



**LAUSD**  
UNIFIED



# Audited Annual Financial Report

For Fiscal Year Ended June 30, 2023



**2022-23**  
Los Angeles, California



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

**AUDITED ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2023**

**MR. ALBERTO M. CARVALHO**  
SUPERINTENDENT OF SCHOOLS

**MR. PEDRO SALCIDO**  
DEPUTY SUPERINTENDENT,  
BUSINESS SERVICES AND OPERATIONS

**MR. DAVID D. HART**  
CHIEF BUSINESS OFFICER

**MR. V. LUIS BUENDIA**  
DEPUTY CHIEF BUSINESS OFFICER, FINANCE

**MS. JOY MAYOR**  
CONTROLLER  
*(April 29, 2021 to September 15, 2023)*



**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, 2023

**Table of Contents**

<b>INTRODUCTORY SECTION</b>	<b>Page</b>
Letter of Transmittal .....	i
Board of Education and Principal School District Officials .....	vii
Organizational Structure .....	viii
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5
<b>Basic Financial Statements:</b>	
<b>Government-wide Financial Statements:</b>	
Statement of Net Position .....	16
Statement of Activities .....	17
<b>Fund Financial Statements:</b>	
Balance Sheet – Governmental Funds .....	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities .....	21
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund .....	22
Statement of Net Position – Proprietary Funds – Governmental Activities – Internal Service Funds .....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds – Governmental Activities – Internal Service Funds .....	24
Statement of Cash Flows – Proprietary Funds – Governmental Activities – Internal Service Funds .....	25
<b>Notes to Basic Financial Statements</b> .....	26
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the Net OPEB Liability and Related Ratios .....	77
Schedule of Changes in the Net Pension Liability and Related Ratios – Agent Multiple-Employer Defined Benefit Pension Plan – California Public Employees' Retirement System (Safety Plan) .....	78
Schedule of Contributions – Agent Multiple-Employer Defined Benefit Pension Plan – California Public Employees' Retirement System (Safety Plan) .....	80
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions – California Public Employees' Retirement System (Miscellaneous Plan) .....	82
Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions – California State Teachers' Retirement System.....	84

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Audited Annual Financial Report

Year Ended June 30, 2023

**Table of Contents**

<b>Combining and Individual Fund Schedules and Statements :</b>	<b>Page</b>
District Bonds Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	86
Bond Interest and Redemption Fund – Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	87
<b>Nonmajor Governmental Funds :</b>	
<b>Special Revenue Funds/Debt Service Funds/Capital Projects Funds:</b>	
Nonmajor Governmental Funds – Combining Balance Sheet .....	90
Nonmajor Governmental Funds – Combining Statement of Revenues, Expenditures, and Changes in Fund Balances .....	94
Special Revenue Funds – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	98
Debt Service Funds – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	102
Capital Projects Funds – Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual .....	104
<b>Internal Service Funds:</b>	
Internal Service Funds – Combining Statement of Net Position .....	111
Internal Service Funds – Combining Statement of Revenues, Expenses, and Changes in Fund Net Position .....	112
Internal Service Funds – Combining Statement of Cash Flows .....	113
<b>SUPPLEMENTARY INFORMATION</b>	
Assessed Value of Taxable Property – Last Ten Fiscal Years .....	115
Largest Local Secured Taxpayers – Current Year and Nine Years Ago.....	116
Property Tax Levies and Collections – Last Ten Fiscal Years .....	117
Organization Structure .....	118
Schedule of Average Daily Attendance .....	119
Average Daily Attendance – Annual Report – Last Ten Fiscal Years .....	120
Schedule of Average Daily Attendance – Affiliated Charter Schools .....	122
Schedule of Instructional Time Offered .....	126
Schedule of Financial Trends and Analysis.....	127
Schedule to Reconcile the Annual Financial Budget Report (SACS) with Audited Financial Statements .....	128
Schedule of Charter Schools .....	129
Notes to Supplementary Information .....	137
Schedule of Expenditures of Federal Awards.....	138
Notes to Schedule of Expenditures of Federal Awards .....	141

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Audited Annual Financial Report

Year Ended June 30, 2023

**Table of Contents**

**OTHER INDEPENDENT AUDITOR REPORTS**

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 <i>Government Auditing Standards</i> .....	143
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance.....	145
Independent Auditor's Report on State Compliance and on Internal Control over Compliance for State Programs.....	148
Schedule of Findings and Questioned Costs .....	152
Status of Prior Year Findings and Recommendations .....	231
Independent Auditor's Management Letter .....	246





# INTRODUCTORY SECTION





**Alberto M. Carvalho**  
Superintendent

**Members of the Board**

Jackie Goldberg, President  
Scott M. Schmerelson, Vice President  
Dr. George J. McKenna III  
Dr. Rocío Rivas  
Nick Melvoin  
Kelly Gonez  
Tanya Ortiz Franklin

**Los Angeles Unified School District**  
Administrative Offices

333 S. Beaudry Avenue, 24<sup>th</sup> Floor  
Los Angeles, California 90017  
Phone (213) 241-7000

December 13, 2023

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 (AAFR) of the Los Angeles Unified School District (District), for the fiscal year ended June 30, 2023, is hereby submitted. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included. The report also includes a "State and Federal Compliance Information" section, which is designed to meet the reporting requirements of the Office of the California State Controller, the U.S. General Accounting Office, the U.S. Office of Management and Budget, and the Single Audit Act Amendments of 1996.

**Independent Audit**

Education Code Section (EC§) 41020 provides that each school district shall arrange for an audit by certified public accountants of its books and accounts, including the District's income by source of funds and expenditures by object and program. The District's contract auditor for 2022-23 is Simpson & Simpson, CPAs. The independent auditor's report on the basic financial statements is presented in the Financial Section of this report on page 1.

**Management Discussion and Analysis (MD&A)**

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

**Profile of the Los Angeles Unified School District**

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

As of June 30, 2023, the District operated 434 elementary schools, 78 middle/junior high schools, 87 senior high schools, 59 options schools, 30 multi-level schools, 12 special education schools, 67 magnet schools and 262 magnet centers, 18 primary school centers, 2 community adult schools, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, and 89 California State Preschools. The District is governed by a seven-member Board of Education elected by voters within the District to serve alternating five-year terms. These terms were extended to five years for members elected in 2015 and thereafter. As of June 30, 2023, the District employed 35,145 certificated, 31,211 classified, and 5,721 unclassified employees. Enrollment as of September 2022 was 422,276 students in K-12 schools, 32,427 students in adult schools and centers, and 7,678 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 October 2023 UCLA Anderson Forecast does not expect a mild, near-term recession but instead predicts a weak economy in 2024 and slow growth in 2025. Gross domestic product (GDP) will fall to 0.9% in the fourth quarter of 2024 and will rise to 2.4% by the fourth quarter of 2025. However, there are notable risks to the economy and forecast namely the Russia/Ukraine and China/Taiwan conflicts, impact of the 2024 election result to national economic policy in 2025, negative impact of interest rates on expansion, and climate change. The forecast report also noted that while monetary policy tightened, fiscal policies enacted through the Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act, the Infrastructure Act, and the Inflation Reduction Act added significant demand to the economy and increased investments thus averting the occurrence of a recession. Another contributing factor in the avoidance of a recession is that the interest-sensitive sectors of housing and autos were not overbuilt and in fact, were still recovering from unmet demand during the pandemic.

The UCLA Anderson Forecast also expects inflation rates to remain above the 2% goal stated by the Federal Reserve. Based on the table below, inflation rates for 2023 have been above 3% and still above pre-pandemic levels.

U.S. Monthly Inflation Rates

Month	2019	2020	2021	2022	2023
January	1.6%	2.5%	1.4%	7.5%	6.4%
February	1.5%	2.3%	1.7%	7.9%	6.0%
March	1.9%	1.5%	2.6%	8.5%	5.0%
April	2.0%	0.3%	4.2%	8.3%	4.9%
May	1.8%	0.1%	5.0%	8.6%	4.0%
June	1.6%	0.6%	5.4%	9.1%	3.0%
July	1.8%	1.0%	5.4%	8.5%	3.2%
August	1.7%	1.3%	5.3%	8.3%	3.7%
September	1.7%	1.4%	5.4%	8.2%	3.7%
October	1.8%	1.2%	6.2%	7.7%	3.2%
November	2.1%	1.2%	6.8%	7.1%	N/A
December	2.3%	1.4%	7.0%	6.5%	N/A

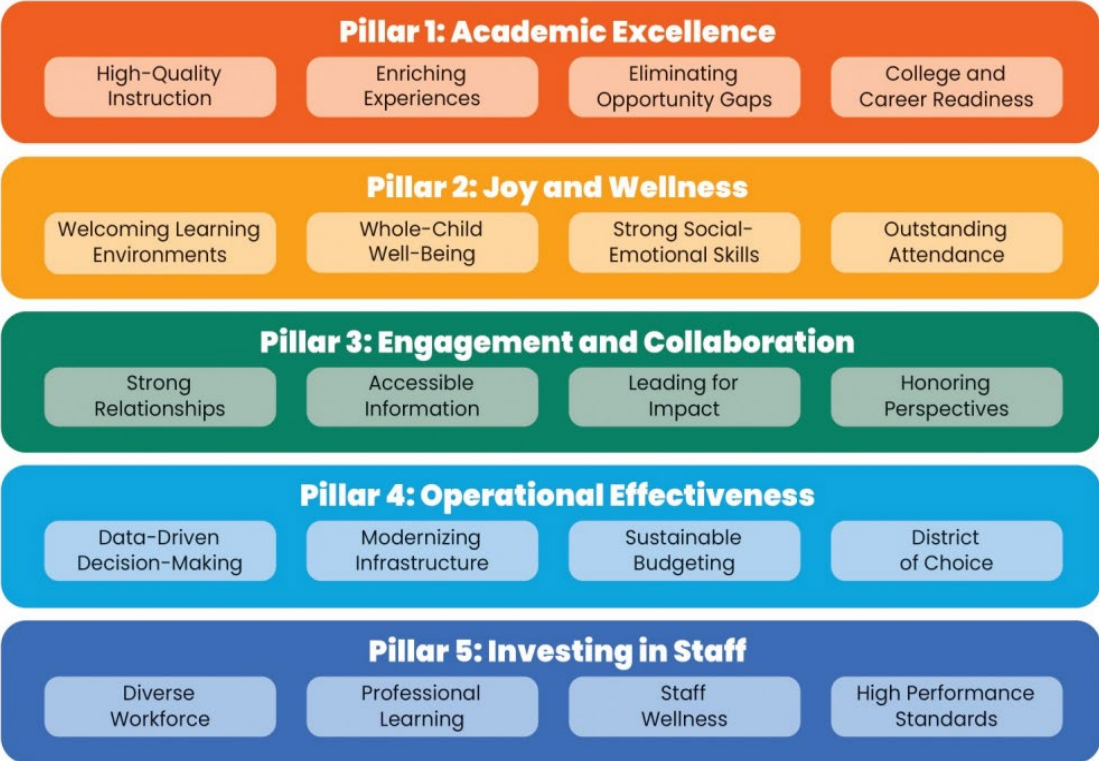
Source: Bureau of Labor Statistics / N/A Not Available

The UCLA Anderson Forecast is anticipating California’s economy to grow faster than the U.S. economy. The largest gains in jobs for the state are in the sectors of health care and social services, public and private education, construction, leisure and hospitality group, and durable goods manufacturing. A May 2023 report from the Legislative Analyst’s Office (LAO) projects a state budget shortfall larger than the state administration’s projections reaching a difference of \$10 billion by 2026-27 due to variations in revenue and spending estimates. Ahead of its annual Fiscal Outlook report scheduled for release in December 2023, LAO is estimating the statutory COLA for 2024-25 to be about 1 percent which is significantly down from the 3.94 percent estimated for 2024-25 at the 2023-24 Enacted State Budget. The Governor is required to submit a balanced budget proposal to the Legislature for 2024-25 by January 10, 2024. At that time, the proposal shall provide details on the State’s spending plan including Proposition 98.

**Superintendent’s Strategic Plan**

In June 2021, the Board of Education approved a set of four powerful goals outlining expected student outcomes by 2026. These goals establish a philosophy on the primary areas of success: postsecondary preparedness, literacy, numeracy, and social-emotional wellness to ensure our students are ready for the world. The 2022-26 Strategic Plan has been built to guide a singular focus on achieving these goals, providing clear direction for collective planning and for every action taken.

The elements outlined below reflect new and inspiring approaches that will best serve students, as well as the proven work of educators, school leaders, and support staff. The strategies included in this plan will constantly evolve and adapt to exemplify the best in public education. These elements are also not intended to stand alone but to be interconnected and to influence or support one another. While the priorities and strategies may be categorized in a particular area, each piece will work together in a coherent system to provide an exceptional education program to ensure all students graduate ready for the world.



## **Financial Information**

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

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

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

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

## **Financial Results**

In 2022-23, the Statement of Changes in Net Position shows that the District's Net Position increased by \$3.9 billion during the year. The Unrestricted Net Position, which is negative, improved by \$2.2 billion from -\$15.4 billion to -\$13.2 billion. The negative Unrestricted Net Position is largely the result of our other postemployment benefits (OPEB) liability and pension liabilities for various retirement plans. The noted improvement is primarily attributable to the receipt of new programs funded by the California Department of Education (CDE), and reallocation of certain costs to optimize the utilization of the one-time grants.

In fiscal year 2022-23, the District continued to receive one-time funding for COVID-19 that helped sustain the District's operations, address student learning gaps, and sustained in-person learning in schools. For the fiscal year ended June 30, 2023, the District spent \$1.6 billion on COVID-19 related expenses.

Another highlight in this year's AAFR is the adoption of Government Accounting Standard Board (GASB) Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs), which is the new accounting standard that better meets the information needs of financial statement users by improving accounting and financial reporting for software contracts by government entities. It requires that all software contracts meeting GASB 96 criteria must report a liability and an intangible right to use asset.

## **Audit Results**

There were 8 federal programs and 31 state compliance requirements that were audited. The examination resulted in 18 audit findings with a total *questioned costs* of \$808.5 million. The *questioned costs* mainly pertain to the District not meeting the Current Expense Formula (CEF). The District did not meet the minimum 55% minimum threshold of spending General Fund resources on classroom teacher salaries and benefits per EC Section 41372. The District's percentage spent is only 47.05%. This is due to a significant amount of dollars spent on expenditures other than classroom teacher salaries and benefits necessary to provide safe return to campus and in-person learning to students brought about by the COVID-19 pandemic. Further, the ratio is lower due to the significant increase in COVID-19 expenditures which are part of the denominator in the formula. Examples of these expenditures include

purchases of devices, connectivity, instruction software licenses, and other necessary expenses to support In-Person learning and the safety of students and staff. The District shall engage with the Los Angeles County Office of Education (LACOE) to seek a waiver request this year, which is allowed under Education Code Section 41372. In 2021-22, the District had the same finding and LACOE approved the waiver which exempted the District from the corrective action and questioned costs.

Furthermore, the District did not meet the minimum instructional days and instructional minutes requirements per EC Section 46207, 46208 and 47612.5. This was due to a work stoppage in March 2023 resulting in the closure of all District schools, for 3 days. For school samples identified as exceptions, the District offered 177 instructional days and not the minimum 180-day requirement. Given that the instructional minutes provided by all district schools surpass the state's minimum requirement, it's noteworthy that the non-compliant schools identified exclusively comprised secondary schools (grades 9-12). The District plans to file for the Instructional Time Penalty Waiver with LACOE.

For the 2022-23 school year, the District also failed to meet the average transitional kindergarten class enrollment and adult-to-pupil ratio requirements pursuant to EC Section 48000. The District's sampled school sites which offered transitional kindergarten and identified with audit findings, exceeded the 24 pupils average class enrollment and the average of at least one adult for every 12 pupils for transitional kindergarten classrooms. The District has put mechanisms in place to track the compliance of transitional kindergarten average class size and adult-to-pupil ratio for school year 2023-24. A Toolkit and job aids were created and distributed to support school sites and district administrators to ensure enrollment ratios are followed.

Other audit findings noted were on Immunization and Unduplicated Pupil Count. The common finding is due to the lack of supporting documents for some of the samples tested. This in effect disallows the District to claim for any revenue resulting from average daily attendance generated by the tested samples identified as exceptions.

The District continues to remain fully committed and be compliant with Federal and State guidelines. There is a continued focus to resolve remaining audit findings, improve our internal controls and record keeping process, and ensure that compliance with State and Federal program requirements are met.

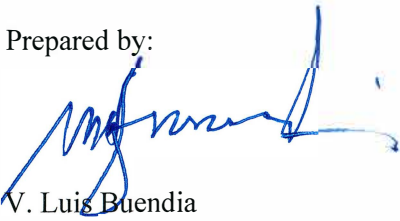
## Acknowledgments

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

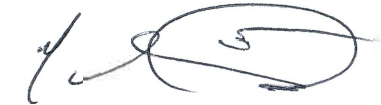
Respectfully submitted,

Alberto M. Carvalho  
Superintendent of Schools

Prepared by:



V. Luis Buendia  
Deputy Chief Business Officer, Finance



Nolberto Delgadillo  
Deputy Chief Business Officer, Finance



David D. Hart  
Chief Business Officer



## BOARD OF EDUCATION

Jackie Goldberg, President  
Board District 5

Dr. George J. McKenna III  
Board District 1

Dr. Rocio Rivas  
Board District 2

Scott Schmerelson  
Board District 3

Nick Melvoin  
Board District 4

Kelly Gonez  
Board District 6

Tanya Ortiz Franklin  
Board District 7

## PRINCIPAL SCHOOL DISTRICT OFFICIALS

Alberto M. Carvalho  
Superintendent of Schools

Pedro Salcido  
Deputy Superintendent, Business Services and Operations

David D. Hart  
Chief Business Officer

V. Luis Buendia  
Deputy Chief Business Officer, Finance

Nolberto Delgadillo  
Deputy Chief Business Officer, Finance  
*(effective July 21, 2023)*

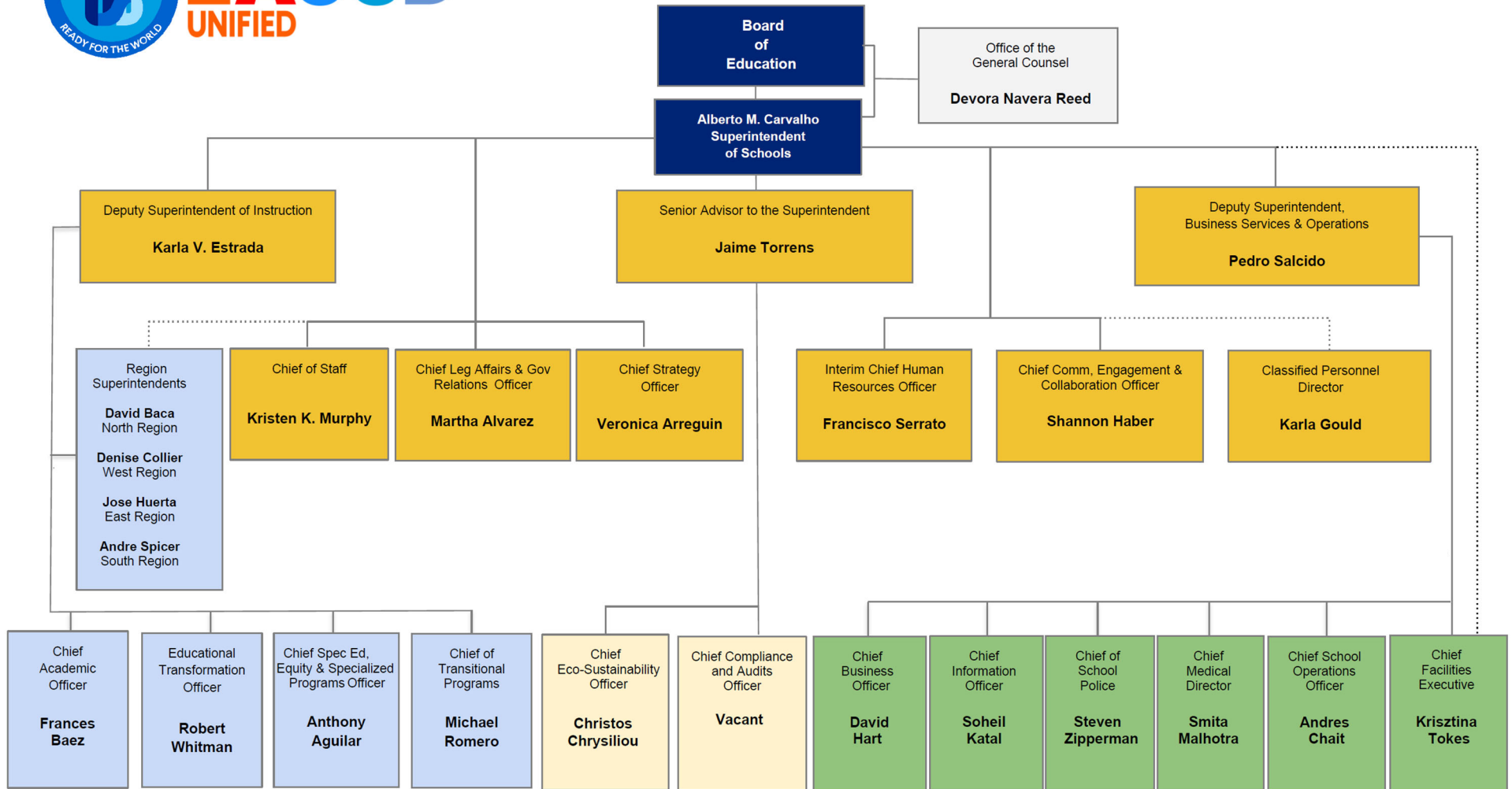
## REGION OFFICIALS

as of December 15, 2023

	<b>Region Superintendent</b>	<b>Administrator of Instruction</b>	<b>Administrator of Operations</b>	<b>Administrator of Parent &amp; Community Engagement</b>
<b>North:</b>	Dr. David Baca	Dr. Alma Flores Mylene Keipp	Jose Razo	Laura Fuentes Dr. Jeremiah Gonzalez
<b>South:</b>	Andre Spicer	Alma Kimura Rafael Balderas	Mira Pranata, <i>Interim</i>	Leticia Estrada de Carreon
<b>East:</b>	Jose Huerta	Cristina Munoz Dr. Lourdes Ramirez-Ortiz	Gilberto Martinez	Megan Guerrero
<b>West:</b>	Denise Collier	Andrew Jenkins	Dr. Debra Bryant	(Vacant)



## 2023-2024 Organization Chart



# FINANCIAL SECTION





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(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 Audit of the Financial Statements

#### *Opinions*

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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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, 2023, 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.

#### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Change in Accounting Principle*

As discussed in Note 1(q) to the basic financial statements, on July 1, 2022, the District adopted the new accounting and disclosure requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 to 15 and the required supplementary information on pages 77 to 85 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

### ***Supplementary 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 accompanying supplementary information on pages 86 to 113, 119, 122 to 128, and 137, and the schedule of expenditures of federal awards and related notes on pages 138 to 141, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the supplementary information on pages 115 to 118, 120 to 121, and 129 to 136 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.



### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023, 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 &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
December 13, 2023



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

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, 2023.

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-viii 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 \$4.3 billion (deficit net position). The negative net position is primarily comprised of an unrestricted \$13.2 billion deficit, which includes net pension liabilities for various retirement plans totaling \$6.7 billion and net other postemployment benefits (OPEB) liability totaling \$8.5 billion. The District's total net position increased by \$3.9 billion from the prior year.
- Long term liabilities increased by \$0.5 billion primarily due to increase in change of actuarial assumptions in the net pension liability.
- As of the close of the 2023 fiscal year, the District's governmental funds reported combined ending fund balances of \$8.9 billion, an increase of \$2.4 billion from the fiscal year ended June 30, 2022.
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was \$0.9 billion, or 10% of total General Fund expenditures.

### **Overview of the Basic Financial Statements**

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

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

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

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

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

The government-wide financial statements can be found on pages 16-17 of this report.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

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

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

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

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

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

The governmental fund financial statements can be found on pages 18 and 20 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 23-25 of this report.

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-75 of this report.

