—	—	—
<u>\$ 91,188</u>	<u>\$ 79,690</u>	<u>\$ 3,467</u>	<u>\$ 2,211</u>	<u>\$ 468,377</u>	<u>\$ 664,866</u>
\$ 99	\$ 351	\$ —	\$ —	\$ 3,894	\$ 12,911
—	1,318	—	—	6,184	6,289
11	16	—	—	58	11,911
—	96	—	—	7,945	8,022
—	1,843	—	—	1,843	2,939
<u>110</u>	<u>3,624</u>	<u>—</u>	<u>—</u>	<u>19,924</u>	<u>42,072</u>
—	—	—	—	—	—
—	—	—	—	—	16,841
91,078	76,066	3,259	—	435,096	585,144
—	—	208	2,211	13,357	20,809
<u>91,078</u>	<u>76,066</u>	<u>3,467</u>	<u>2,211</u>	<u>448,453</u>	<u>622,794</u>
<u>\$ 91,188</u>	<u>\$ 79,690</u>	<u>\$ 3,467</u>	<u>\$ 2,211</u>	<u>\$ 468,377</u>	<u>\$ 664,866</u>

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

	Special Revenue			
	Adult Education	Child Development	Cafeteria	Total
Revenues:				
Federal revenues	\$ 18,755	\$ 2,825	\$ 323,223	\$ 344,803
Other state revenues	106,623	137,563	16,803	260,989
Other local revenues	3,170	2,405	22,600	28,175
Total Revenues	<u>128,548</u>	<u>142,793</u>	<u>362,626</u>	<u>633,967</u>
Expenditures:				
Current:				
Certificated salaries	57,344	44,282	—	101,626
Classified salaries	15,374	52,136	105,863	173,373
Employee benefits	34,463	55,525	97,343	187,331
Books and supplies	4,789	3,033	161,506	169,328
Services and other operating expenditures	5,478	3,016	(23,396)	(14,902)
Capital outlay	1,462	—	—	1,462
Debt service – principal	—	79	—	79
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Transfers of indirect costs – interfund	3,957	6,552	12,714	23,223
Total Expenditures	<u>122,867</u>	<u>164,623</u>	<u>354,030</u>	<u>641,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,681</u>	<u>(21,830)</u>	<u>8,596</u>	<u>(7,553)</u>
Other Financing Sources (Uses):				
Transfers in	689	21,754	1,023	23,466
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>689</u>	<u>21,754</u>	<u>1,023</u>	<u>23,466</u>
Net Changes in Fund Balances	6,370	(76)	9,619	15,913
Fund Balances, July 1, 2019	<u>15,664</u>	<u>243</u>	<u>107,371</u>	<u>123,278</u>
Fund Balances, June 30, 2020	<u>\$ 22,034</u>	<u>\$ 167</u>	<u>\$ 116,990</u>	<u>\$ 139,191</u>

See accompanying independent auditor's report.

Debt Service

<u>Tax Override</u>	<u>Capital Services</u>	<u>Total</u>
\$ —	\$ 579	\$ 579
—	—	—
<u>7</u>	<u>751</u>	<u>758</u>
<u>7</u>	<u>1,330</u>	<u>1,337</u>
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	16,115	16,115
—	8,305	8,305
—	—	—
<u>—</u>	<u>24,420</u>	<u>24,420</u>
<u>7</u>	<u>(23,090)</u>	<u>(23,083)</u>
—	24,253	24,253
—	—	—
<u>—</u>	<u>24,253</u>	<u>24,253</u>
7	1,163	1,170
<u>409</u>	<u>33,571</u>	<u>33,980</u>
<u>\$ 416</u>	<u>\$ 34,734</u>	<u>\$ 35,150</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, 2020
(in thousands)

	Capital			
	Building	Capital Facilities Account	State School Building Lease – Purchase	County School Facilities Bonds
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	6,161
Other local revenues	615	79,941	205	2,219
Total Revenues	<u>615</u>	<u>79,941</u>	<u>205</u>	<u>8,380</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	685	3	235
Employee benefits	—	339	1	128
Books and supplies	—	25	5	794
Services and other operating expenditures	—	1,370	—	235
Capital outlay	—	76,345	—	22,876
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	<u>—</u>	<u>78,764</u>	<u>9</u>	<u>24,268</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>615</u>	<u>1,177</u>	<u>196</u>	<u>(15,888)</u>
Other Financing Sources (Uses):				
Transfers in	—	3,094	—	1,791
Transfers out	—	(10,104)	(12)	(18,548)
Total Other Financing Sources (Uses)	<u>—</u>	<u>(7,010)</u>	<u>(12)</u>	<u>(16,757)</u>
Net Changes in Fund Balances	615	(5,833)	184	(32,645)
Fund Balances, July 1, 2019	<u>10,323</u>	<u>157,171</u>	<u>5,943</u>	<u>139,873</u>
Fund Balances, June 30, 2020	<u>\$ 10,938</u>	<u>\$ 151,338</u>	<u>\$ 6,127</u>	<u>\$ 107,228</u>

See accompanying independent auditor's report.

Projects					
Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
\$ —	\$ 2,592	\$ —	\$ —	\$ 2,592	\$ 347,974
—	2,171	—	—	8,332	269,321
40,235	8,126	58	37	131,436	160,369
<u>40,235</u>	<u>12,889</u>	<u>58</u>	<u>37</u>	<u>142,360</u>	<u>777,664</u>
—	—	—	—	—	101,626
4,322	1,333	—	—	6,578	179,951
2,591	617	—	—	3,676	191,007
395	256	—	—	1,475	170,803
211	2,228	—	—	4,044	(10,858)
—	8,939	30	—	108,190	109,652
—	—	—	—	—	16,194
—	—	—	—	—	8,305
—	—	—	—	—	23,223
<u>7,519</u>	<u>13,373</u>	<u>30</u>	<u>—</u>	<u>123,963</u>	<u>789,903</u>
<u>32,716</u>	<u>(484)</u>	<u>28</u>	<u>37</u>	<u>18,397</u>	<u>(12,239)</u>
—	98	—	—	4,983	52,702
(20,000)	(2,848)	—	—	(51,512)	(51,512)
<u>(20,000)</u>	<u>(2,750)</u>	<u>—</u>	<u>—</u>	<u>(46,529)</u>	<u>1,190</u>
12,716	(3,234)	28	37	(28,132)	(11,049)
78,362	79,300	3,439	2,174	476,585	633,843
<u>\$ 91,078</u>	<u>\$ 76,066</u>	<u>\$ 3,467</u>	<u>\$ 2,211</u>	<u>\$ 448,453</u>	<u>\$ 622,794</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, 2020
(in thousands)

	Adult Education			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 15,614	\$ 19,419	\$ 18,755	\$ (664)
Other state revenues	111,531	111,816	106,623	(5,193)
Other local revenues	4,248	4,011	3,170	(841)
Total Revenues	<u>131,393</u>	<u>135,246</u>	<u>128,548</u>	<u>(6,698)</u>
Expenditures:				
Current:				
Certificated salaries	55,968	60,155	57,344	2,811
Classified salaries	15,245	17,072	15,374	1,698
Employee benefits	41,101	42,802	34,463	8,339
Books and supplies	26,921	16,768	4,789	11,979
Services and other operating expenditures	4,230	6,639	5,478	1,161
Capital outlay	—	3,643	1,462	2,181
Debt Service – principal	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	4,625	4,504	3,957	547
Total Expenditures	<u>148,090</u>	<u>151,583</u>	<u>122,867</u>	<u>28,716</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,697)</u>	<u>(16,337)</u>	<u>5,681</u>	<u>22,018</u>
Other Financing Sources (Uses):				
Transfers in	—	690	689	(1)
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>690</u>	<u>689</u>	<u>(1)</u>
Net Changes in Fund Balances	<u>(16,697)</u>	<u>(15,647)</u>	<u>6,370</u>	<u>22,017</u>
Fund Balances, July 1, 2019	<u>16,708</u>	<u>15,664</u>	<u>15,664</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ 11</u>	<u>\$ 17</u>	<u>\$ 22,034</u>	<u>\$ 22,017</u>

See accompanying independent auditor's report.

Child Development				Cafeteria			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ 4,792	\$ 4,896	\$ 2,825	\$ (2,071)	\$ 374,606	\$ 366,710	\$ 323,223	\$ (43,487)
137,393	137,493	137,563	70	25,100	24,946	16,803	(8,143)
2,443	2,826	2,405	(421)	10,189	10,540	22,600	12,060
144,628	145,215	142,793	(2,422)	409,895	402,196	362,626	(39,570)
43,396	45,980	44,282	1,698	—	—	—	—
54,519	55,312	52,136	3,176	113,616	110,917	105,863	5,054
62,553	63,350	55,525	7,825	97,987	99,586	97,343	2,243
4,359	4,501	3,033	1,468	187,370	163,502	161,506	1,996
3,417	3,611	3,016	595	3,924	3,845	(23,396)	27,241
—	—	—	—	77	—	—	—
238	238	79	159	—	—	—	—
—	—	—	—	—	—	—	—
6,659	6,715	6,552	163	15,994	14,984	12,714	2,270
175,141	179,707	164,623	15,084	418,968	392,834	354,030	38,804
(30,513)	(34,492)	(21,830)	12,662	(9,073)	9,362	8,596	(766)
30,427	34,407	21,754	(12,653)	1,059	1,373	1,023	(350)
—	—	—	—	—	—	—	—
30,427	34,407	21,754	(12,653)	1,059	1,373	1,023	(350)
(86)	(85)	(76)	9	(8,014)	10,735	9,619	(1,116)
245	243	243	—	96,304	107,371	107,371	—
\$ 159	\$ 158	\$ 167	\$ 9	\$ 88,290	\$ 118,106	\$ 116,990	\$ (1,116)

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Special Revenue Funds

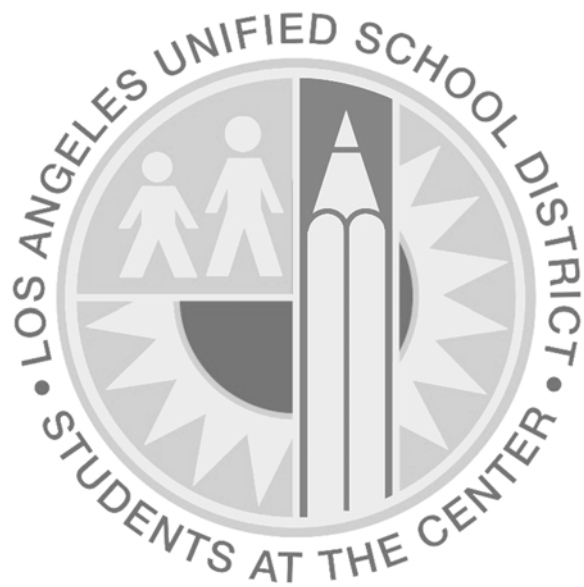
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)

Year Ended June 30, 2020

(in thousands)

	Total			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ 395,012	\$ 391,025	\$ 344,803	\$ (46,222)
Other state revenues	274,024	274,255	260,989	(13,266)
Other local revenues	16,880	17,377	28,175	10,798
Total Revenues	<u>685,916</u>	<u>682,657</u>	<u>633,967</u>	<u>(48,690)</u>
Expenditures:				
Current:				
Certificated salaries	99,364	106,135	101,626	4,509
Classified salaries	183,380	183,301	173,373	9,928
Employee benefits	201,641	205,738	187,331	18,407
Books and supplies	218,650	184,771	169,328	15,443
Services and other operating expenditures	11,571	14,095	(14,902)	28,997
Capital outlay	77	3,643	1,462	2,181
Debt Service – principal	238	238	79	159
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	27,278	26,203	23,223	2,980
Total Expenditures	<u>742,199</u>	<u>724,124</u>	<u>641,520</u>	<u>82,604</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(56,283)</u>	<u>(41,467)</u>	<u>(7,553)</u>	<u>33,914</u>
Other Financing Sources (Uses):				
Transfers in	31,486	36,470	23,466	(13,004)
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>31,486</u>	<u>36,470</u>	<u>23,466</u>	<u>(13,004)</u>
Net Changes in Fund Balances	<u>(24,797)</u>	<u>(4,997)</u>	<u>15,913</u>	<u>20,910</u>
Fund Balances, July 1, 2019	<u>113,257</u>	<u>123,278</u>	<u>123,278</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ 88,460</u>	<u>\$ 118,281</u>	<u>\$ 139,191</u>	<u>\$ 20,910</u>

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT
Debt Service Funds
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Year Ended June 30, 2020
(in thousands)

	Tax Override			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other local revenues	—	—	7	7
Total Revenues	<u>—</u>	<u>—</u>	<u>7</u>	<u>7</u>
Expenditures:				
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>—</u>	<u>7</u>	<u>7</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Total Other Financing Sources	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	—	—	7	7
Fund Balances, July 1, 2019	<u>409</u>	<u>409</u>	<u>409</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ 409</u>	<u>\$ 409</u>	<u>\$ 416</u>	<u>\$ 7</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		
\$ 576	\$ 578	\$ 579	\$ 1	\$ 576	\$ 578	\$ 579	\$ 1
777	777	751	(26)	777	777	758	(19)
<u>1,353</u>	<u>1,355</u>	<u>1,330</u>	<u>(25)</u>	<u>1,353</u>	<u>1,355</u>	<u>1,337</u>	<u>(18)</u>
16,115	16,115	16,115	—	16,115	16,115	16,115	—
9,684	9,688	8,305	1,383	9,684	9,688	8,305	1,383
<u>25,799</u>	<u>25,803</u>	<u>24,420</u>	<u>1,383</u>	<u>25,799</u>	<u>25,803</u>	<u>24,420</u>	<u>1,383</u>
<u>(24,446)</u>	<u>(24,448)</u>	<u>(23,090)</u>	<u>1,358</u>	<u>(24,446)</u>	<u>(24,448)</u>	<u>(23,083)</u>	<u>1,365</u>
24,989	24,990	24,253	(737)	24,989	24,990	24,253	(737)
24,989	24,990	24,253	(737)	24,989	24,990	24,253	(737)
543	542	1,163	621	543	542	1,170	628
<u>33,556</u>	<u>33,571</u>	<u>33,571</u>	<u>—</u>	<u>33,965</u>	<u>33,980</u>	<u>33,980</u>	<u>—</u>
<u>\$ 34,099</u>	<u>\$ 34,113</u>	<u>\$ 34,734</u>	<u>\$ 621</u>	<u>\$ 34,508</u>	<u>\$ 34,522</u>	<u>\$ 35,150</u>	<u>\$ 628</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, 2020
 (in thousands)

	Building			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	1,024	1,024	615	(409)
Total Revenues	<u>1,024</u>	<u>1,024</u>	<u>615</u>	<u>(409)</u>
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	—	2,239	—	2,239
Total Expenditures	<u>—</u>	<u>2,239</u>	<u>—</u>	<u>2,239</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,024</u>	<u>(1,215)</u>	<u>615</u>	<u>1,830</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	1,024	(1,215)	615	1,830
Fund Balances, July 1, 2019	<u>10,557</u>	<u>10,323</u>	<u>10,323</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ 11,581</u>	<u>\$ 9,108</u>	<u>\$ 10,938</u>	<u>\$ 1,830</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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
82,900	82,900	79,941	(2,959)	—	—	205	205
82,900	82,900	79,941	(2,959)	—	—	205	205
542	1,288	685	603	—	3	3	—
248	615	339	276	—	1	1	—
34	709	25	684	—	5	5	—
1,370	76,102	1,370	74,732	—	14	—	14
206,700	145,694	76,345	69,349	5,943	5,908	—	5,908
208,894	224,408	78,764	145,644	5,943	5,931	9	5,922
(125,994)	(141,508)	1,177	142,685	(5,943)	(5,931)	196	6,127
—	3,094	3,094	—	—	—	—	—
—	(10,104)	(10,104)	—	—	(12)	(12)	—
—	—	—	—	—	—	—	—
—	(7,010)	(7,010)	—	—	(12)	(12)	—
(125,994)	(148,518)	(5,833)	142,685	(5,943)	(5,943)	184	6,127
134,647	157,171	157,171	—	5,943	5,943	5,943	—
\$ 8,653	\$ 8,653	\$ 151,338	\$ 142,685	\$ —	\$ —	\$ 6,127	\$ 6,127

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Capital Projects Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)
 Year Ended June 30, 2020
 (in thousands)

	County School Facilities Bonds			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	5,307	5,307	6,161	854
Other local revenues	3,040	3,040	2,219	(821)
Total Revenues	<u>8,347</u>	<u>8,347</u>	<u>8,380</u>	<u>33</u>
Expenditures:				
Current:				
Classified salaries	—	4,340	235	4,105
Employee benefits	—	2,094	128	1,966
Books and supplies	—	6,240	794	5,446
Services and other operating expenditures	2,000	16,096	235	15,861
Capital outlay	120,372	102,693	22,876	79,817
Total Expenditures	<u>122,372</u>	<u>131,463</u>	<u>24,268</u>	<u>107,195</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(114,025)</u>	<u>(123,116)</u>	<u>(15,888)</u>	<u>107,228</u>
Other Financing Sources (Uses):				
Transfers in	—	1,791	1,791	—
Transfers out	—	(18,548)	(18,548)	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(16,757)</u>	<u>(16,757)</u>	<u>—</u>
Net Changes in Fund Balances	<u>(114,025)</u>	<u>(139,873)</u>	<u>(32,645)</u>	<u>107,228</u>
Fund Balances, July 1, 2019	<u>114,025</u>	<u>139,873</u>	<u>139,873</u>	<u>—</u>
Fund Balances, June 30, 2020	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 107,228</u>	<u>\$ 107,228</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		
\$ —	\$ —	\$ —	\$ —	\$ 6,285	\$ 6,285	\$ 2,592	\$ (3,693)
—	—	—	—	2,179	2,267	2,171	(96)
37,028	37,029	40,235	3,206	13,775	14,930	8,126	(6,804)
37,028	37,029	40,235	3,206	22,239	23,482	12,889	(10,593)
266	5,647	4,322	1,325	—	2,055	1,333	722
111	3,471	2,591	880	—	933	617	316
218	463	395	68	400	482	256	226
128	223	211	12	2,700	9,380	2,228	7,152
1,918	58	—	58	54,144	10,858	8,939	1,919
2,641	9,862	7,519	2,343	57,244	23,708	13,373	10,335
34,387	27,167	32,716	5,549	(35,005)	(226)	(484)	(258)
—	—	—	—	—	98	98	—
(20,000)	(20,000)	(20,000)	—	(22)	(2,863)	(2,848)	15
—	—	—	—	—	—	—	—
(20,000)	(20,000)	(20,000)	—	(22)	(2,765)	(2,750)	15
14,387	7,167	12,716	5,549	(35,027)	(2,991)	(3,234)	(243)
77,342	78,362	78,362	—	111,336	79,300	79,300	—
\$ 91,729	\$ 85,529	\$ 91,078	\$ 5,549	\$ 76,309	\$ 76,309	\$ 76,066	\$ (243)

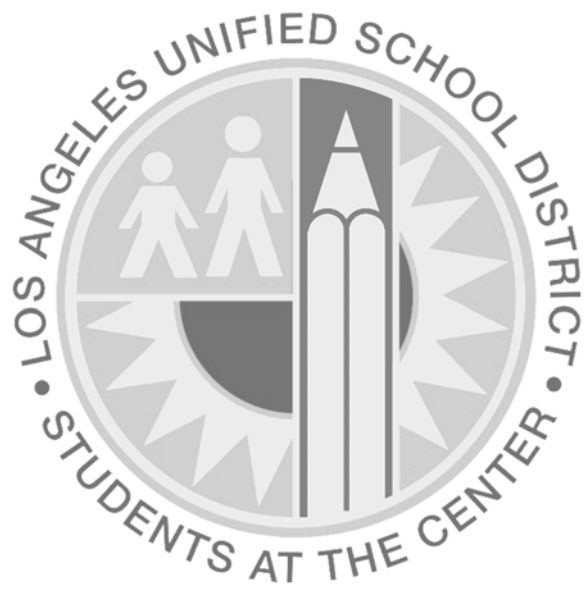
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LOS ANGELES UNIFIED SCHOOL DISTRICT
 Capital Projects Funds
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Continued)
 Year Ended June 30, 2020
 (in thousands)

	Special Reserve – FEMA – Earthquake			Variance with Final Budget – Favorable (Unfavorable)
	Budget		Actual	
	Original	Final		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	58	58
Total Revenues	—	—	58	58
Expenditures:				
Current:				
Classified salaries	—	11	—	11
Employee benefits	—	6	—	6
Books and supplies	—	—	—	—
Services and other operating expenditures	—	15	—	15
Capital outlay	1,623	1,649	30	1,619
Total Expenditures	1,623	1,681	30	1,651
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,623)	(1,681)	28	1,709
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Land and building sale	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	(1,623)	(1,681)	28	1,709
Fund Balances, July 1, 2019	3,451	3,439	3,439	—
Fund Balances, June 30, 2020	\$ 1,828	\$ 1,758	\$ 3,467	\$ 1,709

See accompanying independent auditors' report.

Special Reserve – FEMA – Hazard Mitigation				Total			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ —	\$ —	\$ —	\$ —	\$ 6,285	\$ 6,285	\$ 2,592	\$ (3,693)
—	—	—	—	7,486	7,574	8,332	758
—	—	37	37	137,767	138,923	131,436	(7,487)
—	—	37	37	151,538	152,782	142,360	(10,422)
—	—	—	—	808	13,344	6,578	6,766
—	—	—	—	359	7,120	3,676	3,444
—	—	—	—	652	7,899	1,475	6,424
—	—	—	—	6,198	101,830	4,044	97,786
—	—	—	—	390,700	269,099	108,190	160,909
—	—	—	—	398,717	399,292	123,963	275,329
—	—	37	37	(247,179)	(246,510)	18,397	264,907
—	—	—	—	—	4,983	4,983	—
—	—	—	—	(20,022)	(51,527)	(51,512)	15
—	—	—	—	—	—	—	—
—	—	—	—	(20,022)	(46,544)	(46,529)	15
—	—	37	37	(267,201)	(293,054)	(28,132)	264,922
2,173	2,174	2,174	—	459,474	476,585	476,585	—
\$ 2,173	\$ 2,174	\$ 2,211	\$ 37	\$ 192,273	\$ 183,531	\$ 448,453	\$ 264,922



LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds

The Health and Welfare Benefits Fund was established pursuant to Education Code 39602 to pay for claims, administrative costs, insurance premiums, and related expenditures for the District's Health and Welfare Benefits program. Medical and dental claims for the self-insured portion of the Fund are administered by outside claims administrators. Premium payments to health maintenance organizations for medical benefits and to outside carriers for vision services, dental services, and optional life insurance are also paid out of this Fund.