**Combining and individual fund schedules and statements.** Combining schedules and statements consisting of the budget to actual comparisons for District Bonds Fund, Bond Interest and Redemption Fund, the individual accounts within the nonmajor governmental funds, and the internal service funds are

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

presented immediately following the required supplementary information. Combining and individual fund schedules and statements can be found on pages 86-113 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the District, liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$4.3 billion at the close of the most recent year.

The District's net position reflects its investments in capital assets (\$4.1 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 of \$4.8 billion represents resources that are subject to external restrictions on how they may be used. The majority of this pertains to capital projects funds, debt services funds, and various programs such as Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, Kitchen Infrastructure and Training Funds, and Literacy Coaches and Reading Specialists Grant Program. The remaining negative balance in unrestricted net position (-\$13.2 billion) resulted primarily from the net pension liability for various retirement plans totaling \$6.7 billion and the net OPEB liability totaling \$8.5 billion.

At the end of the 2023 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 modernization projects throughout the District which is higher compared to the recognition of depreciation expense.

Long-term liabilities increased by \$0.5 billion primarily due to increase in change of actuarial assumptions in the net pension liability.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Management's Discussion and Analysis

June 30, 2023

**Summary Statements of Net Position (in thousands)**

As of June 30, 2023 and 2022:

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Current Assets	\$ 11,893,489	\$ 8,993,699
Capital Assets, net	<u>15,757,952</u>	<u>15,380,283</u>
Total Assets	<u>27,651,441</u>	<u>24,373,982</u>
Deferred Outflows of Resources	<u>5,564,111</u>	<u>3,723,083</u>
Current Liabilities	2,114,406	1,547,470
Long-term Liabilities	12,409,724	12,638,389
Net Pension Liability	6,730,407	4,311,675
Net Other Postemployment Benefits Liability	<u>8,482,271</u>	<u>10,186,225</u>
Total Liabilities	<u>29,736,808</u>	<u>28,683,759</u>
Deferred Inflows of Resources	<u>7,729,290</u>	<u>7,572,724</u>
Net Position:		
Net investment in capital assets	4,141,883	3,614,823
Restricted for:		
Debt service	1,152,339	1,073,923
Program activities	3,681,025	2,528,420
Unrestricted	<u>(13,225,793)</u>	<u>(15,376,584)</u>
Total Net Position	<u>\$ (4,250,546)</u>	<u>\$ (8,159,418)</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Management's Discussion and Analysis

June 30, 2023

**Summary Statements of Changes in Net Position (in thousands)**

Years ended June 30, 2023 and 2022:

	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 168,351	\$ 157,424
Operating grants and contributions	5,323,415	4,917,729
Capital grants and contributions	223,810	261,523
Total Program Revenues	<u>5,715,576</u>	<u>5,336,676</u>
General Revenues:		
Property taxes levied for general purposes	2,102,924	1,854,404
Property taxes levied for debt service	1,093,217	967,767
Property taxes levied for community redevelopment	55,694	48,947
State aid not restricted to specific purpose	4,491,309	4,183,846
Grants, entitlements, and contributions not restricted to specific programs	221,467	134,647
Unrestricted investment earnings	(23,186)	(144,178)
Miscellaneous	81,034	43,249
Total General Revenues	<u>8,022,459</u>	<u>7,088,682</u>
Total Revenues	<u>13,738,035</u>	<u>12,425,358</u>
Expenses:		
Instruction	\$ 4,558,356	\$ 4,714,575
Support Services:		
Support services – students	552,649	1,134,663
Support services – instructional staff	869,837	844,210
Support services – general administration	115,813	151,426
Support services – school administration	560,724	614,633
Support services – business	258,764	443,287
Operation and maintenance of plant services	898,066	898,224
Student transportation services	172,738	169,703
Data processing services	118,973	108,031
Operation of noninstructional services	558,572	612,394
Facilities acquisition and construction services	165,545	140,579
Other uses	6,970	5,553
Interest expense	407,889	396,253
Depreciation – unallocated	584,267	591,051
Total Expenses	<u>9,829,163</u>	<u>10,824,582</u>
Changes in Net Position	<u>3,908,872</u>	<u>1,600,776</u>
Net Position – Beginning of Year	(8,159,418)	(9,760,194)
Net Position – End of Year	<u>\$ (4,250,546)</u>	<u>\$ (8,159,418)</u>

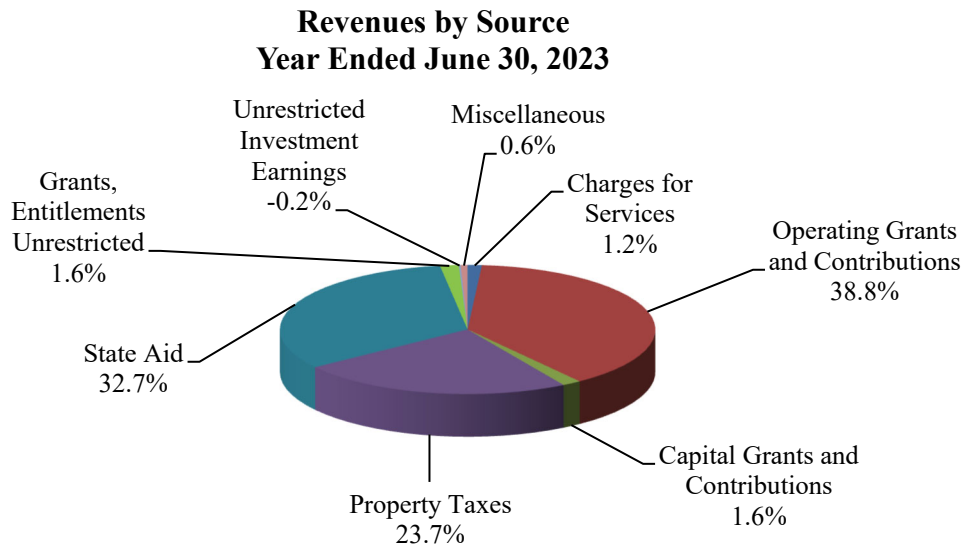
**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Management’s Discussion and Analysis

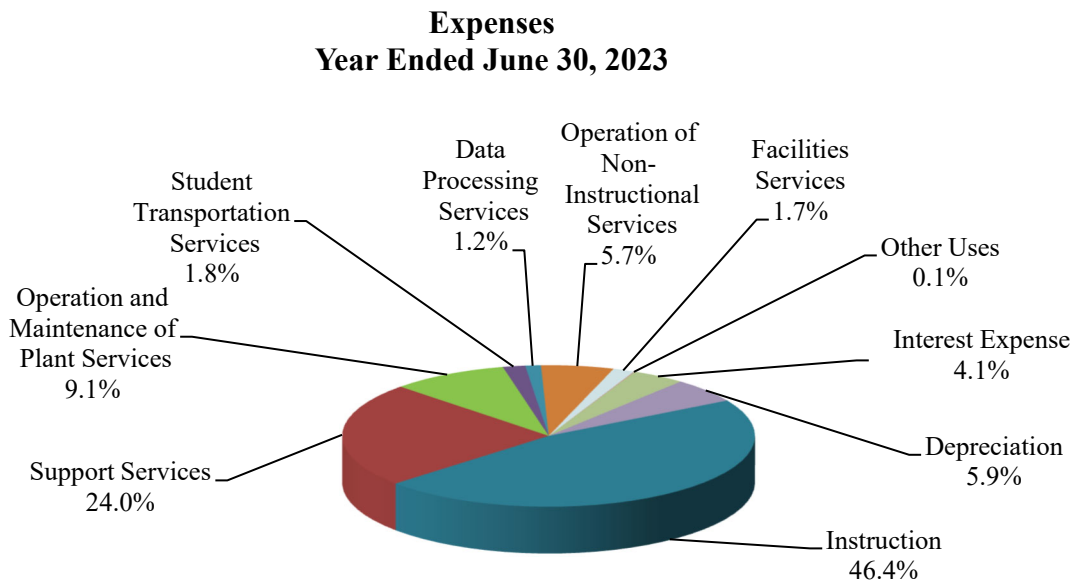
June 30, 2023

At the end of the current fiscal year, the District’s net position increased by \$3.9 billion from the prior year primarily due to (1) reallocation of certain costs to optimize the utilization of the one-time grants, and (2) revenue recognitions of the State funded programs such as Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, Kitchen Infrastructure and Training Funds, and Literacy Coaches and Reading Specialists Grant Program.

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



The following pie chart 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, 2023

### 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 \$8.9 billion, an increase of \$2.4 billion in comparison with the prior year. Approximately 62.8% of this total combined ending fund balance consists of the assigned fund balance totaling \$0.5 billion (5.9%) and nonspendable and restricted fund balances totaling \$5 billion (56.9%), which can only be spent for specific purposes because of laws and regulations or grantor restrictions. The committed fund balance of \$2.9 billion, 32.9% of the total combined ending balance, is self-imposed policies by the District's higher level of decision-making authority. The remaining \$0.4 billion (4.3%) of this total combined ending fund balance constitutes reserved for economic uncertainties fund balance totaling \$0.2 billion (2.7%), and unassigned fund balance totaling \$0.2 billion (1.6%) 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 2023 fiscal year, the unassigned fund balance of the General Fund was \$0.4 billion, while the total fund balance \$5.7 billion. The fund balance of the District's General Fund increased by \$2.4 billion during the current fiscal year. This is primarily attributable to the revenue recognitions of the State funded programs such as Arts, Music, and Instructional Materials Discretionary Block Grant, Learning Recovery Emergency Block Grant, Kitchen Infrastructure and Training Funds, and Literacy Coaches and Reading Specialists Grant Program.

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

	<u>Other Governmental Funds</u>					<u>Total</u>
	<u>District Bonds</u>	<u>Bond Interest and Redemption</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Other Capital Projects</u>	
Fund Balance, June 30, 2023:						
Nonspendable						
Revolving cash and imprest funds	\$ 500	\$ —	\$ 16	\$ —	\$ —	\$ 16
Inventories	—	—	19,041	—	—	19,041
Prepays	234	—	44	—	—	44
Restricted	1,234,840	1,305,162	284,169	436	307,709	592,314
Assigned	—	—	5,871	—	10,351	16,222
Unassigned	—	—	(8,192)	—	—	(8,192)
Total	<u>1,235,574</u>	<u>1,305,162</u>	<u>300,949</u>	<u>436</u>	<u>318,060</u>	<u>619,445</u>
Fund Balance, July 1, 2022	1,315,137	1,174,108	218,234	13,382	447,917	679,533
Increase (decrease) in fund balance	<u>\$ (79,563)</u>	<u>\$ 131,054</u>	<u>\$ 82,715</u>	<u>\$ (12,946)</u>	<u>\$ (129,857)</u>	<u>\$ (60,088)</u>

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

The fund balance decreased during the current year for the District Bonds due to continued spending for school modernization projects and renovation. The increase of \$131.1 million in Bond Interest and Redemption was attributable to the increase in property tax levy for local bond debt service. Special Revenue funds increased by \$82.7 million primarily due to the Cafeteria Fund in which overall revenues are higher generated from the meal programs during the year.

Debt Service Fund decreased by \$13 million due to the release of the debt service reserve fund during the refunding of COPs 2012A and COPs 2012B.

The decrease of \$0.1 billion for the Capital Projects is primarily due to spending on projects in the County School Facilities Bonds and Capital Facilities Fund combined with project cost transfers out to other funds.

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

At the end of the year, the District's proprietary funds have an unrestricted net position of \$0.4 billion, a net increase of \$0.07 billion in the current year.

### **General Fund Budgetary Highlights**

The District closely monitors and reviews its revenue and expenditure data to ensure that a sufficient ending balance is maintained. This monitoring and review occur from budget development through the State-mandated first and second interim financial reports, and at year end, utilizing 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 on the State's Enacted Budget and 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 2022-23 General Fund Original Final Budget and the Modified Final Budget resulted in a \$1.3 billion higher budgeted ending balance of \$4.0 billion from \$2.7 billion. Adjustments to the Original Final Budget included a decrease in beginning balance of \$0.2 billion, an increase in budgeted revenues and financing sources of \$1.7 billion, and an increase in budgeted expenditures and other financing uses of \$0.1 billion.

The decrease in beginning balance of \$0.2 billion was to reflect the actual ending balance as of June 30, 2022, as opposed to the estimated ending balance as of June 30, 2022. The net increase in budgeted revenues and other financing sources of \$1.7 billion was mostly due to an increase in LCFF revenue of \$0.5 billion, higher grant funding of \$0.2 billion, recognition of Arts, Music, and Instructional Materials Discretionary Block Grant and Learning Recovery Emergency Block Grant totaling \$0.8 billion in state revenues, and Expanded Learning Opportunities (ELO) Grant of \$0.1 billion in federal revenue.

The increase in estimated expenditures and other financing uses of \$0.1 billion was mostly attributable to the program implementation of Expanded Learning Opportunities (ELO) Grant.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

### *Actual vs. Modified Final Budget*

The unfavorable variance of \$0.7 billion in revenues and other financing sources between the Actual and Modified Final Budget was mostly due to adjustments on multi-year grants and COVID-related funds which are budgeted in their entirety but earned only to the extent of actual expenditures incurred.

The favorable variance of \$2.4 billion in expenditures and other financing uses between the Actual and the Modified Final Budget was mostly from COVID-related and school carryover accounts. The unspent portion of these accounts shall carry over into the next fiscal year for further program implementation and/or to pay future obligations. The largest favorable variances were in Books and Supplies (\$1.3 billion), Certificated Salaries (\$0.4 billion) and Services and Other Operating Expenditures (\$0.3 billion).

Differences between the Actual and Modified Final Budget resulted in a \$1.7 billion higher ending balance of \$5.7 billion from \$4.0 billion.

### **Capital Assets and Debt Administration**

**Capital assets.** The District's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$15.8 billion (net of accumulated depreciation), 2.46% increase from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment, construction in progress, lease assets, and subscription assets, net of any related accumulated depreciation. The increase is primarily due to comprehensive and major modernization projects, heating, ventilation, and air conditioning (HVAC) projects, improvement at school sites, and the recognition of subscription assets under GASB 96.

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

	<b>Governmental Activities</b>	
	<b>2023</b>	<b>2022</b>
Sites	\$ 3,101,518	\$ 3,100,671
Improvement of sites	323,162	334,963
Buildings and improvements	9,098,155	9,306,858
Equipment	367,061	395,607
Construction in progress	2,777,727	2,185,368
Lease assets	54,970	56,816
Subscription assets	35,359	—
Total	<u>\$ 15,757,952</u>	<u>\$ 15,380,283</u>

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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

### Debt Administration

**Long-term obligations.** At the end of the current fiscal year, the District had total long-term obligations of \$27.6 billion. Of this amount, \$11.5 billion is comprised of debt to be repaid by voter approved property taxes and not by the General Fund of the District.

The District's total long-term obligations increased by \$0.5 billion (1.8%) during the current fiscal year. The increase was primarily due to increase in change of actuarial assumptions in the net pension liability.

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

	Governmental Activities	
	2023	2022
General Obligation (GO) Bonds	\$ 11,448,075	\$ 11,612,001
Certificates of Participation (COPs)	101,109	127,611
Capital Lease Obligations	55,818	57,374
Subscription-based Information Technology Agreements	32,296	—
Liability for Compensated Absences	90,932	86,722
Liability for Other Employee Benefits	24,891	29,594
Self-insurance Claims	656,603	725,087
Net Pension Liability	6,730,407	4,311,675
Other Postemployment Benefits (OPEB)	8,482,271	10,186,225
Total	<u>\$ 27,622,402</u>	<u>\$ 27,136,289</u>

### Long-Term Credit Ratings

Below are the District's long-term credit ratings as of June 30, 2023, from the rating agencies that carry ratings on all or some of the District's outstanding GO bonds and COPs:

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

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

State statutes limit the issuance of general obligation bond debt by a unified school district if the outstanding general obligation bonds are more than 2.5% of its total taxable property. The debt limitation for the District as of June 30, 2023, is \$21.9 billion, which is in excess of the District's outstanding general obligation bond debt.

Additional information on the District's long-term obligations can be found in Notes 11 and 12 on pages 65-68 of this report.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Management's Discussion and Analysis

June 30, 2023

### **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 Business Officer homepage (<https://www.lausd.org/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 Business 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, 2023

(in thousands)

	<u>Governmental Activities</u>
Assets:	
Cash in county treasury, in banks, and on hand	\$ 10,097,712
Cash held by trustee	299,495
Investments	14,335
Lease receivable	14,590
Property taxes receivable	109,754
Accounts receivable, net	1,185,590
Accrued interest receivable	88,532
Prepays	21,957
Inventories	52,972
Accounts receivable, noncurrent	3,708
Other assets	4,844
Capital assets:	
Sites	3,101,518
Improvement of sites	896,849
Buildings and improvements	17,691,090
Equipment	2,636,623
Construction in progress	2,777,727
Lease assets	65,532
Subscription assets	55,256
Less accumulated depreciation	<u>(11,466,643)</u>
Total Capital Assets, Net of Depreciation	<u>15,757,952</u>
Total Assets	<u>27,651,441</u>
Deferred Outflows of Resources	<u>5,564,111</u>
Liabilities:	
Vouchers and accounts payable	485,433
Contracts payable	128,594
Accrued payroll	772,959
Accrued interest	265,549
Other payables	350,045
Unearned revenue	111,826
Long-term liabilities:	
Portion due within one year	981,120
Portion due after one year	11,428,604
Net pension liability	6,730,407
Net other post-employment liabilities	<u>8,482,271</u>
Total Liabilities	<u>29,736,808</u>
Deferred Inflows of Resources	<u>7,729,290</u>
Net Position:	
Net investment in capital assets	4,141,883
Restricted for:	
Debt service	1,152,339
Program activities	3,681,025
Unrestricted	<u>(13,225,793)</u>
Total Net Position	<u>\$ (4,250,546)</u>

See accompanying notes to basic financial statements.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Statement of Activities  
Year Ended June 30, 2023  
(in thousands)

Functions/programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental activities:					
Instruction	\$ 4,558,356	\$ 18,784	\$ 2,808,565	\$ —	\$ (1,731,007)
Support Services – students	552,649	997	346,096	—	(205,556)
Support Services – instructional staff	869,837	97	682,675	—	(187,065)
Support Services – general administration	115,813	—	(145)	—	(115,958)
Support Services – school administration	560,724	—	202,159	—	(358,565)
Support Services – business	258,764	12,188	229,097	—	(17,479)
Operation and maintenance of plant services	898,066	32,515	254,002	—	(611,549)
Student transportation services	172,738	—	17,448	—	(155,290)
Data processing services	118,973	—	3,120	—	(115,853)
Operation of non-instructional services	558,572	742	722,469	—	164,639
Facilities acquisition and construction services*	165,545	103,028	56,972	173,923	168,378
Other Uses	6,970	—	81	—	(6,889)
Interest expense	407,889	—	876	49,887	(357,126)
Depreciation – unallocated**	584,267	—	—	—	(584,267)
<b>Total Governmental Activities</b>	<b>\$ 9,829,163</b>	<b>\$ 168,351</b>	<b>\$ 5,323,415</b>	<b>\$ 223,810</b>	<b>\$ (4,113,587)</b>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					2,102,924
Property taxes, levied for debt service					1,093,217
Property taxes, levied for community redevelopment					55,694
State aid not restricted to specific purpose					4,491,309
Grants, entitlements, and contributions not restricted to specific programs					221,467
Unrestricted investment earnings					(23,186)
Miscellaneous					81,034
<b>Total General Revenues</b>					<b>8,022,459</b>
<b>Change in Net Position</b>					<b>3,908,872</b>
<b>Net Position – Beginning of Year</b>					<b>(8,159,418)</b>
<b>Net Position – End of Year</b>					<b>\$ (4,250,546)</b>

\* 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, 2023  
(in thousands)

	<b>General</b>	<b>District Bonds</b>	<b>Bond Interest and Redemption</b>	<b>Other Governmental</b>	<b>Total Governmental</b>
<b>Assets:</b>					
Cash in county treasury, in banks, and on hand	\$ 6,146,465	\$ 1,415,572	\$ 1,007,359	\$ 540,321	\$ 9,109,717
Cash held by trustee	—	—	299,495	—	299,495
Investments	—	—	—	14,335	14,335
Lease receivable	12,374	—	—	2,216	14,590
Taxes receivable	—	—	109,754	—	109,754
Accounts receivable – net	1,020,322	—	—	104,346	1,124,668
Accrued interest receivable	57,822	15,265	—	6,173	79,260
Prepays	10,714	234	—	44	10,992
Inventories	33,931	—	—	19,041	52,972
Other assets	—	—	—	69	69
<b>Total Assets</b>	<b>7,281,628</b>	<b>1,431,071</b>	<b>1,416,608</b>	<b>686,545</b>	<b>10,815,852</b>
Deferred Outflows of Resources	—	—	—	—	—
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 7,281,628</b>	<b>\$ 1,431,071</b>	<b>\$ 1,416,608</b>	<b>\$ 686,545</b>	<b>\$ 10,815,852</b>
<b>Liabilities and Fund Balances:</b>					
Vouchers and accounts payable	\$ 408,475	\$ 55,047	\$ —	\$ 12,719	\$ 476,241
Contracts payable	6,424	120,764	—	1,403	128,591
Accrued payroll	734,506	11,886	—	29,378	775,770
Accrued interest	844	—	—	—	844
Other payables	311,623	7,800	—	8,689	328,112
Unearned revenue	99,131	—	—	12,695	111,826
<b>Total Liabilities</b>	<b>1,561,003</b>	<b>195,497</b>	<b>—</b>	<b>64,884</b>	<b>1,821,384</b>
Deferred Inflows of Resources:					
Property taxes	—	—	109,754	—	109,754
Build America Bond Subsidy	—	—	1,692	—	1,692
Leases	12,374	—	—	2,216	14,590
<b>Total Deferred Inflows of Resources</b>	<b>12,374</b>	<b>—</b>	<b>111,446</b>	<b>2,216</b>	<b>126,036</b>
<b>Fund Balances:</b>					
Nonspendable	47,514	734	—	19,101	67,349
Restricted	1,843,005	1,234,840	1,305,162	—	4,383,007
Restricted, reported in:					
Special revenue funds	—	—	—	284,169	284,169
Debt service funds	—	—	—	436	436
Capital projects funds	—	—	—	307,709	307,709
Committed	2,920,908	—	—	—	2,920,908
Assigned	510,899	—	—	—	510,899
Assigned, reported in:					
Special revenue funds	—	—	—	5,871	5,871
Capital projects funds	—	—	—	10,351	10,351
Unassigned:					
Reserved for economic uncertainties	238,780	—	—	—	238,780
Unassigned	147,145	—	—	(8,192)	138,953
<b>Total Fund Balances</b>	<b>5,708,251</b>	<b>1,235,574</b>	<b>1,305,162</b>	<b>619,445</b>	<b>8,868,432</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,281,628</b>	<b>\$ 1,431,071</b>	<b>\$ 1,416,608</b>	<b>\$ 686,545</b>	<b>\$ 10,815,852</b>

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, 2023  
 (in thousands)

Total Fund Balances – Governmental Funds	\$ 8,868,432
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 \$27,224,595 and the accumulated depreciation is \$11,466,643.	15,757,952
Prepaid subscription software expenditures are reported as subscription assets in the governmental activities.	(2,679)
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.	109,754
Federal subsidies for debt service expenditures are recognized in the governmental funds only when the corresponding interest expenditure is recognized.	1,692
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.	3,708
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.	366,609
Long-term liabilities, including bonds and lease payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(12,014,467)
Deferred outflow/inflow of resources – refunding charges are not reported in the governmental funds.	23,906
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(5,537,072)
Net other post-employment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(11,828,381)
Total Net Position – Governmental Activities	<u>\$ (4,250,546)</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, 2023