The Workers' Compensation Self-Insurance Fund was established pursuant to Education Code 39602 to pay for claims, excess insurance coverage, administrative costs, and related expenditures. Workers' compensation claims are administered for the District by an outside claims administrator.

The Liability Self-Insurance Fund was established pursuant to Education Code 39602 to pay claims, excess insurance coverage, administrative costs and related expenditures, and to provide funds for insurance deductible amounts. Liability claims are administered for the District by an outside claims administrator.

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

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Assets:				
Cash in county treasury, in banks, and on hand	\$ 360,870	\$ 577,332	\$ 178,780	\$ 1,116,982
Accounts receivable – net	38,460	—	—	38,460
Accrued interest and dividends receivable	1,251	1,705	229	3,185
Prepays	52,220	—	—	52,220
Other assets	3,035	—	—	3,035
Total Assets	<u>455,836</u>	<u>579,037</u>	<u>179,009</u>	<u>1,213,882</u>
Deferred Outflows of Resources	<u>933</u>	<u>1,567</u>	<u>671</u>	<u>3,171</u>
Liabilities:				
Current:				
Vouchers and accounts payable	694	2,263	5,556	8,513
Accrued payroll	269	161	302	732
Other payables	35,042	—	34	35,076
Estimated liability for self-insurance claims	19,924	103,776	62,728	186,428
Total Current Liabilities	<u>55,929</u>	<u>106,200</u>	<u>68,620</u>	<u>230,749</u>
Noncurrent:				
Estimated liability for self-insurance claims	—	376,216	107,952	484,168
Net other postemployment benefits liability	2,068	6,545	1,746	10,359
Net pension liability	3,165	5,425	2,278	10,868
Total Noncurrent Liabilities	<u>5,233</u>	<u>388,186</u>	<u>111,976</u>	<u>505,395</u>
Total Liabilities	<u>61,162</u>	<u>494,386</u>	<u>180,596</u>	<u>736,144</u>
Deferred Inflows of Resources	<u>2,131</u>	<u>2,465</u>	<u>1,354</u>	<u>5,950</u>
Total Net Position – Unrestricted	<u>\$ 393,476</u>	<u>\$ 83,753</u>	<u>\$ (2,270)</u>	<u>\$ 474,959</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Year Ended June 30, 2020
(in thousands)

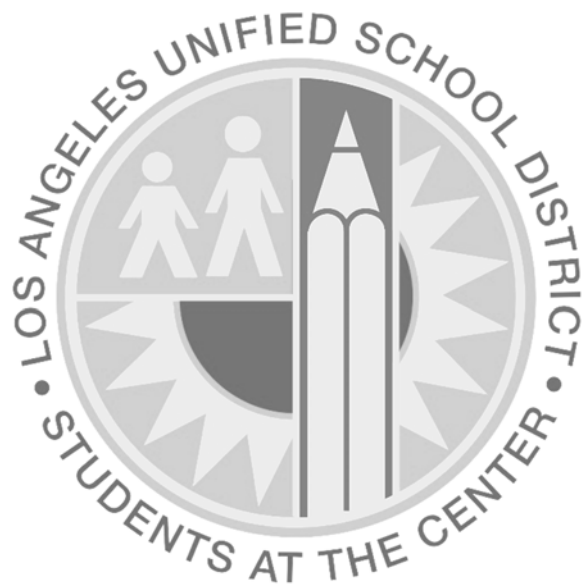
	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Operating Revenues:				
In-District premiums	\$ 1,076,170	\$ 123,746	\$ 112,198	\$ 1,312,114
Others	226	—	—	226
Total Operating Revenues	<u>1,076,396</u>	<u>123,746</u>	<u>112,198</u>	<u>1,312,340</u>
Operating Expenses:				
Certificated salaries	—	—	176	176
Classified salaries	2,297	1,279	1,676	5,252
Employee benefits	(2,932)	(1,274)	(1,724)	(5,930)
Supplies	224	27	19	270
Premiums and claims expenses	1,039,496	124,537	110,879	1,274,912
Claims administration	3,317	14,651	454	18,422
Other contracted services	914	376	5	1,295
Total Operating Expenses	<u>1,043,316</u>	<u>139,596</u>	<u>111,485</u>	<u>1,294,397</u>
Operating Income (Loss)	<u>33,080</u>	<u>(15,850)</u>	<u>713</u>	<u>17,943</u>
Nonoperating Revenues (Expenses):				
Investment income	6,944	9,513	1,886	18,343
Miscellaneous expense	—	(56)	—	(56)
Total Nonoperating Revenues	<u>6,944</u>	<u>9,457</u>	<u>1,886</u>	<u>18,287</u>
Income (Loss) before Transfers	<u>40,024</u>	<u>(6,393)</u>	<u>2,599</u>	<u>36,230</u>
Changes in Net Position	40,024	(6,393)	2,599	36,230
Total Net Position, July 1, 2019	<u>353,452</u>	<u>90,146</u>	<u>(4,869)</u>	<u>438,729</u>
Total Net Position, June 30, 2020	<u>\$ 393,476</u>	<u>\$ 83,753</u>	<u>\$ (2,270)</u>	<u>\$ 474,959</u>

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2020
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	\$ (3,560)	\$ (2,309)	\$ (2,692)	\$ (8,561)
Cash payments for goods and services	(1,054,700)	(101,887)	(75,094)	(1,231,681)
Receipts from assessment to other funds	1,076,170	123,746	112,198	1,312,114
Other operating revenue	226	—	—	226
Net Cash Provided by Operating Activities	<u>18,136</u>	<u>19,550</u>	<u>34,412</u>	<u>72,098</u>
Cash Flows from Investing Activities:				
Earnings on investments	7,936	10,700	2,150	20,786
Net Cash Provided by Investing Activities	<u>7,936</u>	<u>10,700</u>	<u>2,150</u>	<u>20,786</u>
Net Increase in Cash and Cash Equivalents	26,072	30,250	36,562	92,884
Cash and Cash Equivalents, July 1	334,798	547,082	142,218	1,024,098
Cash and Cash Equivalents, June 30	<u>\$ 360,870</u>	<u>\$ 577,332</u>	<u>\$ 178,780</u>	<u>\$ 1,116,982</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 33,080	\$ (15,850)	\$ 713	\$ 17,943
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Net increase (decrease) in pension and other postemployment benefits expense from actuarial valuation	(4,221)	(2,074)	(2,597)	(8,892)
Change in Assets: Decrease (Increase)				
Accounts receivable	(9,183)	—	—	(9,183)
Prepays	(1,463)	—	—	(1,463)
Other assets	2,009	—	—	2,009
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	(1,147)	366	3,928	3,147
Accrued payroll	24	(230)	35	(171)
Other payables	1,122	—	(7)	1,115
Estimated liability for self-insurance claims – current	(2,085)	6,890	(17,544)	(12,739)
Estimated liability for self-insurance claims – noncurrent	—	30,448	49,884	80,332
Total Adjustments	<u>(14,944)</u>	<u>35,400</u>	<u>33,699</u>	<u>54,155</u>
Net Cash Provided by Operating Activities	<u>\$ 18,136</u>	<u>\$ 19,550</u>	<u>\$ 34,412</u>	<u>\$ 72,098</u>

See accompanying independent auditor's report.



LOS ANGELES UNIFIED SCHOOL DISTRICT

Fiduciary Funds

Agency Funds

The Attendance Incentive Reserve Fund was established on November 21, 1994 to account for 50% of the salary savings from substitute teachers' accounts resulting from reduced costs of absenteeism of UTLA represented employees. The intent was to reward regular attendance of teachers in order to improve the instructional program. The accumulated savings in the account plus interest earnings is disbursed in a lump-sum distribution as participants retire or terminate employment with the District. In June 2017, all remaining amounts in the fund were distributed to members in accordance with a side letter agreement with UTLA. There has been no fiscal activity in the fund in fiscal year 2019-20.

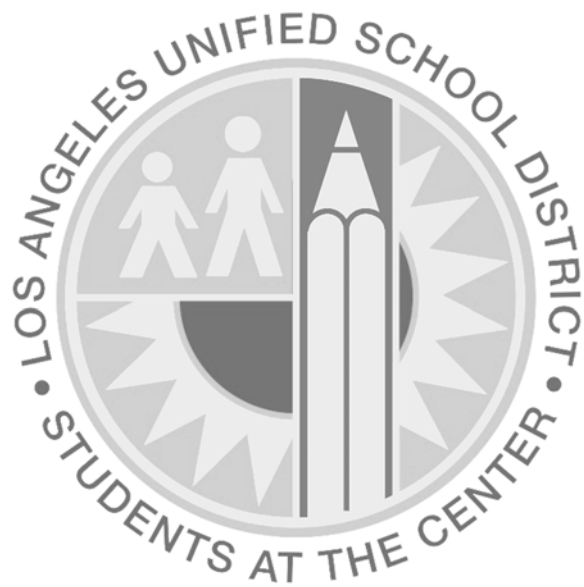
The Student Body Fund was established to account for cash held by the District on behalf of the student bodies at various school sites.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
 Fiduciary Funds – Agency Funds
 Combining Statement of Changes in Assets and Liabilities
 Year Ended June 30, 2020
 (in thousands)

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Payroll Agency Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 123,595	\$ 7,632,779	\$ 7,590,284	\$ 166,090
Total Assets	<u>\$ 123,595</u>	<u>\$ 7,632,779</u>	<u>\$ 7,590,284</u>	<u>\$ 166,090</u>
Liabilities				
Other payables	\$ 123,595	\$ 7,632,779	\$ 7,590,284	\$ 166,090
Total Liabilities	<u>\$ 123,595</u>	<u>\$ 7,632,779</u>	<u>\$ 7,590,284</u>	<u>\$ 166,090</u>
<u>Student Body Fund</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 29,135	\$ 40,731	\$ 39,398	\$ 30,468
Total Assets	<u>\$ 29,135</u>	<u>\$ 40,731</u>	<u>\$ 39,398</u>	<u>\$ 30,468</u>
Liabilities				
Other payables	\$ 29,135	\$ 40,731	\$ 39,398	\$ 30,468
Total Liabilities	<u>\$ 29,135</u>	<u>\$ 40,731</u>	<u>\$ 39,398</u>	<u>\$ 30,468</u>
<u>Total Agency Funds</u>				
Assets				
Cash in county treasury, in banks, and on hand	\$ 152,730	\$ 7,673,510	\$ 7,629,682	\$ 196,558
Total Assets	<u>\$ 152,730</u>	<u>\$ 7,673,510</u>	<u>\$ 7,629,682</u>	<u>\$ 196,558</u>
Liabilities				
Other payables	\$ 152,730	\$ 7,673,510	\$ 7,629,682	\$ 196,558
Total Liabilities	<u>\$ 152,730</u>	<u>\$ 7,673,510</u>	<u>\$ 7,629,682</u>	<u>\$ 196,558</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 Value	Total District Tax Rates	Increase (Decrease) Over Preceding Year		Total A.D.A.**	Assessed Value per Unit of A.D.A.
					Amount	Rate		
2010-2011	\$ 442,092,473	\$ 21,753,078	\$ 463,845,551	1.186954	\$ (11,131,740)	(2.34)	565,450 ^a	\$ 820
2011-2012	447,830,204	21,265,021	469,095,225	1.168187	5,249,674	1.13	547,592 ^a	857
2012-2013	458,767,053	21,308,439	480,075,492	1.175606	10,980,267	2.34	534,345 ^a	898
2013-2014	482,043,584	21,634,336	503,677,920	1.146439	23,602,428	4.92	527,995 ^b	954
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	516,229	1,032
2015-2016	546,807,059	23,362,405	570,169,464	1.129709	37,235,257	6.99	503,367	1,133
2016-2017	581,473,213	24,495,794	605,969,007	1.131096	35,799,543	6.28	491,856	1,232
2017-2018	619,162,082	25,342,665	644,504,747	1.122192	38,535,740	6.36	478,591 ^c	1,347 ^c
2018-2019	665,355,078	27,377,547	692,732,625	1.123226	48,227,878	7.48	454,010 ^{cd}	1,526 ^{cd}
2019-2020	710,954,606	28,442,486	739,397,092	1.125520	46,664,467	6.74	454,908	1,625

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

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

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

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

^c Adjustments were due to CDE's approval of LAUSD's requests for credit for material decrease in attendance due to emergency conditions. Approvals were received late 2019 and early 2020.

^d Adjustments were due to an audit finding and the correction of Nonpublic Schools (NPS) average daily attendance.

See accompanying independent auditor's report.

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

Rank	2020			2011		
	Property Owner	Assessed Valuation	% of Total ⁽¹⁾	Property Owner	Assessed Valuation	% of Total ⁽²⁾
1	Douglas Emmett LLC	\$ 2,902,632	0.41%	Douglas Emmett Realty Funds	\$ 2,455,202	0.56%
2	Universal Studios LLC	2,388,499	0.34	Universal Studios LLC	1,304,545	0.30
3	Essex Portfolio LP	1,759,218	0.25	Anheuser Busch Inc.	815,695	0.18
4	Century City Mall LLC	1,058,775	0.15	One Hundred Towers LLC	579,803	0.13
5	FSP South Flower Street	936,124	0.13	Donald T. Sterling	571,150	0.13
6	Rochelle H. Sterling	856,794	0.12	Tishman Speyer Archstone Smith	517,308	0.12
7	SM 10000 Property LLC	816,425	0.11	Casden Park La Brea	460,552	0.10
8	Hanjin International Corp.	767,924	0.11	Paramount Pictures Corp.	460,510	0.10
9	Anheuser Busch Commercial	744,562	0.10	Century City Mall LLC	456,150	0.10
10	Greenland LA Metropolis	742,134	0.10	Taubman-Beverly Center	455,335	0.10
11	One Hundred Towers LLC	665,585	0.09	Duesenberg Investment Company	442,176	0.10
12	Trizec 333 LA LLC	653,812	0.09	Rreef America REIT II Corp.	433,477	0.10
13	Maguire Partners 355 S. Grand LLC	611,449	0.09	Trizec 333 LA LLC	383,700	0.09
14	BRE HH Property Owner LLC	606,553	0.09	Next Century Associates LLC	381,769	0.09
15	Tishman Speyer Archstone Smith	584,583	0.08	Twentieth Century Fox Film Corp.	376,035	0.09
16	Olympic and Georgia Partners LLC	570,275	0.08	BP West Coast Products LLC	351,145	0.08
17	LA Live Properties LLC	547,123	0.08	1999 Stars LLC	347,687	0.08
18	Maguire Properties 555 W. Fifth	536,341	0.08	Deutsche Bank National Trust Company	334,970	0.08
19	Paramount Pictures Corp.	535,378	0.08	AP Properties Ltd.	331,003	0.07
20	CJDB LLC, Lessor	526,892	0.07	Olympic and Georgia Partners LLC	327,967	0.07
		<u>\$ 18,811,078</u>	<u>2.65%</u>		<u>\$ 11,786,179</u>	<u>2.67%</u>

⁽¹⁾ 2019-20 Local Secured Assessed Valuation: \$710,826,231

⁽²⁾ 2010-11 Local Secured Assessed Valuation: \$441,967,669

Source: California Municipal Statistics, Inc.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Total Tax Levy	ERAF Funds ⁽¹⁾	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections ⁽²⁾	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2010-2011	\$ 1,711,575	\$ 29,419	\$ 1,602,345	92.04%	\$ 102,970	\$ 1,705,315	97.95%
2011-2012	1,663,061	(3,533)	1,520,001	91.59	97,842	1,617,843	97.49
2012-2013	1,731,129	114,465	1,798,032	97.42	132,847	1,930,879	104.62
2013-2014	1,652,164	26,846	1,684,486	100.33	29,409	1,713,895	102.08
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19
2015-2016	1,799,477	171,532	1,959,111	99.40	31,529	1,990,640	101.00
2016-2017	1,904,567	232,966	2,107,292	98.59	25,977	2,133,269	99.80
2017-2018	1,985,501	255,167	2,184,304	97.48	49,404	2,233,708	99.69
2018-2019	2,134,918	234,519	2,347,069	99.06	61,128	2,408,197	101.64
2019-2020	2,305,773	216,281	2,467,267	97.83	40,975	2,508,242	99.45

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

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

See accompanying independent auditor's report.

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

	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Elementary:			
Kindergarten	43,364	43,737	42,093
Grades 1-3	130,846	127,081	120,880
Grades 4-6	124,800	119,257	111,082
Grades 7-8	78,704	73,733	68,461
Special Education	19,250	18,522	17,966
County Special Education	1	1	1
Opportunity Schools	7	8	8
Home or Hospital	127	107	118
Community Day Schools	85	94	103
County Community Schools	11	15	8
Total Elementary	<u>397,195</u>	<u>382,555</u>	<u>360,720</u>
Secondary:			
Regular Classes	143,979	135,549	129,037
Special Education	11,252	10,709	10,513
County Special Education	—	1	—
Compulsory Continuation Education	3,507	3,602	3,623
Opportunity Schools	494	506	492
Home or Hospital	98	101	101
Community Day Schools	911	933	852
County Community Schools	148	137	175
Total Secondary	<u>160,389</u>	<u>151,538</u>	<u>144,793</u>
Block grant funded fiscally affiliated charters	<u>7,866</u>	<u>13,499</u>	<u>28,832</u>
Total Block Grant Funded Fiscally Affiliated Charters	<u>7,866</u>	<u>13,499</u>	<u>28,832</u>
Total Average Daily Attendance	<u><u>565,450</u></u>	<u><u>547,592</u></u>	<u><u>534,345</u></u>

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

(Continued)

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

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>
District:							
Kindergarten-Grade 3	168,252.87	163,499.69	158,998.06	155,262.38	149,197.07 ^(a)	141,934.03 ^(b)	139,031.27
Grades 4-6	114,524.59	112,259.91	111,544.08	109,051.67	107,018.53 ^(a)	100,538.16 ^(b)	99,037.56
Grades 7-8	71,438.68	68,537.63	65,595.68	64,118.24	62,336.66 ^(a)	60,529.29 ^(b)	60,142.80
Grades 9-12	133,466.36	131,352.82	127,103.24	121,861.09	119,450.52 ^(a)	111,755.74 ^(b)	115,393.98
Total District	<u>487,682.50</u>	<u>475,650.05</u>	<u>463,241.06</u>	<u>450,293.38</u>	<u>438,002.78</u>	<u>414,757.22</u>	<u>413,605.61</u>
County:							
Kindergarten-Grade 3	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grades 4-6	1.23	1.38	1.23	0.00	0.00	0.00	0.00
Grades 7-8	7.85	5.12	3.18	2.71	2.42	3.70	2.14
Grades 9-12	670.05	628.23	489.84	417.13	354.29	339.53	359.98
Total County	<u>679.13</u>	<u>634.73</u>	<u>494.25</u>	<u>419.84</u>	<u>356.71</u>	<u>343.23</u>	<u>362.12</u>
Affiliated Charter Schools:							
Kindergarten-Grade 3	16,012.86	15,913.38	15,866.33	15,792.20	15,305.84 ^(a)	13,313.03 ^(a)	13,473.52
Grades 4-6	10,393.49	10,505.83	10,545.58	10,552.33	10,481.51 ^(a)	9,222.72 ^(a)	9,714.50
Grades 7-8	5,758.33	6,070.36	6,000.47	6,037.96	5,923.43 ^(a)	5,770.32 ^(a)	6,925.51
Grades 9-12	7,468.47	7,454.27	7,219.75	8,760.14	8,521.18 ^(a)	10,603.83 ^(a)	10,826.92
Total Affiliated Charter Schools	<u>39,633.15</u>	<u>39,943.84</u>	<u>39,632.13</u>	<u>41,142.63</u>	<u>40,231.96</u>	<u>38,909.90</u>	<u>40,940.45</u>
Total Average Daily Attendance	<u>527,994.78</u>	<u>516,228.62</u>	<u>503,367.44</u>	<u>491,855.85</u>	<u>478,591.45</u>	<u>454,010.35</u>	<u>454,908.18</u>

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

^(a) Adjustments were due to CDE's approval of LAUSD's requests for credit for material decrease in attendance due to emergency conditions.

Approvals were received late 2019 and early 2020.

^(b) Adjustments were due to an audit finding and the correction of Nonpublic Schools (NPS) average daily attendance.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Structure
 Year Ended June 30, 2020
 (Unaudited)

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

Geographical Area: 710 square miles

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

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

<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>
Austin Beutner	Superintendent of Schools
Megan Reilly	Deputy Superintendent, Business Services and Operations
David Baca	Chief of Schools, Local District Support
Roberto Martinez	Associate Superintendent, School Climate, Culture and Safety
Alison Yoshimoto-Towery	Chief Academic Officer
Veronica Arreguin	Chief Strategy Officer
Tony Aguilar	Chief Special Education, Equity and Access
Kristen Murphy	Sr Executive Administrator, Strategic Partnerships and Grants
Mark Hovatter	Chief Facilities Executive
David Hart	Chief Financial Officer
Luis Buendia	Deputy Chief Financial Officer
Soheil Katal	Chief Information Officer
Devora Navera Reed	General Counsel, Interim
Karla Gould	Personnel Director

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

Fiscal Year: July 1 – June 30

Number of Schools: (As of October)	2016-2017	2017-2018	2018-2019	2019-2020
Elementary Schools	449	448	445	440
Middle/Junior High Schools	82	82	81	79
Senior High Schools	95	94	94	92
Options Schools	54	54	54	54
Special Education Schools	14	14	14	14
Magnet Schools	47	49	54	61
Magnet Centers	168	177	203	231
Community Adult Schools	2	2	2	1
Regional Occupational Centers	6	6	6	6
Skills Centers	3	3	3	4
Early Education Centers	86	86	86	86
Infant Centers	4	4	4	4
Primary School Centers	19	19	19	19
Multi-level Schools	24	25	24	25
Total Schools and Centers	1,053	1,063	1,089	1,116
Independent Charter Schools	225	224	225	226

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
Year Ended June 30, 2020

	<u>Second Period Report</u>	<u>Annual Report</u>	<u>Audited Second Period Report</u>	<u>Audited Annual Report</u>
District				
Kindergarten-Grade 3	139,031.24	139,031.27	139,028.43 *	139,028.46 *
Grades 4-6	99,037.12	99,037.56	99,037.12	99,037.56
Grades 7-8	60,139.99	60,142.80	60,139.99	60,142.80
Grades 9-12	<u>115,355.75</u>	<u>115,393.98</u>	<u>115,355.75</u>	<u>115,393.98</u>
Total District	<u>413,564.10</u>	<u>413,605.61</u>	<u>413,561.29</u>	<u>413,602.80</u>
County				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	0.00	0.00	0.00	0.00
Grades 7-8	1.70	2.14	1.70	2.14
Grades 9-12	<u>344.61</u>	<u>359.98</u>	<u>344.61</u>	<u>359.98</u>
Total County	<u>346.31</u>	<u>362.12</u>	<u>346.31</u>	<u>362.12</u>
Affiliated Charter Schools				
Kindergarten-Grade 3	13,473.52	13,473.52	13,473.52	13,473.52
Grades 4-6	9,714.51	9,714.50	9,714.51	9,714.50
Grades 7-8	6,925.51	6,925.51	6,925.51	6,925.51
Grades 9-12	<u>10,826.89</u>	<u>10,826.92</u>	<u>10,826.89</u>	<u>10,826.92</u>
Total Affiliated Charter Schools	<u>40,940.43</u>	<u>40,940.45</u>	<u>40,940.43</u>	<u>40,940.45</u>
Total Average Daily Attendance	<u><u>454,850.84</u></u>	<u><u>454,908.18</u></u>	<u><u>454,848.03</u></u>	<u><u>454,905.37</u></u>

* Adjustments based on audit finding S-2020-003.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance – Affiliated Charter Schools
Year Ended June 30, 2020

		TK/K to Grade 3 ADA				
<u>Name of Affiliated Charter School</u>	<u>CDS Code</u>	<u>Total</u>		<u>Classroom-based</u>		
		<u>Second Period Report</u>	<u>Annual Report</u>	<u>Second Period Report</u>	<u>Annual Report</u>	
1	Alfred B. Nobel Charter Middle School	19 64733 6061543	0.00	0.00	0.00	0.00
2	Beckford Charter for Enriched Studies	19 64733 6015986	374.01	374.01	374.01	374.01
3	Calabash Charter Academy	19 64733 6016240	278.89	278.89	278.89	278.89
4	Calvert Charter for Enriched Studies	19 64733 6016265	232.34	232.34	232.14	232.14
5	Canyon Charter Elementary School	19 64733 6016323	260.25	260.25	260.25	260.25
6	Carpenter Community Charter School	19 64733 6016356	647.30	647.30	647.09	647.09
7	Castlebay Lane Charter School	19 64733 6071435	429.38	429.38	429.38	429.38
8	Chatsworth Charter High School	19 64733 1931708	0.00	0.00	0.00	0.00
9	Colfax Charter Elementary School	19 64733 6016562	422.44	422.44	421.80	421.80
10	Community Magnet Charter Elementary School	19 64733 6094726	269.50	269.50	269.50	269.50
11	Dearborn Elementary Charter Academy	19 64733 6016729	360.70	360.70	360.70	360.70
12	Dixie Canyon Community Charter School	19 64733 6016778	523.14	523.14	523.14	523.14
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	444.92	444.92	444.92	444.92
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	286.73	286.73	286.73	286.73
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	159.36	159.36	159.36	159.36
17	Encino Charter Elementary School	19 64733 6016935	386.17	386.17	386.17	386.17
18	Gaspar de Portola Charter Middle	19 64733 6061584	0.00	0.00	0.00	0.00
19	George Ellery Hale Charter Academy	19 64733 6061477	0.00	0.00	0.00	0.00
20	Grover Cleveland Charter High School	19 64733 1931864	0.00	0.00	0.00	0.00
21	Hamlin Charter Academy	19 64733 6017438	240.11	240.11	240.11	240.11
22	Haynes Charter For Enriched Studies	19 64733 6017529	274.66	274.66	274.66	274.66
23	Hesby Oaks Leadership Charter	19 64733 0112060	207.38	207.38	207.38	207.38
24	Justice Street Academy Charter School	19 64733 6017693	283.96	283.96	283.95	283.95
25	Kenter Canyon Elementary Charter	19 64733 6017701	360.33	360.33	359.43	359.43
26	Knollwood Preparatory Academy	19 64733 6017743	274.64	274.64	274.64	274.64
27	Lockhurst Drive Charter Elementary	19 64733 6017891	329.19	329.19	329.19	329.19
28	Marquez Charter School	19 64733 6018063	300.09	300.09	300.09	300.09
29	Nestle Avenue Charter School	19 64733 6018287	339.40	339.40	339.40	339.40
30	Open Charter Magnet School	19 64733 6097927	257.10	257.10	257.10	257.10
31	Palisades Charter Elementary	19 64733 6018634	313.16	313.16	313.16	313.16
32	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
33	Plainview Academic Charter Academy	19 64733 6018725	166.32	166.32	166.32	166.32
34	Pomelo Community Charter School	19 64733 6018774	405.17	405.17	405.17	405.17
35	Reseda Charter High School	19 64733 1937226	0.00	0.00	0.00	0.00
36	Riverside Drive Charter School	19 64733 6018923	335.03	335.03	335.03	335.03
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	19 64733 6058150	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	424.08	424.08	424.08	424.08
39	Sherman Oaks Elementary Charter School	19 64733 6019186	517.41	517.41	517.41	517.41
40	Superior Street Elementary	19 64733 6019392	309.41	309.41	309.41	309.41
41	Sylmar Charter High School	19 64733 1938554	0.00	0.00	0.00	0.00
42	Taft Charter High School	19 64733 1938612	0.00	0.00	0.00	0.00
43	Topanga Elementary Charter School	19 64733 6019525	179.84	179.84	178.26	178.26
44	Topeka Charter School For Advanced Studies	19 64733 6019533	364.84	364.84	364.84	364.84
45	University High School Charter	19 64733 1938885	0.00	0.00	0.00	0.00
46	Van Gogh Charter School	19 64733 6019673	289.61	289.61	289.61	289.61
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	471.68	471.68	471.68	471.68
48	Westwood Charter Elementary School	19 64733 6019939	540.12	540.12	539.44	539.44
49	Wilbur Charter For Enriched Academics	19 64733 6019954	412.67	412.67	412.67	412.67
50	Woodlake Elementary Community Charter	19 64733 6020036	389.96	389.96	389.71	389.71
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	412.23	412.23	411.97	411.97
Total Affiliated Charter Schools Average Daily Attendance			<u>13,473.52</u>	<u>13,473.52</u>	<u>13,468.79</u>	<u>13,468.79</u>

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

Grades 4-6 ADA				Grades 7-8 ADA			
Total		Classroom-based		Total		Classroom-based	
Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report	Second Period Report	Annual Report
697.84	697.84	697.84	697.84	1,526.87	1,526.87	1,526.87	1,526.87
191.16	191.16	191.16	191.16	0.00	0.00	0.00	0.00
134.89	134.89	134.89	134.89	0.00	0.00	0.00	0.00
109.34	109.34	109.29	109.29	0.00	0.00	0.00	0.00
129.56	129.56	129.56	129.56	0.00	0.00	0.00	0.00
310.49	310.49	310.49	310.49	0.00	0.00	0.00	0.00
250.12	250.12	250.12	250.12	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
200.82	200.82	200.72	200.72	0.00	0.00	0.00	0.00
175.51	175.51	175.51	175.51	0.00	0.00	0.00	0.00
128.81	128.81	128.81	128.81	0.00	0.00	0.00	0.00
200.09	200.09	200.09	200.09	0.00	0.00	0.00	0.00
169.91	169.91	169.91	169.91	0.00	0.00	0.00	0.00
150.90	150.90	150.90	150.90	0.00	0.00	0.00	0.00
169.13	169.13	169.13	169.13	353.72	353.72	353.72	353.72
78.47	78.47	78.47	78.47	0.00	0.00	0.00	0.00
185.50	185.50	185.50	185.50	0.00	0.00	0.00	0.00
560.42	560.42	560.42	560.42	1,093.50	1,093.50	1,093.50	1,093.50
677.27	677.27	677.27	677.27	1,378.33	1,378.33	1,378.33	1,378.33
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
75.13	75.13	75.13	75.13	0.00	0.00	0.00	0.00
123.69	123.69	123.69	123.69	0.00	0.00	0.00	0.00
186.33	186.33	186.33	186.33	124.42	124.42	124.42	124.42
113.61	113.61	113.60	113.60	0.00	0.00	0.00	0.00
178.43	178.43	178.28	178.28	0.00	0.00	0.00	0.00
120.19	120.19	120.19	120.19	0.00	0.00	0.00	0.00
128.19	128.19	128.19	128.19	0.00	0.00	0.00	0.00
171.13	171.13	171.13	171.13	0.00	0.00	0.00	0.00
162.52	162.52	162.52	162.52	0.00	0.00	0.00	0.00
129.90	129.90	129.90	129.90	0.00	0.00	0.00	0.00
163.84	163.84	163.84	163.84	0.00	0.00	0.00	0.00
608.30	608.29	608.30	608.29	1,358.96	1,358.96	1,358.96	1,358.96
102.61	102.61	102.61	102.61	0.00	0.00	0.00	0.00
181.85	181.85	181.85	181.85	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
152.46	152.46	152.46	152.46	0.00	0.00	0.00	0.00
543.61	543.61	543.61	543.61	1,089.71	1,089.71	1,089.71	1,089.71
164.76	164.76	164.76	164.76	0.00	0.00	0.00	0.00
215.17	215.17	215.17	215.17	0.00	0.00	0.00	0.00
139.34	139.34	139.34	139.34	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
91.67	91.67	91.34	91.34	0.00	0.00	0.00	0.00
180.70	180.70	180.70	180.70	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
148.61	148.61	148.61	148.61	0.00	0.00	0.00	0.00
303.93	303.93	303.93	303.93	0.00	0.00	0.00	0.00
259.57	259.57	259.41	259.41	0.00	0.00	0.00	0.00
179.83	179.83	179.83	179.83	0.00	0.00	0.00	0.00
163.17	163.17	163.06	163.06	0.00	0.00	0.00	0.00
205.74	205.74	205.64	205.64	0.00	0.00	0.00	0.00
<u>9,714.51</u>	<u>9,714.50</u>	<u>9,713.50</u>	<u>9,713.49</u>	<u>6,925.51</u>	<u>6,925.51</u>	<u>6,925.51</u>	<u>6,925.51</u>

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance – Affiliated Charter Schools (Continued)
Year Ended June 30, 2020

		Grades 9-12 ADA				
Name of Affiliated Charter School	CDS Code	Total		Classroom-based		
		Second Period Report	Annual Report	Second Period Report	Annual Report	
1	Alfred B. Nobel Charter Middle School	19 64733 6061543	0.00	0.00	0.00	0.00
2	Beckford Charter for Enriched Studies	19 64733 6015986	0.00	0.00	0.00	0.00
3	Calabash Charter Academy	19 64733 6016240	0.00	0.00	0.00	0.00
4	Calvert Charter for Enriched Studies	19 64733 6016265	0.00	0.00	0.00	0.00
5	Canyon Charter Elementary School	19 64733 6016323	0.00	0.00	0.00	0.00
6	Carpenter Community Charter School	19 64733 6016356	0.00	0.00	0.00	0.00
7	Castlebay Lane Charter School	19 64733 6071435	0.00	0.00	0.00	0.00
8	Chatsworth Charter High School	19 64733 1931708	1,536.49	1,536.49	1,536.49	1,536.49
9	Colfax Charter Elementary School	19 64733 6016562	0.00	0.00	0.00	0.00
10	Community Magnet Charter Elementary School	19 64733 6094726	0.00	0.00	0.00	0.00
11	Dearborn Elementary Charter Academy	19 64733 6016729	0.00	0.00	0.00	0.00
12	Dixie Canyon Community Charter School	19 64733 6016778	0.00	0.00	0.00	0.00
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	0.00	0.00	0.00	0.00
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	0.00	0.00	0.00	0.00
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	0.00	0.00	0.00	0.00
17	Encino Charter Elementary School	19 64733 6016935	0.00	0.00	0.00	0.00
18	Gaspar de Portola Charter Middle	19 64733 6061584	0.00	0.00	0.00	0.00
19	George Ellery Hale Charter Academy	19 64733 6061477	0.00	0.00	0.00	0.00
20	Grover Cleveland Charter High School	19 64733 1931864	2,889.75	2,889.76	2,889.75	2,889.76
21	Hamlin Charter Academy	19 64733 6017438	0.00	0.00	0.00	0.00
22	Haynes Charter For Enriched Studies	19 64733 6017529	0.00	0.00	0.00	0.00
23	Hesby Oaks Leadership Charter	19 64733 0112060	0.00	0.00	0.00	0.00
24	Justice Street Academy Charter School	19 64733 6017693	0.00	0.00	0.00	0.00
25	Kenter Canyon Elementary Charter	19 64733 6017701	0.00	0.00	0.00	0.00
26	Knollwood Preparatory Academy	19 64733 6017743	0.00	0.00	0.00	0.00
27	Lockhurst Drive Charter Elementary	19 64733 6017891	0.00	0.00	0.00	0.00
28	Marquez Charter School	19 64733 6018063	0.00	0.00	0.00	0.00
29	Nestle Avenue Charter School	19 64733 6018287	0.00	0.00	0.00	0.00
30	Open Charter Magnet School	19 64733 6097927	0.00	0.00	0.00	0.00
31	Palisades Charter Elementary	19 64733 6018634	0.00	0.00	0.00	0.00
32	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
33	Plainview Academic Charter Academy	19 64733 6018725	0.00	0.00	0.00	0.00
34	Pomelo Community Charter School	19 64733 6018774	0.00	0.00	0.00	0.00
35	Reseda Charter High School	19 64733 1937226	1,281.58	1,281.59	1,281.58	1,281.59
36	Riverside Drive Charter School	19 64733 6018923	0.00	0.00	0.00	0.00
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	19 64733 6058150	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	0.00	0.00	0.00	0.00
39	Sherman Oaks Elementary Charter School	19 64733 6019186	0.00	0.00	0.00	0.00
40	Superior Street Elementary	19 64733 6019392	0.00	0.00	0.00	0.00
41	Sylmar Charter High School	19 64733 1938554	1,459.94	1,459.95	1,459.94	1,459.95
42	Taft Charter High School	19 64733 1938612	2,236.08	2,236.08	2,236.08	2,236.08
43	Topanga Elementary Charter School	19 64733 6019525	0.00	0.00	0.00	0.00
44	Topeka Charter School For Advanced Studies	19 64733 6019533	0.00	0.00	0.00	0.00
45	University High School Charter	19 64733 1938885	1,423.05	1,423.05	1,423.05	1,423.05
46	Van Gogh Charter School	19 64733 6019673	0.00	0.00	0.00	0.00
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	0.00	0.00	0.00	0.00
48	Westwood Charter Elementary School	19 64733 6019939	0.00	0.00	0.00	0.00
49	Wilbur Charter For Enriched Academics	19 64733 6019954	0.00	0.00	0.00	0.00
50	Woodlake Elementary Community Charter	19 64733 6020036	0.00	0.00	0.00	0.00
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	0.00	0.00	0.00	0.00
Total Affiliated Charter Schools Average Daily Attendance			<u>10,826.89</u>	<u>10,826.92</u>	<u>10,826.89</u>	<u>10,826.92</u>

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

Totals

Total ADA		Classroom-based ADA	
Second Period Report	Annual Report	Second Period Report	Annual Report
2,224.71	2,224.71	2,224.71	2,224.71
565.17	565.17	565.17	565.17
413.78	413.78	413.78	413.78
341.68	341.68	341.43	341.43
389.81	389.81	389.81	389.81
957.79	957.79	957.58	957.58
679.50	679.50	679.50	679.50
1,536.49	1,536.49	1,536.49	1,536.49
623.26	623.26	622.52	622.52
445.01	445.01	445.01	445.01
489.51	489.51	489.51	489.51
723.23	723.23	723.23	723.23
614.83	614.83	614.83	614.83
437.63	437.63	437.63	437.63
522.85	522.85	522.85	522.85
237.83	237.83	237.83	237.83
571.67	571.67	571.67	571.67
1,653.92	1,653.92	1,653.92	1,653.92
2,055.60	2,055.60	2,055.60	2,055.60
2,889.75	2,889.76	2,889.75	2,889.76
315.24	315.24	315.24	315.24
398.35	398.35	398.35	398.35
518.13	518.13	518.13	518.13
397.57	397.57	397.55	397.55
538.76	538.76	537.71	537.71
394.83	394.83	394.83	394.83
457.38	457.38	457.38	457.38
471.22	471.22	471.22	471.22
501.92	501.92	501.92	501.92
387.00	387.00	387.00	387.00
477.00	477.00	477.00	477.00
1,967.26	1,967.25	1,967.26	1,967.25
268.93	268.93	268.93	268.93
587.02	587.02	587.02	587.02
1,281.58	1,281.59	1,281.58	1,281.59
487.49	487.49	487.49	487.49
1,633.32	1,633.32	1,633.32	1,633.32
588.84	588.84	588.84	588.84
732.58	732.58	732.58	732.58
448.75	448.75	448.75	448.75
1,459.94	1,459.95	1,459.94	1,459.95
2,236.08	2,236.08	2,236.08	2,236.08
271.51	271.51	269.60	269.60
545.54	545.54	545.54	545.54
1,423.05	1,423.05	1,423.05	1,423.05
438.22	438.22	438.22	438.22
775.61	775.61	775.61	775.61
799.69	799.69	798.85	798.85
592.50	592.50	592.50	592.50
553.13	553.13	552.77	552.77
617.97	617.97	617.61	617.61
<u>40,940.43</u>	<u>40,940.45</u>	<u>40,934.69</u>	<u>40,934.71</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time Offered
Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirements	2019-20 Actual Minutes Offered ⁽³⁾	Number of Days Traditional Calendar ⁽³⁾	Complied with Instructional Minutes and Days Provisions
Kindergarten	36,000	36,000	180	Yes
Grades 1 to 3	50,400	55,100	180	Yes
Grades 4 to 6 ⁽¹⁾	54,000	55,100	180	Yes
Grades 7 to 8 ⁽²⁾	54,000	62,160 or 65,300	180	Yes
Grades 9 to 12	64,800	65,300	180	Yes

(1) Elementary schools only.

(2) Middle schools with grade configurations 6-8 approved for common planning time have at least 62,160 annual instructional minutes. Middle schools with grade configurations 6-8 not approved for common planning time have at least 65,300 annual instructional minutes.

(3) The minutes and days offered are based on a full school year. However, due to COVID-19, all District schools were closed from March 16, 2020 through the end of the school year. Depending on the school calendar, COVID-19 closure days ranged from 48 to 59 days, with majority of schools being closed for 58 days.

Notes:

1. With credit for COVID-19 closure days, all charter schools included in this audit report offered at least 175 instructional days.
2. Request for Allowance of Attendance Due to Emergency Conditions (Form J-13A) were submitted in March 2021 for three elementary charter schools to obtain credit for instructional time for the days and minutes lost due to emergency closure days.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
Year Ended June 30, 2020
(Dollars in thousands)

	2020-2021 Budgeted	2019-2020 Actual	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual
General Fund:					
Revenues	\$ 8,212,120	\$ 7,591,570	\$ 7,732,610	\$ 7,268,645	\$ 7,176,151
Other Financing Sources	345,000	22,145	56,100	39,431	116,118
Total Revenues and Other Financing Sources	<u>8,557,120</u>	<u>7,613,715</u>	<u>7,788,710</u>	<u>7,308,076</u>	<u>7,292,269</u>
Expenditures	8,452,738	7,730,286	7,542,236	7,007,852	6,758,572
Other Financing Uses	58,372	50,805	40,397	54,594	78,735
Total Expenditures and Other Financing Uses	<u>8,511,110</u>	<u>7,781,091</u>	<u>7,582,633</u>	<u>7,062,446</u>	<u>6,837,307</u>
Change in Fund Balance	46,010	(167,376)	206,077	245,630	454,962
Beginning Fund Balance	<u>1,866,686</u>	<u>2,216,850</u>	<u>2,010,773</u>	<u>1,765,143</u>	<u>1,310,181</u>
Ending Fund Balance	<u>\$ 1,912,696</u>	<u>\$ 2,049,474</u>	<u>\$ 2,216,850</u>	<u>\$ 2,010,773</u>	<u>\$ 1,765,143</u>
Available Reserves*	<u>\$ 1,261,963</u>	<u>\$ 571,426</u>	<u>\$ 984,235</u>	<u>\$ 790,056</u>	<u>\$ 794,680</u>
Unassigned Reserve for Economic Uncertainties	<u>\$ 85,211</u>	<u>\$ 79,000</u>	<u>\$ 75,618</u>	<u>\$ 75,381</u>	<u>\$ 73,411</u>
Unassigned Fund Balance	<u>\$ 1,176,752</u>	<u>\$ 492,426</u>	<u>\$ 908,617</u>	<u>\$ 714,675</u>	<u>\$ 721,269</u>
Available Reserves as a Percentage of Total					
Expenditures and Other Financing Uses	14.83%	7.34%	12.98%	11.19%	11.62%
Total Long-Term Debt	\$ 28,674,395	\$ 28,402,060	\$ 29,982,661	\$ 34,273,411	\$ 25,330,454
Average Daily Attendance (ADA) at P-2	454,546	454,852	451,551	478,350	490,598

The General Fund has maintained a positive ending fund balance for the past four fiscal years presented in this schedule.