(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	\$ 6,594,216	\$ —	\$ —	\$ —	\$ 6,594,216
Federal revenues	2,304,229	—	69,549	427,684	2,801,462
Other state revenues	2,681,901	—	3,173	568,375	3,253,449
Other local revenues	196,178	36,576	1,112,021	236,405	1,581,180
Total Revenues	<u>11,776,524</u>	<u>36,576</u>	<u>1,184,743</u>	<u>1,232,464</u>	<u>14,230,307</u>
Expenditures:					
Current:					
Certificated salaries	3,474,867	—	—	113,602	3,588,469
Classified salaries	1,346,138	23,480	—	235,014	1,604,632
Employee benefits	2,592,961	12,212	—	224,141	2,829,314
Books and supplies	670,470	1,495	—	201,181	873,146
Services and other operating expenditures	1,272,082	65,031	—	39,293	1,376,406
Capital outlay	111,072	730,802	—	185,963	1,027,837
Debt service – principal	20,402	3	565,335	24,001	609,741
Debt service – bond, COPs, and capital leases interest	2,014	—	524,048	4,438	530,500
Other outgo	6,920	—	—	50	6,970
Transfers of indirect costs – interfund	(24,020)	—	—	24,020	—
Total Expenditures	<u>9,472,906</u>	<u>833,023</u>	<u>1,089,383</u>	<u>1,051,703</u>	<u>12,447,015</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,303,618</u>	<u>(796,447)</u>	<u>95,360</u>	<u>180,761</u>	<u>1,783,292</u>
Other Financing Sources (Uses):					
Transfers in	41,049	270,846	—	41,674	353,569
Transfers out	(15,560)	(53,962)	—	(284,047)	(353,569)
Premium on bonds issued	—	—	35,694	—	35,694
Payment to refunded COPs escrow agent	—	—	—	(73,373)	(73,373)
Capital Leases	3,489	—	—	36	3,525
Proceeds from sale of capital assets	264	—	—	—	264
Proceeds from SBITAs	47,068	—	—	1,131	48,199
Proceeds from sale of bonds	—	500,000	—	—	500,000
Proceeds from refunding COPs	—	—	—	73,730	73,730
Total Other Financing Sources (Uses)	<u>76,310</u>	<u>716,884</u>	<u>35,694</u>	<u>(240,849)</u>	<u>588,039</u>
Net Changes in Fund Balances	<u>2,379,928</u>	<u>(79,563)</u>	<u>131,054</u>	<u>(60,088)</u>	<u>2,371,331</u>
Fund Balances, July 1, 2022	3,328,323	1,315,137	1,174,108	679,533	6,497,101
Fund Balances, June 30, 2023	<u>\$ 5,708,251</u>	<u>\$ 1,235,574</u>	<u>\$ 1,305,162</u>	<u>\$ 619,445</u>	<u>\$ 8,868,432</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, 2023  
 (in thousands)

Net Changes in Fund Balances – Governmental Funds	\$ 2,371,331
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.	374,992
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.	57,661
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.	94,408
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues for this year.	(14,711)
In the statement of activities, compensated absences and other retirement benefits are measured the employees earned during the year. In the governmental funds, however, by the amounts expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(15)
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.	1,591
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.	74,529
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.	(891)
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.	(26,571)
Adoption of GASB 68 recognizes actuarial pension expense in the government wide statements and reclassify actual pension contribution in the current year as deferred outflow of resources.	453,745
Adoption of GASB 75 recognizes actuarial OPEB expense in the government wide statements and reclassify actual pension contribution in the current year as deferred outflow of resources.	522,803
Change in Net Position of Governmental Activities	\$ 3,908,872

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, 2023  
(in thousands)

	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
	Original	Final		
Revenues:				
Local Control Funding Formula sources	\$ 6,085,362	\$ 6,598,392	\$ 6,594,216	\$ (4,176)
Federal revenues	2,823,278	3,017,375	2,304,229	(713,146)
Other state revenues	1,717,894	2,623,539	2,681,901	58,362
Other local revenues	168,120	220,801	196,178	(24,623)
Total Revenues	<u>10,794,654</u>	<u>12,460,107</u>	<u>11,776,524</u>	<u>(683,583)</u>
Expenditures:				
Current:				
Certificated salaries	3,772,450	3,886,111	3,474,867	411,244
Classified salaries	1,260,838	1,463,157	1,346,138	117,019
Employee benefits	2,798,406	2,764,420	2,592,961	171,459
Books and supplies	2,793,773	2,016,144	670,470	1,345,674
Services and other operating expenditures	1,045,868	1,549,135	1,272,082	277,053
Capital outlay	17,908	111,166	111,072	94
Debt service – principal	93	20,429	20,402	27
Debt service – bond, COPs, and capital leases interest	10	18,074	2,014	16,060
Other outgo	5,326	6,926	6,920	6
Transfers of indirect costs – interfund	(30,404)	(23,928)	(24,020)	92
Total Expenditures	<u>11,664,268</u>	<u>11,811,634</u>	<u>9,472,906</u>	<u>2,338,728</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(869,614)</u>	<u>648,473</u>	<u>2,303,618</u>	<u>1,655,145</u>
Other Financing Sources (Uses):				
Transfers in	40,367	41,049	41,049	—
Transfers out	(35,719)	(18,167)	(15,560)	2,607
Leases	—	—	3,489	3,489
Proceeds from sale of capital assets	—	264	264	—
Proceeds from SBITAs	—	—	47,068	47,068
Total Other Financing Sources (Uses)	<u>4,648</u>	<u>23,146</u>	<u>76,310</u>	<u>53,164</u>
Net Changes in Fund Balances	(864,966)	671,619	2,379,928	1,708,309
Fund Balances, July 1, 2022	3,567,607	3,328,323	3,328,323	—
Fund Balances, June 30, 2023	<u>\$ 2,702,641</u>	<u>\$ 3,999,942</u>	<u>\$ 5,708,251</u>	<u>\$ 1,708,309</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, 2023  
(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	\$ 987,994
Accounts receivable – net	60,922
Accrued interest and dividends receivable	9,272
Prepays	13,640
Other assets	4,774
Total Assets	1,076,602
Deferred Outflows of Resources	7,725
Liabilities:	
Current:	
Vouchers and accounts payable	9,192
Accrued payroll	1,457
Other payables	21,021
Estimated liability for self-insurance claims	232,300
Total Current Liabilities	263,970
Noncurrent:	
Estimated liability for self-insurance claims	424,303
Net other postemployment benefits liability	9,758
Net pension liability	11,440
Total Noncurrent Liabilities	445,501
Total Liabilities	709,471
Deferred Inflows of Resources	8,247
Total Net Position – Unrestricted	\$ 366,609

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, 2023  
(In thousands)

Operating Revenues:	
In-District premiums	\$ 1,414,692
Others	11,704
Total Operating Revenues	1,426,396
Operating Expenses:	
Classified salaries	6,422
Employee benefits	1,872
Supplies	421
Premiums and claims expenses	1,345,264
Claims administration	16,046
Other contracted services	1,501
Total Operating Expenses	1,371,526
Operating Income	54,870
Nonoperating Revenues (Expenses):	
Investment income	19,708
Miscellaneous expense	(48)
Total Nonoperating Revenues	19,660
Changes in Net Position	74,530
Total Net Position, July 1, 2022	292,079
Total Net Position, June 30, 2023	\$ 366,609

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, 2023

(in thousands)

Cash Flows from Operating Activities:

Cash payments to employees for services	\$ (9,659)
Cash payments for goods and services	(1,431,361)
Receipts from assessment to other funds	1,414,692
Receipts from other operating revenue	11,704
Net Cash Used by Operating Activities	<u>(14,624)</u>

Cash Flows from Investing Activities:

Earnings on investments	12,947
Cash Provided by Investing Activities	<u>12,947</u>
Net Decrease in Cash and Cash Equivalents	(1,677)

Cash and Cash Equivalents, July 1

989,671

Cash and Cash Equivalents, June 30

\$ 987,994

Reconciliation of Operating Income to Net Cash Used by Operating Activities:

Operating Income	\$ 54,870
Adjustments to reconcile operating income to net cash used by operating activities:	
Net decrease in pension and other postemployment benefits expense from actuarial valuation	(1,627)
Change in Assets: Decrease (Increase)	
Accounts receivable	(19,631)
Prepays	42,921
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	3,733
Accrued payroll	264
Other payables	(26,671)
Estimated liability for self-insurance claims – current	(125,720)
Estimated liability for self-insurance claims – noncurrent	57,237
Total Adjustments	<u>(69,494)</u>
Net Cash Used by Operating Activities	<u>\$ (14,624)</u>

See accompanying notes to basic financial statements.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

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

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements on pages 18 and 20. Nonmajor funds are aggregated in a single column.

### **(c) *Measurement Focus and Basis of Accounting***

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and trust funds. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

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

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

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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### **(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 2022-23:

*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 – 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; Measure RR, established to account for bond proceeds received by the passage of such measure in Election of 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, Measure Q, and Measure RR). Revenues are derived from ad valorem taxes levied upon all taxable property in the District.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### **Other Governmental Funds**

The District has the following nonmajor governmental funds:

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

*Debt Service Funds* – Debt Service Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the repayment of general long-term debt principal and interest. The District maintains the following nonmajor Debt Service Funds: Tax Override and Capital Services. The Bond Interest and Redemption Fund is reported separately as a major fund in fiscal year 2022-23.

*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 (Measure K, Measure R, Measure Y, Measure Q, and Measure RR) is reported separately as a major fund in fiscal year 2022-23.

In Fiscal Year 2023-24, the Board of Education approved the closure of the State School Building Lease-Purchase Fund. As of the fiscal year's conclusion on June 30, 2023, all projects associated with this fund have been finalized and there are no anticipated future expenditures.

### **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.

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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

Operating expenses include the cost of services including insurance premiums, claims, and administrative costs. All revenues and expenses not meeting this definition are nonoperating revenues and expenses.

### **(f) Budgetary Control and Encumbrances**

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

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

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

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

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

### **(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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

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

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

Occasionally, a fund will not have sufficient cash to meet its financial obligations and a cash transfer will be required to enable that fund to pay its outstanding invoices and other obligations. These temporary borrowings between funds are classified as "due from other funds" or "due to other funds" on the governmental funds balance sheet. Interfund balances within governmental activities are eliminated on the government-wide statement of net position. At June 30, 2023, there were no balances in due to/from other funds.

### **(i) Inventories**

Inventories consist of expendable materials and supplies held for consumption, which are valued at cost, using the average-cost method. Inventories are recorded as expenditures when shipped to schools and offices. Inventories of the Student Body are managed at the school level. 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, the right to use leased 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.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

***(k) Contracts Payable***

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2023.

***(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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### ***(n) Long-term Obligations***

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

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

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

LCFF sources are the basic financial support for District activities. The District's LCFF is received from a combination of local property taxes, EPA, and state apportionments. For the fiscal year 2022-23, the District received \$1.7 billion of local property taxes, \$0.4 billion of EPA, and \$4.4 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 2022-23, 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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

temporarily increases the state's sales tax rate for all taxpayers until the end of 2016 and the personal income tax rates for upper-income taxpayers until the end of 2018. Proposition 55 was passed on November 8, 2016, extending the temporary personal income tax increases enacted in 2012 by 12 years. A portion of the revenues generated by the measure's temporary tax increases is deposited into the EPA which is used to support increased school funding.

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

### **(p) Estimates**

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

### **(q) New Pronouncements**

The District adopted GASB Statement No. 96, Subscription-based Information Technology Arrangements (SBITAs). The implementation of this standard provides guidance on the accounting and financial reporting for SBITAs for governments. The Statement is based on the principle that SBITAs are financings of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). It establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. Additionally, the Statement provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The new SBITA standard also requires enhanced disclosure which include a general description of a SBITA arrangement, the total amount of subscription assets and the related accumulated amortization, the amount of outflow of resources recognized from SBITA contracts that are not included in the measurement of the liability, and the disclosure of the long-term effect of SBITA arrangements on a government's resources (see Note 14). The implementation of the SBITAs does not require a restatement of the beginning balance.

GASB Statement No. 99, Omnibus 2022, addresses a variety of clarifications and practices, such as requirements related to derivatives, leases, public-private partnerships, and availability payment arrangements (PPPs), and SBITAs that were identified during the implementation and application of certain GASB Statements. The effective periods of Statement No. 99 covered multiple fiscal years. The District implemented the applicable requirements, specifically related to the Statement Nos. 87 and 96.

## **(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 2022-23.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

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

The accompanying governmental fund balance sheet includes reconciliation between *total fund balances – governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.” The details of the \$12,014,467 difference are as follows (in thousands):

Bonds payable	\$ (11,448,075)
Certificates of Participation (COPs)	(101,109)
Lease obligations	(55,818)
Liability for compensated absences	(87,942)
Liability for other employee benefits	(23,611)
Subscription-based Information Technology Arrangements (SBITAs)	(32,296)
Accrued interest	(264,705)
Other	<u>(911)</u>
Adjustment to reduce <i>total fund balances – governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ (12,014,467)</u>

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

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between *total net changes in fund balances – governmental funds* and *changes in net position of governmental activities* as reported in the accompanying government-wide statement of activities. One element of that reconciliation explains that, “Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.” Moreover, in the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital asset sold. The details of this \$374,992 difference are as follows (in thousands):

Capital related expenditures	\$ 1,027,838
Cost of the capital assets sold	(354)
Depreciation expense	<u>(652,492)</u>
Net adjustment to decrease net changes in <i>total fund balances – governmental funds</i> to arrive at changes in net position – governmental activities	<u>\$ 374,992</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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 \$57,661 difference are as follows (in thousands):

Debt issued or incurred:	
General Obligation (GO) Bonds	\$ (500,000)
Certificates of Participation (COPs)	(73,730)
Lease obligations	(3,525)
Subscription based information technolog arrangements (SBITAs)	(48,199)
Principal repayments:	
GO Bonds	565,335
COPs	10,460
Lease obligations	5,082
SBITAs	15,903
Payments to escrow agent for refunding:	
Refunding COPs	<u>86,335</u>
Net adjustment to increase net changes in <i>total</i> fund balances – governmental funds to arrive at changes in net position – governmental activities	<u>\$ 57,661</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 \$129.8 million.



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**(5) Cash and Investments**

Cash and investments as of June 30, 2023, are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:

Cash	\$ 10,097,712
Investments	14,335
Cash held by trustee	<u>299,495</u>
Total cash and investments	<u><u>\$ 10,411,542</u></u>

Cash and investments as of June 30, 2023, consist of the following (in thousands):

Cash on hand (cafeteria change funds)	\$ 26
Deposits with financial institutions and Los Angeles County Pool	10,397,181
Investments	<u>14,335</u>
Total cash and investments	<u><u>\$ 10,411,542</u></u>

Deposits with financial institutions include: (1) cash in the Los Angeles County Pooled Surplus Investment Fund with fair market adjustment (\$10,054.1 million); (2) cash held by fiscal agents or trustees (\$299.5 million); (3) cash deposited with various other financial institutions for imprest funds of schools and offices (\$10.7 million); and cash in the Student Activity Special Revenue Fund (\$32.8 million).

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

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 <https://ttc.lacounty.gov/>.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

The table below identifies some of the investment types permitted in the investment policy:

	<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Total Par Value</u>	<u>Maximum Par Value per Issuer</u>
A.	Obligations of the U.S. government, its agencies and instrumentalities	None	None	None
B.	Approved Municipal Obligations	5 to 30 years	10% of PSI portfolio	None
C.	Asset-Backed Securities with highest ratings	5 years	20% of PSI portfolio	With credit rating limits
D.	Bankers' Acceptances Domestic and Foreign	180 days	40% of PSI portfolio	With credit rating limits
E.	Negotiable Certificates of Deposits – Domestic	3 years	30% of PSI portfolio	With credit rating limits
	Negotiable Certificates of Deposits – Euro	1 year	10% of PSI portfolio	With credit rating limits
F.	Corporate and Depository Notes	3 years	30% of PSI portfolio	With credit rating limits
G.	Floating Rate Notes	7 years	10% of PSI portfolio	With credit rating limits
H.	Commercial Paper of “prime” quality of the highest ranking or of the highest letter or number ranking as provided for by a nationally recognized statistical-rating organization (NRSRO)	270 days	40% of PSI portfolio	Lesser of 10% of PSI portfolio or credit rating limits
I.	Shares of Beneficial Interest	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, 2023

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 4.0 years. As of June 30, 2023, 61.50% of District funds in the County PSI Fund does not exceed one year. The weighted average days to maturity of its portfolio was 753 days. In addition, variable-rate notes that comprised 0.01% of the County PSI Fund and other investments portfolio are tied to periodic coupon resets eliminating interest-rate risk by repricing back to par value at each reset date.

Credit risk means the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment, as measured by assignment of a rating by a nationally recognized statistical rating organization. This County's investment guidelines establish minimum acceptable credit ratings issued by any three nationally recognized statistical rating organizations. For short term and long-term debt issuers, the rating must be no less than 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, 2023, 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, 2023

**(6) Accounts Receivable, net**

Receivables by Fund at June 30, 2023, consist of the following (in thousands):

	<u>General</u>	<u>Other Governmental</u>	<u>Internal Service Funds</u>	<u>Total</u>
Accrued grants and entitlements	\$ 994,730	\$ 102,203	\$ —	\$ 1,096,933
Other	25,592	2,143	60,922	88,657
Total Accounts Receivable, Net	<u>\$ 1,020,322</u>	<u>\$ 104,346</u>	<u>\$ 60,922</u>	<u>\$ 1,185,590</u>

**(7) Capital Assets**

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

	<u>Balance, June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, June 30, 2023</u>
Governmental activities:				
Capital assets, not being depreciated:				
Sites	\$ 3,100,671	\$ 847	\$ —	\$ 3,101,518
Construction in progress	2,185,368	932,741	(340,382)	2,777,727
Total capital assets, not being depreciated	<u>5,286,039</u>	<u>933,588</u>	<u>(340,382)</u>	<u>5,879,245</u>
Capital assets, being depreciated:				
Improvement of sites	877,373	19,476	—	896,849
Buildings and improvements	17,399,352	291,824	(86)	17,691,090
Equipment	2,574,996	67,136	(5,509)	2,636,623
Lease assets	62,006	3,526	—	65,532
Subscription assets*	—	55,256	—	55,256
Total capital assets, being depreciated	<u>20,913,727</u>	<u>437,218</u>	<u>(5,595)</u>	<u>21,345,350</u>
Less accumulated depreciation for:				
Improvement of sites	(542,410)	(31,277)	—	(573,687)
Buildings and improvements	(8,092,494)	(500,457)	16	(8,592,935)
Equipment	(2,179,389)	(95,489)	5,316	(2,269,562)
Lease assets	(5,190)	(5,372)	—	(10,562)
Subscription assets*	—	(19,897)	—	(19,897)
Total accumulated depreciation	<u>(10,819,483)</u>	<u>(652,492)</u>	<u>5,332</u>	<u>(11,466,643)</u>
Total capital assets, being depreciated, net	<u>10,094,244</u>	<u>(215,274)</u>	<u>(263)</u>	<u>9,878,707</u>
Governmental activities capital assets, net	<u>\$ 15,380,283</u>	<u>\$ 718,314</u>	<u>\$ (340,645)</u>	<u>\$ 15,757,952</u>

\*New category for the District's subscription assets, and related accumulated amortization, have been added due to the implementation of GASB 96 (see note 1q).

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

Governmental activities:

Facilities acquisition and construction	\$ 584,267
Instruction	21,745
Operation and maintenance of plant services	11,906
Student transportation services	9,111
Data processing services	11,274
Support services - business	6,643
Operation of noninstructional services	1,143
Support services - instructional staff	4,777
Support services - school administration	911
Support services - students	612
Support services - general administration	103
Total depreciation expense – governmental activities	<u>\$ 652,492</u>

**(8) Deferred Outflows and Inflows of Resources**

District’s deferred outflows and inflows of resources as of June 30, 2023, are comprised of the following (in thousands):

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Debt refunding charges	\$ 51,099	\$ 27,193
Lease - GASB 87	—	14,590
Pension contributions subsequent to measurement date	1,034,127	—
OPEB contributions subsequent to measurement date	235,929	—
Difference in contribution	19,887	120,681
Unamortized differences between projected and actual earnings on plan investments	2,337,938	2,169,462
Unamortized differences between expected and actual experience	15,505	1,736,001
Unamortized differences arising from changes of assumptions	1,608,798	3,486,320
Unamortized differences arising from change in proportion of net pension liability	183,583	131,986
Unamortized differences arising from change in proportion of deferred outflow	77,245	—
Unamortized differences arising from change in proportion of deferred inflow	—	43,057
Total	<u>\$ 5,564,111</u>	<u>\$ 7,729,290</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**(9) Retirement, Termination and Other Postemployment Benefit Plans**

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

***Retirement Plans***

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

The District's total net pension liability at June 30, 2023, is summarized in the following table (in thousands):

CalPERS – Safety Plan	\$ 118,237
CalPERS – Miscellaneous Plan	2,690,237
CalSTRS	3,921,933
Total	<u>\$ 6,730,407</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, 2023, are summarized as follows:

	<b>Safety</b>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hiring date		
Benefit formula	3% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: minimum	50	57
Monthly benefit, as a % of eligible compensation	3.0%	2.70%
Required employee contribution rates	9.00%	13.75%
Required employer contribution rates	50.130%	50.130%

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### Employees Covered

At June 30, 2023, the following employees were covered by the benefit terms for the Safety Plan:

	<u>Safety</u>
Inactive employees or beneficiaries currently receiving the benefits	422
Inactive employees entitled to, but not yet receiving benefits	264
Active employees	<u>230</u>
Total	<u>916</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, 2023, the contributions to the Safety Plan amounted to \$12.4 million.

### Net Pension Liability

The District's net pension liability for the Safety Plan of \$118.2 million at June 30, 2023, 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, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, 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.

### Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

	<u>Safety</u>
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021, 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

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021.

### Change in Benefit Terms

The figures include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the measurement date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary. There was no change in benefit terms.

### Discount Rate

The discount rate used to measure the total pension liability of the Safety Plan was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be



## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Notes to Basic Financial Statements

Year Ended June 30, 2023

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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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

Asset Class	<b>Safety</b>	
	Assumed Asset Allocation	Real Return <sup>(a,b)</sup>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00%	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**Changes in the Net Pension Liability**

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

	<b>Safety</b>		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/ (Asset)
Balance at June 30, 2022	\$ 476,365	\$ 412,919	\$ 63,446
Changes recognized for the measurement period:			
Service cost	9,325	–	9,325
Interest on the total pension liability	32,354	–	32,354
Differences between expected and actual experience	(12,925)	–	(12,925)
Changes of assumptions	11,355	–	11,355
Contributions from the employer	–	14,583	(14,583)
Contributions from employees	–	2,307	(2,307)
Net investment income	–	(31,315)	31,315
Benefit payments, including refunds of employee contributions	(21,132)	(21,132)	–
Administrative expense	–	(257)	257
Net changes	18,977	(35,814)	54,791
Balance at June 30, 2023	\$ 495,342	\$ 377,105	\$ 118,237

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, 2022. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

The following presents the District’s net pension liability for the Safety plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate (in thousands):

	<b>Safety</b>		
	1.00% Decrease (5.90%)	Current Discount Rate (6.90%)	1.00% Increase (7.90%)
	District's net pension liability	\$ 189,772	\$ 118,237

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**Pension Plan Fiduciary Net Position**

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

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

For the year ended June 30, 2023, the District recognized pension expense \$7.7 million for the Safety Plan. As of June 30, 2023, 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	\$ 7,150	\$ —
Differences between expected and actual experience	144	9,377
Net difference between projected and actual earnings on pension plan investments	18,903	—
District contributions subsequent to the measurement date	12,359	—
<b>Total</b>	<u>\$ 38,556</u>	<u>\$ 9,377</u>

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense.

The \$12.4 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. 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>
2024	\$ 1,833
2025	1,745
2026	1,319
2027	11,923

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### **Payable to the Pension Plan**

The District's contribution for all members to the Safety Plan for the fiscal year ended June 30, 2023, 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, 2023.

### **Miscellaneous Plan**

#### **Plan Description and Benefits Provided**

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

The Miscellaneous Plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<b>Miscellaneous</b>	
	<b>Prior to January 1, 2013</b>	<b>On or after January 1, 2013</b>
Hiring date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50	52
Monthly benefit, as a % of eligible compensation	1.10%	1.00%
Required employee contribution rates	7.00%	8.00%
Required employer contribution rates	25.370%	25.370%

#### **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, 2023, the contributions to the Miscellaneous Plan amounted to \$357.9 million.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

At June 30, 2023, the District reported a net pension liability of \$2.7 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, 2022, 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, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on the 2021-22 fiscal year employer contributions calculated by CalPERS. At June 30, 2022, the District's proportion rate was 7.818392%.