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule to Reconcile the Annual Financial Budget Report (SACS)
with Audited Financial Statements
Year Ended June 30, 2020
(in thousands)

	<u>General Fund</u>	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Other Governmental *</u>
June 30, 2020 Unaudited Actual Financial Reports				
Fund Balances	\$ 2,105,571	\$ 1,090,570	\$ 1,069,276	\$ 624,349
Adjustments:				
To adjust additional Local Control Funding Formula revenue	1,531	—	—	—
To adjust federal subsidy revenue	—	—	(26,471)	—
To adjust expenditure accruals	<u>(57,628)</u>	<u>(27,553)</u>	<u>—</u>	<u>(1,555)</u>
June 30, 2020 Audited Financial Statement				
Fund Balances	<u>\$ 2,049,474</u>	<u>\$ 1,063,017</u>	<u>\$ 1,042,805</u>	<u>\$ 622,794</u>
* The adjustment in the Other Governmental includes the following funds:				
County School Facilities Fund	\$ 294			
Special Reserve	664			
Capital Facilities Fund	<u>597</u>			
Total Other Governmental Funds	<u>\$ 1,555</u>			

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, 2020

(Unaudited)

	<u>State Charter Number</u>	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
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, 2020

(Unaudited)

	State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
52	Academia Moderna	1101	19 64733 0120097	x	No
53	Academic Performance Excellence Academy (APEX)	1459	19 64733 0117077	x	No
54	Academy of Media Arts	2038	19 64733 0139055	x	No
55	Accelerated	0045	19 64733 6112536	x	No
56	Accelerated Charter Elementary School (ACES)	0539	19 64733 0100743	x	No
57	Alain Leroy Locke College Preparatory Academy	1050	19 64733 0118588	x	No
58	Alliance Alice M. Baxter College-Ready High	1460	19 64733 0127217	x	No
59	Alliance Cindy and Bill Simon Technology Academy High School	1161	19 64733 0121285	x	No
60	Alliance College-Ready Middle Academy 4	1096	19 64733 0120030	x	No
61	Alliance College-Ready Middle Academy 5	1097	19 64733 0120048	x	No
62	Alliance College-Ready Middle Academy 8	1531	19 64733 0128033	x	No
63	Alliance College-Ready Middle Academy 12	1533	19 64733 0128058	x	No
64	Alliance Collins Family College-Ready High School	0718	19 64733 0108936	x	No
65	Alliance Dr. Olga Mohan High School	0790	19 64733 0111500	x	No
66	Alliance Gertz-Ressler Richard Merkin 6-12 Complex	0645	19 64733 0106864	x	No
67	Alliance Jack H. Skirball Middle School	0779	19 64733 0111518	x	No
68	Alliance Judy Ivie Burton Technology Academy High	0714	19 64733 0108894	x	No
69	Alliance Kory Hunter Middle School	1532	19 64733 0128041	x	No
70	Alliance Leichtman-Levine Family Foundation Environmental Science High	0929	19 64733 0117606	x	No
71	Alliance Marc & Eva Stern Math and Science, (California State University Los Angeles Campus)	0788	19 64733 0111658	x	No
72	Alliance Margaret M. Bloomfield Technology Academy High	1356	19 64733 0124941	x	No
73	Alliance Marine - Innovation and Technology 6-12 Complex	1738	19 64733 0132084	x	No
74	Alliance Morgan McKinzie High	0928	19 64733 0116509	x	No
75	Alliance Ouchi-O'Donovan 6-12 Complex	0784	19 64733 0111641	x	No
76	Alliance Patti and Peter Neuwirth Leadership Academy	0789	19 64733 0111492	x	No
77	Alliance Piera Barbaglia Shaheen Health Services Academy	0927	19 64733 0117598	x	No
78	Alliance Renee and Meyer Luskin Academy High School	1343	19 64733 0124891	x	No
79	Alliance Susan and Eric Smidt Technology High School	1163	19 64733 0123133	x	No
80	Alliance Ted K. Tajima High	1164	19 64733 0123141	x	No
81	Alliance Tennenbaum Family Technology High School *	1162	19 64733 0121293	x	No
82	Alliance Virgil Roberts Leadership Academy	1530	19 64733 0128009	x	No
83	Anahuacalmecac International University Preparatory of North America	1685	19 64733 0132928	x	No
84	Animo College Preparatory Academy (Jordan Campus)	1342	19 64733 0124883	x	No
85	Animo Ellen Ochoa Charter Middle School	1286	19 64733 0123992	x	No
86	Animo Florence-Firestone Charter Middle	1794	19 64733 0134023	x	No
87	Animo Jackie Robinson High School	0793	19 64733 0111583	x	No
88	Animo James B. Taylor Charter Middle School	1287	19 64733 0124008	x	No
89	Animo Jefferson Charter Middle School	1216	19 64733 0122481	x	No
90	Animo Legacy Charter Middle School (Clay Campus) *	1288	19 64733 0124016	x	No
91	Animo Mae Jemison Charter Middle School	1624	19 64733 0129270	x	No
92	Animo Pat Brown High School	0649	19 64733 0106849	x	No
93	Animo Ralph Bunche Charter High School	0781	19 64733 0111575	x	No
94	Animo South Los Angeles Charter Senior High	0602	19 64733 0102434	x	No
95	Animo Venice Charter High School	0648	19 64733 0106831	x	No
96	Animo Watts College Preparatory Academy	0783	19 64733 0111625	x	No
97	Animo Westside Charter Middle School	1217	19 64733 0122499	x	No
98	Ararat Charter School	1156	19 64733 0121079	x	No
99	Arts in Action Community Charter School	1218	19 64733 0123158	x	No
100	Arts in Action Community Middle School	1806	19 64733 0134205	x	No
101	Aspire Centennial College Preparatory Academy	1436	19 64733 0126797	x	No
102	Aspire Firestone Academy *	1214	19 64733 0122622	x	No
103	Aspire Gateway Academy Charter *	1213	19 64733 0122614	x	No
104	Aspire Inskip Academy Charter *	1332	19 64733 0124800	x	No
105	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, 2020
(Unaudited)

	<u>State Charter Number</u>	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
106	Aspire Junior Collegiate Academy	1551	19 64733 0114884	x	No
107	Aspire Pacific Academy	1230	19 64733 0122721	x	No
108	Aspire Slauson Academy Charter *	1330	19 64733 0124784	x	No
109	Aspire Titan Academy	1550	19 64733 0120477	x	No
110	Bert Corona Charter High	1724	19 64733 0132126	x	No
111	Bert Corona Charter School	0654	19 64733 0106872	x	No
112	Birmingham Community Charter High School	1119	19 64733 1931047	x	No
113	Bright Star Secondary Charter Academy	0826	19 64733 0112508	x	No
114	California Collegiate Charter	1771	19 64733 0133884	x	No
115	Camino Nuevo Charter Academy (Burlington)	0293	19 64733 6117667	x	No
116	Camino Nuevo Charter Academy 2 (Kayne Siart)	1231	19 64733 0122861	x	No
117	Camino Nuevo Charter Academy 4 (Cisneros) *	1334	19 64733 0124826	x	No
118	Camino Nuevo Charter High School (Miramar)	0635	19 64733 0106435	x	No
119	Camino Nuevo Elementary School 3 (Eisner) *	1212	19 64733 0122564	x	No
120	Camino Nuevo High School 2 (Dalzell Lance)	1540	19 64733 0127910	x	No
121	CATCH Prep Charter High, Inc.	0570	19 64733 0101659	x	No
122	Center for Advanced Learning	0937	19 64733 0115139	x	No
123	Central City Value High School	0534	19 64733 0100800	x	No
124	Charter HS of Arts-Multimedia & Performing (CHAMPS)	0712	19 64733 0108878	x	No
125	CHIME Institute's Schwarzenegger Community School	0417	19 64733 6119531	x	No
126	Citizens of the World Charter School Hollywood	1200	19 64733 0122556	x	No
127	Citizens of the World Charter School Mar Vista	1414	19 64733 0126193	x	No
128	Citizens of the World Charter School Silver Lake	1413	19 64733 0126177	x	No
129	City Language Immersion Charter	1538	19 64733 0127886	x	No
130	Collegiate Charter High School of Los Angeles	1722	19 64733 0131821	x	No
131	Crete Academy	1854	19 64733 0135616	x	No
132	Crown Preparatory Academy	1187	19 64733 0121848	x	No
133	Discovery Charter Preparatory School 2	0949	19 64733 0115253	x	No
134	Downtown Value School	0448	19 64733 6119903	x	No
135	Ednovate – Brio College Prep	1843	19 64733 0135723	x	No
136	Ednovate – East College Prep	1702	19 64733 0132282	x	No
137	Ednovate – Esperanza College Prep	1842	19 64733 0135715	x	No
138	Ednovate – USC Hybrid High College Prep	1401	19 64733 0125864	x	No
139	El Camino Real Charter High School	1314	19 64733 1932623	x	No
140	Endeavor College Preparatory Charter School	1094	19 64733 0120014	x	No
141	Equitas Academy Charter	1093	19 64733 0119982	x	No
142	Equitas Academy 2 Charter	1402	19 64733 0126169	x	No
143	Equitas Academy 3 Charter	1669	19 64733 0129650	x	No
144	Equitas Academy 4	1785	19 64733 0133686	x	No
145	Equitas Academy 5	2040	19 64733 0139121	x	No
146	Everest Value School	1638	19 64733 0129858	x	No
147	Excelencia Charter Academy	1918	19 64733 0137554	x	No
148	Extera Public School	1300	19 64733 0124198	x	No
149	Extera Public School No. 2	1562	19 64733 0128132	x	No
150	Fenton Avenue Charter School	0030	19 64733 6017016	x	No
151	Fenton Charter Leadership Academy	1613	19 64733 0131722	x	No
152	Fenton Primary Center	0911	19 64733 0115048	x	No
153	Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics	1605	19 64733 0131466	x	No
154	Gabriella Charter	0713	19 64733 0108886	x	No
155	Gabriella Charter 2	1853	19 64733 0135509	x	No
156	Girls Athletic Leadership School Los Angeles	1791	19 64733 0133710	x	No
157	Global Education Academy	0934	19 64733 0114967	x	No
158	Global Education Academy 2	1641	19 64733 0129833	x	No
159	Goethe International Charter School	1036	19 64733 0117978	x	No
160	Granada Hills Charter High School	0572	19 64733 1933746	x	No

* 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, 2020
(Unaudited)

	<u>State Charter Number</u>	<u>CDS Code</u>	<u>Affiliated</u>	<u>Fiscally Independent</u>	<u>Included in the District Audit</u>
161	High Tech Los Angeles High School	0537	19 64733 0100677	x	No
162	High Tech Los Angeles Middle School	1929	19 64733 0137471	x	No
163	ICEF Innovation Los Angeles Charter	1037	19 64733 0117952	x	No
164	ICEF View Park Preparatory Elementary School	0190	19 64733 6117048	x	No
165	ICEF View Park Preparatory High School	0543	19 64733 0101196	x	No
166	ICEF View Park Preparatory Middle School	0506	19 64733 6121081	x	No
167	ICEF Vista Elementary Academy	1039	19 64733 0117937	x	No
168	ICEF Vista Middle Academy	0953	19 64733 0115287	x	No
169	Ingenium Charter	1157	19 64733 0121137	x	No
170	Ingenium Charter Middle School	1536	19 64733 0127985	x	No
171	ISANA Cardinal Academy	1285	19 64733 0123984	x	No
172	ISANA Nascent Academy	0716	19 64733 0108910	x	No
173	ISANA Octavia Academy	1232	19 64733 0122655	x	No
174	ISANA Palmati Academy	1246	19 64733 0123166	x	No
175	Ivy Academia Charter School	0619	19 64733 0106351	x	No
176	Ivy Bound Academy Math, Science, and Technology Charter Middle 2	1570	19 64733 0128389	x	No
177	Ivy Bound Academy of Math, Science, and Technology Charter Middle	0936	19 64733 0115113	x	No
178	James Jordan Middle School	0734	19 64733 0109884	x	No
179	KIPP Academy of Innovation	1586	19 64733 0128512	x	No
180	KIPP Academy of Opportunity	0530	19 64733 0101444	x	No
181	KIPP Comienza Community Preparatory	1196	19 64733 0121707	x	No
182	KIPP Corazon Academy	1855	19 64733 0135517	x	No
183	KIPP Empower Academy	1195	19 64733 0121699	x	No
184	KIPP Ignite Academy	1720	19 64733 0131771	x	No
185	KIPP Illuminar Academy	1508	19 64733 0127670	x	No
186	KIPP Los Angeles College Preparatory	0531	19 64733 0100867	x	No
187	KIPP Philosophers Academy	1378	19 64733 0125609	x	No
188	KIPP Promesa Preparatory	1721	19 64733 0131797	x	No
189	KIPP Pueblo Unido	2041	19 64733 0139071	x	No
190	KIPP Raices Academy	1010	19 64733 0117903	x	No
191	KIPP Scholar Academy	1377	19 64733 0125625	x	No
192	KIPP Sol Academy	1379	19 64733 0125641	x	No
193	KIPP Vida Preparatory Academy	1587	19 64733 0129460	x	No
194	Larchmont Charter School	0717	19 64733 0108928	x	No
195	Learning by Design Charter	1959	19 64733 0137513	x	No
196	Libertas College Preparatory Charter	1711	19 64733 0131904	x	No
197	Los Angeles Academy of Arts & Enterprise Charter (LAAAE)	0675	19 64733 0110304	x	No
198	Los Angeles Leadership Academy	0461	19 64733 1996610	x	No
199	Los Angeles Leadership Primary Academy	1333	19 64733 0124818	x	No
200	Los Feliz Charter Middle School for the Arts	1960	19 64733 0137463	x	No
201	Los Feliz Charter School for the Arts	0827	19 64733 0112235	x	No
202	Magnolia Science Academy 4	0986	19 64733 0117622	x	No
203	Magnolia Science Academy 6	0988	19 64733 0117648	x	No
204	Magnolia Science Academy 7	0989	19 64733 0117655	x	No
205	Magnolia Science Academy Bell *	1236	19 64733 0122747	x	No
206	Math and Science College Preparatory	1412	19 64733 0126136	x	No
207	Matrix for Success Academy	1961	19 64733 0137562	x	No
208	Monsenor Oscar Romero Charter Middle	0931	19 64733 0114959	x	No
209	Montague Charter Academy for the Arts and Sciences	0115	19 64733 6018204	x	No
210	Multicultural Learning Center	0388	19 64733 6119044	x	No
211	N.E.W. Academy Canoga Park	0592	19 64733 0102483	x	No
212	N.E.W. Academy of Science and Arts	0521	19 64733 0100289	x	No
213	New Designs Charter School	0601	19 64733 0102541	x	No
214	New Designs Charter School – Watts	1120	19 64733 0120071	x	No
215	New Heights Charter School	0761	19 64733 0111211	x	No
216	New Horizons Charter Academy	1567	19 64733 0128371	x	No
217	New Los Angeles Charter School	0998	19 64733 0117614	x	No
218	New Los Angeles Elementary School	1788	19 64733 0133702	x	No
219	New Millennium Secondary School	1020	19 64733 0117911	x	No
220	New Village Girls Academy	0791	19 64733 0111484	x	No

* 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, 2020
(Unaudited)

	State Charter Number	CDS Code	Affiliated	Fiscally Independent	Included in the District Audit
221	Ocean Charter School	0569	19 64733 0102335	x	No
222	Oscar De La Hoya Animo Charter High School	0581	19 64733 0101675	x	No
223	Our Community Charter School	0739	19 64733 0109934	x	No
224	Pacoima Charter Elementary	0583	19 64733 6018642	x	No
225	Palisades Charter High School	0037	19 64733 1995836	x	No
226	Para Los Ninos Charter Middle School	1007	19 64733 0117846	x	No
227	Para Los Ninos Charter School	0475	19 64733 6120489	x	No
228	Para Los Ninos – Evelyn Thurman Gratts Primary Center *	1215	19 64733 0122630	x	No
229	Port of Los Angeles High School	0542	19 64733 0107755	x	No
230	Prepa Tec – Los Angeles	1542	19 64733 0127936	x	No
231	Public Policy Charter	1703	19 64733 0131847	x	No
232	PUC CALS Charter Middle and Early College High School	0331	19 64733 0133298	x	No
233	PUC Community Charter Elementary	1657	19 64733 0129619	x	No
234	PUC Community Charter Middle and PUC Community Charter Early College High	0213	19 64733 6116750	x	No
235	PUC Early College Academy for Leaders and Scholars (ECALS) *	1354	19 64733 0124933	x	No
236	PUC Excel Charter Academy	0798	19 64733 0112201	x	No
237	PUC Inspire Charter Academy	1626	19 64733 0129593	x	No
238	PUC Lakeview Charter Academy	0603	19 64733 0102442	x	No
239	PUC Lakeview Charter High	1241	19 64733 0122606	x	No
240	PUC Milagro Charter	0600	19 64733 0102426	x	No
241	PUC Nueva Esperanza Charter Academy	1092	19 64733 0133280	x	No
242	PUC Triumph Charter Academy and PUC Triumph Charter High School	0797	19 64733 0133272	x	No
243	Puente Charter School (ELA Site)	0473	19 64733 6120471	x	No
244	Renaissance Arts Academy	0579	19 64733 0101683	x	No
245	Resolute Academy Charter	1642	19 64733 0131870	x	No
246	Rise Kohyang Elementary	1927	19 64733 0136994	x	No
247	Rise Kohyang High School	1786	19 64733 0133868	x	No
248	Rise Kohyang Middle	1315	19 64733 0124222	x	No
249	Santa Monica Boulevard Community Charter School	0446	19 64733 6019079	x	No
250	Scholarship Prep South Bay	2042	19 64733 0139097	x	No
251	Stella Elementary Academy	1866	19 64733 0137604	x	No
252	Stella Middle Charter Academy	0535	19 64733 0100669	x	No
253	STEM Prep Elementary	1925	19 64733 0136986	x	No
254	Synergy Charter Academy	0636	19 64733 0106427	x	No
255	Synergy Kinetic Academy *	1014	19 64733 0117895	x	No
256	Synergy Quantum Academy *	1299	19 64733 0124560	x	No
257	TEACH Academy of Technologies	1206	19 64733 0122242	x	No
258	TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School	2004	19 64733 0138305	x	No
259	TEACH Tech Charter High School	1658	19 64733 0129627	x	No
260	The City School	1710	19 64733 0134148	x	No
261	University Preparatory Value High	1723	19 64733 0132027	x	No
262	Valley Charter Elementary School	1237	19 64733 0122754	x	No
263	Valley Charter Middle School	1238	19 64733 0122838	x	No
264	Valley International Preparatory High	1926	19 64733 0137612	x	No
265	Valor Academy Elementary School	1787	19 64733 0133694	x	No
266	Valor Academy High School	1539	19 64733 0127894	x	No
267	Valor Academy Middle School	1095	19 64733 0120022	x	No
268	Vaughn Next Century Learning Center	0016	19 64733 6019715	x	No
269	Village Charter Academy	1639	19 64733 0129866	x	No
270	Vista Charter Middle School	1234	19 64733 0122739	x	No
271	Vista Horizon Global Academy	2043	19 64733 0139089	x	No
272	VOX Collegiate of Los Angeles	1917	19 64733 0137521	x	No
273	Wallis Annenberg High School	0538	19 64733 0100750	x	No
274	Watts Learning Center	0131	19 64733 6114912	x	No
275	Watts Learning Center Charter Middle School	1141	19 64733 0120527	x	No
276	WISH Academy High	1863	19 64733 0135632	x	No
277	WISH Community	1627	19 64733 0135921	x	No

* 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, 2020

(1) Statistical Data

The statistical data presented on pages 111-113 offers multi-year trend information, and are provided to help the reader understand the District's significant local revenue sources as it relates to the District's overall financial health.

The average daily attendance historical data presented on pages 114-115 provides additional trending information for the basis by which most state and local revenues are received by the District.

(2) Purpose of Schedules

(a) *Schedule of Average Daily Attendance*

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

The schedule of average daily attendance for each of the District's affiliated charter schools is provided separately.

(b) *Schedule of Instructional Time Offered*

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

(c) *Schedule of Financial Trends and Analysis*

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

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

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

(e) *Schedule of Charter Schools*

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:					
Passed through California Department of Education:					
Child Nutrition School Programs Breakfast	10.553	PCA13525/PCA13526		\$ 78,183,753	
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524		126,239,100	
Child Nutrition School Programs Snack	10.555	PCA13755		2,185	
Donated Food Commodities	10.555	Not Available		20,905,310	
Child Nutrition Summer Food Services Program Operations	10.559	PCA13004		47,174,526	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA13006		6,405,222	
Subtotal Expenditures – Child Nutrition Cluster					\$ 278,910,096
Child Nutrition Child Care Food Program Claims	10.558	PCA13529			39,661,434
Child Nutrition Child Care Food Program – Cash in Lieu of Commodities	10.558	PCA13534			2,405,003
Subtotal CFDA 10.558					42,066,437
Child Nutrition Team Nutrition Grants	10.574	PCA15332			5,904
Passed through California Department of Health Services:					
Forest Reserve	10.665	PCA10044		48,929	
Subtotal Expenditures – Forest Service Schools and Road Cluster					48,929
Subtotal Pass-Through Programs					321,031,366
Total U.S. Department of Agriculture					321,031,366
U.S. Department of Defense:					
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available			1,975,880
Startalk: Exploring Arabic Through Technology, Language Grant Program: STARTALK Whatsapp, let's connect!	12.900	H98230-19-1-0085			62,806
Subtotal Direct Programs					2,038,686
Total U.S. Department of Defense					2,038,686
U.S. Department of Housing and Urban Development:					
Passed through City of Carson:					
Carson Guidance – Community Development Block Grants (CDBG)	14.218	AGRMT DTD 07/02/2018		15,000	
Subtotal Expenditures – CDBG Entitlement Grants Cluster					15,000
Subtotal Pass-Through Program					15,000
Total U.S. Department of Housing and Urban Development					15,000
U.S. Department of Justice:					
Stop School Violence	16.839	2018-YS-BX-0008			66,622
Subtotal Direct Program					66,622
Total U.S. Department of Justice					66,622
U.S. Department of Labor:					
Youth Career Connect Program	17.274	YC-25413-14-60-A-6			96,846
Subtotal Direct Program					96,846
Passed through Employment Development Department:					
Employment Development Department Trade Act: Trade Adjustment Assistance (TAA)	17.245	Various			57,981
Passed through City of Los Angeles:					
Workforce Innovation and Opportunity Act (WIOA) – Worksource Educational Partnership – Adult	17.258	C-135950		85,299	
WIOA – Worksource Educational Partnership – Dislocated Workers	17.278	C-135950		72,020	
WIOA – T-1 Youth Source System	17.259	C-135497		1,002,212	
Passed through Para Los Ninos:					
WIOA – Youth	17.259	C-133552-L19		102,000	
Subtotal Expenditures – WIOA Cluster					1,261,531
Subtotal Pass-Through Programs					1,319,512
Total U.S. Department of Labor					1,416,358
U.S. Department of Transportation:					
Highway Planning and Construction: Active Transportation Program	20.205	ATPLNI-6508(001)		693,567	
Subtotal Expenditures – Highway Planning and Construction Cluster					693,567
Subtotal Direct Program					693,567
Total U.S. Department of Transportation					693,567

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Treasury:					
Passed through California Department of Education:					
COVID-19 – Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	PCA25516			171,018,881
Subtotal Pass-Through Programs					171,018,881
Total U.S. Department of Treasury					171,018,881
National Science Foundation:					
USC – Math for America Los Angeles	47.076	Not Available			77,919
Subtotal Direct Program					77,919
Total National Science Foundation					77,919
U.S. Department of Education:					
Indian Education	84.060	S060A190283			113,805
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP):					
GEAR-UP 4 LA (5)	84.334A	P334A190002			139,206
GEAR-UP 4 LA	84.334A	P334A110166/P334A140118	\$ 774,230		2,067,825
GEAR-UP 4 LA	84.334A	P334A180080/P334A180081	2,525,007		7,752,058
Subtotal CFDA 84.334			3,299,237		9,959,089
Arts in Education – Professional Development for Arts Educator	84.351	U351C140064			86,705
Glider Lehman Institute of American History – A More Perfect Union	84.422B	Agreement dated 06/15/2018			69,573
Subtotal Direct Programs					10,229,172
Passed through California Department of Education:					
WIOA – Adult Basic Ed/ELA	84.002	PCA14508			9,086,684
WIOA – Ad Ed & Fam Lit/EL – Civics	84.002	PCA14109			4,288,277
WIOA – Adult Secondary Ed	84.002	PCA13978			3,400,093
Subtotal CFDA 84.002					16,775,054
Elementary and Secondary Education Act, Title I Part A. Basic	84.010	PCA14329			346,444,854
Elementary and Secondary Education Act, Title I Part D. Delinquent	84.010	PCA14357			562,204
Elementary and Secondary Education Act, Title I Part A. Neglected	84.010	PCA14329			863,420
Every Student Succeeds Act (ESSA) – Comprehensive Support & Improvement (CSI)	84.010	PCA15438			5,806,110
Subtotal CFDA 84.010					353,676,588
Special Ed: IDEA Basic Local Assistance Entitlement	84.027	19-13379-64733-01		128,876,928	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	PCA10115		1,475,662	
Special Ed: IDEA Mental Health Allocation Plan	84.027	19-15197-64733-01		6,455,082	
IDEA Preschool Expansion Grant	84.173	19-13430-64733-01		6,474,017	
PreSchool Expansion – Staff Development	84.173	19-13431-64733-01		40,872	
Special Ed: IDEA – Embedded Instruction	84.173	19-13839-64733-01		100,000	
Special Ed: IDEA – Alternate Dispute Resolution, Part B – Sec 611	84.173	19-13007-64733-01		19,036	
Subtotal Expenditures – Special Education Cluster					143,441,597
Carl D. Perkins – Secondary Program, Sec131	84.048	PCA14894			5,922,066
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA14893			1,473,435
Subtotal CFDA 84.048					7,395,501
Special Ed-Grants for Infants and Families: Early Intervention Funds – Part C	84.181	19-23761-64733-01			1,178,111
Education for Homeless Children & Youth	84.196	PCA14332			242,682
Twenty-first Century Learning Centers	84.287	PCA14349	799,634		3,113,037
Twenty-first Century Learning Centers	84.287	PCA14535	12,698,186		14,332,118
Twenty-first Century Learning Centers	84.287	PCA14603	458,916		625,220
Twenty-first Century Learning Centers	84.287	PCA14604			2,734
Twenty-first Century Learning Centers	84.287	PCA14765	165,270		257,310
Subtotal CFDA 84.287			14,122,006		18,330,419
Title III, English Learner Student	84.365	PCA14346			11,140,953
Title III, Immigrant Student	84.365	PCA15146			2,342,178
Subtotal CFDA 84.365					13,483,131
National Professional Development Grant, Project Royal	84.365Z	15-4-81105-28357			82,446
ESSA Title II, Part A, Supporting Effective Instruction	84.367	PCA14341			22,926,364
School Improvement Grants	84.377	PCA15364			8,737,269
ESSA: Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424A	PCA15396			16,475,599
COVID-19 – Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	PCA15536			66,058,391

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
Passed through Los Angeles County Office of Education:					
Title I – Migrant Ed – Regular	84.011	PCA14326			759,593
Title I – Migrant Ed – Summer	84.011	PCA14326			144,591
Title I – Migrant Ed – School Readiness	84.011	PCA14326			29,478
Subtotal CFDA 84.011					<u>933,662</u>
Passed through State Department of Rehabilitation:					
Rehab – Transition Partnership Program/Trans Part-Greater LA	84.126	28903/EP1313027/29958/29956			1,436,414
California Career Innovation – Work Based Learning Initiative	84.421B	30834			61,571
Passed through American Institute for Research:					
Air Credit Recovery	84.305A	R305A170152			26,399
Passed through ABT Associates:					
CA PROMISE-(Promoting Readiness of Minor in Supplemental Income)	84.418	29139/30052			220
Passed through City of Los Angeles:					
Federal Performance Partners – Los Angeles P3	84.420	C-129242-2			13,708
Passed through Center for Collaborative Education:					
Principal Residency Network	84.363	MOU/4400003138			999
Subtotal Pass-Through Programs					<u>671,276,125</u>
Total U.S. Department of Education					<u>681,505,297</u>
U.S. Department of Health & Human Services:					
CDCP-School Based HIV/STD Prevention	93.079	5 NU87PS004357-02-00			312,646
Affordable Care Act (ACA): School Based Health Center	93.501	19C12CS32672			92,563
Subtotal Direct Programs					<u>405,209</u>
Passed through County of Los Angeles:					
ACA Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PH-003967			798,281
Child Health Outreach Initiative – Whole Person Care	93.994	PH-002507-15			82,749
Passed through City of Los Angeles:					
County Youth Jobs Program – CalWorks	93.558	C-134638		218,611	
Subtotal Expenditures – Temporary Assistance for Needy Families (TANF) Cluster					<u>218,611</u>
Passed through Department of Social Services:					
California Department of Social Services Refugee Program Bureau	93.566	RSIG18CA			5,017
Passed through California Department of Education:					
General Child Care Center – Block Grant	93.575	PCA15136		863,243	
General Child Care Center – Mandatory & Matching Fund	93.596	PCA13609		1,877,502	
Subtotal Expenditures – Child Care Development Fund Cluster					<u>2,740,745</u>
Passed through Baldwin Park USD:					
Early Head Start	93.600	MOU approved 11/13/2018		84,500	
Subtotal Expenditures – Head Start Cluster					<u>84,500</u>
Passed through Los Angeles County Office of Education:					
ARRA – State Grants to Promote Health Information Technology	93.719	Not Available			424
Medi-Cal Administrative Activities	93.778	C-18377:17:20		7,943,756	
Passed through County of Los Angeles:					
Child Health Outreach Initiative – Substance Abuse Prevention Care	93.778	PH-002507-15		66,940	
Subtotal Expenditures – Medicaid Cluster					<u>8,010,696</u>
Subtotal Pass-Through Programs					<u>11,941,023</u>
Total U.S. Department of Health & Human Services					<u>12,346,232</u>
Corporation for National and Community Service:					
Youth Service America Corporation	94.014	YSA-MLK DAY OF SVC/FAIN 19B1218082/FAIN19MK218080			505
Subtotal Direct Program					<u>505</u>
Total Corporation for National and Community Service					<u>505</u>
U.S. Department of Homeland Security:					
Passed through Governors Office of Emergency Services:					
Hazard Mitigation Grant Program – FEMA 1731-DR-CA-Manhattan	97.039	HMG#1731-76-24			308
Subtotal Pass-Through Programs					<u>308</u>
Total U.S. Department of Homeland Security					<u>308</u>
Total Expenditures of Federal Awards			<u>\$ 17,421,243</u>	<u>\$ 435,425,272</u>	<u>\$1,190,210,741</u>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

(1) General

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

(2) Basis of Accounting

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

(3) Indirect Cost Rate

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

(4) Noncash Assistance

Included in the schedule of expenditures of federal awards is (CFDA No. 10.555) \$20,905,310 of donated food commodities received from the U.S. Department of Agriculture, passed-through California Department of Education, during the year ended June 30, 2020.

**OTHER INDEPENDENT
AUDITOR REPORTS**



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

To The Honorable Board of Education
Los Angeles Unified School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Los Angeles Unified School District** (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

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

Purpose of this Report

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

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

Los Angeles, California
March 24, 2021



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

Independent Auditor's Report

The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance for Each Major Federal Program

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the District's compliance.





Basis for Qualified Opinion on Workforce Innovation and Opportunity Act –Adult Education–Basic Grants to States (CFDA 84.002)

As described in the accompanying schedule of findings and questioned costs, the District did not comply with the requirement regarding CFDA 84.002 WIOA-Adult Basic Education as described in finding number F-2020-002 for Earmarking. Compliance with such requirement is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Qualified Opinion on Workforce Innovation and Opportunity Act –Adult Education–Basic Grants to States (CFDA 84.002)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on WIOA-Adult Basic Education for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items F-2020-001 and F-2020-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items F-2020-001, F-2020-002, and F-2020-003 that we consider to be material weaknesses.

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

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

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

Los Angeles, California
March 24, 2021



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Independent Auditor's Report on State Compliance

To The Honorable Board of Education
Los Angeles Unified School District

Report on Compliance

We have audited the compliance of the **Los Angeles Unified School District** (the District), with the compliance requirements described in the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the Guide) for the year ended June 30, 2020. The District's programs are identified in the table below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with the requirements described in the Guide based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2019-20 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the California Code of Regulations (CCR), Title 5, section 19810. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred. An audit also includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of the District's compliance with those requirements.

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



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



	<u>Procedures performed</u>
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not applicable****
Attendance for Charter Schools	Yes
Mode of Instruction for Charter Schools	Yes
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No*****
Determination of Funding for Nonclassroom-Based Instruction for Charter Schools	No*****
Annual Instructional Minutes - Classroom Based for Charter Schools	Yes
Charter School Facility Grant Program	Not applicable*****

* We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer early retirement incentive during fiscal year 2019-20.

** We did not perform any procedures related to Juvenile Court Schools because the District does not offer this program.

*** The District's Board of Education did not elect to operate as a school District of Choice.

**** The District does not have any Independent Study-Course Based Programs; therefore, we did not perform any testing related to this requirement.

***** The District's Average Daily Attendance generated from Nonclassroom-Based Instruction/Independent Study for Charter Schools fell under the materiality level stipulated in the Guide; therefore, we did not perform any testing related to this requirement.

***** The District's charter schools did not receive Charter School Facility Grant Program funding; therefore, we did not perform any testing related to this requirement.



Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to each of its programs for the year-ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guide and which are described in the accompanying schedule of findings and questioned costs as items S-2020-001 through S-2020-009. Our opinion is not modified with respect to these matters.

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

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

Los Angeles, California
March 24, 2021

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? None noted

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified that are not considered to be material weaknesses? No

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

CFDA #	Name of Federal Program	Opinion
12.unknown	Reserve Officer Training Corps Vitalization Act	Unmodified
	Department of Labor – WIOA Cluster:	Unmodified
17.258	WIOA Adult Program	
17.259	WIOA Youth Activities	
17.278	WIOA Dislocated Worker Formula Grants	
21.019	Department of the Treasury – COVID-19 - Coronavirus Relief Fund	Unmodified
84.002	Department of Education - Adult Education – Basic Grants to States	Qualified

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

84.010	Department of Education - Title I Grants to Local Educational Agencies	Unmodified
	Department of Education – Special Education Cluster:	Unmodified
84.027	Special Education Grants - to States (IDEA, Part B)	
84.173	Special Education - Preschool Grants (IDEA, Preschool)	
84.334	Department of Education - GEARUP	Unmodified
84.365	Department of Education – English Language Acquisition State Grants	Unmodified
84.425D	Department of Education – COVID-19 - Elementary and Secondary School Emergency Relief Fund	Unmodified
	<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 align="center">Yes</p> <p align="center">\$3,570,632</p> <p align="center">No</p>

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

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, 2020

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

None.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number: **F-2020-001**

Federal Program Title, Awarding Agency, Pass-Through Entity, Catalog of Federal Domestic Assistance (CFDA) Number, and Award Number: COVID-19 - Coronavirus Relief Fund, U.S. Department of Treasury, Passed through the California Department of Education, CFDA No. 21.019, PCA No. 25516 (Material Weakness)

COVID-19 - Elementary and Secondary School Emergency Relief Fund, Department of Education, Passed through the California Department of Education, CFDA No. 84.425D, PCA No. 15536 (Material Weakness)

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

State Audit Guide Finding Code: 30000 and 50000

Criteria

Coronavirus Relief Fund:

The Fund is designed to provide ready funding to address unforeseen financial needs and risks created by the COVID-19 public health emergency. Governments may use Fund payments for eligible expenses subject to the restrictions set forth in section 601(d) of the Social Security Act. Payments must be used to cover costs that are:

1. Necessary expenditures incurred due to the public health emergency with respect to COVID-19;
2. Not accounted for in the governments' most recently approved budget as of March 27, 2020; and
3. Incurred during the period that begins on March 1, 2020 and ends on December 30, 2020.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Elementary and Secondary School Emergency Relief Fund:

2 CFR section 200.430(i), Standards for Documentation of Personnel Expenses, requires that charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;
- Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- Comply with the established accounting policies and practices of the non-Federal entity;
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Condition

Coronavirus Relief Fund:

The District used a portion of the Coronavirus Relief Fund (CRF) to pay daily stipends of \$100 to District employees who worked at various sites during the pandemic. As part of our compliance and internal control review over payroll expenditures, we selected a sample of payroll expenditures for daily stipends of \$100 charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported.

In our sample of 60 payroll stipend expenditures, after review of the sign-in sheets at the sites, we noted that one (1) employee worked only one day but was paid for five days. We also noted that one (1) employee was paid for one day, even though she did not work at a site.

Total exceptions amounted to \$600 of the \$53,100 sampled from \$23,062,035 of the total payroll stipend expenditures related.

The District also used a portion of the CRF to fund an extended summer school during the summer of 2020 in response to the school closures. As part of our compliance and internal control review over payroll expenditures, we selected a sample of payroll expenditures charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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In our sample of 40 payroll expenditures, after review of timesheets, we noted variances between hours reported on the timesheets and the hours recorded on SAP, the District's accounting system, for four (4) employees. For three (3) of the four (4) employees, the hours reported on the timesheets were greater than the hours recorded on SAP, leading to an understatement of payroll expenditures. For one (1) of the four (4) employees, the hours on the timesheets were less than the hours recorded on SAP, leading to an overstatement of payroll expenditures.

Total exceptions for understatement and overstatement amounted to \$538 and \$144, respectively, of the \$52,482 sampled from \$3,804,007 of the total payroll expenditures related to the summer school programs.

Our sample was a statistically valid sample.

Elementary and Secondary School Emergency Relief Fund:

The District used a portion of the Elementary and Secondary School Emergency Relief Fund (ESSER) to pay certain employees a differential pay of \$5 per hour that the employee was authorized to physically report on site during the pandemic. As part of our compliance and internal control review over payroll expenditures, we selected a sample of payroll expenditures charged to the program to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported.

In our sample of 60 payroll expenditures, we noted that three (3) employees provided timesheets, but the hours reported on the timesheets did not support the hours recorded on SAP.

Total exceptions amounted to \$100 of the \$28,092 sampled from the \$11,193,182 of the total payroll expenditures related to the additional \$5 per hour payments.

Our sample was a statistically valid sample.

Cause and Effect

The discrepancies between timesheets/sign-in sheets and SAP data seem to be due to clerical errors. The net effect is an overstatement of payroll expenditures.

Questioned Costs

Coronavirus Relief Fund: Total questioned cost: \$206. \$600 related to stipends. \$144 overstated and \$538 understated related to the summer school programs.

Elementary and Secondary School Emergency Relief Fund: \$100.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Recommendation

We recommend that the District strengthen internal controls over payroll expenditures related to the CRF and ESSER.

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

In March 2020, at the beginning of school closures, the District was manually tracking the employee time at the various sites. In May 2020, a new system called Differential Payment Application/Stipend Payment Application was implemented to track the employee time.

The District is continuously communicating with stakeholders the importance of documentation and proper recording to improve its internal controls over payroll expenditures related to the spending of various COVID-19 funding resource. The District has also initiated the reconciliation process and anticipates to recoup the overpayments beginning July 2021.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Program Identification

Finding Reference Number:	F-2020-002
Federal Catalog of Domestic Assistance Number(s):	84.002
Federal Program Titles:	Adult Education – Basic Grants to States (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education, California Department of Education
Award Number:	PCA Nos. 13978, 14508, and 14109
Compliance Requirement:	Earmarking
State Audit Guide Finding Code:	30000 and 50000

Criteria

Code of Federal Regulations Title 34, Subtitle B, Chapter IV, Part 463, Subpart C, Section 463.25:
Not more than five percent of a local grant to an eligible provider can be expended to administer a grant or contract under Title II. In cases where five percent is too restrictive to allow for administrative activities, the eligible agency may increase the amount that can be spent on local administration. In such cases, the eligible provider must negotiate with the eligible agency to determine an adequate level of funds to be used for non-instructional purposes.

Code of Federal Regulations Title 34, Subtitle B, Chapter IV, Part 463, Subpart C, Section 463.26:
An eligible provider receiving a grant or contract under this part may consider costs incurred in connection with the following activities to be administrative costs:

- a) Planning;
- b) Administration, including carrying out performance accountability requirements;
- c) Professional development;
- d) Providing adult education and literacy services in alignment with local workforce plans, including promoting co-enrollment in programs and activities under Title I, as appropriate; and
- e) Carrying out the one-stop partner responsibilities described in §678.420, including contributing to the infrastructure costs of the one-stop delivery system.

Condition

During procedures performed to test the earmarking requirement, we noted that the District was granted a waiver of the 5 percent administrative cost limit and was instead approved for a 7.1 percent limit. We noted that the District accounts for such administrative expenditures using a separate program code in its SAP system. The expenditures recorded under those program codes did not exceed 7.1 percent of the total grant award.

However, during additional analysis over payroll costs, we identified the following positions, which appeared to be administrative functions, but whose salaries were not recorded under the administrative program codes.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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Position	Salaries	Benefits	Total
Microcomputer Support Asst.	\$148,166.93	\$ 95,921.26	\$ 244,088.19
Office Technician	\$416,596.78	\$314,501.17	\$ 731,097.95
Senior Office Technician	\$153,407.69	\$110,351.84	\$ 263,759.53
Total	\$718,171.40	\$520,774.27	\$1,238,945.67

The District’s Division of Adult and Career Education provided us with job duties for the above positions. The job duties for the Office Technician and Senior Office Technician positions include creating and printing labels and forms related to TOPS (Tracking of Programs and Students) Entry and CASAS (Comprehensive Adult Student Assessment Systems) assessment, scanning TOPS entry forms, maintaining the data collected, ordering CASAS forms, assessments, and other supplies, time reporting for professional development, and training new employees. The job duties for the Microcomputer Support Assistant position consisted of maintaining, configuring, and updating computers in computer labs used for learning, testing, and data collection. We noted that the TOPS Entry and CASAS assessments were part of the data collection and accountability requirements set forth by CDE. We concluded, based on 34 CFR 463.26, that the job duties described above were administrative activities and, as such, the above positions should be recorded and reported under administrative costs.

In addition, during procedures performed to test non-payroll expenditures, we discovered \$18,878 of administrative costs that were transferred into the program expenditures but were not recorded as administrative costs.

The District reported \$807,298 of administrative costs for the fiscal year 2019-2020. The maximum allowable administrative costs are \$1,191,157, which is 7.1% of the \$16,776,855 total grant award. The original cost charged to administrative, plus the administrative cost of \$18,878 and the payroll costs of \$1,238,946 related to the above positions, amounts to \$2,065,121 for total costs related to administrative activities.

Cause and Effect

The condition appears to be caused by oversight, in which the District was not aware that activities related to carrying out performance accountability requirements should be considered administrative.

Questioned Costs

$$\$2,065,121 - \$1,191,157 = \$873,964$$

Recommendation

We recommend that the District update its classifications of payroll costs to record the three positions in question as administrative costs. Also, we recommend that all transfers of cost are reviewed carefully and charged to the appropriate SAP program code to ensure the 7.1% administrative limit is not exceeded.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

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

The Workforce Innovation and Opportunity grant is a performance-based grant, large in scope and complexity. The Division of Adult and Career Education (DACE) has successfully improved student performance outcomes by directly providing teachers and students with instructional materials and comprehensive assistance. Because the above-mentioned staff were working directly with students, we did not include those salaries in our administrative costs. After consulting with the consultant at the California Department of Education, we understand that these positions should be included in our administrative costs. The planned corrective action effective for program year 2020-21 is as follows:

- 1) Fund the Microcomputer Support Assistant positions from the California Adult Education Program (CAEP) instead of WIOA.
- 2) Identify the Office Technician and Senior Office Technicians as part of the administrative costs.
- 3) WIOA will primarily fund teacher salaries to reduce the need to transfer costs. When the need to perform cost transfers does occur, fiscal staff will review with the program coordinator and staffing development advisor to approve necessary cost transfers.

In addition, beginning program year 2020-21, LA Unified had been granted permission by the California Department of Education to increase the administrative costs for the grant from 7% to 10%. This increase will allow LA Unified DACE to respond to changes in regulations for WIOA administrative costs, and to maintain administrative support in implementing the grant.

DACE was not aware that the clerical positions identified in the finding were considered administrative. Moving forward, DACE will identify positions that should be part of the administrative costs during WIOA budget development. This change will ensure that the division will not exceed the 10% allowable administrative costs.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Program Identification

Finding Reference Number: **F-2020-003**

Federal Catalog of Domestic Assistance Number(s): 84.010

Federal Program Titles: Title I Grants to Local Education Agencies (LEAs) (Material Weakness)

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

Award Number: PCA No. 14329

Compliance Requirement: Special Tests – Annual Report Card, High School Graduation Rate

State Audit Guide Finding Code: 30000 and 50000

Criteria

Annual Report Card, High School Graduation Rate

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

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

Section XI.B of LAUSD REF-6554.3 states the Parent Assurance Letter (PAL) is the official form used to document withdrawal, transfer, and other student movement and that the form must be signed and submitted by the parent/guardian for student withdrawals.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Condition

We sampled 60 out of 159,656 students with leave codes in the school year 2018-19 My Integrated Student Information System (MiSiS) data file to verify that the leave code and reason code reported in MiSiS was properly supported. In our review of the documentation in comparison to the leave and reason code, we noted the following exceptions:

1. One (1) school provided documentation for one (1) student that did not support the leave code entered into MiSiS. However, the student later re-enrolled to LAUSD and matriculated.
2. Four (4) student files from two (2) schools did not have official written documentation to support withdrawals for students who transferred out of the District, which would have caused the students to be removed from the cohort in the calculation of the adjusted cohort graduation rate. The schools were only able to provide notes from phone conversations with parents or other family members. One (1) of the four (4) students later re-enrolled to LAUSD and is currently enrolled.
3. One (1) school was not able to provide any type of documentation for one (1) student file.

Our sample was a statistically valid sample.