For the year ended June 30, 2023, the District recognized pension expense of \$326.0 million for the Miscellaneous Plan. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (Miscellaneous Plan) from the following sources (in thousands):

	<u>Miscellaneous</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,337	\$ 66,948
Difference between projected and actual earnings on pension plan investments	827,338	511,323
Change of assumption	199,008	—
Change in NPL proportion	—	25,081
Change in proportion of deferred outflow	3,281	—
Change in proportion of deferred inflow	—	3,244
Difference in contribution	11,080	18,234
District contributions subsequent to the measurement date	357,900	—
Total	<u>\$ 1,410,944</u>	<u>\$ 624,830</u>

The \$357.9 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, 2023. 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>	
2024	\$	76,464
2025		92,138
2026		65,309
2027		194,303

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### Actuarial Methods and Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

	<b>Miscellaneous</b>
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry-Age Actuarial Cost Method
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%
Mortality rate table <sup>(1)</sup>	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

<sup>(1)</sup> The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 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 November 2021 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021, 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

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021.

### Discount Rate

The discount rate used to measure the total pension liability of the Miscellaneous Plan was reduced from 7.15% to 6.90%. 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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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	<b>Miscellaneous</b>	
	Assumed Target Allocation	Real Return <sup>(a),(b)</sup>
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00	3.84
Private equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed securities	5.00	0.50
Investment grade corporates	10.00	1.56
High yield	5.00	2.27
Emerging market debt	5.00	2.48
Private debt	5.00	3.57
Real assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	100.00%	

<sup>(a)</sup> An expected inflation of 2.30% used for this period.

<sup>(b)</sup> Figures are based on the 2021 Asset Liability Management study.

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, 2022. 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.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate (in thousands):

	<b>Miscellaneous</b>		
	Decrease (5.90%)	Current Discount Rate (6.90%)	Increase (7.90%)
District's proportionate share of the net pension liability	\$ 3,886,184	\$ 2,690,237	\$ 1,701,831

**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, 2023, 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, 2023.

**(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 non-employer 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.



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<b>CalSTRS</b>	
	<u>On or before December 31, 2012</u>	<u>On or after January 1, 2013</u>
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	19.10%	19.10%

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

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

The total employer contribution rate will remain at 19.100% of creditable compensation for the 2022-23 fiscal year. However, the California Legislature and the Governor, through the adoption of the 2020 Budget Act, repurposed previous supplemental contributions intended to reduce the employers’ unfunded actuarial obligation to provide additional short-term rate relief. The employers’ contribution rate has been reduced by 2.95% for fiscal year 2020–21 and by 2.18% for fiscal year 2021–22. As a result, the effective total employer contribution rate was equal to 16.15% of creditable compensation for the 2020–21 fiscal year and 16.92% of creditable compensation for the 2021-22 fiscal year. Effective with the 2021–22 fiscal year, the board will have limited authority to adjust the contribution rate to amortize the remaining unfunded actuarial obligation by the 2046 deadline.

For the year ended June 30, 2023, the contributions to the CalSTRS’ TRF amounted to \$663.9 million.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

At June 30, 2023, the District reported a net pension liability of \$3.9 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2022, 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 2021-22 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 non-employer contributing entities. At June 30, 2022, the District's proportion rate was 5.497%.

For the year ended June 30, 2023, the District recognized pension expense of \$203.9 million. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	<u>CalSTRS</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 3,024	\$ 286,544
Difference between projected and actual earnings	1,447,296	1,658,139
Change of assumption	183,250	—
Change in NPL proportion	183,583	106,905
Change in proportion of deferred outflow	73,964	—
Change in proportion of deferred inflow	—	39,813
Difference in contribution	8,807	102,447
District contributions subsequent to the measurement date	<u>663,868</u>	<u>—</u>
Total	<u>\$ 2,563,792</u>	<u>\$ 2,193,848</u>

The \$663.9 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

	<u>CalSTRS</u>
<u>Year ended June 30</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2024	\$ (63,342)
2025	(196,931)
2026	(255,004)
2027	284,170
2028	(38,635)
Thereafter	(24,182)

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### 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, 2021, and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Investment rate of return*	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Post-retirement benefit increases	2.00% simple for defined benefit (annually) maintain 85% purchasing power level for defined benefit not applicable for Defined Benefit Supplement

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

### Discount Rate

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS' general investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the Board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

\* 20-year average

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2022. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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

	CalSTRS		
	Decrease (6.10%)	Current Discount Rate (7.10%)	Increase (8.10%)
District's proportionate share of the net pension liability	\$ 6,487,175	\$ 3,921,933	\$ 1,604,794

**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, 2023, 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, 2023.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Basic Financial Statements

Year Ended June 30, 2023

## **(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, 2023, there are 55,381 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, 2023, the District recognized pension expense of \$6.2 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2023, 2022, and 2021 were in accordance with the required contributions.

Employees are vested 100% in both employer and employee contributions from the date of membership. When separated from employment, all employees can choose to receive their funds in lump sum or leave it on deposit until the mandatory age of 72 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.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Notes to Basic Financial Statements

Year Ended June 30, 2023

- 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), Service Employees International Union (SEIU) excluding Unit F/G employees hired on or after July 1, 2018, and California School Employees Association (CSEA) members hired on or after September 1, 2018, must have at least 87 years combined total of qualifying service and age. In addition, the employee must have a minimum of 30 consecutive years of qualifying service immediately prior to retirement.

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

To receive retiree health care benefits, an individual must meet the eligibility requirements in accordance with the collective bargaining agreements and:

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

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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

### Employees Covered

As of June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	59,010
Inactive employees or beneficiaries currently receiving benefits	40,013
Inactive employees entitled to, but not yet receiving benefits	<u>139</u>
Total	<u><u>99,162</u></u>

### Contributions

The District's contribution obligation for the fiscal year for the health and welfare benefits of District personnel, including the cost of term life insurance coverage and employee assistance for active employees and coverage under health plans for dependents and retirees, generally is subject to an aggregate contribution limit. Determination of this fiscal year contribution obligation limit occurs through discussions with the relevant collective bargaining units and recommendation by the Districtwide 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 2022-23, the District contributed a total of \$235.9 million to the OPEB Plan.

### Net OPEB Liability

The District's net OPEB liability of \$8.5 billion at June 30, 2023, 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, 2022, actuarial valuation report (dated June 2023). The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions:

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

Valuation date	July 1, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry Age Normal Cost
Discount rate	3.70%
Payroll growth	2.75% per annum
Salary increases	2000-2019 CalPERS Experience Study
Investment rate of return	6.10%
Mortality rate	Based on the Pub-2010 headcount-weighted tables for general employees, teachers and safety employees, with generational future improvement scale MP-2021
Pre-retirement turnover <sup>1</sup>	Turnover rates used in the most recent CalSTRS valuation and developed in the 2000-2019 CalPERS Experience Study, as applicable.
Healthcare trend rate	Non-Medicare Advantage Plans Pre-65 [6.66% - 4.50%]; Post 65 [9.43% - 4.50%] Medicare Advantage Plans Post 65 Kaiser [7.66% - 4.50%]; Anthem PPO [10.88% - 4.50%]; Health Net/Anthem EPO [7.66% - 4.50%] Dental & Vision - 5.00%

<sup>(1)</sup>The Experience Study reports may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

### Changes of Assumptions

During the measurement period ended June 30, 2022, the following assumptions were changed from the prior valuation:

1. Assets—\$469,939,493 as of June 30, 2022 measurement date.
2. Municipal Bond Rate—3.54% as of June 30, 2022 (2.16% as of June 30, 2021), based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index.
3. Contributions—Ad hoc additional contribution of \$211 million is scheduled to be made for each of the fiscal years ending 2023, 2024, and 2025.
4. Expected Return on Assets—6.10% as of June 30, 2022 (7.00% as of June 30, 2021), per District's revised expectation for CalPERS' CERBT Strategy 1 asset allocation.
5. Discount Rate—3.70% as of June 30, 2022 (2.20% as of July 1, 2021), after reassessment based on updated assets and municipal bond rate as of June 30, 2022.

### 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 fiscal year ending June 30, 2030. This results in a single equivalent rate of 3.7% (rounded down to 10 basis points) as of July 1, 2022, 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 3.54% as of July 1, 2022.

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.



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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	1-5 Year Projected Compound Return <sup>1</sup>	1-5 Projected General Inflation Rate Assumption <sup>1</sup>	1-5 Projected Real Rate of Return <sup>2</sup>
Global equity	49.00%	6.80%	2.40%	4.40%
Fixed income	23.00	1.40	2.40	(1.00)
REITs	20.00	5.40	2.40	3.00
TIPS	5.00	0.60	2.40	(1.80)
Commodities	3.00	3.20	2.40	0.80
Total	100.00%			

Asset Class	Assumed Asset Allocation	1-20 Year Projected Compound Return <sup>1</sup>	1-20 Projected General Inflation Rate Assumption <sup>1</sup>	1-20 Projected Real Rate of Return <sup>2</sup>
Global equity	49.00%	6.80%	2.30%	4.50%
Fixed income	23.00	3.70	2.30	1.40
REITs	20.00	6.00	2.30	3.70
TIPS	5.00	2.80	2.30	0.50
Commodities	3.00	3.40	2.30	1.10
Total	100.00%			

<sup>1</sup> Adopted by the CalPERS Board of Administration in November 2021.

<sup>2</sup> The Projected Real Rate of Return is the Compound Return, adjusted for inflation.

Asset Class	Assumed Asset Allocation	6-20 Year Projected Compound Return <sup>3</sup>	6-20 Projected General Inflation Rate Assumption <sup>3</sup>	6-20 Projected Real Rate of Return <sup>4</sup>
Global equity	49.00%	6.80%	2.30%	4.50%
Fixed income	23.00	4.50	2.30	2.20
REITs	20.00	6.20	2.30	3.90
TIPS	5.00	3.60	2.30	1.30
Commodities	3.00	3.50	2.30	1.20
Total	100.00%			

<sup>3</sup> Implied Returns and Inflation for Years 6-20 are calculated from the Board Approved Values for Years 1-5 and Years 1-20.

<sup>4</sup> The Implied Real Rate of Return is the Compound Return, adjusted for inflation.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**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)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Beginning Balance, June 30, 2022 (Based on 06/30/2021 Measurement Date)	\$ 10,729,054	\$ 542,829	\$ 10,186,225
Changes recognized for the fiscal year			
Service cost	450,849	—	450,849
Interest on the total OPEB liability	243,430	—	243,430
Changes of assumptions	(2,240,059)	—	(2,240,059)
Benefit payments	(231,063)	(231,063)	—
Contributions – employer	—	231,063	(231,063)
Net investment income	—	(72,625)	72,625
Other expenses – administrative expense	—	(264)	264
Net changes	<u>(1,776,843)</u>	<u>(72,889)</u>	<u>(1,703,954)</u>
Ending Balance, June 30, 2023 (Based on 06/30/2022 Measurement Date)	<u>\$ 8,952,211</u>	<u>\$ 469,940</u>	<u>\$ 8,482,271</u>

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

The following table illustrates the impact of interest rate sensitivity on the Net OPEB Liability of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for fiscal year ended June 30, 2023 (in thousands):

	Decrease (2.70%)	Current Discount Rate (3.70%)	Increase (4.70%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB liability	\$ 9,888,005	\$ 8,482,271	\$ 7,334,262

**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, 2023 (in thousands):

	1.00% Decrease	Trend Rate	1.00% Increase
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net OPEB liability	\$ 7,049,609	\$ 8,482,271	\$ 10,332,532

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

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

For the fiscal year ended June 30, 2023, the District recognized a decrease in OPEB expense of \$523.8 million. At June 30, 2023, 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	\$ 44,401	\$ —
Changes of assumptions	1,219,390	3,486,320
Difference between expected and actual experience	—	1,373,132
District contributions subsequent to the measurement date	<u>235,929</u>	<u>—</u>
Total	<u>\$ 1,499,720</u>	<u>\$ 4,859,452</u>

The table below lists the amortization bases included in the deferred outflows/inflows as of June 30, 2023 (in thousands):

Date <u>Established</u>	Type of Base	Period		Balance		Annual Amortization
		<u>Original</u>	<u>Remaining</u>	<u>Original</u>	<u>Remaining</u>	
6/30/2022	Asset (gain)/loss	5.00	4.00	\$ 110,605	\$ 88,483	\$ 22,121
6/30/2022	Assumptions	7.44	6.44	(2,240,059)	(1,938,976)	(301,083)
6/30/2021	Liability (gain)/loss	7.78	5.78	1,143,508	(849,547)	(146,981)
6/30/2021	Asset (gain)/loss	5.00	3.00	(86,000)	(51,600)	(17,200)
6/30/2021	Assumptions	7.78	5.78	(93,876)	(69,743)	(12,066)
6/30/2020	Asset (gain)/loss	5.00	2.00	16,664	6,666	3,333
6/30/2020	Assumptions	7.16	4.16	2,098,757	1,219,390	293,122
6/30/2019	Liability (gain)/loss	7.25	3.25	(1,167,998)	(523,585)	(161,103)
6/30/2019	Asset (gain)/loss	5.00	1.00	4,258	852	852
6/30/2019	Assumptions	7.25	3.25	(1,965,158)	(880,933)	(271,056)
6/30/2018	Asset (gain)/loss	5.00	0.00	(1,759)	-	(352)
6/30/2018	Assumptions	7.33	2.33	(580,167)	(184,419)	(79,150)
6/30/2017	Assumptions	7.50	1.50	(2,061,247)	(412,249)	(274,833)
	Total charges				<u>\$ (3,595,661)</u>	<u>\$ (944,396)</u>

The \$235.9 million reported as deferred outflows of resources related to OPEB 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, 2024.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

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 (Inflows) of Resources</u>
2024	\$ (944,044)
2025	(807,479)
2026	(620,365)
2027	(252,926)
2028	(413,230)
Thereafter	(557,617)

### (10) Risk Management

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

Excess insurance has been purchased for physical property loss damages, which provides \$500.0 million limit above a \$1.0 million self-insured retention. Excess insurance has been purchased for general liability, which currently provides \$35.0 million limit above a \$5.0 million self-insurance retention. No settlements exceeded insurance coverage in the last five fiscal years that ended June 30, 2023.

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

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

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

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

The amount of the total claims liabilities recorded for health and welfare, workers' compensation, and liability self-insurance was \$656.6 million. Changes in the reported liabilities since July 1, 2021, are summarized as follows (in thousands):

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>End of Fiscal Year Liability</b>
<b>2022-2023</b>				
Health and welfare benefits	\$ 23,307	\$ 284,375	\$ (285,939)	\$ 21,743
Workers' compensation self-insurance	383,450	56,614	(80,916)	359,148
Liability self-insurance	318,330	97,454	(140,072)	275,712
<b>Total</b>	<b>\$ 725,087</b>	<b>\$ 438,443</b>	<b>\$ (506,927)</b>	<b>\$ 656,603</b>
<b>2021-2022</b>				
Health and welfare benefits	\$ 21,044	\$ 254,299	\$ (252,036)	\$ 23,307
Workers' compensation self-insurance	403,645	52,406	(72,601)	383,450
Liability self-insurance	185,152	170,413	(37,235)	318,330
<b>Total</b>	<b>\$ 609,841</b>	<b>\$ 477,118</b>	<b>\$ (361,872)</b>	<b>\$ 725,087</b>

**(11) Certificates of Participation**

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, 2023, are as follows (in thousands):

<b>COP Issue</b>	<b>Sale Date</b>	<b>Original Principal Amount</b>	<b>Outstanding June 30, 2023</b>	<b>Interest Rates to Maturity</b>		<b>Final Maturity</b>
				<b>Min</b>	<b>Max</b>	
2020A Refunding	10/27/2020	\$ 28,390	\$ 24,140	2.250	5.000	2034
2022 Refunding	8/30/2022	73,730	73,730	3.095	3.095	2030
			<b>\$ 97,870 *</b>			

\* The total amount shown above excludes net unamortized premium of \$3.2 million.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**(12) Long-Term Obligations**

The following is a summary of changes in long-term obligations for the year ended June 30, 2023 (in thousands):

	<u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Other Changes**</u>	<u>Balance, June 30, 2023</u>	<u>Due Within One Year</u>	<u>Interest Expense</u>
General Obligation Bonds*	\$ 11,612,001	\$ 500,000	\$ 565,335	\$ (98,591)	\$ 11,448,075	\$ 709,809	\$ 391,933
Certificates of Participation*	127,611	73,730	96,570	(3,662)	101,109	11,269	4,083
Lease obligations	57,374	3,526	5,082	-	55,818	4,437	1,096
Liability for compensated absences	86,722	103,619	99,409	-	90,932	3,993	-
Liability for other employee benefits	29,594	-	4,703	-	24,891	2,377	-
Self-Insurance claims (Note 10)	725,087	438,443	506,927	-	656,603	232,300	-
SBITAs Liability ***	-	48,199	15,903	-	32,296	16,935	867
<b>Total</b>	<u>\$ 12,638,389</u>	<u>\$ 1,167,517</u>	<u>\$ 1,293,929</u>	<u>\$ (102,253)</u>	<u>\$ 12,409,724</u>	<u>\$ 981,120</u>	<u>\$ 397,979</u>

\* The amounts shown above include unamortized premiums and discounts.

\*\* Premium on bonds and premium and discount amortization.

\*\*\* Due to adoption of GASB No. 96.

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

<b>Year Ending June 30</b>	<b>General Obligation Bonds</b>		<b>Certificates of Participation</b>		<b>Total</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 589,460	\$ 517,618	\$ 10,540	\$ 3,231	\$ 600,000	\$ 520,849
2025	594,450	488,320	10,915	2,855	605,365	491,175
2026	899,575	455,744	11,295	2,464	910,870	458,208
2027	936,840	429,979	11,700	2,059	948,540	432,038
2028	611,270	376,085	12,125	1,638	623,395	377,723
2029-2033	3,215,635	1,409,163	38,215	2,728	3,253,850	1,411,891
2034-2038	2,171,780	551,976	3,080	83	2,174,860	552,059
2039-2043	1,151,355	234,229	-	-	1,151,355	234,229
2044-2048	534,360	39,401	-	-	534,360	39,401
	<u>\$ 10,704,725</u>	<u>\$ 4,502,515</u>	<u>\$ 97,870</u>	<u>\$ 15,058</u>	<u>\$ 10,802,595</u>	<u>\$ 4,517,573</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

The General Obligation (GO) Bonds outstanding balance as of June 30, 2023, consists of the following (in thousands):

Bond Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2023	Interest Rates to Maturity		Final Maturity
				Min	Max	
KRY (2009-BAB) <sup>(a)</sup>	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 <sup>(b)</sup>	1.540	1.540	2025
RY (2010-BAB) <sup>(a)</sup>	3/4/2010	1,250,585	1,250,585	6.758	6.758	2034
Election of 2005, J-1 (2010) <sup>(c)</sup>	5/6/2010	190,195	190,195 <sup>(b)</sup>	5.981	5.981	2027
Election of 2005, J-2 (2010) <sup>(c)</sup>	5/6/2010	100,000	100,000 <sup>(b)</sup>	5.720	5.720	2027
2011A-1 Refunding	11/1/2011	206,735	27,435	5.000	5.000	2023
2014B Refunding	6/26/2014	323,170	72,850	5.000	5.000	2026
2014C Refunding	6/26/2014	948,795	652,145	3.000	5.000	2031
2014D Refunding	6/26/2014	153,385	80,420	5.000	5.000	2030
2015A Refunding	5/28/2015	326,045	108,075	5.000	5.000	2025
Election of 2008, A (2016)	4/5/2016	648,955	340,420	3.500	5.000	2040
2016A Refunding	4/5/2016	577,400	207,820	5.000	5.000	2030
2016B Refunding	9/15/2016	500,855	498,240	2.000	5.000	2032
2017A Refunding	5/25/2017	1,080,830	860,225	2.000	5.000	2027
Election of 2005, Series M-1 (2018)	3/8/2018	117,005	105,025	3.000	5.250	2042
Election of 2008, Series B-1 (2018)	3/8/2018	1,085,440	979,365	4.000	5.250	2042
2019A Refunding	5/29/2019	594,605	485,340	3.000	5.000	2034
Series RYQ (2020)	4/30/2020	942,940	760,535	4.000	5.000	2044
2020A Refunding	10/6/2020	302,000	285,715	3.000	5.000	2033
Measure Q, Series C (2020)	11/10/2020	1,057,060	874,660	3.000	5.000	2045
2021A Refunding	4/29/2021	196,310	190,220	4.000	5.000	2032
Series RYRR (2021)	11/10/2021	494,140	432,425	2.625	5.000	2046
2021B Refunding	11/10/2021	48,855	47,015	1.245	1.888	2028
GOB, Series QRR (2022)	11/22/2022	500,000	467,415	5.000	5.250	2047
			<u>\$ 10,704,725</u> *			

\* The total amount shown above excludes unamortized premium and discount of \$743.4 million

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

(b) Includes accumulated set-aside deposits for Qualified School Construction Bonds totaling \$299.5 million representing \$156.6 million for Election of 2005, H (2009) (Tax Credit Bonds) and \$142.9 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 August 30, 2022, the District refinanced the Refunding Certificates of Participation, 2012 Series A and 2012 Series B (Headquarters Building Project) (collectively the “2012 COPs”) through the issuance of the \$73.73 million 2022 Lease Agreement via a private placement. The District solicited a formal bid request to potential purchasers. The selected bidder provided an interest rate of 3.095% along with favorable redemption terms that will allow the District to refinance the 2022 Lease Agreement in the future if it is financially advantageous to do so. Additionally, the refinancing allowed the District to shorten the final maturity to 2030, which is one-year shorter than the final maturity of the 2012 COPs. The refunding will save the District approximately \$11.26 million in debt service payments throughout the life of the 2022 Lease Agreement.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

Annual debt service savings are approximately \$1.25 million through the final maturity of the 2022 Lease Agreement. Net present value savings are \$10.06 million, 10.66% of the refunded COPs, which is above the District's Board policy of 3.00% for a current refunding.

On November 8, 2022, the District issued \$500 million of new money General Obligation Bonds, Series QRR (Dedicated Unlimited Ad Valorem Property Tax Bonds) (Sustainability Bonds), to finance additional school modernization and IT projects. The bonds received ratings of "AAA", "AAA", and "Aa3" from Fitch, KBRA, and Moody's, respectively.

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, 2023, there was no positive arbitrage rebate or yield restriction liability accrued.

### ***Debt Liquidation***

Payments on the General Obligation Bonds and Certificates of Participation are made through the debt service funds. The employee benefits liability for retirement bonus are all paid out of the General Fund, while the compensated absences portion are liquidated from different governmental funds and proprietary funds. In fiscal year 2023, approximately 93% of compensated absences has been paid by the General Fund, 6% by the District Bonds Fund, and 1% from 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 90% of the cost, the Cafeteria Fund carries 5%; and the Child Development Fund carries 3%; no other individual fund is charged more than 3% of the total amount.

### **(13) Leases**

*Lessee:* The District is a lessee for noncancellable leases of building, air monitoring space, and equipment. The District recognizes lease liability and intangible right-to-use lease asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payment made at or before the lease commencement date, plus certain direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

*Lessor:* The District is a lessor for noncancellable leases of building. The District recognizes a lease receivable and deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, The District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

### The District as Lessee

The District, as a lessee, has entered into lease agreements involving building spaces, parking lots, antenna spaces, and computer equipment. The opening balance of the lease liability was recorded in the amount of \$57.4 million. During the year, the District entered into new agreements and renewals, for an addition of \$3.5 million. Fiscal Year 2022-23 amortization was \$5.1 million. As of June 30, 2023, the total value of the lease liability was \$55.8 million. As of June 30, 2023, the total value of the right-to-use asset was recorded at a cost of \$65.5 million with accumulated amortization of \$10.6 million.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

The future lease payments under lease agreements are as follows (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 4,437	\$ 1,096	\$ 5,533
2025	4,372	1,016	5,388
2026	1,451	958	2,409
2027	432	949	1,381
2028	422	941	1,363
2029 - 2033	2,247	4,565	6,812
2034 - 2038	2,499	4,314	6,813
2039 - 2043	2,777	4,036	6,813
2044 - 2048	3,086	3,727	6,813
2049 - 2053	3,428	3,384	6,812
2054 - 2058	3,808	3,005	6,813
2059 - 2063	4,229	2,584	6,813
2064 - 2068	4,696	2,117	6,813
2069 - 2073	5,213	1,599	6,812
2074 - 2078	5,788	1,025	6,813
2079 - 2083	6,424	388	6,812
2084	509	2	511
	<u>\$ 55,818</u>	<u>\$ 35,706</u>	<u>\$ 91,524</u>

The District as Lessor

The District, as a lessor, has entered into lease agreements involving building spaces, office spaces, and parking lots. The opening balance of the lease receivable was recorded in the amount of \$13.7 million. During the year, the District entered into new agreements or an addition of \$2.7 million. The District recognized the total of \$1.8 million in lease revenue and \$0.3 million in interest revenue during the fiscal year 2022-23. Also, the District has a deferred inflow of resources associated with leases that will be recognized over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$14.6 million.