Cause and Effect

1. The discrepancy in the leave code was caused by the school using the “L3” code (student transfers to a California public school outside LAUSD) when they did not have enough information to substantiate that code.
2. The notes from phone conversations with parents or other family members were used by the schools to determine the leave codes without obtaining official written documentation. However, the leave codes recorded in MiSiS were correct based on the notes.
3. The lack of any type of documentation from one school was caused by the limited access to files kept on school grounds due to the ongoing COVID-19 pandemic.

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

This finding is a repeat finding and has been reported previously for June 30, 2018 (F-2018-004) and June 30, 2019 (F-2019-002).

Questioned Costs

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

Recommendation

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

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

The following corrective actions will be taken:

Policy on enrollment/withdrawal verification procedures will continue to be reinforced with on-going communication with all stakeholders including principals, front office staff and Pupil Services and Attendance (PSA) Counselors.

- A *Schoolology* group will facilitate ongoing communication, provide updates, reminders, and tools for schools on attendance and enrollment practices.
- Update training materials to emphasize the importance of enrollment/withdrawal procedures.
- Provide training to all PSA Administrators and Lead Counselors to discuss the best practices to reduce audit findings. Expected completion date is Spring 2021.
- Continue monthly meetings with Local District (LD) PSA Lead Counselors where best practices to support audit compliance will be addressed as an agenda item.
- Continue on-going collaboration and communication with the Organizational Excellence team who provide training and support to SAAs and Office Technicians located at school sites. This collaboration consists of consistent communication when there are updates to policy and training needs. Organizational Excellence supports in training in those areas that have been identified in our collaboration for needing additional support.
- Development of a new *Certify* rule for schools to follow up on all students that have been withdrawn to another LAUSD school, with a withdrawal reason code of L2, but do not show an enrollment in another LAUSD school for the school year. This will allow schools to follow up with students where families indicated they were staying within LAUSD but decided to go to another educational institution outside of our district. This gives schools the opportunity to identify the student's whereabouts and update the withdrawal codes and reasons as needed. This will help ensure accurate record keeping. Expected date of release is May 2021.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Section IV – Findings and Questioned Costs Relating to State Awards

S-2020-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 75th Street Elementary
- Annalee Avenue Elementary
- Aragon Avenue Elementary
- Audubon Middle School
- Augustus F Hawkins High School – Community Health Advocates School
- Barton Hill Elementary
- Benjamin Banneker Career and Transition Center
- Bret Harte Preparatory Middle School
- Bryson Avenue Elementary
- Carson Senior High
- Cesar Chavez Elementary
- Chapman Elementary
- Edward R Roybal Learning Center
- Frank Lanterman High School
- George Washington Preparatory Senior High
- Liberty Boulevard Elementary
- Loren Miller Elementary
- Luther Burbank Arts/Technology/Community Magnet Middle School
- Manual Arts Senior High College Preparatory Magnet
- Marianna Avenue Elementary
- Miles Avenue Elementary
- Rancho Dominguez Preparatory School
- Samuel Gompers University Pathways Medical Magnet Academy Middle School
- Sierra Park Elementary
- Tweedy Elementary
- Victoria Avenue Elementary

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Criteria

California Education Code, Section 46300(a) – In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

Condition, Cause and Effect

For our sample of one hundred thirty-seven (137) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls. We selected a sample of 189,722 days of attendance and 7,166 days of absences for testing and noted the following findings:

- **75th Street Elementary School** - Out of the 1,405 days of attendance and 105 days of absences sampled, we noted the following exceptions:
 - We identified four (4) teachers for which the school was unable to provide attendance rosters. As such, we were unable to perform procedures over the rosters and unable to determine the existence of questioned costs.
 - We identified one (1) teacher for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.
- **Annalee Avenue Elementary School** - Out of the 1,043 days of attendance and 50 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
- **Aragon Avenue Elementary School** - Out of the 979 days of attendance and 37 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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- **Audubon Middle School** - Out of the 1,238 days of attendance and 70 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.
 - We identified two (2) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Augustus F Hawkins Community Health Advocates Senior High School** - Out of the 748 days of attendance and 33 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
 - We identified one (1) teacher for which the school was unable to provide attendance rosters. As such, we were unable to perform procedures over the rosters and unable to determine the existence of questioned costs.
 - We identified one (1) teacher for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Barton Hill Elementary School** - Out of the 561 days of attendance and 22 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Benjamin Banneker Career and Transition Center** - Out of the 773 days of attendance and 62 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Bret Harte Preparatory Middle School** - Out of the 1,370 days of attendance and 54 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

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- **Bryson Avenue Elementary School** - Out of the 522 days of attendance and 20 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Carson Senior High School** - Out of the 1,499 days of attendance and 49 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Cesar Chavez Elementary School** - Out of the 1,935 days of attendance and 64 days of absences sampled, we noted the following exceptions:
 - We identified three (3) teachers for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Chapman Elementary School** - Out of the 895 days of attendance and 29 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Edward R. Roybal Learning Center** - Out of the 1,313 days of attendance and 73 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of two (2) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Frank Lanterman Senior High School** - Out of the 126 days of attendance and 18 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **George Washington Preparatory Senior High School** - Out of the 379 days of attendance and 40 days of absences sampled, we noted the following exceptions:
 - Three (3) students were absent for a total of four (4) days, as evidenced by an absence note but were recorded as present in the SMASR.

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Schedule of Findings and Questioned Costs

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- **Liberty Boulevard Elementary School** - Out of the 904 days of attendance and 86 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Loren Miller Elementary School** - Out of the 2,612 days of attendance and 83 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of five (5) days, as evidenced by an absence note but was recorded as present in the SMASR.
 - We identified one (1) absence note which was not dated. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Luther Burbank Arts/Technology/Community Magnet Middle School** - Out of the 1,229 days of attendance and 43 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Manual Arts College Preparatory Magnet Senior High School** - Out of the 1,284 days of attendance and 30 days of absences sampled, we noted the following exceptions:
 - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were recorded as present in the SMASR.
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Marianna Avenue Elementary School** - Out of the 1,610 days of attendance and 51 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

- **Miles Avenue Elementary School** - Out of the 430 days of attendance and 24 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

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- **Rancho Dominguez Preparatory School** - Out of the 1,537 days of attendance and 19 days of absences sampled, we noted the following exceptions:
 - Four (4) students were absent for a total of four (4) days, as evidenced by the absence notes but were marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Samuel Gompers University Pathways Medical Magnet Academy Middle School** - Out of the 976 days of attendance and 32 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Sierra Park Elementary School** - Out of the 2,025 days of attendance and 80 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

- **Tweedy Elementary School** - Out of the 626 days of attendance and 26 days of absences sampled, we noted the following exceptions:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.
 - We identified one (1) teacher for which the school was unable to provide absence notes. As such, we were unable to perform procedures over the absence notes and unable to determine the existence of questioned costs.

- **Victoria Avenue Elementary School** - Out of the 1,118 days of attendance and 35 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-001) but for different schools.

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Schedule of Findings and Questioned Costs

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Questioned Costs

- Grades TK/K-3: $9 \text{ days}/107 \text{ days} = 0.08 \text{ ADA overstated} * \$11,247 = \$900$
- Grades 4-6: $3 \text{ days}/107 \text{ days} = 0.03 \text{ ADA overstated} * \$10,341 = \$310$
- Grades 7-8: $1 \text{ day}/107 \text{ days} = 0.01 \text{ ADA overstated} * \$10,647 = \$106$
- Grades 9-12: $12 \text{ days}/107 \text{ days} = 0.11 \text{ ADA overstated} * \$12,661 = \$1,393$

- Aragon Avenue Elementary School
 - Grades TK/K-3: 1 day overstated/107 days in single track school year
- Augustus F Hawkins Community Health Advocates Senior High School
 - Grades 9-12: 1 day overstated/107 days in single track school year
- Barton Hill Elementary School
 - Grades 4-6: 1 day overstated/107 days in single track school year
- Benjamin Banneker Career and Transition Center School
 - Grades 9-12: 1 day overstated/107 days in single track school year
- Carson Senior High School
 - Grades 9-12: 1 day overstated/107 days in single track school year
- Chapman Elementary
 - Grades 4-6: 1 day overstated/107 days in single track school year
- Edward R. Roybal Learning Center
 - Grades 9-12: 2 days overstated/107 days in single track school year
- Frank Lanterman Senior High School
 - Grades 9-12: 1 day overstated/106 days in single track school year
- George Washington Preparatory Senior High School
 - Grades 9-12: 4 days overstated/107 days in single track school year
- Liberty Boulevard Elementary School
 - Grades TK/K-3: 1 days overstated/107 days in single track school year
- Loren Miller Elementary School
 - Grades TK/K-3: 5 days overstated/107 days in single track school year
- Luther Burbank Arts/Technology/Community Magnet Middle School
 - Grades 7-8: 1 day overstated/107 days in single track school year
- Manual Arts College Preparatory Magnet Senior High School
 - Grades 9-12: 2 days overstated/107 days in single track school year
- Marianna Avenue Elementary School
 - Grades 4-6: 1 day overstated/107 days in single track school year
- Sierra Park Elementary School
 - Grades TK/K-3: 1 day overstated/107 days in single track school year
- Tweedy Elementary School
 - Grades TK/K-3: 1 day overstated/107 days in single track school year

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Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend the District continue to support the schools by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

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

Student Health and Human Services (SHHS), Pupil Services will continue to provide elementary and secondary schools with updated policy and procedures regarding appropriate attendance monitoring and accuracy.

The following corrective actions have been taken:

- Increased collaboration with the Organizational Excellence team who provide training and support to School Administrative Assistants (SAA) and Office Technicians located at school sites. In February 2020, we participated in a School Business Services Panel for Administrative Assistants and Office Managers. We reiterated the policy surrounding absence verification and offered additional support by answering questions regarding attendance reporting practices. This School Business Services Panel was webcast for those who could not attend in person.
- Our attendance policy REF-6554.4, Attendance Monitoring and Accuracy (Section X), clearly states that, “schools should regularly generate the MiSiS Uncleared Absence report to identify students with uncleared absences and attempt to obtain verification for absences from parents/guardians.” Essential Reports for Monitoring Attendance Taking and Accuracy (Attachment T) in the policy, reminds schools to generate the uncleared absence report on a weekly/monthly basis. The policy also states that an absence note for a partial day must indicate what part of the school day the student was absent. This policy update was last published in August 2019.
- Monthly meetings with Local District (LD) PSA Lead Counselors:
 - Review attendance practices including absence recording and required documentation for verification of absence.
 - Provide training tools (PowerPoint presentation) that reinforces the attendance policy and absence verification documentation required.
- The *Essential Tips to Support Policy and Meet Compliance* training which focuses on attendance and enrollment practices to help reduce common errors, was listed and offered through the Principals Resource Guide on the SHHS website.
- Updated our website (<https://achieve.lausd.net/attendanceandenrollment>) with a section titled *Essential Tips to Support Policy and Compliance* detailing tips and reminders on accurate attendance taking procedures and absence verification to comply with policy and meet compliance standards. Pupil Services has shared this link with all stakeholders to reinforce policy and help reduce common errors. Completion date was November 2020.

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The following corrective actions will be taken:

Policy on attendance taking and absence verification procedures will continue to be reinforced with on-going communication with all stakeholders including principals, front office staff and Pupil Services and Attendance (PSA) Counselors.

- Create a Schoology group available for all LAUSD school staff to facilitate ongoing communication, provide updates, reminders and tools for schools, with a target completion date of Spring 2021.
- Update training materials to emphasize the importance of clearing absences in a timely manner through the MiSiS uncleared absence report, as referenced in policy, with a target completion date of Spring 2021.
- Provide training to all PSA Administrators and Lead Counselors to discuss the best practices to reduce audit findings, with a target completion date of Spring 2021.
- Create a form/template (one for elementary and one for secondary) that allows the school to indicate the time that student came/left (elementary) or period missed (secondary). Encourage the use of this form/template to avoid inconsistencies with recording partial day absence. This form can be attached to an absence note as a supplemental document to further clarify time missed from school. Target completion date is Spring 2021.
- Continue on-going collaboration and communication with the Organizational Excellence team who provide training and support to SAAs and Office Technicians located at school sites. This collaboration consists of consistent communication when there are updates to policy and training needs. Organizational Excellence supports in training in those areas that have been identified in our collaboration for needing additional support.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

S-2020-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Cheremoya Avenue Elementary
- Eagle Rock High School
- Elizabeth Learning Center
- Elizabeth Learning Center Dual Language Two-Way Immersion Arabic
- Heliotrope Avenue Elementary
- Hilda L Solis Learning Academy
- Hollenbeck Middle School
- Hubert Howe Bancroft Middle School
- Huntington Park Senior High
- James Madison Middle School
- Laurel Elementary
- Legacy Science, Technology, Engineering, Arts and Mathematics High School
- Los Angeles Academy Middle School
- Maywood Center for Enriched Studies Magnet
- Rancho Dominguez Preparatory School
- South Gate Middle School
- Utah Street Elementary
- Victoria Avenue Elementary
- William Jefferson Clinton Middle School

Criteria

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

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

- (a) "Single subject instruction" means the practice of assignment of teachers and students to specified subject matter courses, as is commonly practiced in California high schools and most California junior high schools. The holder of a single subject teaching credential or a standard secondary credential or a special secondary teaching credential, as defined in this subdivision, who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 7 to 12, inclusive, other than the subject for which he or she is already certificated to teach, shall be eligible to have this subject appear on the credential as an authorization to teach this subject. The commission, by regulation, may require that evidence of additional competence is a condition for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the single subject credential on the basis of specialized needs. For purposes of this subdivision, a special secondary teaching credential means a special secondary teaching credential issued on the basis of at least a baccalaureate degree, a student teaching requirement, and 24 semester units of coursework in the subject specialty of the credential.

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- (b) "Multiple subject instruction" means the practice of assignment of teachers and students for multiple subject matter instruction, as is commonly practiced in California elementary schools and as is commonly practiced in early childhood education. The holder of a multiple subject teaching credential or a standard elementary credential who has completed 20 semester hours of coursework or 10 semester hours of upper division or graduate coursework approved by the commission at an accredited institution in any subject commonly taught in grades 9 and below shall be eligible to have that subject appear on the credential as authorization to teach the subject in departmentalized classes in grades 9 and below. The governing board of a school district by resolution may authorize the holder of a multiple subject teaching credential or a standard elementary credential to teach any subject in departmentalized classes to a given class or group of pupils below grade 9, provided that the teacher has completed at least 12 semester units, or six upper division or graduate units, of coursework at an accredited institution in each subject to be taught. The authorization shall be with the teacher's consent. However, the commission, by regulation, may provide that evidence of additional competence is necessary for instruction in particular subjects, including, but not limited to, world languages. The commission may establish and implement alternative requirements for additional authorizations to the multiple subject credential on the basis of specialized needs.
- (c) "Specialist instruction" means any specialty requiring advanced preparation or special competence, including, but not limited to, reading specialist, mathematics specialist, specialist in special education, or early childhood education, and such other specialties as the commission may determine.
- (d) "Designated subjects" means the practice of assignment of teachers and students to designated technical, trade, or career technical courses which courses may be part of a program of trade, technical, or career technical education.

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

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

Condition, Cause and Effect

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

We tested a total of 542 K-12 teachers and noted sixteen (16) exceptions for teachers who were assigned to teach in a position not consistent with the authorization of his/her certification, seven (7) exceptions for teachers who did not have written verification for teaching an elective, and one (1) teacher who was both assigned to teach in a position not consistent with the authorization of his/her certification and did not have written verification for teaching an elective:

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- **Cheremoya Avenue Elementary** – one (1) 30-day substitute teacher was assigned to teach in a vacant assignment not consistent with the authorization of his/her certification. An appropriately credentialed substitute teacher should have been secured while a full-time teacher was hired.
- **Eagle Rock High School** – one (1) teacher did not have written verification for teaching an elective on file due to school site not including the elective in their authorization request.
- **Elizabeth LC DL Two-Way Immersion Arabic** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to not having a multiple subject teaching authorization. As of May of 2020, she has earned a preliminary multiple subject teaching credential.
- **Elizabeth Learning Center** – two (2) teachers had written verification for teaching an elective on file but were provided subsequent to our request.
- **Heliotrope Avenue Elementary** – one (1) 30-day substitute teacher was assigned to teach in a vacant assignment not consistent with the authorization of his/her certification. An appropriately credentialed substitute teacher should have been secured while a full-time teacher was hired.
- **Hilda L Solis Learning Academy** – one (1) teacher did not have written verification for teaching an elective on file due to school site not submitting the required form to the Human Resources (HR) Division.
- **Hollenbeck Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not submitting the required form to the HR.
- **Hubert Howe Bancroft Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not processing the required form or reassigning teacher to a schedule for which he was authorized.
- **Huntington Park Senior High School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not assigning appropriately. One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification and did not have written verification for teaching an elective on file due to school site not assigning appropriately and not submitting the needed form to HR.
- **James Madison Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not processing an authorization in the subject area of the assignment.
- **Laurel Elementary** – three (3) teachers were assigned to teach in a position not consistent with the authorization of his/her certification due to school site departmentalizing two multiple subject credentialed teachers and assigning a general education class to an education specialist credential holder.

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- **Legacy Senior High Sci Tech Engineering Arts Math** – one (1) teacher did not have written verification for teaching an elective on file due to school site not submitting the appropriate form to authorize the certificated staff member.
- **Los Angeles Academy Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site departmentalizing a multiple subject credentialed teacher.
- **Maywood Center for Enriched Studies (MaCES) Magnet** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not submitting the required form in a timely manner to HR.
- **Rancho Dominguez Preparatory School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not submitting the required form to HR. One (1) teacher did not have written verification for teaching an elective on file due to school site not submitting the required form to HR.
- **South Gate Middle School** – one (1) 30-day substitute teacher was assigned to teach in a vacant assignment not consistent with the authorization of his/her certification. An appropriately credentialed substitute teacher should have been secured while a full-time teacher was hired.
- **Utah Street Elementary** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not requesting an added authorization.
- **Victoria Avenue Elementary** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site not requesting an added authorization.
- **William Jefferson Clinton Middle School** – one (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to school site departmentalizing a multiple subject credentialed teacher.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-002) but for different schools and teachers.

Questioned Costs

Not Applicable

Recommendation

We recommend that the schools and the District remediate the misassignments identified above. The District should train all schools on the MiSiS Assignment Monitoring Report. Additionally, we recommend the schools and the District strengthen internal controls to ensure that teachers are assigned to teach in a position consistent with the authorization of his/her certification by having a system in place to review the alignment of assignments and credentials at the beginning of the school year and monitoring of changes to those assignments during the school year.

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

Human Resources (HR) will continue to strive to ensure every student is taught by an appropriately authorized teacher by providing professional development to certificated staff overseeing the master schedule and training them on how the MiSiS Assignment Monitoring Report helps school sites take timely action to ensure they do not have misassignments. HR will continue to send out reminders in the Spring of 2021 advising principals to submit their Ed Code options (ex. true elective, alternative setting, etc.) early for the 2021-22 academic year. HR will also continue their outreach effort to principals in the Summer of 2021, reminding them of the need to submit Ed Code options prior to the beginning of the academic year. The goal is for new principals to be made aware of this responsibility. Upon receipt of service providers in the areas of Speech and Language Pathology, Orthopedic Impairment, Deaf and Hard of Hearing, and Visual Impairments, HR will do a credential check to ensure that service providers are appropriately authorized. HR will continue to monitor English Learner compliance and work with the Office of Staff Relations to ensure that employees who fail to meet the requirements are provided assistance, proper guidance, and direction to ensure that they meet the necessary requirements as a term of employment. Employees who fail to meet stated requirements will be subject to potential disciplinary action up to, and including dismissal. In addition, by Summer 2021, HR will seek to have finalized the development of an online training to supplement our existing, in-person MiSiS Assignment Monitoring local district trainings. The objective is to reach a wider audience of principals and assistant principals, who play a role in the creation of the master schedule. This will provide school site administrators a readily available tool to assist them in ensuring the appropriate assignment of certificated staff on their campuses.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

S-2020-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Castle Heights Elementary School
- Elizabeth Learning Center
- Loren Miller Elementary School
- Maywood Elementary School
- Wisdom Elementary School

Criteria

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

Condition, Cause and Effect

Using a total of 91 schools offering Kindergarten from the schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2019-20 and kindergarten in school year 2018-19 and verified that a signed kindergarten continuance parental agreement (Agreement) was maintained. We noted the following exceptions due to school oversight:

- **Castle Heights Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.
- **Elizabeth Learning Center** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.
- **Loren Miller Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.
- **Maywood Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.
- **Wisdom Elementary School** – A signed Agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began his/her second year of kindergarten for one (1) student.

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These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-003) but for different schools.

Questioned Costs

\$31,604 (2.81 total ADA overstated x \$11,247)

- Castle Heights Elementary School
 - 23 days overstated / 107 days in single track school year = 0.21 ADA
- Elizabeth Learning Center
 - 82 days overstated / 107 days in single track school year = 0.77 ADA
- Loren Miller Elementary School
 - 87 days overstated / 107 days in single track school year = 0.81 ADA
- Maywood Elementary School
 - 101 days overstated / 107 days in single track school year = 0.94 ADA
- Wisdom Elementary School
 - 8 days overstated / 107 days in single track school year = 0.07 ADA

Recommendation

We recommend that the schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. The District should communicate and train all schools on the MiSiS Monitoring tool. We also recommend that the District obtain written acknowledgement from the schools identified above that they have been provided with the most updated District policy on Kindergarten Continuance and have implemented a system of tracking students who continue in Kindergarten. The District should also have controls in place to ensure that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

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

In August 2020, the policy bulletin regarding Kindergarten Continuance was updated to include the phrase "kindergarten retention" to make it easier to locate in the document portal. It includes an attachment with frequently asked questions, and a table providing specific guidance on when the kindergarten continuance form is required. The updated policy also includes information about the FOCUS Dashboard monitoring report and recommendations for using it to ensure that students are retained appropriately and with the continuance form on file.

Principals, Directors and Administrators of Instruction continue to receive information about Kindergarten Continuance through the District communication portal. The MiSiS enhancement to the progress report screen, implemented in Spring 2019, continues to provide reminders about the required signed continuance form, and a link to the Kindergarten Continuance policy bulletin as student retentions are entered in MiSiS.