**(14) Subscription-Based Information Technology Arrangements (SBITAs)**

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The District contracts SBITAs of remote learning platforms, student information systems, records management systems, email services, eBooks, cloud storage, data backup, and enterprise resource planning software. The District recognizes subscription liability and intangible right-to-use subscription asset in the government-wide financial statements.

At the commencement of a SBITA, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Notes to Basic Financial Statements

Year Ended June 30, 2023

measured as the initial amount of the subscription liability, adjusted for subscription payment made at or before the subscription commencement date, plus certain direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITAs include how the District determines: (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The subscription term includes the noncancellable period of the lease. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

During the year, the District has entered into subscription agreements involving remote learning platforms, student information systems, records management systems, email services, eBooks, cloud storage, data backup, and enterprise resource planning software. A total initial subscription liability was recorded in the amount of \$48.2 million. As of June 30, 2023, the total value of the lease liability was \$32.3 million. As of June 30, 2023, the total value of the right-to-use asset was recorded at a cost of \$55.3 million with accumulated amortization of \$19.9 million.

The future subscription payments under subscription agreements are as follows (in thousands):

<b>Year Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 16,935	\$ 867	\$ 17,802
2025	10,963	536	11,499
2026	4,380	167	4,547
2027	17	1	18
2028	1	—	1
	<b>\$ 32,296</b>	<b>\$ 1,571</b>	<b>\$ 33,867</b>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**(15) 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, 2023, were as follows (in thousands):

<u>From</u>	<u>To</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Building Fund – Measure R	Reimbursement of capital expenditures	\$ 85
General Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	25
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	290
General Fund	Building Fund – Measure RR	Reimbursement of capital expenditures	4
General Fund	Capital Services Fund	Debt service	14,821
General Fund	Special Reserve Fund	Reimbursement of capital expenditures	335
Building Fund – Measure R	Building Fund – Measure K	Reimbursement of capital expenditures	18
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	21,982
Building Fund – Measure R	County School Facilities - Prop 47	Reimbursement of capital expenditures	90
Building Fund – Bond Proceeds	Building Fund – Measure Q	Reimbursement of capital expenditures	213
Building Fund – Measure K	County School Facilities - Prop 47	Reimbursement of capital expenditures	14,231
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	5,509
Building Fund – Measure Y	County School Facilities - Prop 47	Reimbursement of capital expenditures	8
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	348
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	14
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	13
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	20
Building Fund – Measure RR	General Fund	Reimbursement of capital expenditures	10,324
Building Fund – Measure RR	Building Fund – Measure R	Reimbursement of capital expenditures	153
Building Fund – Measure RR	Building Fund – Measure Q	Reimbursement of capital expenditures	1,252
Capital Facilities Fund	Building Fund – Measure R	Reimbursement of capital expenditures	137
State School Bld Lease Purchase	Special Reserve Fund	Transfer of Balance	12,169
County School Facilities – Prop 47	Building Fund – Measure R	Reimbursement of capital expenditures	171
County School Facilities – Prop 47	Building Fund – Measure K	Reimbursement of capital expenditures	1,072
County School Facilities – Prop 47	Building Fund – Measure Q	Reimbursement of capital expenditures	238,647
Capital Services Fund	General Fund	Debt Service	357
Special Reserve Fund – CRA	General Fund	Reimbursement of expenditures	30,000
Special Reserve Fund	General Fund	Transfer of Revenue	20
Special Reserve Fund	Building Fund – Measure R	Reimbursement of capital expenditures	919
Special Reserve Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	10
Special Reserve Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	332
Total			<u>\$ 353,569</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Notes to Basic Financial Statements

Year Ended June 30, 2023

**(16) Fund Equity**

The following is a summary of non-spendable, restricted, committed, assigned, and unassigned fund balances at June 30, 2023 (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	\$ 2,869	\$ 500	\$ —	\$ 16
Inventories	33,931	—	—	19,041
Prepays	10,714	234	—	44
Total Nonspendable Balances	<u>47,514</u>	<u>734</u>	<u>—</u>	<u>19,101</u>
Restricted for:				
Child Nutrition: School Programs	—	—	—	171,223
Child Development	—	—	—	16,578
Child Development - Other Local	—	—	—	907
FEMA Public Assistance Funds	3	—	—	601
CA Learning Communities for School Success Program	5,682	—	—	—
A-G Completion Improvement Grant	44,626	—	—	—
Educator Effectiveness	126,641	—	—	—
Art, Music & Instructional Block Grant	243,222	—	—	—
Learning Recovery Block Grant	637,266	—	—	—
Special Education	4,642	—	—	—
Special Education: Early Education Individuals with Exceptional Needs (Infant Program)	33,433	—	—	—
Classified Employee Professional Development Block Grant	2,472	—	—	—
State School Facilities Projects	—	—	—	88,007
County School Facilities	—	—	—	12,071
Capital Facilities	—	—	—	39,704
Literacy Coaches & Reading Specialist Grant	82,890	—	—	—
Child Nutrition: Kitchen Infrastructure	69,322	—	—	—
Adult Education	—	—	—	39,785
Adult Education - Other State	—	—	—	7,364
Calworks	—	—	—	2,039
Debt Service Reserve	—	—	1,305,162	—
District Bonds	—	1,234,840	—	—
Expanded Learning Opportunities Program	505,578	—	—	—
Expanded Learning Opportunities Grant	316	—	—	—
Expanded Learning Opportunity Paraprofessional	19,485	—	—	—
Other Federal	11,171	—	—	—
Other Local	53,346	—	—	—
Other State	2,910	—	—	—
Special Reserve - Other Local	—	—	—	33,855
Special Reserve - FEMA Other State	—	—	—	1,745
Student Activity Funds	—	—	—	46,273
Tax Override	—	—	—	416
Special Reserve - Community Redevelopment Agency	—	—	—	131,726
Capital Services	—	—	—	20
Total Restricted Balances	<u>1,843,005</u>	<u>1,234,840</u>	<u>1,305,162</u>	<u>592,314</u>
Committed to:				
Ongoing program needs	2,920,908	—	—	—
Assigned to:				
Subsequent year expenditures	510,899	—	—	16,222
Unassigned:				
Reserved for economic uncertainties	238,780	—	—	—
Unassigned	147,145	—	—	(8,192)
Total Fund Balances	<u>\$ 5,708,251</u>	<u>\$ 1,235,574</u>	<u>\$ 1,305,162</u>	<u>\$ 619,445</u>

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Basic Financial Statements

Year Ended June 30, 2023

**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 2% 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, 2023

### **(17) 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 regarding the District's approach to address the COVID pandemic. 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 services/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 2022-2023 the District entered into approximately 68 contracts with a combined value of \$464.3 million. The durations of the contracts range from 90 days to five years.

### **(18) Subsequent Events**

In August 2023, the District sold \$384.26 million of new money COPs on August 17th. The COPs were issued to finance projects related to cybersecurity, student enrollment, information and support, data analytics and reporting, campus security systems, the acquisition of electric buses, and the electrification of bus yards. The COPs were sold at a true interest cost of 3.59 percent over 15 years. The transaction closed on August 31st.

In October 2023, the District sold \$850 million of the new money Bonds on October 24th. The Bonds were issued to finance school facilities projects, including \$525 million of Measure Q Bonds and \$325 million of Measure RR Bonds. The Bonds sold at a true interest cost of 4.55 percent over 25 years. The transaction closed on November 7th.

# **LAUSD** **UNIFIED**



**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, 2023  
(Dollar amounts in thousands)  
(unaudited)

	<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Total OPEB Liability						
Service cost	\$ 634,089	\$ 523,203	\$ 380,844	\$ 291,399	\$ 437,026	\$ 450,849
Interest on the total OPEB liability	490,582	561,040	460,486	330,177	271,654	243,430
Differences between expected and actual experience	—	—	(1,167,998)	—	(1,143,508)	—
Changes of benefit terms	—	(3,842,546)	(1)	—	—	—
Changes in assumptions	(2,061,247)	(580,166)	(1,965,158)	2,098,757	(93,876)	(2,240,059)
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)	(231,192)	(231,063)
Net change in total OPEB liability	(1,201,339)	(3,643,990)	(2,578,867)	2,499,167	(759,896)	(1,776,843)
Total OPEB liability – beginning	16,413,979	15,212,640	11,568,650	8,989,783	11,488,950	10,729,054
Total OPEB liability – ending (a)	<u>\$ 15,212,640</u>	<u>\$ 11,568,650</u>	<u>\$ 8,989,783</u>	<u>\$ 11,488,950</u>	<u>\$ 10,729,054</u>	<u>\$ 8,952,211</u>
Plan fiduciary net position						
Contributions – employer	\$ 342,763	\$ 425,521	\$ 287,040	\$ 221,166	\$ 231,192	\$ 231,063
Net investment income	20,995	23,893	23,970	14,563	117,080	(72,625)
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)	(231,192)	(231,063)
Administrative expense	(103)	(172)	(190)	(205)	(240)	(264)
Net change in plan fiduciary net position	98,892	143,721	23,780	14,358	116,840	(72,889)
Plan fiduciary net position – beginning	145,238	244,130	387,851	411,631	425,989	542,829
Plan fiduciary net position – ending (b)	244,130	387,851	411,631	425,989	542,829	469,940
Net OPEB liability – ending (a) - (b)	<u>\$ 14,968,510</u>	<u>\$ 11,180,799</u>	<u>\$ 8,578,152</u>	<u>\$ 11,062,961</u>	<u>\$ 10,186,225</u>	<u>\$ 8,482,271</u>
Plan fiduciary net position as a percentage of the total OPEB liability	1.60%	3.35%	4.58%	3.71%	5.06%	5.25%
Covered – employee payroll	\$ 3,905,000	\$ 3,728,000	\$ 4,062,000	\$ 4,174,000	\$ 4,192,000	\$ 4,307,000
Net OPEB liability as percentage of covered – employee payroll	383.32%	299.91%	211.18%	265.04%	242.99%	196.94%

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

**Schedule of Contributions**  
For the Year Ended June 30, 2023

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, 2023

(Dollar amounts in thousands)

(unaudited)

	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
Total Pension Liability			
Service cost	\$ 8,284	\$ 8,240	\$ 8,861
Interest on total pension liability	22,121	23,128	25,394
Differences between expected and actual experience	—	(4,558)	11,191
Changes in assumptions	—	(5,860)	—
Changes in benefits terms	—	—	—
Benefit payments, including refunds of employee contributions	<u>(12,325)</u>	<u>(12,853)</u>	<u>(13,653)</u>
Net change in total pension liability	18,080	8,097	31,793
Total pension liability – beginning	<u>296,973</u>	<u>315,053</u>	<u>323,150</u>
Total pension liability – ending (a)	<u><u>\$ 315,053</u></u>	<u><u>\$ 323,150</u></u>	<u><u>\$ 354,943</u></u>
Plan fiduciary net position			
Contributions – employer	\$ 8,341	\$ 9,347	\$ 8,701
Contributions – employee	2,717	2,825	3,064
Net investment income (net of administrative expenses)	37,066	5,185	1,196
Benefit payments	<u>(12,325)</u>	<u>(12,853)</u>	<u>(13,653)</u>
Plan to plan resource movement	—	1	(3)
Net change in plan fiduciary net position	35,799	4,505	(695)
Plan fiduciary net position – beginning	<u>213,160</u>	<u>248,959</u>	<u>253,464</u>
Plan fiduciary net position – ending (b)	<u>248,959</u>	<u>253,464</u>	<u>252,769</u>
Net pension liability – ending (a) - (b)	<u><u>\$ 66,094</u></u>	<u><u>\$ 69,686</u></u>	<u><u>\$ 102,174</u></u>
Plan fiduciary net position as a percentage of the total pension liability	79.02%	78.44%	71.21%
Covered – employee payroll	\$ 26,213	\$ 27,384	\$ 31,786
Net pension liability as percentage of covered – employee payroll	252.14%	254.48%	321.45%

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

See accompanying independent auditor's report.

<u>2017-2018</u>	<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
\$ 10,331	\$ 10,073	\$ 10,054	\$ 11,066	\$ 10,479	\$ 9,325
26,815	27,428	28,862	30,547	32,058	32,354
(1,831)	(2,039)	(1,660)	536	(2,306)	(12,925)
23,771	(11,622)	—	—	—	11,355
—	—	—	211	—	—
(14,041)	(15,498)	(16,060)	(17,165)	(18,587)	(21,132)
45,045	8,342	21,196	25,195	21,644	18,977
354,943	399,988	408,330	429,526	454,721	476,365
<u>\$ 399,988</u>	<u>\$ 408,330</u>	<u>\$ 429,526</u>	<u>\$ 454,721</u>	<u>\$ 476,365</u>	<u>\$ 495,342</u>
\$ 9,711	\$ 10,746	\$ 12,751	\$ 14,619	\$ 14,984	\$ 14,583
3,352	3,291	3,505	3,348	2,936	2,307
28,500	22,418	19,647	15,665	76,690	(31,572)
(14,041)	(15,498)	(16,060)	(17,165)	(18,587)	(21,132)
(15)	(176)	(307)	(164)	—	—
27,507	20,781	19,536	16,303	76,023	(35,814)
252,769	280,276	301,057	320,593	336,896	412,919
280,276	301,057	320,593	336,896	412,919	377,105
<u>\$ 119,712</u>	<u>\$ 107,273</u>	<u>\$ 108,933</u>	<u>\$ 117,825</u>	<u>\$ 63,446</u>	<u>\$ 118,237</u>
70.07%	73.73%	74.64%	74.09%	86.68%	76.13%
\$ 33,239	\$ 33,381	\$ 33,097	\$ 34,582	\$ 29,289	\$ 31,588
360.16%	321.36%	329.14%	340.72%	216.62%	374.31%

**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, 2023

(Dollar amounts in thousands)

(unaudited)

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

**Notes to Schedule:**

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

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

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

See accompanying independent auditor's report.

2018-2019	2019-2020	2020-2021	2021-2022	2022-23
\$ 12,992	\$ 14,611	\$ 13,900	\$ 12,215	\$ 12,359
(12,992)	(14,611)	(13,900)	(12,215)	(12,359)
\$ —	\$ —	\$ —	\$ —	\$ —
\$ 46,849	\$ 45,139	\$ 34,583	\$ 29,289	\$ 31,588
27.73%	32.37%	40.19%	41.71%	39.13%

6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar	Level Dollar
Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets	Market Value of Assets
2.75% compounded annually	2.63% compounded annually	2.50% compounded annually	2.50% compounded annually	2.50% compounded annually
Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service	Varies by entry age and service
3.0%	2.9%	2.75%	2.75%	2.75%
7.5%	7.25%	7.00%	7.00%	7.00%

The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.	The probabilities of retirement are based on the 2017 CalPERS Experience Study.
---	---	---	---	---

Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvement using 90 percent of Scale MP 2016 published by the Society of Actuaries.
---	---	---	---	---

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Required Supplementary Information

### Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions \* Cost Sharing Multiple Employer Defined Benefit Pension Plan California Public Employees' Retirement System (CalPERS) – Miscellaneous Plan For the Year Ended June 30, 2023 (Dollar amounts in thousands) (unaudited)

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

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

#### 2. Schedule of District Contributions

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

#### Notes to Schedule:

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

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

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

See accompanying independent auditor's report.



<u>2018-2019</u>		<u>2019-2020</u>		<u>2020-2021</u>		<u>2021-2022</u>		<u>2022-23</u>	
	7.9678%		8.0858%		7.8905%		7.8531%		7.8184%
\$	2,124,474	\$	2,356,549	\$	2,421,053	\$	1,596,877	\$	2,690,237
\$	1,116,870	\$	1,228,585	\$	1,221,081	\$	1,256,381	\$	1,449,675
	190.22%		191.81%		198.27%		127.10%		185.58%
	70.85%		70.05%		70.00%		80.97%		69.76%
<u>2018-2019</u>		<u>2019-2020</u>		<u>2020-2021</u>		<u>2021-2022</u>		<u>2022-2023</u>	
\$	205,346	\$	224,546	\$	243,447	\$	286,190	\$	357,900
	205,346		224,546		243,447		286,190		357,900
\$	—	\$	—	\$	—	\$	—	\$	—
	1,228,585		1,221,081		1,256,381		1,449,675		1,595,725
	16.71%		18.39%		19.38%		19.74%		22.43%

6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Dollar	Level Dollar
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.
Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets	Market value of Assets
2.75%	2.63%	2.50%	2.50%	2.30%
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
7.15%	7.15%	7.15%	7.15%	6.90%
CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study	CalPERS Experience Study
The probabilities of mortality are based on the most recent CalPERS Experience Study adopted by the CalPERS Board, first used in the 6/30/15 Valuation. Post-retirement mortality rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 15 years of projected on-going mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries.	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 fully generational mortality improvement using 80 percent of Scale MP 2020 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 fully generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Required Supplementary Information

### Schedule of District Proportionate Share of the Net Pension Liability and Related Ratios and District Contributions \*

#### Cost Sharing Multiple Employer Defined Benefit Pension Plan

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

For the Year Ended June 30, 2023

(Dollar amounts in thousands)

(unaudited)

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

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

#### 2. Schedule of District Contributions

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

#### Notes to Schedule:

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

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

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

See accompanying independent auditor's report.

	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
	5.1840%	5.3820%	5.4030%	5.5680%	5.4970%
\$	4,764,511	\$ 4,980,791	\$ 5,396,309	\$ 2,651,352	\$ 3,921,933
\$	2,833,461	\$ 3,052,549	\$ 2,825,924	\$ 3,093,726	\$ 3,385,125
	168.15%	163.17%	190.96%	85.70%	115.86%
	70.99%	72.56%	71.82%	87.21%	81.20%

	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
\$	483,163	\$ 508,985	\$ 497,701	\$ 563,921	\$ 663,868
	483,163	508,985	497,701	563,921	663,868
\$	—	\$ —	\$ —	\$ —	\$ —
	3,052,549	2,825,924	3,093,726	3,385,125	3,342,646
	15.83%	18.01%	16.09%	16.66%	19.86%

6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
29 years	28 years	27 years	26 years	25 years
Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value	Expected Value with 33% adjustment to Market Value
2.75%	2.75%	2.75%	2.75%	2.75%
3.50%	3.50%	3.50%	3.50%	3.50%
7.10%	7.10%	7.10%	7.10%	7.00%
Experience Tables	Experience Tables	Experience Tables	Experience Tables	Experience Tables
110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table	110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

District Bonds Fund

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

Year Ended June 30, 2023

(in thousands)

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other local revenues	4,758	4,758	36,576	31,818
Total Revenues	<u>4,758</u>	<u>4,758</u>	<u>36,576</u>	<u>31,818</u>
Expenditures:				
Current:				
Classified salaries	122,909	47,592	23,480	24,112
Employee benefits	62,773	19,581	12,212	7,369
Books and supplies	1,337	32,131	1,495	30,636
Services and other operating expenditures	1,774	155,241	65,031	90,210
Capital outlay	1,237,466	733,130	730,802	2,328
Debt service – principal	—	3	3	—
Total Expenditures	<u>1,426,259</u>	<u>987,678</u>	<u>833,023</u>	<u>154,655</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,421,501)</u>	<u>(982,920)</u>	<u>(796,447)</u>	<u>186,473</u>
Other Financing Sources (Uses):				
Transfers in	—	270,846	270,846	—
Transfers out	(10,337)	(53,962)	(53,962)	—
Proceeds from sale of bonds	500,000	500,000	500,000	—
Total Other Financing Sources (Uses)	<u>489,663</u>	<u>716,884</u>	<u>716,884</u>	<u>—</u>
Net Changes in Fund Balances	<u>(931,838)</u>	<u>(266,036)</u>	<u>(79,563)</u>	<u>186,473</u>
Fund Balances, July 1, 2022	1,498,826	1,315,137	1,315,137	—
Fund Balances, June 30, 2023	<u>\$ 566,988</u>	<u>\$ 1,049,101</u>	<u>\$ 1,235,574</u>	<u>\$ 186,473</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, 2023

(in thousands)

	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ 69,548	\$ 69,549	\$ 69,549	\$ —
Other state revenues	—	—	3,173	3,173
Other local revenues	912,096	912,096	1,112,021	199,925
Total Revenues	<u>981,644</u>	<u>981,645</u>	<u>1,184,743</u>	<u>203,098</u>
Expenditures:				
Debt service – principal	379,558	565,558	565,335	223
Debt service – bond, COPs, and capital leases interest	602,086	524,056	524,048	8
Total Expenditures	<u>981,644</u>	<u>1,089,614</u>	<u>1,089,383</u>	<u>231</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>—</u>	<u>(107,969)</u>	<u>95,360</u>	<u>203,329</u>
Other Financing Sources (Uses):				
Premium on bonds issued	—	—	35,694	35,694
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>35,694</u>	<u>35,694</u>
Net Changes in Fund Balances	<u>—</u>	<u>(107,969)</u>	<u>131,054</u>	<u>239,023</u>
Fund Balances, July 1, 2022	1,009,656	1,174,108	1,174,108	—
Fund Balances, June 30, 2023	<u><u>\$ 1,009,656</u></u>	<u><u>\$ 1,066,139</u></u>	<u><u>\$ 1,305,162</u></u>	<u><u>\$ 239,023</u></u>

See accompanying independent auditor's report.

# **LAUSD** **UNIFIED**

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Nonmajor Governmental Funds

### **Special Revenue Funds**

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

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

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

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

### **Debt Service Funds**

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

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

### **Capital Projects Funds**

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

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

The State School Building Lease – Purchase Fund is used to account for State apportionments received in accordance with State Education Code Sections 17700-17780. Projects are funded by the State subject to appropriation of funds in the State Budget and by grant apportionments received from the State School Building Lease-Purchase Bond Law of 1982. 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 State grant apportionments received from the School Facility Program (SFP) which was established by the Leroy F. Greene School Facilities Act of 1998 (Senate Bill 50). The SFP was funded by the Class Size Reduction Kindergarten-University Public Education Facilities Bond Act of 1998 (Proposition 1A), and subsequently funded by the Kindergarten-University Public Education Facilities Bond Act of 2002 (Proposition 47), the Kindergarten-University Public Education Facilities Bond Act of 2004 (Proposition 55), the Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D), and the School Bonds Funding for K-12 School and Community College Facilities Initiative Statute (2016 Proposition 51).

## **LOS ANGELES UNIFIED SCHOOL DISTRICT**

### **Nonmajor Governmental Funds**

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.

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.



# **LAUSD** **UNIFIED**

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2023

(in thousands)

**Special Revenue**

	<b>Student Activity</b>	<b>Adult Education</b>	<b>Child Development</b>	<b>Cafeteria</b>
<b>Assets:</b>				
Cash in county treasury, in banks, and on hand	\$ 32,836	\$ 46,971	\$ 33,524	\$ 115,552
Cash held by trustee	—	—	—	—
Investments	14,335	—	—	—
Lease receivable	—	—	—	—
Accounts receivable – net	349	13,795	8,395	72,253
Accrued interest receivable	—	342	540	1,255
Prepays	—	—	—	44
Inventories	4,168	—	—	14,873
Other Assets	69	—	—	—
<b>Total Assets</b>	<b>51,757</b>	<b>61,108</b>	<b>42,459</b>	<b>203,977</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 51,757</b>	<b>\$ 61,108</b>	<b>\$ 42,459</b>	<b>\$ 203,977</b>
<b>Liabilities and Fund Balances:</b>				
Vouchers and accounts payable	\$ —	\$ 2,687	\$ 992	\$ 7,143
Contracts payable	—	21	—	—
Accrued payroll	—	9,215	11,627	8,321
Other payables	1,316	665	2,240	1,430
Unearned revenue	—	2	11,750	943
<b>Total Liabilities</b>	<b>1,316</b>	<b>12,590</b>	<b>26,609</b>	<b>17,837</b>
<b>Deferred Inflows of Resources</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Fund Balances:</b>				
Nonspendable	4,168	16	—	14,917
Restricted	46,273	49,188	17,485	171,223
Assigned	—	5,871	—	—
Unassigned	—	(6,557)	(1,635)	—
<b>Total Fund Balances</b>	<b>50,441</b>	<b>48,518</b>	<b>15,850</b>	<b>186,140</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund</b>	<b>\$ 51,757</b>	<b>\$ 61,108</b>	<b>\$ 42,459</b>	<b>\$ 203,977</b>

See accompanying independent auditors' report.

**Debt Service**

<b>Total</b>	<b>Tax Override</b>	<b>Capital Services</b>	<b>Total</b>
\$ 228,883	\$ 412	\$ 20	\$ 432
—	—	—	—
14,335	—	—	—
—	—	—	—
94,792	—	—	—
2,137	4	—	4
44	—	—	—
19,041	—	—	—
69	—	—	—
<u>359,301</u>	<u>416</u>	<u>20</u>	<u>436</u>
<u>\$ 359,301</u>	<u>\$ 416</u>	<u>\$ 20</u>	<u>\$ 436</u>
\$ 10,822	\$ —	\$ —	\$ —
21	—	—	—
29,163	—	—	—
5,651	—	—	—
12,695	—	—	—
<u>58,352</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
19,101	—	—	—
284,169	416	20	436
5,871	—	—	—
(8,192)	—	—	—
<u>300,949</u>	<u>416</u>	<u>20</u>	<u>436</u>
<u>\$ 359,301</u>	<u>\$ 416</u>	<u>\$ 20</u>	<u>\$ 436</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Balance Sheet

June 30, 2023

(in thousands)

	<b>Capital</b>			
			<b>State School Building Lease – Purchase</b>	<b>County School Facilities Bonds</b>
	<b>Building</b>	<b>Capital Facilities Account</b>		
Assets:				
Cash in county treasury, in banks, and on hand	\$ 9,946	\$ 34,454	\$ —	\$ 87,257
Cash held by trustee	—	—	—	—
Investments	—	—	—	—
Lease receivable	114	—	—	—
Accounts receivable – net	—	8,619	—	—
Accrued interest receivable	109	416	—	1,472
Prepays	—	—	—	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Total Assets	<u>10,169</u>	<u>43,489</u>	<u>—</u>	<u>88,729</u>
Total Asset and Deferred Outflows of Resources	<u>\$ 10,169</u>	<u>\$ 43,489</u>	<u>\$ —</u>	<u>\$ 88,729</u>
Liabilities and Fund Balances:				
Vouchers and accounts payable	\$ 1	\$ 1,489	\$ —	\$ 44
Contracts payable	38	464	—	186
Accrued payroll	83	70	—	2
Other payables	528	1,762	—	490
Unearned revenue	—	—	—	—
Total Liabilities	<u>650</u>	<u>3,785</u>	<u>—</u>	<u>722</u>
Deferred Inflows of Resources	<u>114</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances:				
Nonspendable	—	—	—	—
Restricted	—	39,704	—	88,007
Assigned	9,405	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	<u>9,405</u>	<u>39,704</u>	<u>—</u>	<u>88,007</u>
Total Liabilities, Deferred Inflows of Resources and Fund	<u>\$ 10,169</u>	<u>\$ 43,489</u>	<u>\$ —</u>	<u>\$ 88,729</u>

See accompanying independent auditors' report.

**Projects**

<b>Special Reserve – Community Redevelopment Agency</b>	<b>Special Reserve</b>	<b>Special Reserve – FEMA – Earthquake</b>	<b>Special Reserve – FEMA – Hazard Mitigation</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 130,526	\$ 45,619	\$ 2,489	\$ 715	\$ 311,006	\$ 540,321
—	—	—	—	—	—
—	—	—	—	—	14,335
—	2,102	—	—	2,216	2,216
—	935	—	—	9,554	104,346
1,378	615	26	16	4,032	6,173
—	—	—	—	—	44
—	—	—	—	—	19,041
—	—	—	—	—	69
<u>131,904</u>	<u>49,271</u>	<u>2,515</u>	<u>731</u>	<u>326,808</u>	<u>686,545</u>
<u>\$ 131,904</u>	<u>\$ 49,271</u>	<u>\$ 2,515</u>	<u>\$ 731</u>	<u>\$ 326,808</u>	<u>\$ 686,545</u>
\$ 49	\$ 314	\$ —	\$ —	\$ 1,897	\$ 12,719
82	612	—	—	1,382	1,403
42	18	—	—	215	29,378
5	253	—	—	3,038	8,689
—	—	—	—	—	12,695
<u>178</u>	<u>1,197</u>	<u>—</u>	<u>—</u>	<u>6,532</u>	<u>64,884</u>
<u>—</u>	<u>2,102</u>	<u>—</u>	<u>—</u>	<u>2,216</u>	<u>2,216</u>
—	—	—	—	—	19,101
131,726	45,927	2,345	—	307,709	592,314
—	45	170	731	10,351	16,222
—	—	—	—	—	(8,192)
<u>131,726</u>	<u>45,972</u>	<u>2,515</u>	<u>731</u>	<u>318,060</u>	<u>619,445</u>
<u>\$ 131,904</u>	<u>\$ 49,271</u>	<u>\$ 2,515</u>	<u>\$ 731</u>	<u>\$ 326,808</u>	<u>\$ 686,545</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2023

(in thousands)

**Special Revenue**

	<u>Student Activity</u>	<u>Adult Education</u>	<u>Child Development</u>	<u>Cafeteria</u>
Revenues:				
Federal revenues	\$ —	\$ 27,918	\$ 26,584	\$ 371,374
Other state revenues	—	130,803	187,597	89,249
Other local revenues	39,431	1,458	658	961
Total Revenues	<u>39,431</u>	<u>160,179</u>	<u>214,839</u>	<u>461,584</u>
Expenditures:				
Current:				
Certificated salaries	—	58,767	54,835	—
Classified salaries	—	18,888	61,959	128,480
Employee benefits	—	35,489	67,232	108,201
Books and supplies	29,475	8,048	6,557	156,983
Services and other operating expenditures	7,308	16,367	4,944	4,298
Capital outlay	316	1,388	233	63
Debt service – principal	—	478	101	—
Debt service – bond, COPs, and capital leases interest	—	—	5	—
Other outgo	—	50	—	—
Transfers of indirect costs – interfund	—	4,736	8,515	10,769
Total Expenditures	<u>37,099</u>	<u>144,211</u>	<u>204,381</u>	<u>408,794</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,332</u>	<u>15,968</u>	<u>10,458</u>	<u>52,790</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Capital Leases	—	—	36	—
Proceeds from Refunding COPS	—	—	—	—
Proceeds from SBITAs	—	943	188	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>943</u>	<u>224</u>	<u>—</u>
Net Changes in Fund Balances	<u>2,332</u>	<u>16,911</u>	<u>10,682</u>	<u>52,790</u>
Fund Balances, July 1, 2022	48,109	31,607	5,168	133,350
Fund Balances, June 30, 2023	<u>\$ 50,441</u>	<u>\$ 48,518</u>	<u>\$ 15,850</u>	<u>\$ 186,140</u>

See accompanying independent auditor's report.

**Debt Service**

<u>Total</u>	<u>Tax Override</u>	<u>Capital Services</u>	<u>Total</u>
\$ 425,876	\$ —	\$ —	\$ —
407,649	—	—	—
42,508	12	76	88
876,033	12	76	88
113,602	—	—	—
209,327	—	—	—
210,922	—	—	—
201,063	—	—	—
32,917	—	—	—
2,000	—	—	—
579	—	23,422	23,422
5	—	4,433	4,433
50	—	—	—
24,020	—	—	—
794,485	—	27,855	27,855
81,548	12	(27,779)	(27,767)
—	—	14,821	14,821
—	—	(357)	(357)
—	—	(73,373)	(73,373)
36	—	—	—
—	—	73,730	73,730
1,131	—	—	—
1,167	—	14,821	14,821
82,715	12	(12,958)	(12,946)
218,234	404	12,978	13,382
\$ 300,949	\$ 416	\$ 20	\$ 436

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
Nonmajor Governmental Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Year Ended June 30, 2023  
(in thousands)

	<b>Capital</b>			
	<b>Building</b>	<b>Capital Facilities Account</b>	<b>State School Building Lease – Purchase</b>	<b>County School Facilities Bonds</b>
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	160,047
Other local revenues	1,373	106,206	6,435	7,539
Total Revenues	<u>1,373</u>	<u>106,206</u>	<u>6,435</u>	<u>167,586</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	811	572	—	1
Employee benefits	398	318	—	1
Books and supplies	2	1	—	—
Services and other operating expenditures	601	2,199	—	520
Capital outlay	—	130,689	—	37,044
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	<u>1,812</u>	<u>133,779</u>	<u>—</u>	<u>37,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(439)</u>	<u>(27,573)</u>	<u>6,435</u>	<u>130,020</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	14,329
Transfers out	(213)	(137)	(12,169)	(239,890)
Payment to COPs escrow agent	—	—	—	—
Facilities revolving funds	—	—	—	—
Proceeds from Refunding COPS	—	—	—	—
Proceeds from SBITAs	—	—	—	—
Total Other Financing Sources (Uses)	<u>(213)</u>	<u>(137)</u>	<u>(12,169)</u>	<u>(225,561)</u>
Net Changes in Fund Balances	<u>(652)</u>	<u>(27,710)</u>	<u>(5,734)</u>	<u>(95,541)</u>
Fund Balances, July 1, 2022	10,057	67,414	5,734	183,548
Fund Balances, June 30, 2023	<u>\$ 9,405</u>	<u>\$ 39,704</u>	<u>\$ —</u>	<u>\$ 88,007</u>

See accompanying independent auditor's report.



**Projects**

<b>Special Reserve – Community Redevelopment Agency</b>	<b>Special Reserve</b>	<b>Special Reserve – FEMA – Earthquake</b>	<b>Special Reserve – FEMA – Hazard Mitigation</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ —	\$ 1,808	\$ —	\$ —	\$ 1,808	\$ 427,684
—	679	—	—	160,726	568,375
56,685	15,401	55	115	193,809	236,405
56,685	17,888	55	115	356,343	1,232,464
—	—	—	—	—	113,602
242	24,061	—	—	25,687	235,014
121	12,381	—	—	13,219	224,141
—	115	—	—	118	201,181
819	2,237	—	—	6,376	39,293
441	14,261	—	1,528	183,963	185,963
—	—	—	—	—	24,001
—	—	—	—	—	4,438
—	—	—	—	—	50
—	—	—	—	—	24,020
1,623	53,055	—	1,528	229,363	1,051,703
55,062	(35,167)	55	(1,413)	126,980	180,761
—	12,524	—	—	26,853	41,674
(30,000)	(1,281)	—	—	(283,690)	(284,047)
—	—	—	—	—	(73,373)
—	—	—	—	—	36
—	—	—	—	—	73,730
—	—	—	—	—	1,131
(30,000)	11,243	—	—	(256,837)	(240,849)
25,062	(23,924)	55	(1,413)	(129,857)	(60,088)
106,664	69,896	2,460	2,144	447,917	679,533
\$ 131,726	\$ 45,972	\$ 2,515	\$ 731	\$ 318,060	\$ 619,445

**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, 2023  
(in thousands)

	<b>Student Activity Special Revenue</b>			<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	29,882	29,882	39,431	9,549
Total Revenues	<u>29,882</u>	<u>29,882</u>	<u>39,431</u>	<u>9,549</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	23,042	44,380	29,475	14,905
Services and other operating expenditures	3,776	7,376	7,308	68
Capital outlay	338	338	316	22
Debt Service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	<u>27,156</u>	<u>52,094</u>	<u>37,099</u>	<u>14,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,726</u>	<u>(22,212)</u>	<u>2,332</u>	<u>24,544</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Capital Leases	—	—	—	—
Proceeds from SBITAs	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>2,726</u>	<u>(22,212)</u>	<u>2,332</u>	<u>24,544</u>
Fund Balances, July 1, 2022	49,613	48,109	48,109	—
Fund Balances, June 30, 2023	<u>\$ 52,339</u>	<u>\$ 25,897</u>	<u>\$ 50,441</u>	<u>\$ 24,544</u>

See accompanying independent auditor's report.

Adult Education				Child Development			
Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)	Budget		Actual	Variance with Final Budget – Favorable (Unfavorable)
Original	Final			Original	Final		
\$ 18,504	\$ 20,038	\$ 27,918	\$ 7,880	\$ 5,584	\$ 6,323	\$ 26,584	\$ 20,261
129,590	130,668	130,803	135	173,663	225,803	187,597	(38,206)
1,210	1,618	1,458	(160)	—	365	658	293
149,304	152,324	160,179	7,855	179,247	232,491	214,839	(17,652)
61,623	59,700	58,767	933	51,845	54,905	54,835	70
17,834	19,630	18,888	742	60,396	67,438	61,959	5,479
37,222	37,586	35,489	2,097	63,258	67,423	67,232	191
22,613	11,082	8,048	3,034	10,761	32,939	6,557	26,382
13,769	18,066	16,367	1,699	4,263	5,152	4,944	208
407	1,414	1,388	26	—	246	233	13
—	478	478	—	—	110	101	9
—	—	—	—	—	5	5	—
—	50	50	—	—	—	—	—
4,961	6,463	4,736	1,727	8,257	9,239	8,515	724
158,429	154,469	144,211	10,258	198,780	237,457	204,381	33,076
(9,125)	(2,145)	15,968	18,113	(19,533)	(4,966)	10,458	15,424
—	—	—	—	19,433	1,142	—	(1,142)
(30)	—	—	—	—	—	—	—
—	—	—	—	—	—	36	36
—	—	943	943	—	—	188	188
(30)	—	943	943	19,433	1,142	224	(918)
(9,155)	(2,145)	16,911	19,056	(100)	(3,824)	10,682	14,506
47,052	31,607	31,607	—	285	5,168	5,168	—
\$ 37,897	\$ 29,462	\$ 48,518	\$ 19,056	\$ 185	\$ 1,344	\$ 15,850	\$ 14,506

**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, 2023

(in thousands)

	<b>Cafeteria</b>			<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ 342,082	\$ 372,334	\$ 371,374	\$ (960)
Other state revenues	35,007	88,075	89,249	1,174
Other local revenues	1,699	2,040	961	(1,079)
Total Revenues	<u>378,788</u>	<u>462,449</u>	<u>461,584</u>	<u>(865)</u>
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	125,383	130,299	128,480	1,819
Employee benefits	108,198	111,337	108,201	3,136
Books and supplies	176,874	170,959	156,983	13,976
Services and other operating expenditures	3,209	5,707	4,298	1,409
Capital outlay	185	1,485	63	1,422
Debt Service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	17,186	10,769	10,769	—
Total Expenditures	<u>431,035</u>	<u>430,556</u>	<u>408,794</u>	<u>21,762</u>
Excess (Deficiency) of Revenues	<u>(52,247)</u>	<u>31,893</u>	<u>52,790</u>	<u>20,897</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Capital Leases	—	—	—	—
Proceeds from SBITAs	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(52,247)</u>	<u>31,893</u>	<u>52,790</u>	<u>20,897</u>
Fund Balances, July 1, 2022	110,260	133,350	133,350	—
Fund Balances, June 30, 2023	<u>\$ 58,013</u>	<u>\$ 165,243</u>	<u>\$ 186,140</u>	<u>\$ 20,897</u>

See accompanying independent auditor's report.

<b>Total</b>			
<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>
<b>Original</b>	<b>Final</b>		
\$ 366,170	\$ 398,695	\$ 425,876	\$ 27,181
338,260	444,546	407,649	(36,897)
32,791	33,905	42,508	8,603
<u>737,221</u>	<u>877,146</u>	<u>876,033</u>	<u>(1,113)</u>
113,468	114,605	113,602	1,003
203,613	217,367	209,327	8,040
208,678	216,346	210,922	5,424
233,290	259,360	201,063	58,297
25,017	36,301	32,917	3,384
930	3,483	2,000	1,483
—	588	579	9
—	5	5	—
—	50	50	—
30,404	26,471	24,020	2,451
<u>815,400</u>	<u>874,576</u>	<u>794,485</u>	<u>80,091</u>
<u>(78,179)</u>	<u>2,570</u>	<u>81,548</u>	<u>78,978</u>
19,433	1,142	—	(1,142)
(30)	—	—	—
—	—	36	36
—	—	1,131	1,131
<u>19,403</u>	<u>1,142</u>	<u>1,167</u>	<u>25</u>
(58,776)	3,712	82,715	79,003
157,597	218,234	218,234	—
<u>\$ 98,821</u>	<u>\$ 221,946</u>	<u>\$ 300,949</u>	<u>\$ 79,003</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Debt Service Funds

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

Year Ended June 30, 2023

(in thousands)

	<b>Tax Override</b>			<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	12	12
Total Revenues	<u>—</u>	<u>—</u>	<u>12</u>	<u>12</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>12</u>	<u>12</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Proceeds from refunding COPs	—	—	—	—
Payment to refunded COPs escrow agent	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>—</u>	<u>—</u>	<u>12</u>	<u>12</u>
Fund Balances, July 1, 2022	420	404	404	—
Fund Balances, June 30, 2023	<u>\$ 420</u>	<u>\$ 404</u>	<u>\$ 416</u>	<u>\$ 12</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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
60	60	76	16	60	60	88	28
60	60	76	16	60	60	88	28
10,700	23,422	23,422	—	10,700	23,422	23,422	—
5,646	4,433	4,433	—	5,646	4,433	4,433	—
16,346	27,855	27,855	—	16,346	27,855	27,855	—
(16,286)	(27,795)	(27,779)	16	(16,286)	(27,795)	(27,767)	28
16,286	16,286	14,821	(1,465)	16,286	16,286	14,821	(1,465)
—	(357)	(357)	—	—	(357)	(357)	—
—	73,730	73,730	—	—	73,730	73,730	—
—	(73,373)	(73,373)	—	—	(73,373)	(73,373)	—
16,286	16,286	14,821	(1,465)	16,286	16,286	14,821	(1,465)
—	(11,509)	(12,958)	(1,449)	—	(11,509)	(12,946)	(1,437)
12,980	12,978	12,978	—	13,400	13,382	13,382	—
\$ 12,980	\$ 1,469	\$ 20	\$ (1,449)	\$ 13,400	\$ 1,873	\$ 436	\$ (1,437)

**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, 2023

(in thousands)

	<b>Building</b>			<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	863	863	1,373	510
Total Revenues	<u>863</u>	<u>863</u>	<u>1,373</u>	<u>510</u>
Expenditures:				
Current:				
Classified salaries	846	972	811	161
Employee benefits	449	521	398	123
Books and supplies	—	2	2	—
Services and other operating expenditures	—	602	601	1
Capital outlay	26	1,211	—	1,211
Total Expenditures	<u>1,321</u>	<u>3,308</u>	<u>1,812</u>	<u>1,496</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(458)</u>	<u>(2,445)</u>	<u>(439)</u>	<u>2,006</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	(213)	(213)	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(213)</u>	<u>(213)</u>	<u>—</u>
Net Changes in Fund Balances	<u>(458)</u>	<u>(2,658)</u>	<u>(652)</u>	<u>2,006</u>
Fund Balances, July 1, 2022	10,449	10,057	10,057	—
Fund Balances, June 30, 2023	<u>\$ 9,991</u>	<u>\$ 7,399</u>	<u>\$ 9,405</u>	<u>\$ 2,006</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		
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
—	—	—	—	—	—	—	—
83,206	83,206	106,206	23,000	—	6,435	6,435	—
83,206	83,206	106,206	23,000	—	6,435	6,435	—
588	650	572	78	—	—	—	—
277	349	318	31	—	—	—	—
78	63	1	62	—	—	—	—
31,478	2,420	2,199	221	—	—	—	—
101,145	131,000	130,689	311	18	—	—	—
133,566	134,482	133,779	703	18	—	—	—
(50,360)	(51,276)	(27,573)	23,703	(18)	6,435	6,435	—
—	—	—	—	—	—	—	—
—	(137)	(137)	—	—	(12,169)	(12,169)	—
—	(137)	(137)	—	—	(12,169)	(12,169)	—
(50,360)	(51,413)	(27,710)	23,703	(18)	(5,734)	(5,734)	—
50,360	67,414	67,414	—	6,214	5,734	5,734	—
\$ —	\$ 16,001	\$ 39,704	\$ 23,703	\$ 6,196	\$ —	\$ —	\$ —

**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, 2023

(in thousands)

	<b>County School Facilities Bonds</b>			<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	119,345	119,345	160,047	40,702
Other local revenues	1,514	1,514	7,539	6,025
Total Revenues	<u>120,859</u>	<u>120,859</u>	<u>167,586</u>	<u>46,727</u>
Expenditures:				
Current:				
Classified salaries	—	83	1	82
Employee benefits	—	41	1	40
Books and supplies	—	701	—	701
Services and other operating expenditures	—	18,073	520	17,553
Capital outlay	106,239	37,482	37,044	438
Total Expenditures	<u>106,239</u>	<u>56,380</u>	<u>37,566</u>	<u>18,814</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>14,620</u>	<u>64,479</u>	<u>130,020</u>	<u>65,541</u>
Other Financing Sources (Uses):				
Transfers in	—	14,329	14,329	—
Transfers out	—	(239,890)	(239,890)	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>(225,561)</u>	<u>(225,561)</u>	<u>—</u>
Net Changes in Fund Balances	14,620	(161,082)	(95,541)	65,541
Fund Balances, July 1, 2022	228,846	183,548	183,548	—
Fund Balances, June 30, 2023	<u>\$ 243,466</u>	<u>\$ 22,466</u>	<u>\$ 88,007</u>	<u>\$ 65,541</u>

See accompanying independent auditors' report.

<b>Special Reserve – Community Redevelopment Agency</b>				<b>Special Reserve</b>			
<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>
<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
\$ —	\$ —	\$ —	\$ —	\$ 2,342	\$ 3,540	\$ 1,808	\$ (1,732)
—	—	—	—	741	1,241	679	(562)
48,355	48,355	56,685	8,330	10,825	11,828	15,401	3,573
48,355	48,355	56,685	8,330	13,908	16,609	17,888	1,279
230	359	242	117	—	24,088	24,061	27
101	188	121	67	—	12,420	12,381	39
196	3,959	—	3,959	—	777	115	662
15,897	5,814	819	4,995	—	3,720	2,237	1,483
2	557	441	116	17,338	28,964	14,261	14,703
16,426	10,877	1,623	9,254	17,338	69,969	53,055	16,914
31,929	37,478	55,062	17,584	(3,430)	(53,360)	(35,167)	18,193
—	—	—	—	—	12,524	12,524	—
(30,000)	(30,000)	(30,000)	—	—	(1,281)	(1,281)	—
(30,000)	(30,000)	(30,000)	—	—	11,243	11,243	—
1,929	7,478	25,062	17,584	(3,430)	(42,117)	(23,924)	18,193
112,224	106,664	106,664	—	79,209	69,896	69,896	—
\$ 114,153	\$ 114,142	\$ 131,726	\$ 17,584	\$ 75,779	\$ 27,779	\$ 45,972	\$ 18,193

(Continued)

**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, 2023

(in thousands)

	<b>Special Reserve – FEMA – Earthquake</b>			<b>Variance with Final Budget – Favorable (Unfavorable)</b>
	<b>Budget</b>		<b>Actual</b>	
	<b>Original</b>	<b>Final</b>		
Revenues:				
Federal revenues	\$ —	\$ —	\$ —	\$ —
Other state revenues	—	—	—	—
Other local revenues	—	—	55	55
Total Revenues	<u>—</u>	<u>—</u>	<u>55</u>	<u>55</u>
Expenditures:				
Current:				
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	2,343	2,252	—	2,252
Total Expenditures	<u>2,343</u>	<u>2,252</u>	<u>—</u>	<u>2,252</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>(2,343)</u>	<u>(2,252)</u>	<u>55</u>	<u>2,307</u>
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net Changes in Fund Balances	<u>(2,343)</u>	<u>(2,252)</u>	<u>55</u>	<u>2,307</u>
Fund Balances, July 1, 2022	2,551	2,460	2,460	—
Fund Balances, June 30, 2023	<u>\$ 208</u>	<u>\$ 208</u>	<u>\$ 2,515</u>	<u>\$ 2,307</u>

See accompanying independent auditors' report.