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L.A. Unified's Student Health and Human Services (SHHS) provides the following guidance on Kindergarten Retention:

- The self-guided training for schools on the SHHS website called *Essential Tips to Support Policy and Compliance – Best Practices to Eliminate Audit Findings*. The session PowerPoint includes slides that cover Kindergarten Continuance. These PowerPoint presentations are available at <https://achieve.lausd.net/attendanceandenrollment> for schools to access for their own knowledge or to use for training purposes. This webpage is open to all LAUSD employees and requires their LAUSD single sign on.
- In collaboration with the Office of Organizational Excellence, in-person professional development was held on February 27, 2020 with some School Administrative Assistants and Office Technicians. Those that could not attend were able to view the training via webcast.

Additionally, the following steps will be taken by Summer 2021:

- A new *Certify Rule* will be implemented to alert schools when a student does not have a Kindergarten Continuance date entered in MiSiS and is retained in Kindergarten.
- Communications regarding the FOCUS monitoring reports for kindergarten retention will include a PowerPoint presentation to be used for training by school and local district teams.

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LOS ANGELES UNIFIED SCHOOL DISTRICT

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S-2020-004 – Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Mar Vista Elementary

Criteria

California Education Code, Section 51747.5 (b) – School districts, charter schools, and county offices of education may claim apportionment credit for independent study only to the extent of the time value of pupil or student work products, as personally judged in each instance by a certificated teacher.

California Education Code, Section 51747 (6) - A statement of the number of course credits or, for the elementary grades, other measures of academic accomplishment appropriate to the agreement, to be earned by the pupil upon completion.

Condition, Cause and Effect

In our sample of two (2) schools with independent study programs, we noted the following:

- **Mar Vista Elementary (Short-Term Independent Study)**
 - One (1) student attended the school for a total of 7 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that six (6) days were attributed to short-term independent Study and one (1) day was attributed to a regular school day. We noted that for one (1) day the student should have been recorded for a regular school day and not for short-term independent study due to the teacher's error in reporting the student's attendance in MiSiS under independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.
 - One (1) student attended the school for a total of 7 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that five (5) days were attributed to short-term independent Study and two (2) days was attributed to a regular school day. We noted that for two (2) days the student should have been recorded for a regular school day and not for short-term independent study due to the staff error of not returning the student back to the regular roster in MiSiS from the independent study roster, and the teacher mistakenly giving her positive attendance in independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.

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- One (1) student attended the school for a total of 6 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that five (5) days were attributed to short-term independent Study and one (1) day was attributed to a regular school day. We noted that for one (1) day the student should have been recorded for a regular school day and not for short-term independent study due to the teacher's error in reporting the student's attendance in MiSiS under independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.
- One (1) student attended the school for a total of 16 days, which were all identified as short-term independent study attendance. We identified, per the student's record of attendance, that fifteen (15) days were attributed to short-term independent Study and one (1) day was attributed to a regular school day. We noted that for one (1) day the student should have been recorded for a regular school day and not for short-term independent study due to the teacher's error in reporting the student's attendance in MiSiS under independent study instead of normal in-seat attendance. As the observation leads to a misclassification of ADA, this would have no impact on the total ADA reported on behalf of the student and will not lead to questioned costs.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-004) but for a different school.

Questioned Costs

Not Applicable

Recommendation

We recommend that the District strengthen its review process over short-term independent study to ensure that attendance is correctly classified. We also recommend that the District provide proper training to ensure attendance is reported accurately and policies are adhered to.

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

Mar Vista administration accepts the audit findings, and will take the following steps:

- Conduct training with teachers and office staff on correct procedures for inputting attendance to ensure that attendance is correctly classified by February 2021 and at the beginning of the school year thereafter.
- Assign School Administrative Assistant (SAA) to input independent study (IS) data in MiSiS. SAA will communicate and work with teachers to ensure that attendance is correctly classified.
- Assign SAA to review and monitor all attendance including IS attendance daily.
- Coordinator and principal will oversee the implementation of IS attendance.

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S-2020-005 – Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

School Affected

- Highland Park Continuation High School
- Odyssey Continuation High School
- San Antonio Continuation High School

Criteria

Title 5, California Code of Regulations, Section 401(d) - In all classes for adults, continuation schools, and classes, and regional occupational centers and programs, attendance shall be reported to the supervising administrator at least once each school month.

California Education Code, Section 46300(a) - In computing average daily attendance of a school district or county office of education, there shall be included the attendance of pupils while engaged in educational activities required of those pupils and under the immediate supervision and control of an employee of the district or county office who possessed a valid certification document, registered as required by law.

California Education Code, Section 46170 - In continuation high schools and continuation education classes, a day of attendance is 180 minutes of attendance but no pupil shall be credited with more than 15 hours of attendance per school per week, proportionately reduced for those school weeks having weekday holidays on which classes are not held.

Condition, Cause and Effect

In our sample of three (3) continuation schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2). SMASRs are system-generated reports from the District's My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system's general internal controls which included but were not limited to appropriate access controls.

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We noted the following findings:

- **Highland Park Continuation High School** - Of the 1,022.74 hours (366 days) of attendance and 84 days of absences sampled and tested we noted the following findings:
 - Attendance for four (4) students were overstated by 380 minutes (6.33 hours) or 2.11 days due to manual attendance procedures and school oversight.
- **Odyssey Continuation High School** - Of the 1,226.79 hours (350 days) of attendance and 100 days of absences sampled and tested we noted the following finding:
 - Attendance for one (1) student was overstated by 50 minutes (0.83 hours) or 0.28 days due to manual attendance procedures.
- **San Antonio Continuation High School** - Of the 1,020.2 hours (313 days) of attendance and 137 days of absences sampled and tested we noted the following finding:
 - Attendance for one (1) student was overstated by 126 minutes (2.10 hours) or 0.70 days due to manual attendance procedures.
 - Four (4) students were overstated by a total of 252 minutes (4.20) hours, as evidenced by the attendance rosters but were marked as present in the school's SMASRs. The school updated MiSiS subsequent to providing the SMASRs. Consequently, students were reported as absent in the P2 report; therefore, there is no questioned costs.

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-005) but for a different school.

Questioned Costs

$3.1 \text{ days} / 107 \text{ days} = 0.03 \text{ ADA overstated} * \$12,661 = \$380$

- Highland Park Continuation High School – 2.11 days overstated / 107 days in single track school year = 0.02 ADA
- Odyssey Continuation High School – 0.28 days overstated / 107 days in single track school year = 0.003 ADA
- San Antonio Continuation High School – 0.70 days overstated / 107 days in single track school year = 0.01 ADA

Recommendation

We recommend that the District strengthen its review process over student attendance reporting to ensure that the reports accurately reflect student attendance data. We also recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the schools identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

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

This is to acknowledge the importance of accurate student attendance reporting as a reflection of actual student attendance data. Planned corrective actions are as follows:

1. Review findings with local district superintendents or their designees (Administrators of Operations)
2. Require that a reminder of the proper attendance reporting procedures be shared in writing via email
3. Review procedures with the identified school personnel
 - a. MiSiS is the official attendance record.
 - b. The use of manual attendance records should be eliminated.
4. Discuss corrective actions with each school to prevent further occurrences in the future
5. Obtain written acknowledgement from the identified schools that training occurred and that steps have been taken to prevent future findings by Spring 2021.

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S-2020-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Criteria

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

Condition, Cause and Effect

We noted that based on the District's administrative employee-to-teacher ratio analysis that the number of administrative employees per hundred teachers is 12.06, which exceeds the allowable ratio set forth in Education Code section 41402, which for the District is 8.

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

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

These findings are repeat findings, having been reported previously on June 30, 2019 (S-2019-006).

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Questioned Costs

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

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

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

Recommendation

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

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

The District will implement the following corrective actions:

- The District continuously monitors the Ratio of Administrative Employees to Teachers (R2) and is in the process of developing strategies to reduce the ratio and become compliant. The District employed the services of School Services of California (SSC) for this work. SSC has reviewed job descriptions for administrator positions and provided their recommendations supported by a decision matrix on proper coding of these positions. District staff will be trained to use the decision matrix to support alignment and appropriate coding of positions.
- District staff is also working on additional strategies to lower the R2 ratio as follows in order for us to become compliant for fiscal services 2022-23:
 - Creation of a communication campaign and data sharing with divisions to assist them in their staffing decisions.
 - Realign the freeze procedure to include a review of all positions and not just new positions.
- The Office of Government Relations will continue to engage our legislative leadership and the Department of Finance to explore statutory changes in the R2 requirements.

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S-2020-007 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Bonita Street Elementary
- Calvert Charter for Enriched Studies
- Crestwood Street Elementary
- Fair Avenue Elementary
- John Muir Middle School
- Joseph Le Conte Middle School
- Leo Politi Elementary
- Morningside Elementary
- Patrick Henry Middle School
- Rancho Dominguez Preparatory
- Virgil Middle School
- Washington Irving Middle School

Criteria

California Education Code 8483(a) – (1) Every after school component of a program established pursuant to this article shall commence immediately upon the conclusion of the regular school day and operate a minimum of 15 hours per week at least until 6:00 p.m. on every regular school day. Every after school component of the program shall establish a policy regarding reasonable early daily release of pupils from the program. For those programs or school sites operating in a community where early release policy does not meet the unique needs of that community or school, or both, documented evidence may be submitted to the department for an exception and a request for approval of an alternative plan.

(2) It is the intent of the Legislature that elementary school and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except as allowed by the early release policy pursuant to subparagraph (B) of paragraph (1) of this section or paragraph (2) of subdivision (f) of Section 8483.76.

California Education Code 8483.1 (a) – (1) Every before school program component established pursuant to this article shall in no instance operate for less than one and one-half hours per regular school day. Every program shall establish a policy regarding reasonable late daily arrival of pupils to the program.

(2) (A) It is the intent of the Legislature that elementary school and middle school or junior high school pupils participate in the full day of the program every day during which pupils participate, except when arriving late in accordance with the late arrival policy described in paragraph (1) or as reasonably necessary.

(2) (B) A pupil who attends less than one-half of the daily program hours shall not be accounted for the purposes of the attendance.

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California Education Code 8482 – The purpose of this program is to create incentives for establishing locally driven before and after school enrichment programs both during schooldays and summer, intersession, or vacation days that partner public schools and communities to provide academic and literacy support and safe, constructive alternatives for youth. The term public school includes charter schools.

Condition, Cause and Effect

On a sample basis, we tested attendance documentation of 19 schools and 3,454 days of attendance for students who participated in the After/Before School Education and Safety Program. We examined the attendance records for the selected students and verified whether the attendance reporting was complete and accurate. We also verified whether the selected students complied with the attendance requirements established by the District, as required by the California Education Code. We noted the following exceptions:

After School Component of the Program

On a sample basis, we tested the attendance documentation of 10 schools and 1,914 days of attendance in the after school component of the After School Education and Safety Program.

There were 388 students in 10 schools that did not comply with the established early release policy. As a result, the following schools had students that did not participate in the full day of the after school program on every day during which pupils participated.

- **Bonita Street Elementary** – Thirty-six (36) students did not participate in the full period of the after school program for a total of 162 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Calvert Charter for Enriched Studies** – Twenty-six (26) students did not participate in the full period of the after school program for a total of 80 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Crestwood Street Elementary** – Twenty-nine (29) students did not participate in the full period of the after school program for a total of 58 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **John Muir Middle School** – Forty (40) students did not participate in the full period of the after school program for a total of 138 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Joseph Le Conte Middle School** – Seventeen (17) students did not participate in the full period of the after school program for a total of 32 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Morningside Elementary** – Thirty-seven (37) students did not participate in the full period of the after school program for a total of 131 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Patrick Henry Elementary** – Thirty-eight (38) students did not participate in the full period of the after school program for a total of 147 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

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- **Virgil Middle School** – Thirty-seven (37) students did not participate in the full period of the after school program for a total of 111 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Washington Irving Middle School** – Twenty-six (26) students did not participate in the full period of the after school program for a total of 41 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

We obtained the ASES Attendance Reports, which the District uses to report attendance, and compared the total attendance reported in the Monthly Attendance Report (MAR) to the Period 1 Assist Summary reported to CDE for the schools for a sampled month during the school year 2019-2020. Additionally, we tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

- **Bonita Street Elementary** – MAR was overstated by 112 days, compared to the sign-in sheets for the total counted present days.
 - MAR was overstated by 166.50 days, compared to the Period 1 Assist Summary report submitted to CDE.
- **Crestwood Street Elementary** – Lack of supporting information (i.e., sign-in time, sign-out time) of five (5) students to produce the attendance record for a total of nine (9) days but marked present on the MAR.
 - MAR was overstated by 5 days, compared to the sign-in sheets for the total counted present days.
- **John Muir Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of two (2) students to produce the attendance records for a total of two (2) days but marked present on the MAR.
 - MAR was overstated by 386 days, compared to the sign-in sheets for the total counted present days.
 - MAR was overstated by 0.50 days, compared to the Period 1 Assist Summary report submitted to CDE.
- **Morningside Elementary** – Lack of supporting information (i.e., sign-in time, sign-out time) of 25 students to produce the attendance records for a total of 64 days but marked present on the MAR.
 - MAR was overstated by 631 days, compared to the sign-in sheets for the total counted present days.
- **Patrick Henry Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of four (4) students to produce the attendance records for a total of eight (8) days but marked present on the MAR.
 - MAR was overstated by 7 days, compared to the sign-in sheets for the total counted present days.

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- **Rancho Dominguez Preparatory** – Lack of supporting information (i.e., sign-in time, sign-out time) of 102 students to produce the attendance record for a total of 259 days but marked present on the MAR.
 - MAR was overstated by 259 days, compared to the sign-in sheets for the total counted present days.
- **Virgil Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of 12 students to produce the attendance record for a total of 32 days but marked present on the MAR.
 - MAR was overstated by 333 days, compared to the sign-in sheets for the total counted present days.
 - MAR was overstated by 60 days, compared to the Period 1 Assist Summary report submitted to CDE.
- **Washington Irving Middle School** – Lack of supporting information (i.e., sign-in time, sign-out time) of four (4) students to produce the attendance record for a total of four (4) days but marked present on the MAR.

Before School Component of the Program

On a sample basis, we tested the attendance documentation of nine (9) schools and 1,540 days of attendance in the before school component of the Before School Education and Safety Program.

There was one (1) student in one (1) school that did not comply with the established late arrival policy. As a result, the following elementary schools had students that did not participate in the full duration of the before school program on every day during which pupils participated:

- **Fair Avenue Elementary** – One (1) student did not participate in the full period of the before school program for a total of five (5) days that was participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.

We obtained the ASES Attendance Reports, which the District uses to report attendance, and compared the total attendance reported in the Monthly Attendance Report (MAR) to the Period 1 Assist Summary reported to CDE for the schools for a sampled month during the school year 2019-2020. Additionally, we tested the completeness and accuracy of the reports by selecting a sample of students and tracing the same students to attendance records and vice versa. We noted the following exceptions:

- **Fair Avenue Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance records for a total of five (5) days but marked present on the MAR.
- **Leo Politi Elementary** - MAR was overstated by 85 days, compared to the sign-in sheets for the total counted present days.

These findings are repeat findings, having been reported previously at June 30, 2018 (S-2018-006) and June 30, 2019 (S-2019-009).

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Questioned Costs

As a result of our testing, the over and under reporting of attendance were summarized in the Condition, Cause and Effect section above. The California Department of Education will determine the impact of the above exceptions on the After School Education and Safety Program funding, if there is any.

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

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

The following is a schedule of trainings to ensure we strengthen our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies:

1. Agency contractors and program personnel at schools affected by Audit Finding S-2020-009 will be required to attend a Zoom training meeting scheduled in April 2021. The training will address the District's policy on documenting and maintaining accurate attendance and Early Release/Late Arrival forms records.
2. Agency contractors and program personnel providing services at all District Sites will be required to attend a Zoom training meeting scheduled in May 2021. The training will be offered to new and current personnel to ensure they follow our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies.
3. Beyond the Bell Branch Administrators and Traveling Supervisors will be required to attend a training meeting scheduled in June 2021. The training will be offered to ensure they understand their responsibility when monitoring agencies to ensure they follow our policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies.
4. Upon resumption of normal operating procedures, Beyond the Bell Branch Administrators and Traveling Supervisors will conduct "Random Reviews/Audits of Monthly Attendance Reports" throughout the year to examine agency sign-in/sign-out procedures and documentation of Early Release/Late Arrival Policies.

The expected outcome of these trainings is to ensure we reduce or eliminate these types of findings in the future.

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S-2020-008 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Allesandro Elementary
- Annalee Avenue Elementary
- Augustus F. Hawkins High B Community Health Advocates
- Baldwin Hills Elementary
- Belvedere Elementary
- Bryson Avenue Elementary
- Cesar Chavez Elementary
- Colfax Charter Elementary
- Community Magnet Charter Elementary
- Evergreen Avenue Elementary
- Franklin Avenue Elementary
- George Washington Preparatory High
- International Studies Learning Center at Legacy High School Complex
- James Madison Middle
- Lillian Street Elementary
- Madison Elementary
- Manual Arts Senior High
- Marquez Charter
- Miles Avenue Elementary
- Rancho Dominguez Preparatory
- Richland Avenue Elementary
- Riverside Drive Charter
- Robert Hill Lane Elementary
- Roscomare Road Elementary
- Sheridan Street Elementary
- South East High
- Stephen M. White Middle
- Thomas Jefferson Senior High

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Criteria

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

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

Condition, Cause and Effect

On a sample basis, we tested the Free or Reduced Price Meal (FRPM) and English Learner (EL) eligibility of 3,795 students from 147 schools from the “1.18 – FRPM / English Learner / Foster Youth – Student List” reported in the CALPADS. We examined supporting documentation for the selected students and verified their respective eligibility.

Of the 3,795 students tested, 2,268 students were selected for verification of their Free and Reduced Price Meal (FRPM) eligibility as “181 - Free” or “182 - Reduced”, 543 students were selected for verification of their English Learner “EL”, and 984 students were selected for verification of either FRPM or EL eligibility in accordance with the audit guide.

Based on our testing, we noted that twenty-eight (28) students from the District’s schools, and five (5) students from the District’s Dependent Charter School were reported as Free or Reduced or English Learner eligible but were unsupported as Free or Reduced or English Learner eligible. The cause of the error in reporting into CALPADS stems from the District handling multiple sets of data/records which reports the eligibility of students. This process has led to these students initially being reported as Free or Reduced eligible or English Learner, but their records were not updated to reflect they were ineligible to continue being designated as such.

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

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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	1,342,094	1,145,867	85.38%	(273)	-	**	1,145,594	85.36%
Allesandro Elementary	1,082	851	78.65%	(1)	-	-	850	78.56%
Annalee Avenue Elementary	696	557	80.03%	(1)	-	-	556	79.89%
Augustus F. Hawkins High B Community Health Advocates	1,254	1,177	93.86%	-	-	(1)	1,176	93.78%
Baldwin Hills Elementary	1,223	908	74.24%	-	-	(1)	907	74.16%
Belvedere Elementary	2,104	2,048	97.34%	(1)	-	-	2,047	97.29%
Bryson Avenue Elementary	2,293	1,909	83.25%	(1)	-	(1)	1,907	83.17%
Cesar Chavez Elementary	845	775	91.72%	(1)	-	-	774	91.60%
Elizabeth Learning Center	5,183	4,973	95.95%	(1)	-	-	4,972	95.93%
Evergreen Avenue Elementary	2,080	2,016	96.92%	(1)	-	-	2,015	96.88%
Fair Avenue Elementary	2,253	2,092	92.85%	(1)	-	-	2,091	92.81%
Franklin Avenue Elementary	1,498	510	34.05%	(1)	-	-	509	33.98%
George Washington Preparatory High	2,487	2,352	94.57%	(1)	-	(1)	2,350	94.49%
International Studies Learning Center at Legacy High School Complex	2,569	2,058	80.11%	-	-	(1)	2,057	80.07%
James Madison Middle	5,145	4,680	90.96%	(1)	-	-	4,679	90.94%
Lillian Street Elementary	1,398	1,365	97.64%	(1)	-	-	1,364	97.57%
Madison Elementary	1,779	1,649	92.69%	(1)	-	-	1,648	92.64%
Manual Arts Senior High	4,045	3,812	94.24%	-	-	(1)	3,811	94.22%
Miles Avenue Elementary	2,906	2,796	96.21%	(1)	-	-	2,795	96.18%
Rancho Dominguez Preparatory	2,432	1,973	81.13%	(1)	-	-	1,972	81.09%
Richland Avenue Elementary	922	408	44.25%	-	-	(1)	407	44.14%
Robert Hill Lane Elementary	1,078	922	85.53%	(1)	-	-	921	85.44%
Roscomare Road Elementary	1,368	110	8.04%	(1)	-	-	109	7.97%
Sheridan Street Elementary	2,185	2,109	96.52%	(1)	-	-	2,108	96.48%
South East High	6,071	5,691	93.74%	(1)	-	-	5,690	93.72%
State Street Elementary	1,488	1,380	92.74%	(1)	-	-	1,379	92.67%
Stephen M. White Middle	5,110	3,882	75.97%	(3)	-	-	3,879	75.91%
Thomas Jefferson Senior High	2,021	1,962	97.08%	-	-	(1)	1,961	97.03%
YES Academy	1,551	1,491	96.13%	(1)	-	-	1,490	96.07%
Colfax Charter Elementary (Dependent Charter)	1,951	493	25.27%	(5)	-	-	488	25.01%
Colfax Charter Elementary (Dependent Charter)	1,951	493	25.27%	(1)	-	-	492	25.22%
Community Magnet Charter Elementary (Dependent Charter)	1,373	428	31.17%	(4)	-	-	424	30.88%
Community Magnet Charter Elementary (Dependent Charter)	1,373	428	31.17%	(1)	-	(1)	426	31.03%
Marquez Charter (Dependent Charter)	1,540	218	14.16%	(5)	-	-	213	13.83%
Marquez Charter (Dependent Charter)	1,540	218	14.16%	(2)	-	-	216	14.03%
Riverside Drive Charter (Dependent Charter)	1,701	672	39.51%	(6)	-	-	666	39.15%
Riverside Drive Charter (Dependent Charter)	1,701	672	39.51%	(1)	-	-	671	39.45%

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

These findings are repeat findings, having been reported previously at June 30, 2019 (S-2019-010) but for different schools.

Questioned Costs

We determined the total impact of the twenty-eight (28) findings on the District, and five (5) findings on the Dependent Charter Schools by extrapolating the noted errors to the total UPC. We determined that the total extrapolated impact on the District's UPC is 239, and for the Dependent Charter School is 20.

We decreased the District's UPC by the extrapolated impact of 239 students and calculated an Adjusted UPC of 85.36%.

We applied the Adjusted UPC to the District's LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2019-20, and we computed total questioned costs to be \$496,186.