<b>Special Reserve – FEMA – Hazard Mitigation</b>				<b>Total</b>			
<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>	<b>Budget</b>		<b>Actual</b>	<b>Variance with Final Budget – Favorable (Unfavorable)</b>
<b>Original</b>	<b>Final</b>			<b>Original</b>	<b>Final</b>		
\$ —	\$ —	\$ —	\$ —	\$ 2,342	\$ 3,540	\$ 1,808	\$ (1,732)
—	—	—	—	120,086	120,586	160,726	40,140
—	—	115	115	144,763	152,201	193,809	41,608
—	—	115	115	267,191	276,327	356,343	80,016
—	42	—	42	1,664	26,194	25,687	507
—	24	—	24	827	13,543	13,219	324
—	2	—	2	274	5,504	118	5,386
—	499	—	499	47,375	31,128	6,376	24,752
—	1,577	1,528	49	227,111	203,043	183,963	19,080
—	2,144	1,528	616	277,251	279,412	229,363	50,049
—	(2,144)	(1,413)	731	(10,060)	(3,085)	126,980	130,065
—	—	—	—	—	26,853	26,853	—
—	—	—	—	(30,000)	(283,690)	(283,690)	—
—	—	—	—	(30,000)	(256,837)	(256,837)	—
—	(2,144)	(1,413)	731	(40,060)	(259,922)	(129,857)	130,065
2,233	2,144	2,144	—	492,086	447,917	447,917	—
\$ 2,233	\$ —	\$ 731	\$ 731	\$ 452,026	\$ 187,995	\$ 318,060	\$ 130,065

# **LAUSD** **UNIFIED**

## **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 outside claims administrators.





**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Internal Service Funds

Combining Statement of Net Position

June 30, 2023

(in thousands)

	<b>Health and Welfare Benefits</b>	<b>Workers' Compensation Self-Insurance</b>	<b>Liability Self-Insurance</b>	<b>Total</b>
Assets:				
Cash in county treasury, in banks, and on hand	\$ 83,883	\$ 635,537	\$ 268,574	\$ 987,994
Accounts receivable – net	60,922	—	—	60,922
Accrued interest and dividends receivable	815	6,564	1,893	9,272
Prepays	13,634	6	—	13,640
Other assets	4,774	—	—	4,774
<b>Total Assets</b>	<b>164,028</b>	<b>642,107</b>	<b>270,467</b>	<b>1,076,602</b>
Deferred Outflows of Resources	3,148	1,726	2,851	7,725
Liabilities:				
Current:				
Vouchers and accounts payable	8,123	928	141	9,192
Accrued payroll	569	310	578	1,457
Other payables	16,499	342	4,180	21,021
Estimated liability for self-insurance claims	21,743	90,401	120,156	232,300
<b>Total Current Liabilities</b>	<b>46,934</b>	<b>91,981</b>	<b>125,055</b>	<b>263,970</b>
Noncurrent:				
Estimated liability for self-insurance claims	—	268,748	155,555	424,303
Net other postemployment benefits liability	4,309	2,302	3,147	9,758
Net pension liability	4,551	2,514	4,375	11,440
<b>Total Noncurrent Liabilities</b>	<b>8,860</b>	<b>273,564</b>	<b>163,077</b>	<b>445,501</b>
<b>Total Liabilities</b>	<b>55,794</b>	<b>365,545</b>	<b>288,132</b>	<b>709,471</b>
Deferred Inflows of Resources	3,525	1,903	2,819	8,247
<b>Total Net Position – Unrestricted</b>	<b>\$ 107,857</b>	<b>\$ 276,385</b>	<b>\$ (17,633)</b>	<b>\$ 366,609</b>

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, 2023  
(in thousands)

	<b>Health and Welfare Benefits</b>	<b>Workers' Compensation Self-Insurance</b>	<b>Liability Self-Insurance</b>	<b>Total</b>
Operating Revenues:				
In-District premiums	\$ 1,172,257	\$ 138,699	\$ 103,736	\$ 1,414,692
Others	11,704	—	—	11,704
Total Operating Revenues	<u>1,183,961</u>	<u>138,699</u>	<u>103,736</u>	<u>1,426,396</u>
Operating Expenses:				
Classified salaries	2,487	1,296	2,639	6,422
Employee benefits	4,553	(6,880)	4,199	1,872
Supplies	321	21	79	421
Premiums and claims expenses	1,179,122	56,615	109,527	1,345,264
Claims administration	3,348	12,025	673	16,046
Other contracted services	986	470	45	1,501
Total Operating Expenses	<u>1,190,817</u>	<u>63,547</u>	<u>117,162</u>	<u>1,371,526</u>
Operating Income (Loss)	<u>(6,856)</u>	<u>75,152</u>	<u>(13,426)</u>	<u>54,870</u>
Nonoperating Revenues (Expenses):				
Investment income	3,381	11,759	4,568	19,708
Miscellaneous expense	—	(48)	—	(48)
Total Nonoperating Revenues	<u>3,381</u>	<u>11,711</u>	<u>4,568</u>	<u>19,660</u>
Changes in Net Position	<u>(3,475)</u>	<u>86,863</u>	<u>(8,858)</u>	<u>74,530</u>
Total Net Position, July 1, 2022	111,332	189,522	(8,775)	292,079
Total Net Position, June 30, 2023	<u>\$ 107,857</u>	<u>\$ 276,385</u>	<u>\$ (17,633)</u>	<u>\$ 366,609</u>

See accompanying independent auditor's report.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Internal Service Funds Combining Statement of Cash Flows Year Ended June 30, 2023 (in thousands)

	<b>Health and Welfare Benefits</b>	<b>Workers' Compensation Self-Insurance</b>	<b>Liability Self-Insurance</b>	<b>Total</b>
Cash Flows from Operating Activities:				
Cash payments to employees for services	\$ (3,840)	\$ (2,118)	\$ (3,701)	\$ (9,659)
Cash payments for goods and services	(1,185,175)	(96,355)	(149,831)	(1,431,361)
Receipts from assessment to other funds	1,172,257	138,699	103,736	1,414,692
Other operating revenue	11,704	—	—	11,704
Cash Provided (Used) by Operating Activities	(5,054)	40,226	(49,796)	(14,624)
Cash Flows from Investing Activities:				
Earnings on investments	3,054	6,789	3,104	12,947
Net Cash Provided by Investing Activities	3,054	6,789	3,104	12,947
Net Increase (Decrease) in Cash and Cash Equivalents	(2,000)	47,015	(46,692)	(1,677)
Cash and Cash Equivalents, July 1	85,883	588,522	315,266	989,671
Cash and Cash Equivalents, June 30	\$ 83,883	\$ 635,537	\$ 268,574	\$ 987,994
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (6,856)	\$ 75,152	\$ (13,426)	\$ 54,870
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Net increase in pension and other postemployment benefits expense from actuarial valuation	3,124	(7,712)	2,961	(1,627)
Change in Assets: Decrease (Increase)				
Accounts receivable	(19,631)	—	—	(19,631)
Prepays	42,927	(6)	—	42,921
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	7,987	(3,237)	(1,017)	3,733
Accrued payroll	77	11	176	264
Other payables	(31,118)	319	4,128	(26,671)
Estimated liability for self-insurance claims – current	(1,564)	(9,319)	(114,837)	(125,720)
Estimated liability for self-insurance claims – noncurrent	—	(14,982)	72,219	57,237
Total Adjustments	1,802	(34,926)	(36,370)	(69,494)
Net Cash Provided (Used) by Operating Activities	\$ (5,054)	\$ 40,226	\$ (49,796)	\$ (14,624)

See accompanying independent auditor's report.

# **LAUSD** **UNIFIED**

**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		
2013-2014	\$ 482,043,584	\$ 21,634,336	\$ 503,677,920	1.146439	\$ 23,602,428	4.92	527,995	\$ 954
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	516,229	1,032
2015-2016	546,807,059	23,362,405	570,169,464	1.129709	37,235,257	6.99	503,367	1,133
2016-2017	581,473,213	24,495,794	605,969,007	1.131096	35,799,543	6.28	491,856	1,232
2017-2018	619,162,082	25,342,665	644,504,747	1.122192	38,535,740	6.36	478,591	1,347
2018-2019	665,355,078	27,377,547	692,732,625	1.123226	48,227,878	7.48	454,010	1,526
2019-2020	710,954,606	28,442,486	739,397,092	1.125520	46,664,467	6.74	454,905 <sup>acd</sup>	1,625 <sup>a</sup>
2020-2021	759,004,740	28,679,271	787,684,011	1.139929	48,286,919	6.53	454,905 <sup>bd</sup>	1,732 <sup>b</sup>
2021-2022	790,822,215	27,581,052	818,403,267	1.113228	30,719,256	3.90	380,709	2,150
2022-2023	848,435,713	29,196,328	877,632,041	1.121072	59,228,774	7.24	384,010	2,285

\* 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

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

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

<sup>c</sup> Adjusted for fiscal year 2019-20 audit finding.

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

See accompanying independent auditor's report.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

Largest 2022-23 Local Secured Taxpayers <sup>(1)</sup>  
 Current Year and Nine Years Ago  
 (in thousands)  
 (Unaudited)

2023				2014			
Rank	Property Owner	Assessed Valuation	% of Total <sup>(2)</sup>	Rank	Property Owner	Assessed Valuation	% of Total <sup>(3)</sup>
1	Universal Studios LLC	\$ 2,701,431	0.32%	1	Douglas Emmett LLC	\$ 2,393,458	0.50%
2	Douglas Emmett LLC	2,694,073	0.32%	2	Universal Studios LLC	1,404,214	0.29%
3	Essex Portfolio LP	2,358,854	0.28%	3	Anheuser Busch Inc.	836,513	0.17%
4	Rexford Industrial Realty LP	1,535,567	0.18%	4	Donald T. Sterling	677,457	0.14%
5	Century City Mall LLC	1,112,962	0.13%	5	BRE Properties Inc.	647,722	0.13%
6	FSP South Flower Street	984,033	0.12%	6	One Hundred Towers LLC	605,747	0.13%
7	CJDB LLC	948,049	0.11%	7	Olympic and Georgia Partners LLC	574,138	0.12%
8	Greenland LA Metropolis	944,718	0.11%	8	Tishman Speyer Archstone Smith	544,789	0.11%
9	Anheuser Busch Commercial	884,417	0.10%	9	Paramount Pictures Corp.	539,277	0.11%
10	Rochelle H. Sterling	880,315	0.10%	10	Duesenberg Investment Company	506,553	0.11%
11	Hanjin International Corp.	878,078	0.10%	11	LA Live Properties LLC	488,095	0.10%
12	Onni Wilshire Courtyard LLC	810,564	0.10%	12	Century City Mall LLC	478,153	0.10%
13	One Hundred Towers LLC	701,265	0.08%	13	Taubman Beverly Center	477,297	0.10%
14	Trizec 333 LA LLC	687,273	0.08%	14	Casden Park La Brea LLC	467,448	0.10%
15	Maguire Partners 355 S. Grand LLC	642,742	0.08%	15	Trizec 333 LA LLC	466,751	0.10%
16	BRE HH Property Owner LLC	637,805	0.08%	16	Westfield Topanga Owner LP	461,203	0.10%
17	Olympic and Georgia Partners LLC	612,072	0.07%	17	Wilshire Courtyard LP	420,500	0.09%
18	Tishman Speyer Archstone Smith	611,707	0.07%	18	Twentieth Century Fox Film Corp.	394,172	0.08%
19	LA Live Properties LLC	571,177	0.07%	19	2121 Ave. of the Stars LLC	376,000	0.08%
20	Maguire Properties 555 W. Fifth	563,508	0.07%	20	1999 Stars LLC	364,458	0.08%
		<b><u>\$ 21,760,610</u></b>	<b><u>2.57%</u></b>			<b><u>\$ 13,123,945</u></b>	<b><u>2.74%</u></b>

(1) Excludes taxpayers with values derived from mineral rights or a possessory interest. Historically, among the top 10 taxpayers within the District are landowners with primary land use of oil and gas production, including Marathon Petroleum Corporation, Phillips 66 Company and Valero Energy Corporation, which are not reflected in the table above.

(2) 2022-23 Local Secured Assessed Valuation: \$ 848,435,713

(3) 2013-14 Local Secured Assessed Valuation: \$ 482,043,584



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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>ERAF Funds<sup>(1)</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections<sup>(2)</sup></b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>
2013-2014	\$ 1,652,164	\$ 26,846	\$ 1,684,486	100.33%	\$ 29,409	\$ 1,713,895	102.08%
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19
2015-2016	1,799,477	171,532	1,959,111	99.40	31,529	1,990,640	101.00
2016-2017	1,904,567	232,966	2,107,292	98.59	25,977	2,133,269	99.80
2017-2018	1,985,501	255,167	2,184,304	97.48	49,404	2,233,708	99.69
2018-2019	2,134,918	234,519	2,347,069	99.06	61,128	2,408,197	101.64
2019-2020	2,305,773	216,281	2,467,267	97.83	40,975	2,508,242	99.45
2020-2021	2,564,883	256,204	2,756,243	97.70	66,318	2,822,562	100.05
2021-2022	2,440,344	246,520	2,588,512	96.34	78,480	2,666,992	99.26
2022-2023	2,670,569	298,516	2,916,949	98.24	124,633	3,041,582	102.44

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

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

See accompanying independent auditor's report.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Organization Structure Year Ended June 30, 2023 (Unaudited)

**Geographical Location:** The Los Angeles Unified School District is a political subdivision of the State of California. It is located in the western section of Los Angeles County and includes most of the City of Los Angeles, all the Cities of Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon, and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Carson, Commerce, Cudahy, Culver City, Hawthorne, Inglewood, Long Beach, Los Angeles, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Santa Clarita, South Gate, and Torrance, in addition to considerable unincorporated territories devoted to homes and industry. The District did not have any changes in its school boundaries in FY2023.

**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.

Name	Board District	Expiration of Term
Jackie Goldberg, President	5	December 16, 2024
Dr. George McKenna	1	December 16, 2024
Dr. Rocio Rivas	2	December 11, 2027
Scott Schmerelson	3	December 16, 2024
Nick Melvoin	4	December 11, 2027
Kelly Gonez	6	December 11, 2027
Tanya Ortiz Franklin	7	December 16, 2024

Name	Title
Albert M. Carvalho	Superintendent of Schools
Pedro Salcido	Deputy Superintendent, Business Services & Operations
Karla Estrada	Deputy Superintendent, Instruction
Kristen Murphy	Chief of Staff
Roberto Martinez	Associate Superintendent, Chief of School Culture, Climate and Safety
Frances Baez	Chief Academic Officer
Veronica Arreguin	Chief Strategy Officer
Anthony Aguilar	Chief of Special Education, Equity and Access
Krisztina Tokes	Chief Facilities Executive
David Hart	Chief Business Officer
V. Luis Buendia	Deputy Chief Business Officer
Soheil Katal	Chief Information Officer
Devora Navera Reed	General Counsel
Karla Gould	Personnel Director

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

**Fiscal Year:** July 1 – June 30

Number of Schools:	2019-2020	2020-2021	2021-2022	2022-2023
(As of October)				
Elementary Schools	440	438	436	434
Middle/Junior High Schools	79	78	78	78
Senior High Schools	92	89	87	87
Options Schools	54	54	53	59
Special Education Schools	14	13	13	12
Magnet Schools	61	65	66	67
Magnet Centers	231	245	255	262
Community Adult Schools	1	1	1	2
Regional Occupational Centers	6	7	7	7
Skills Centers	4	2	2	2
Early Education Centers	86	87	87	87
Infant Centers	4	4	4	4
California State Preschools	88	89	89	89
Primary School Centers	19	18	18	18
Multi-level Schools	25	28	28	30
Total Schools and Centers	<u>1,204</u>	<u>1,218</u>	<u>1,224</u>	<u>1,238</u>
Independent Charter Schools	<u>226</u>	<u>229</u>	<u>227</u>	<u>224</u>

See accompanying independent auditor's report.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Average Daily Attendance

Year Ended June 30, 2023

	<b>Second Period Report</b>	<b>Annual Report</b>	<b>Audited Second Period Report*</b>	<b>Audited Annual Report*</b>
District				
Kindergarten-Grade 3	112,508.29	113,577.90	112,501.78	113,572.23
Grades 4-6	83,018.08	83,205.18	83,018.08	83,205.18
Grades 7-8	48,922.59	48,942.43	48,918.83	48,938.64
Grades 9-12	103,204.05	102,468.73	103,204.05	102,468.73
Total District	<u>347,653.01</u>	<u>348,194.24</u>	<u>347,642.74</u>	<u>348,184.78</u>
County				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	0.24	0.19	0.24	0.19
Grades 7-8	0.79	1.27	0.79	1.27
Grades 9-12	366.06	348.76	366.06	348.76
Total County	<u>367.09</u>	<u>350.22</u>	<u>367.09</u>	<u>350.22</u>
Affiliated Charter Schools				
Kindergarten-Grade 3	11,692.55	11,723.88	11,692.55	11,723.88
Grades 4-6	8,294.04	8,298.40	8,294.04	8,298.40
Grades 7-8	5,760.34	5,749.23	5,760.34	5,749.23
Grades 9-12	9,762.88	9,694.09	9,762.88	9,694.09
Total Affiliated Charter Schools	<u>35,509.81</u>	<u>35,465.60</u>	<u>35,509.81</u>	<u>35,465.60</u>
Total Average Daily Attendance	<u><u>383,529.91</u></u>	<u><u>384,010.06</u></u>	<u><u>383,519.64</u></u>	<u><u>384,000.60</u></u>

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

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Average Daily Attendance

Annual Report

Last Ten Fiscal Years

(Unaudited)

	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>	<u>2016-2017</u>
District:				
Kindergarten-Grade 3	168,252.87	163,499.69	158,998.06	155,262.38
Grades 4-6	114,524.59	112,259.91	111,544.08	109,051.67
Grades 7-8	71,438.68	68,537.63	65,595.68	64,118.24
Grades 9-12	133,466.36	131,352.82	127,103.24	121,861.09
Total District	<u>487,682.50</u>	<u>475,650.05</u>	<u>463,241.06</u>	<u>450,293.38</u>
County:				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	1.23	1.38	1.23	0.00
Grades 7-8	7.85	5.12	3.18	2.71
Grades 9-12	670.05	628.23	489.84	417.13
Total County	<u>679.13</u>	<u>634.73</u>	<u>494.25</u>	<u>419.84</u>
Affiliated Charter Schools:				
Kindergarten-Grade 3	16,012.86	15,913.38	15,866.33	15,792.20
Grades 4-6	10,393.49	10,505.83	10,545.58	10,552.33
Grades 7-8	5,758.33	6,070.36	6,000.47	6,037.96
Grades 9-12	7,468.47	7,454.27	7,219.75	8,760.14
Total Affiliated Charter Schools	<u>39,633.15</u>	<u>39,943.84</u>	<u>39,632.13</u>	<u>41,142.63</u>
Total Average Daily Attendance	<u><u>527,994.78</u></u>	<u><u>516,228.62</u></u>	<u><u>503,367.44</u></u>	<u><u>491,855.85</u></u>

<sup>(a)</sup> 2021-2022 ADA was updated in the 2022-23 school year to reflect additional attendance data reported in Regular ADA and Nonpublic School ADA. It was also reduced for the following audit findings: S-2022-001, S-2022-003, S-2022-004, and S-2022-010.

<sup>(b)</sup> The 2021-2022 ADA was reduced due to the audit finding on Marquez Charter School (S-2022-010), as well as corrections to Kenter Canyon Elementary Charter's and Westwood Charter Elementary's ADA.

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

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Average Daily Attendance

Annual Report

Last Ten Fiscal Years

(Unaudited)

<b>2017-2018</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>2022-2023</b>
149,197.07	141,934.03	139,028.46	139,028.46	111,075.81	113,577.90
107,018.53	100,538.16	99,037.56	99,037.56	82,974.91	83,205.18
62,336.66	60,529.29	60,142.80	60,142.80	49,804.14	48,942.43
119,450.52	111,755.74	115,393.98	115,393.98	101,703.61	102,468.73
438,002.78	414,757.22	413,602.80	413,602.80	345,558.47 <sup>(a)</sup>	348,194.24
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.19
2.42	3.70	2.14	2.14	1.79	1.27
354.29	339.53	359.98	359.98	335.28	348.76
356.71	343.23	362.12	362.12	337.07	350.22
15,305.84	13,313.03	13,473.52	13,473.52	11,198.11	11,723.88
10,481.51	9,222.72	9,714.50	9,714.50	8,254.14	8,298.40
5,923.43	5,770.32	6,925.51	6,925.51	5,887.65	5,749.23
8,521.18	10,603.83	10,826.92	10,826.92	9,702.86	9,694.09
40,231.96	38,909.90	40,940.45	40,940.45	35,042.76 <sup>(b)</sup>	35,465.60
478,591.45	454,010.35	454,905.37	454,905.37	380,938.30	384,010.06

<sup>(a)</sup> 2021-2022 ADA was updated in the 2022-23 school year to reflect additional attendance data reported in Regular ADA and Nonpublic School ADA. It was also reduced for the following audit findings: S-2022-001, S-2022-003, S-2022-004, and S-2022-010.

<sup>(b)</sup> The 2021-2022 ADA was reduced due to the audit finding on Marquez Charter School (S-2022-010), as well as corrections to Kenter Canyon Elementary Charter's and Westwood Charter Elementary's ADA.