We also decreased the Dependent Charter Schools' UPC by the extrapolated impact of 23 students and calculated an Adjusted UPC as follows:

- Colfax Charter Elementary 25.01%
- Community Magnet Charter Elementary 30.88%
- Marquez Charter 13.83%
- Riverside Drive Charter Elementary 39.15%

We applied the Adjusted UPC to the Dependent Charter Schools LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2019-20, and we computed total questioned costs to be \$10,285.

Recommendation

We recommend the District implement a more effective system of collecting eligibility data/records and perform an adequate review before uploading into CALPADS to ensure all records have been properly updated to reflect the students' most recent designation.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

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

Economic Disadvantage Status: Free and reduced meal eligibility, household income verification, and program participation in at-risk categories (migrant, foster, homeless)

The State Reporting Services Branch (SRSB), in collaboration with the More Than a Meal Team and Information Technology Division (ITD), has developed and implemented an electronic meal eligibility identification system. The new system is now the source for the reporting of student LCFF eligibility to CALPADS.

English Learner Status

The Multilingual and Multicultural Education Department (MMED), in collaboration with the Student Testing Branch (STB), will provide all Local District EL coordinators/designee with support needed to ensure all eligible EL students are identified and assessed by generating student eligibility reports from My Integrated Student Information System (MiSiS) and Test Operations Management System (TOMS). MMED will regularly communicate any findings with LD EL coordinators via conference call, face-to-face meeting, and/or email. In addition, Local District/MMED will contact schools directly to provide additional support as needed if it appears that student have not taken the summative/annual EL assessment by the end of the testing window or the student has met the reclassification criteria for Reclassification to Fluent English Proficient.

Name: Oscar Lafarga
Title: Executive Director, Office of Data and Accountability
Telephone: (213) 241-2460

Name: Rafael Escamilla
Title: Coordinator, English Learner Programs Compliance
Telephone: (213) 241-5582

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

S-2020-009 – Attendance Accounting – Dependent Charters – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Colfax Charter Elementary

Criteria

California Education Code, Section 47612(b) – The average daily attendance in a charter school may not, in any event, be generated by a pupil who is not a California resident. To remain eligible for generating charter school apportionments, a pupil over 19 years of age shall be continuously enrolled in public school and make satisfactory progress towards award of a high school diploma. The state board shall, on or before January 1, 2000, adopt regulations defining “satisfactory progress.”

Condition, Cause and Effect

For our sample of ten (10) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month two (2). SMASRs are system-generated reports from the District’s My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We verified whether these SMASRs were reported accurately in the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*. We obtained the monthly statistical reports where all the SMASRs are summarized, for our sampled schools and we verified whether the SMASRs were completely and accurately summarized. We then traced these monthly statistical reports to the Attendance Ledgers, which in turn were traced to the *Second Principal Report (P2)* and the *Annual Principal Report (P3)*.

To test the integrity of the data reported in the sampled SMASRs, we selected a sample of absences from notes, phone logs and other absence records and compared them to the SMASRs to verify that they were not included in the calculation of Average Daily Attendance reported in the P2. In addition, since the SMASRs are generated through MiSiS, we also tested the system’s general internal controls which included but were not limited to appropriate access controls. We selected a sample of 13,894 days of attendance and 516 days of absences for testing and noted the following findings:

- **Colfax Charter Elementary School** - Out of the 1,170 days of attendance and 54 days of absences sampled, we noted the following exception:
 - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR. The school updated MiSiS to reflect the student as absent prior to P2 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P2 reporting, this does not lead to questioned costs.

Questioned Costs

Not Applicable

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary, and retain supporting documentation for instances in which students arrive to school late or leave early. The District should have a process in place to identify charter students who are over the age of nineteen and are not making satisfactory progress to graduate. Finally, we recommend the District continue to support the school by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the school identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

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

Student Health and Human Services (SHHS), Pupil Services will continue to provide elementary and secondary schools with updated policy and procedures regarding appropriate attendance monitoring and accuracy.

The following corrective actions have been taken:

- Increased collaboration with the Organizational Excellence team who provide training and support to School Administrative Assistants (SAA) and Office Technicians located at school sites. In February 2020, we participated in a School Business Services Panel for Administrative Assistants and Office Managers. We reiterated the policy surrounding absence verification and offered additional support by answering questions regarding attendance reporting practices. This School Business Services Panel was webcast for those who could not attend in person.
- Our attendance policy REF-6554.4, Attendance Monitoring and Accuracy (Section X), clearly states that, "schools should regularly generate the MiSiS Uncleared Absence report to identify students with uncleared absences and attempt to obtain verification for absences from parents/guardians." Essential Reports for Monitoring Attendance Taking and Accuracy (Attachment T) in the policy, reminds schools to generate the uncleared absence report on a weekly/monthly basis. The policy also states that an absence note for a partial day must indicate what part of the school day the student was absent. This policy update was last published in August 2019.
- Monthly meetings with Local District (LD) PSA Lead Counselors:
 - Review attendance practices including absence recording and required documentation for verification of absence.
 - Provide training tools (PowerPoint presentation) that reinforces the attendance policy and absence verification documentation required.
- The *Essential Tips to Support Policy and Meet Compliance* training which focuses on attendance and enrollment practices to help reduce common errors, was listed and offered through the Principals Resource Guide on the SHHS website.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2020

- Updated our website (<https://achieve.lausd.net/attendanceandenrollment>) with a section titled *Essential Tips to Support Policy and Compliance* detailing tips and reminders on accurate attendance taking procedures and absence verification to comply with policy and meet compliance standards. Pupil Services has shared this link with all stakeholders to reinforce policy and help reduce common errors. Completion date was November 2020.

The following corrective actions will be taken:

Policy on attendance taking and absence verification procedures will continue to be reinforced with on-going communication with all stakeholders including principals, front office staff and Pupil Services and Attendance (PSA) Counselors.

- Create a Schoology group available for all LAUSD school staff to facilitate ongoing communication, provide updates, reminders and tools for schools, with a target completion date of Spring 2021.
- Update training materials to emphasize the importance of clearing absences in a timely manner through the MiSiS uncleared absence report, as referenced in policy, with a target completion date of Spring 2021.
- Provide training to all PSA Administrators and Lead Counselors to discuss the best practices to reduce audit findings, with a target completion date of Spring 2021.
- Create a form/template (one for elementary and one for secondary) that allows the school to indicate the time that student came/left (elementary) or period missed (secondary). Encourage the use of this form/template to avoid inconsistencies with recording partial day absence. This form can be attached to an absence note as a supplemental document to further clarify time missed from school. Target completion date is Spring 2021.
- Continue on-going collaboration and communication with the Organizational Excellence team who provide training and support to SAAs and Office Technicians located at school sites. This collaboration consists of consistent communication when there are updates to policy and training needs. Organizational Excellence supports in training in those areas that have been identified in our collaboration for needing additional support.

Name: Elsy Rosado

Title: Director, Pupil Services

Telephone: (213) 241-3844

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

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, 2020

Section VI - Findings and Questioned Costs Related to Federal Awards

1. Finding F-2019-001 – Cost Principles – Payroll Certifications and Documentation for Specially Funded Employee Positions

Program Identification

Special Education Cluster (IDEA), U.S. Department of Education, passed through the California Department of Education, CFDA Nos. 84.027 and 84.173, PCA Nos. 13430 and 10115.

Child Care and Development Fund: Child Care and Development Block Grant, Child Care Mandatory and Matching Funds of the Child Care Development Fund, U.S. Department of Health and Human Services, passed through California Department of Education, CFDA Nos. 93.575 and 93.596, Contract Nos. CCTR-8100 and CSPP-8216.

Recommendation

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

Current Status

Implemented.

2. Finding F-2019-002 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, CFDA No. 84.010, PCA No. 14329.

Recommendations

Annual Report Card, High School Graduation Rate

We recommend that the District continue to strengthen its controls over enrollment/withdrawal status by providing adequate training/monitoring to ensure that student records on MiSiS are accurate and updated when new information is available and that necessary documents are kept on file at school sites.

Assessment System Security

We recommend that the District strengthen its monitoring process to ensure that the required Security Forms are submitted prior to the release of the testing materials.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

Current Status

Annual Report Card, High School Graduation Rate

The District has implemented the corrective action plan as stipulated in their response to the prior year audit finding.

This is a repeat finding which is reported in the current year (F-2020-002). However, the nature of this procedure requires a one-year look back, and as such corrective actions from FY 2019 findings would have a delayed impact.

Assessment System Security

Implemented

3. Finding F-2018-004 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, CFDA No. 84.010, PCA No. 14329.

Recommendation

We recommend the District continue to strengthen its controls over enrollment status by providing adequate training/monitoring to ensure that student records are accurate.

Current Status

The planned corrective action to update the Parent Assurance Letter (PAL) to include the withdrawal code next to the options listed within the PAL, which was not implemented as of the report date for the FY18-19 report, was implemented.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

Section VII – Findings and Questioned Costs Relating to State Awards

S-2019-001 – Regular and Special Day Classes – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- 28th Street Elementary School
- 135th Street Elementary Dual Language Spanish School
- Alexander Fleming Middle School
- Alexander Fleming Middle School Science, Technology, & Mathematics Magnet
- Arroyo Seco Museum Science Magnet
- Belmont Senior High School
- Boyle Heights Science Technology Engineering Math High School
- Brooklyn Avenue Elementary School
- Chester W. Nimitz Middle School
- Downtown Business Magnet
- Downtown Computer Science / Engineering / Multimedia Magnet
- Florence Nightingale Middle School Gifted STEM Magnet
- Francisco Bravo Senior High Medical Magnet
- Fries Avenue Elementary School
- Manhattan Place Elementary School
- Menlo Avenue Elementary School
- Middle College High School
- Nathaniel Narbonne Senior High School
- Normont Elementary School
- Robert F. Kennedy Communications School - New Open World Academy
- San Pedro Senior High School
- Saticoy Elementary School
- Susan Miller Dorsey Senior High School
- Venice Senior High School
- William R. Anton Elementary School
- Woodrow Wilson Senior High School

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary, and retain supporting documentation for instances in which students arrive to school late or leave early. Furthermore, we recommend the District continue to support the schools by providing adequate attendance reporting training so proper attendance reporting procedures are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-001) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2019-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

- Belmont Senior High
- Brooklyn Avenue Elementary
- Canfield Avenue Elementary
- LAUSD/USC Media Arts/Engineering Magnet
- Legacy Senior High Visual and Performing Arts
- Ramon C. Cortines School of Visual & Performing Arts
- RFK Community Schools - New Open World Academy K-12
- Thomas Starr King Middle School Magnet: Film and Media
- Vine Street Elementary

Recommendation

We recommend that the schools and the District remediate the misassignments identified above. Additionally, we recommend the schools and the District strengthen internal controls to ensure that teachers are assigned to teach in a position consistent with the authorization of his/her certification by having a system in place to review the alignment of assignments and credentials at the beginning of the school year and monitoring of changes to those assignments during the school year.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-002) but for different schools and teachers.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2019-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Alta Loma Elementary School
- Cabrillo Avenue Elementary School
- Canyon Charter Elementary School
- Coeur D. Alene Avenue Elementary School
- Eastman Avenue Dual Language & Bilingual Spanish Elementary School
- Fairburn Avenue Elementary School
- Rio Vista Elementary School
- South Park Elementary School

Recommendation

We recommend that the schools offering Kindergarten understand and adhere to the District's policy by retaining evidence of the signed and dated parental agreement for continuance forms, approved in form and content by the CDE, for all students repeating kindergarten, prior to the start of the school year to support the inclusion of such pupils in the average daily attendance computation. We also recommend that the District strengthen its internal controls over the collection of kindergarten continuance forms by ensuring all schools offering Kindergarten have a system of identifying continuing kindergarten age students who have repeated or have already commenced kindergarten.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-003) but for different schools.

S-2019-004 – Independent Study – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- City of Angels School

Recommendation

We recommend that the District strengthen its review process over independent study to ensure that all elements of the master agreements are complete, and all records of attendance contain readily available corresponding pupil work products. We also recommend that the District provide proper training to ensure attendance is reported accurately and policies are adhered to.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-004) but for a different school.

S-2019-005 – Attendance Accounting – Continuation Education – Attendance Computations

State Audit Guide Finding Codes: 10000 and 4000

School Affected

- Cheviot Hills Continuation High School

Recommendation

We recommend that the District strengthen its review process over student attendance reporting to ensure that the reports accurately reflect student attendance data. We also recommend that the District continue to provide adequate attendance reporting training to the schools so that proper attendance reporting procedures are adhered to.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-005) but for different schools.

S-2019-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Recommendation

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

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-006).

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2019-007 – Apprenticeship

State Audit Guide Finding Codes: 43000

Trades Affected

- Brickmasons – Brickmasons Apprenticeship Training Trust
- Elevators – Northern California Elevator Joint Apprenticeship (Local 8)
- Tradeshows – California Tradeshow & Sign Crafts Joint Apprenticeship (Local 510 & 831)

Recommendation

We recommend that the District maintain its review process over the retention of sign-in sheets and compilation of the *Apprenticeship Student Hours* to ensure that the reports accurately reflect student attendance data.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

S-2019-008 – California Clean Energy Jobs Act

State Audit Guide Finding Codes: 40000

Program Affected

- California Clean Energy Jobs Act Fund (Proposition 39 Fund)

Recommendation

We recommend that the District maintain its review process over the payroll postings of charges which are made to the Proposition 39 fund to ensure all charges are accurate. We also recommend that the District strengthen its controls to ensure all employee timesheet adjustments are properly reflected in the Proposition 39 fund.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2019-009 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- 10th Street Elementary
- Alta Loma Elementary
- Carthay Elementary of Environmental Studies Magnet
- Dayton Heights Elementary
- El Sereno Middle School
- Fletcher Drive Elementary
- Fries Avenue Elementary
- Griffith Middle School STEAM Magnet
- Humphreys Avenue Elementary
- Kittridge Street Elementary
- Leland Street Elementary
- Limerick Avenue Elementary
- Miles Avenue Elementary
- Mount Gleason Middle School
- Nora Sterry Elementary
- Northridge Middle School
- Telfair Avenue Elementary
- Wilton Place Elementary
- Wilmington Park Elementary

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records and retain supporting documentation for instances in which students arrive to the programs late or leave early.

Current Status

The District has partially implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. The District created a universal site visit form to monitor compliance with attendance procedures but has not addressed attendance and early release forms for all site visit monitoring activities due to school closures. This is a repeat finding which has been reported in the current year (S-2020-007) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2019-010 – Unduplicated Local Control Funding Formula Pupil Counts

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

- Abraham Lincoln Senior High
- Belmont Senior High
- Benjamin Franklin Senior High
- Cabrillo Avenue Elementary
- Chester W. Nimitz Middle
- Commonwealth Avenue Elementary
- Downtown Business High
- Foshay Learning Center
- Francisco Bravo Medical Magnet High
- Fries Avenue Elementary
- Grant Elementary
- Phineas Banning Senior High
- Pio Pico Middle
- Ramon C. Cortines School of Visual and Performing Arts
- San Pedro Senior High
- Santee Education Complex
- Sixth Avenue Elementary
- Thomas Starr King Middle School Film and Media Magnet
- Toland Way Elementary
- University High School Charter
- Virgil Middle
- William R. Anton Elementary

Recommendation

We recommend the District implement a more effective system of collecting eligibility data/records and perform an adequate review before uploading into CALPADS to ensure all records have been properly updated to reflect the students' most recent designation.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2020-008) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2018-006 – After School Education and Safety Program

State Program: After School Education and Safety Program

State Audit Guide Finding Codes: 40000

Schools Affected

- Arroyo Seco Museum Science Magnet
- Burbank Middle School
- Burroughs Middle School
- Canterbury Elementary
- Clinton Middle School
- Curtiss Middle School
- Drew Middle School
- Granada Elementary
- Hope Elementary
- Kim Academy (Young Oak)
- Lawrence Middle School
- Lorena Elementary
- Los Angeles Academy Middle School
- Madison Middle School
- Malabar Elementary
- Miller Elementary
- Mountain View Elementary
- Reed Middle School
- Romer Middle School
- San Gabriel Elementary
- Sharp Elementary
- Stanford Elementary
- Stevenson Middle School
- Union Elementary
- Virginia Elementary
- White Elementary
- Wisdom Elementary

Recommendation

We recommend that the District strengthen its procedures on attendance documentation for the After School Education and Safety program. The District should ensure that the agencies performing the services for these programs are aware of the District's policies, specifically on maintaining accurate attendance records. We also recommend for the District to continue performing agency visits to ensure compliance with the established policies and develop and maintain auditable supporting documentations that leave an audit trail for students who cannot have a timely participation in the program.

Current Status

The District has partially implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. The District created a universal site visit form to monitor compliance with attendance procedures but has not addressed attendance and early release forms for all site visit monitoring activities due to school closures. This is a repeat finding which has been reported in the current year (S-2020-007) but for different schools.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Status of Prior Year Findings and Recommendations

June 30, 2020

S-2018-007 – Apprenticeship

State Audit Guide Finding Codes: 40000

Trades Affected

- Elevators – National Elevator Industry Educational Program
- Sheet Metal – Joint Apprenticeship & Training Committee

Recommendation

We recommend that the District maintain its review process over the retention of sign-in sheets and compilation of the *Apprenticeship Student Hours* to ensure that the reports accurately reflect student attendance data.

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER



SIMPSON & SIMPSON
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March 24, 2021

The Honorable Board of Education
Los Angeles Unified School District
Los Angeles, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Los Angeles Unified School District** (District) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Although not considered to be significant deficiencies or material weaknesses, we also noted certain items during our audit, which we would like to bring to your attention. These comments are summarized in the following report to management on page 208. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

This communication is intended solely for the information and use of the Board of Education, District management, the State Controller's office, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Current Year Management Letter Comments

ML-2020-001 - SAP Segregation of Duties for Timekeeping

Condition

Our review of access to the Process Timekeeping (CAT2) and Approve Time (CATS_APPR_LITE) SAP transactions revealed one (1) individual who has the ability to execute the Process Timekeeping (CAT2) and Approve Time (CATS_APPR_LITE) transactions simultaneously.

We were informed by ITD that such access is required to enable this individual to perform their respective job function and that a Segregation of Duties (SOD) Exception Request should be approved for their access. However, an authorized SOD exception request could not be provided for this individual for the audit period under review (FYE 6/30/2020).

This condition presents a potential segregation of duties conflict as such access could enable an unauthorized user to process and approve the same employee's time for payroll.

Recommendation

We recommend that an authorized Segregation of Duties (SOD) Exception Request be retained and made accessible for all employees whose access has been determined to present a segregation of duties condition. The SOD Exception Request should cover the period for which the employee has the access.

Also, the transaction processing activity for individuals authorized to have SOD conflicting access should be logged and independently reviewed.

Management Response

The access request for this individual was submitted in GRC and approved in GRC by the role owner of Payroll Services at that time. However, we cannot locate the original signed SOD Exception form when the access was initially granted. Consequently, a new form was provided and signed by Payroll Services.

ML-2020-002 - CMS Personnel Access

Condition

Our review of a sample of forty (40) CMS users with Administrator or Central Finance access revealed two (2) Retirees personnel with access to the CMS production system.

This condition can increase the risk of the employee's account/access being targeted by a system intruder after the employee has been separated from the District when their account access remains active.

Current Year Management Letter Comments

Recommendation

CMS production system access for terminated users should be removed or expired in a timely manner.

Management Response

At present, there is no automated job that deactivates users. However, users are now deactivated. In addition, we will look into developing an automated deactivation job.

ML-2020-003 - CMS Program Change Approvals

Condition

Our review of seven (7) CMS program changes revealed the following for the CMS MOC ticket #CRQ000000039879

- Three (3) approvals for the CMS were missing.
- A CMS Change request form was not available for review.

Recommendation

- CMS production system approvals should be obtained prior to implementation of a change request.
- CMS change request forms should be scanned and maintained electronically so that the forms can be made available at any time to support the authorization of prior change management activities.

Management Response

CRQ000000039879 – A CMS Specialist submitted Change Request to MOC Committee and made the change without waiting for MOC approval. He was strongly reminded of policy to secure MOC approval and/or let ITD Data Operations make the change.

An ITD employee left the change request form with Food Service Department (FSD) admin assistant for FSD director's signature on March 13, 2020. Due to the pandemic, he was not able to return and retrieve the form. Upon FSD's request to continue and with MOC approval, he indicated that he proceeded with the change.

Status of Prior Year Management Letter Comments

ML-2019-001 - Vendor Record Access

Recommendation

The creation and change/update of a vendor account/record for a garnishment recipient/payee should be migrated to the Procurement department as they are the owner of the Create Vendor (FK01) transaction and data.

Current Status

Implemented.

ML-2019-002 - Process Timekeeping Access

Recommendation

SAP transaction access for terminated users (e.g., Retirees) should be removed or expired in a timely manner.

Current Status

Implemented.

ML-2019-003 - Business Continuity Planning

ML-2016-001 - Business Continuity /IT Disaster Recovery Planning

ML-2014-007 - Business Continuity /IT Disaster Recovery Planning

Recommendation

BCPs should be completed and updated on a regular basis to ensure that operations and IT systems can be effectively recovered, shortcomings are addressed, and the plan remains relevant.

Current Status

Partially Implemented - As of 2/25/2021, 87 Business Units across 15 Branches/Divisions have completed their Business Continuity Plans (BCP), this includes 22 ITD Divisions having a baselined BCP.

ITD has also set a June 2022 target timeframe to implement a Cloud Disaster Recovery Solution to provide a quick automated failover of system and application services to an external provider location to maintain operational needs during and/or after disasters and emergencies.

Status of Prior Year Management Letter Comments

ML-2017-001 - Business Continuity Planning Project

Recommendation

We recommend that mission critical ITD business processes and systems be included in the District's BCP SEP Tier 1 classification to ensure business continuity and disaster recovery plans are developed in a timely manner for ITD's mission critical processes and systems.

Current Status

Implemented.

ML-2015-002 - Security Management Policy and Procedures

Recommendation

We recommend that ITD management coordinate with District business/operations management to complete an information security plan (e.g., update, adopt and implement the November 2013 plan) and compile a comprehensive set of information security policies and procedures.

Current Status

Partially Implemented – The following IT security policies have been drafted but not formally adopted as they are pending executive management approval:

- a. Incident Response for Information Security Events (The Cybersecurity incident management policy) was drafted on 5/26/2020.
- b. The Critical Information System Change Management policy was drafted on 5/22/2020.
- c. The Patch Management Policy (Vulnerability Management) was drafted on 8/25/2020.