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, 2023

**TK/K to Grade 3 ADA**

Name of Affiliated Charter School	CDS Code	TK/K to Grade 3 ADA			
		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	389.84	389.67	389.84	389.67
3 Calabash Charter Academy	19 64733 6016240	270.57	271.43	270.57	271.43
4 Calvert Charter for Enriched Studies	19 64733 6016265	174.35	175.64	174.35	175.64
5 Canyon Charter Elementary School	19 64733 6016323	247.40	248.04	247.40	248.04
6 Carpenter Community Charter School	19 64733 6016356	547.39	549.68	547.39	549.68
7 Castlebay Lane Charter School	19 64733 6071435	376.76	377.10	376.76	377.10
8 Chatsworth Charter High School	19 64733 1931708	0.00	0.00	0.00	0.00
9 Colfax Charter Elementary School	19 64733 6016562	479.40	481.85	479.40	481.85
10 Community Magnet Charter Elementary School	19 64733 6094726	262.09	262.03	262.09	262.03
11 Dearborn Elementary Charter Academy	19 64733 6016729	328.29	328.77	328.29	328.77
12 Dixie Canyon Community Charter School	19 64733 6016778	400.28	400.66	400.28	400.66
13 Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	385.51	385.98	385.51	385.98
14 El Oro Way Charter For Enriched Studies	19 64733 6016869	278.00	280.05	278.00	280.05
15 Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16 Enadia Way Technology Charter	19 64733 0117036	112.62	112.66	112.62	112.66
17 Encino Charter Elementary School	19 64733 6016935	342.90	343.29	342.90	343.29
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	197.38	199.76	197.38	199.76
22 Haynes Charter For Enriched Studies	19 64733 6017529	257.56	257.04	257.56	257.04
23 Hesby Oaks Leadership Charter	19 64733 0112060	181.95	181.86	181.95	181.86
24 Justice Street Academy Charter School	19 64733 6017693	246.99	248.18	246.99	248.18
25 Kenter Canyon Elementary Charter	19 64733 6017701	287.35	288.99	287.31	288.94
26 Knollwood Preparatory Academy	19 64733 6017743	223.68	223.54	223.68	223.54
27 Lockhurst Drive Charter Elementary	19 64733 6017891	296.81	297.38	296.81	297.38
28 Louis Armstrong Middle	19 64733 6058150	0.00	0.00	0.00	0.00
29 Marquez Charter School	19 64733 6018063	181.43	182.76	181.43	182.76
30 Nestle Avenue Charter School	19 64733 6018287	239.41	242.88	239.41	242.88
31 Open Charter Magnet School	19 64733 6097927	246.88	247.66	246.88	247.66
32 Palisades Charter Elementary	19 64733 6018634	257.12	257.14	257.12	257.14
33 Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
34 Plainview Academic Charter Academy	19 64733 6018725	174.18	175.29	174.18	175.29
35 Pomelo Community Charter School	19 64733 6018774	355.74	357.93	355.74	357.93
36 Reseda Charter High School	19 64733 1937226	0.00	0.00	0.00	0.00
37 Riverside Drive Charter School	19 64733 6018923	245.23	245.14	245.23	245.14
38 Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	330.90	331.68	330.90	331.68
39 Sherman Oaks Elementary Charter School	19 64733 6019186	317.37	319.40	317.37	319.40
40 Superior Street Elementary	19 64733 6019392	269.86	272.01	269.86	272.01
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	146.04	147.51	145.97	147.45
44 Topeka Charter School For Advanced Studies	19 64733 6019533	341.57	343.15	341.57	343.15
45 University High School Charter	19 64733 1938885	0.00	0.00	0.00	0.00
46 Van Gogh Charter School	19 64733 6019673	264.86	265.31	264.86	265.31
47 Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	443.43	443.19	443.43	443.19
48 Westwood Charter Elementary School	19 64733 6019939	405.99	406.30	405.99	406.30
49 Wilbur Charter For Enriched Academics	19 64733 6019954	359.25	358.46	359.25	358.46
50 Woodlake Elementary Community Charter	19 64733 6020036	378.87	378.17	378.87	378.17
51 Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	447.30	446.30	447.30	446.30
Total Affiliated Charter Schools Average Daily Attendance		<u>11,692.55</u>	<u>11,723.88</u>	<u>11,692.44</u>	<u>11,723.77</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
559.46	559.73	559.46	559.73	1,263.58	1,261.40	1,263.58	1,261.40
176.73	176.93	176.73	176.93	0.00	0.00	0.00	0.00
115.14	115.33	115.14	115.33	0.00	0.00	0.00	0.00
103.64	104.18	103.64	104.18	0.00	0.00	0.00	0.00
116.26	116.07	116.26	116.07	0.00	0.00	0.00	0.00
260.78	261.51	260.78	261.51	0.00	0.00	0.00	0.00
186.82	186.87	186.82	186.87	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
199.30	200.29	199.30	200.29	0.00	0.00	0.00	0.00
147.33	147.30	147.33	147.30	0.00	0.00	0.00	0.00
149.12	150.15	149.12	150.15	0.00	0.00	0.00	0.00
167.15	166.47	167.15	166.47	0.00	0.00	0.00	0.00
164.55	164.94	164.55	164.94	0.00	0.00	0.00	0.00
133.04	133.56	133.04	133.56	0.00	0.00	0.00	0.00
156.78	155.88	156.78	155.88	300.24	298.74	300.24	298.74
72.29	71.96	72.29	71.96	0.00	0.00	0.00	0.00
144.24	144.74	144.24	144.74	0.00	0.00	0.00	0.00
425.82	425.91	425.82	425.91	930.65	929.22	930.65	929.22
598.30	594.61	598.30	594.61	1,149.48	1,142.24	1,149.48	1,142.24
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
83.50	83.01	83.50	83.01	0.00	0.00	0.00	0.00
106.34	106.07	106.34	106.07	0.00	0.00	0.00	0.00
172.91	174.17	172.91	174.17	118.13	118.03	118.13	118.03
108.38	108.76	108.38	108.76	0.00	0.00	0.00	0.00
139.49	139.95	139.45	139.92	0.00	0.00	0.00	0.00
115.25	115.26	115.25	115.26	0.00	0.00	0.00	0.00
124.27	124.28	124.27	124.28	0.00	0.00	0.00	0.00
403.95	402.22	403.95	402.22	817.75	816.68	817.75	816.68
110.14	110.47	110.14	110.47	0.00	0.00	0.00	0.00
126.65	128.64	126.65	128.64	0.00	0.00	0.00	0.00
124.84	125.40	124.84	125.40	0.00	0.00	0.00	0.00
136.60	136.58	136.60	136.58	0.00	0.00	0.00	0.00
515.87	515.00	515.87	515.00	1,075.92	1,079.07	1,075.92	1,079.07
79.25	79.35	79.25	79.35	0.00	0.00	0.00	0.00
172.48	173.41	172.48	173.41	0.00	0.00	0.00	0.00
50.04	50.04	50.04	50.04	104.59	103.85	104.59	103.85
110.96	111.38	110.96	111.38	0.00	0.00	0.00	0.00
173.61	173.89	173.61	173.89	0.00	0.00	0.00	0.00
136.86	137.63	136.86	137.63	0.00	0.00	0.00	0.00
146.99	147.90	146.99	147.90	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
51.45	51.69	51.41	51.66	0.00	0.00	0.00	0.00
164.91	164.37	164.91	164.37	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
117.84	118.14	117.84	118.14	0.00	0.00	0.00	0.00
268.22	268.18	268.22	268.18	0.00	0.00	0.00	0.00
192.02	192.31	192.02	192.31	0.00	0.00	0.00	0.00
139.45	139.84	139.45	139.84	0.00	0.00	0.00	0.00
161.08	160.53	161.08	160.53	0.00	0.00	0.00	0.00
183.94	183.50	183.94	183.50	0.00	0.00	0.00	0.00
<u>8,294.04</u>	<u>8,298.40</u>	<u>8,293.96</u>	<u>8,298.34</u>	<u>5,760.34</u>	<u>5,749.23</u>	<u>5,760.34</u>	<u>5,749.23</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Average Daily Attendance – Affiliated Charter Schools

Year Ended June 30, 2023

**Grades 9-12 ADA**

Name of Affiliated Charter School	CDS Code	Grades 9-12 ADA			
		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	1,528.54	1,512.83	1,528.54	1,512.83
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	2,533.16	2,510.06	2,533.16	2,510.06
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 Louis Armstrong Middle	19 64733 6058150	0.00	0.00	0.00	0.00
29 Marquez Charter School	19 64733 6018063	0.00	0.00	0.00	0.00
30 Nestle Avenue Charter School	19 64733 6018287	0.00	0.00	0.00	0.00
31 Open Charter Magnet School	19 64733 6097927	0.00	0.00	0.00	0.00
32 Palisades Charter Elementary	19 64733 6018634	0.00	0.00	0.00	0.00
33 Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
34 Plainview Academic Charter Academy	19 64733 6018725	0.00	0.00	0.00	0.00
35 Pomelo Community Charter School	19 64733 6018774	0.00	0.00	0.00	0.00
36 Reseda Charter High School	19 64733 1937226	1,122.03	1,116.11	1,122.03	1,116.11
37 Riverside Drive Charter School	19 64733 6018923	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	1,363.76	1,361.73	1,363.76	1,361.73
42 Taft Charter High School	19 64733 1938612	1,984.00	1,969.43	1,984.00	1,969.43
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	1,231.39	1,223.93	1,231.39	1,223.93
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>9,762.88</u>	<u>9,694.09</u>	<u>9,762.88</u>	<u>9,694.09</u>

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



**Totals**

<b>Total ADA</b>		<b>Classroom-based ADA</b>	
<b>Second Period Report</b>	<b>Annual Report</b>	<b>Second Period Report</b>	<b>Annual Report</b>
1,823.04	1,821.13	1,823.04	1,821.13
566.57	566.60	566.57	566.60
385.71	386.76	385.71	386.76
277.99	279.82	277.99	279.82
363.66	364.11	363.66	364.11
808.17	811.19	808.17	811.19
563.58	563.97	563.58	563.97
1,528.54	1,512.83	1,528.54	1,512.83
678.70	682.14	678.70	682.14
409.42	409.33	409.42	409.33
477.41	478.92	477.41	478.92
567.43	567.13	567.43	567.13
550.06	550.92	550.06	550.92
411.04	413.61	411.04	413.61
457.02	454.62	457.02	454.62
184.91	184.62	184.91	184.62
487.14	488.03	487.14	488.03
1,356.47	1,355.13	1,356.47	1,355.13
1,747.78	1,736.85	1,747.78	1,736.85
2,533.16	2,510.06	2,533.16	2,510.06
280.88	282.77	280.88	282.77
363.90	363.11	363.90	363.11
472.99	474.06	472.99	474.06
355.37	356.94	355.37	356.94
426.84	428.94	426.76	428.86
338.93	338.80	338.93	338.80
421.08	421.66	421.08	421.66
1,221.70	1,218.90	1,221.70	1,218.90
291.57	293.23	291.57	293.23
366.06	371.52	366.06	371.52
371.72	373.06	371.72	373.06
393.72	393.72	393.72	393.72
1,591.79	1,594.07	1,591.79	1,594.07
253.43	254.64	253.43	254.64
528.22	531.34	528.22	531.34
1,276.66	1,270.00	1,276.66	1,270.00
356.19	356.52	356.19	356.52
504.51	505.57	504.51	505.57
454.23	457.03	454.23	457.03
416.85	419.91	416.85	419.91
1,363.76	1,361.73	1,363.76	1,361.73
1,984.00	1,969.43	1,984.00	1,969.43
197.49	199.20	197.38	199.11
506.48	507.52	506.48	507.52
1,231.39	1,223.93	1,231.39	1,223.93
382.70	383.45	382.70	383.45
711.65	711.37	711.65	711.37
598.01	598.61	598.01	598.61
498.70	498.30	498.70	498.30
539.95	538.70	539.95	538.70
631.24	629.80	631.24	629.80
<u>35,509.81</u>	<u>35,465.60</u>	<u>35,509.62</u>	<u>35,465.43</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Instructional Time Offered

Year Ended June 30, 2023

<b>Non-Charter Schools Grade Level</b>	<b>Minutes Requirements</b>	<b>2022-23 Actual Minutes Offered<sup>(3)</sup></b>	<b>Number of Instructional Days Offered</b>	<b>Complied with Instructional Minutes Provisions</b>	<b>Complied with Instructional Days Provisions</b>
Kindergarten	36,000	54,143	177	Yes	No
Grades 1 to 3	50,400	54,143	177	Yes	No
Grades 4 to 6 <sup>(1)</sup>	54,000	54,143	177	Yes	No
Grades 7 to 8 <sup>(2)</sup>	54,000	61,029 or 64,169	177	Yes	No
Grades 9 to 12	64,800	64,169	177	No	No

<b>Affiliated Charter Schools Grade Level</b>	<b>Minutes Requirements</b>	<b>2022-23 Actual Minutes Offered<sup>(3)</sup></b>	<b>Number of Instructional Days Offered</b>	<b>Complied with Instructional Minutes Provisions</b>	<b>Complied with Instructional Days Provisions</b>
Kindergarten	36,000	54,143	177	Yes	Yes
Grades 1 to 3	50,400	54,143	177	Yes	Yes
Grades 4 to 6 <sup>(1)</sup>	54,000	54,143	177	Yes	Yes
Grades 7 to 8 <sup>(2)</sup>	54,000	61,029 or 64,169	177	Yes	Yes
Grades 9 to 12	64,800	64,169	177	No	Yes

(1) Elementary schools only.

(2) Middle schools with 6-8 grade configuration approved for common planning time have at least 61,029 annual instructional minutes.  
Middle schools with 6-8 grade configuration not approved for common planning time have at least 64,169 annual instructional minutes.

(3) Minimum minutes offered, as adjusted for the three closure days.

Notes:

- In 2022-23, work stoppage in March resulted in the closure of all schools, including affiliated charter schools, for 3 days. With the closure, a number of comprehensive high schools, including 4 affiliated charter schools, did not meet the minimum annual minutes.
- LAUSD will be submitting the Instructional Time Penalty Waiver. Instructional days for the 2023-24 and 2024-25 school years have been increased by 3 days each to comply with the penalty waiver requirements.
- LAUSD received incentive funding for increasing instructional time pursuant to the Longer Year/Longer Instructional Day.

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

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Financial Trends and Analysis

Year Ended June 30, 2023

(in thousands)

	<b>2023-2024</b>	<b>2022-2023</b>	<b>2021-2022</b>	<b>2020-2021</b>	<b>2019-2020</b>
	<b>Budgeted</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>
General Fund:					
Revenues	\$ 10,531,004	\$ 11,776,524	\$ 9,672,924	\$ 8,744,994	\$ 7,591,570
Other Financing Sources	30,000	91,870	108,571	265,007	22,145
Total Revenues and Other Financing Sources (Uses)	<u>10,561,004</u>	<u>11,868,394</u>	<u>9,781,495</u>	<u>9,010,001</u>	<u>7,613,715</u>
Expenditures	11,640,216	9,472,906	9,294,057	8,166,021	7,730,286
Other Financing Uses	27,192	15,560	14,404	38,165	50,805
Total Expenditures and Other Financing Uses	<u>11,667,408</u>	<u>9,488,466</u>	<u>9,308,461</u>	<u>8,204,186</u>	<u>7,781,091</u>
Change in Fund Balance	(1,106,404)	2,379,928	473,034	805,815	(167,376)
Beginning Fund Balance	5,179,256	3,328,323	2,855,289	2,049,474	2,216,850
Ending Fund Balance	<u>\$ 4,072,852</u>	<u>\$ 5,708,251</u>	<u>\$ 3,328,323</u>	<u>\$ 2,855,289</u>	<u>\$ 2,049,474</u>
Available Reserves*	<u>\$ 347,153</u>	<u>\$ 385,925</u>	<u>\$ 1,140,017</u>	<u>\$ 1,533,263</u>	<u>\$ 571,426</u>
Unassigned Reserve for Economic Uncertainties	<u>\$ 233,450</u>	<u>\$ 238,780</u>	<u>\$ 199,860</u>	<u>\$ 91,990</u>	<u>\$ 79,000</u>
Unassigned Fund Balance	<u>\$ 113,703</u>	<u>\$ 147,145</u>	<u>\$ 940,157</u>	<u>\$ 1,441,273</u>	<u>\$ 492,426</u>
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	2.98%	4.07%	12.25%	18.69%	7.34%
Total Long-Term Obligations	\$ 26,864,176	\$ 27,622,402	\$ 27,136,289	\$ 31,658,402	\$ 28,402,060
Average Daily Attendance (ADA) funded at P-2	409,924	433,929	449,937	455,356 <sup>(a)</sup>	454,848

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 2% 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.

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

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

**LOS ANGELES UNIFIED SCHOOL DISTRICT**  
Schedule to Reconcile the Annual Financial Budget Report (SACS)  
Year Ended June 30, 2023  
(in thousands)

	<u>General Fund</u>	<u>District Bonds</u>	<u>Governmental *</u>	<u>Proprietary Funds</u>
June 30, 2023 Unaudited Actual Financial Reports				
Fund Balances	\$ 5,707,436	\$ 1,297,461	\$ 620,474	\$ 366,188
Adjustments:				
To accrue expenditures	(4,772)	(59,705)	(768)	—
To accrue legal claims	(48,000)	—	—	—
To adjust revised Local Control Funding Formula revenue	(2,008)	—	—	—
To adjust Learning Recovery Block Grant revenue	42,702	—	—	—
To adjust Art, Music, & Instructional Materials Block revenue	5,271	—	—	—
To adjust unrealized loss per GASB 31	251	—	(245)	421
To accrue interest expense per GASB 96	(789)	—	—	—
To accrue grant revenues	4,824	—	—	—
To adjust interfund transaction related to the bonds	2,182	(2,182)	—	—
To adjust donated item	(818)	—	—	—
To true up Supply Chain Assistance revenue	—	—	(16)	—
To reverse prior year accrual	1,972	—	—	—
June 30, 2023 Audited Financial Statement				
Fund Balances	<u>\$ 5,708,251</u>	<u>\$ 1,235,574</u>	<u>\$ 619,445</u>	<u>\$ 366,609</u>

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

Adult Education Fund (Fund 110)	\$ (153)
Child Development Fund (Fund 120)	(106)
Cafeteria Fund (Fund 130)	(17)
Building Fund (Fund 212)	(38)
Capital Facilities Fund (Fund 250)	(285)
County School Facilities Fund (Fund 351)	(56)
Special Reserve CRA (Fund 400)	(5)
Special Reserve - (Fund 401)	(330)
Special Reserve - FEMA (Fund 402)	(39)
	<u>\$ (1,029)</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, 2023

(Unaudited)

<b>SCHOOL</b>	<b>LOC CODE</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Affiliated</b>	<b>Included in the District Audit</b>
1 Alfred B Nobel Charter Middle School	8272	1480	19 64733 6061543	x	Yes
2 Beckford Charter for Enriched Studies	2335	1344	19 64733 6015986	x	Yes
3 Calabash Charter Academy	2704	1345	19 64733 6016240	x	Yes
4 Calvert Charter for Enriched Studies	2712	1585	19 64733 6016265	x	Yes
5 Canyon Charter Elementary	2795	0226	19 64733 6016323	x	Yes
6 Carpenter Community Charter	2822	1235	19 64733 6016356	x	Yes
7 Castlebay Lane Charter	2881	1477	19 64733 6071435	x	Yes
8 Chatsworth Charter High	8583	1581	19 64733 1931708	x	Yes
9 Colfax Charter Elementary	3164	1041	19 64733 6016562	x	Yes
10 Community Magnet Charter Elementary	2741	0957	19 64733 6094726	x	Yes
11 Dearborn Elementary Charter Academy	3377	1481	19 64733 6016729	x	Yes
12 Dixie Canyon Community Charter	3438	1469	19 64733 6016778	x	Yes
13 Dr. Theodore T. Alexander Jr Science Center	5111	0604	19 64733 0102491	x	Yes
14 El Oro Way Charter For Enriched Studies	3545	1466	19 64733 6016869	x	Yes
15 Emerson Community Charter	8123	1688	19 64733 6057988	x	Yes
16 Enadia Way Technology Charter	3610	1474	19 64733 0117036	x	Yes
17 Encino Charter Elementary	3616	1471	19 64733 6016935	x	Yes
18 Gaspar de Portola Charter Middle	8107	2074	19 64733 6061584	x	Yes
19 George Ellery Hale Charter Academy	8169	1346	19 64733 6061477	x	Yes
20 Grover Cleveland Charter High	8590	1571	19 64733 1931864	x	Yes
21 Hamlin Charter Academy	4349	1472	19 64733 6017438	x	Yes
22 Haynes Charter For Enriched Studies	4473	1470	19 64733 6017529	x	Yes
23 Hesby Oaks Leadership Charter	4521	1468	19 64733 0112060	x	Yes
24 Justice Street Academy Charter	4692	1487	19 64733 6017693	x	Yes
25 Kenter Canyon Elementary Charter	4699	0227	19 64733 6017701	x	Yes
26 Knollwood Preparatory Academy	4762	1486	19 64733 6017743	x	Yes
27 Lockhurst Drive Charter Elementary	4887	1478	19 64733 6017891	x	Yes
28 Louis Armstrong Middle	8238	1473	19 64733 6058150	x	Yes
29 Marquez Charter	5164	0228	19 64733 6018063	x	Yes
30 Nestle Avenue Charter	5452	1465	19 64733 6018287	x	Yes
31 Open Charter Magnet	5889	0012	19 64733 6097927	x	Yes
32 Palisades Charter Elementary	5959	0229	19 64733 6018634	x	Yes
33 Paul Revere Charter Middle	8356	0225	19 64733 6058267	x	Yes
34 Plainview Academic Charter Academy	6096	1435	19 64733 6018725	x	Yes
35 Pomelo Community Charter	6140	1347	19 64733 6018774	x	Yes
36 Reseda Charter High	8814	2005	19 64733 1937226	x	Yes
37 Riverside Drive Charter	6315	1362	19 64733 6018923	x	Yes
38 Serrania Avenue Charter School for Enriched Studies	6606	1484	19 64733 6019111	x	Yes
39 Sherman Oaks Elementary Charter	6699	1348	19 64733 6019186	x	Yes
40 Superior Street Elementary	7007	1476	19 64733 6019392	x	Yes

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

<b>SCHOOL</b>	<b>LOC CODE</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Affiliated</b>	<b>Included in the District Audit</b>
41 Sylmar Charter High School	8878	1834	19 64733 1938554	x	Yes
42 Taft Charter High	8880	1580	19 64733 1938612	x	Yes
43 Topanga Elementary Charter	7198	0230	19 64733 6019525	x	Yes
44 Topeka Drive Charter for Advanced Studies	7201	1475	19 64733 6019533	x	Yes
45 University High School Charter	8886	2006	19 64733 1938885	x	Yes
46 Van Gogh Charter	7422	1479	19 64733 6019673	x	Yes
47 Welby Way Charter Elementary Gifted Magnet	7637	1349	19 64733 6019855	x	Yes
48 Westwood Charter Elementary	7740	0031	19 64733 6019939	x	Yes
49 Wilbur Charter for Enriched Academics	7774	1482	19 64733 6019954	x	Yes
50 Woodlake Elementary Community Charter	7877	1483	19 64733 6020036	x	Yes
51 Woodland Hills Charter Elementary for Enriched Studies	7890	1485	19 64733 6020044	x	Yes

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools  
 Year Ended June 30, 2023  
 (Unaudited)

<b>SCHOOL</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Fiscally Independent</b>	<b>Included in the District Audit</b>
1 Academia Moderna	1101	19 64733 0120097	x	No
2 Academy of Media Arts	2038	19 64733 0139055	x	No
3 Accelerated	0045	19 64733 6112536	x	No
4 Accelerated Charter Elementary (ACES)	0539	19 64733 0100743	x	No
5 Alain Leroy Locke College Preparatory Academy	1050	19 64733 0118588	x	No
6 Alliance Cindy and Bill Simon Technology Academy High	1161	19 64733 0121285	x	No
7 Alliance College-Ready Middle Academy 12	1533	19 64733 0128058	x	No
8 Alliance College-Ready Middle Academy 4	1096	19 64733 0120030	x	No
9 Alliance College-Ready Middle Academy 8	1531	19 64733 0128033	x	No
10 Alliance Collins Family College-Ready High	0718	19 64733 0108936	x	No
11 Alliance Dr. Olga Mohan High School	0790	19 64733 0111500	x	No
12 Alliance Gertz-Ressler Richard Merkin 6-12 Complex	0645	19 64733 0106864	x	No
13 Alliance Jack H. Skirball Middle	0779	19 64733 0111518	x	No
14 Alliance Judy Ivie Burton Technology Academy High	0714	19 64733 0108894	x	No
15 Alliance Kory Hunter Middle	1532	19 64733 0128041	x	No
16 Alliance Leichtman-Levine Family Foundation Environmental Science High	0929	19 64733 0117606	x	No
17 Alliance Marc & Eva Stern Math and Science(CA State Univ. L.A. Campus)	0788	19 64733 0111658	x	No
18 Alliance Margaret M. Bloomfield Technology Academy High	1356	19 64733 0124941	x	No
19 Alliance Marine - Innovation and Technology 6-12 Complex	1738	19 64733 0132084	x	No
20 Alliance Morgan McKinzie High	0928	19 64733 0116509	x	No
21 Alliance Ouchi-O'Donovan 6-12 Complex	0784	19 64733 0111641	x	No
22 Alliance Patti And Peter Neuwirth Leadership Academy	0789	19 64733 0111492	x	No
23 Alliance Piera Barbaglia Shaheen Health Services Academy	0927	19 64733 0117598	x	No
24 Alliance Renee and Meyer Luskin Academy High	1343	19 64733 0124891	x	No
25 Alliance Susan and Eric Smidt Technology High	1163	19 64733 0123133	x	No
26 Alliance Ted K. Tajima High	1164	19 64733 0123141	x	No
27 Alliance Tennenbaum Family Technology High(PSC)	1162	19 64733 0121293	x	No
28 Alliance Virgil Roberts Leadership Academy	1530	19 64733 0128009	x	No
29 Anahuacalmecac International University Preparatory of North America	1685	19 64733 0132928	x	No
30 Animo Ellen Ochoa Charter Middle	1286	19 64733 0123992	x	No
31 Animo Florence-Firestone Charter Middle	1794	19 64733 0134023	x	No
32 Animo Jackie Robinson High	0793	19 64733 0111583	x	No
33 Animo James B. Taylor Charter Middle	1287	19 64733 0124008	x	No
34 Animo Jefferson Charter Middle	1216	19 64733 0122481	x	No
35 Animo Legacy Charter Middle School(Clay Campus) (PSC)	1288	19 64733 0124016	x	No
36 Animo Mae Jemison Charter Middle	1624	19 64733 0129270	x	No
37 Animo Pat Brown	0649	19 64733 0106849	x	No
38 Animo Ralph Bunche Charter High	0781	19 64733 0111575	x	No
39 Animo South Los Angeles Charter	0602	19 64733 0102434	x	No
40 Animo Venice Charter High	0648	19 64733 0106831	x	No

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

<b>SCHOOL</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Fiscally Independent</b>	<b>Included in the District Audit</b>
41 Animo Watts College Preparatory Academy	0783	19 64733 0111625	x	No
42 APEX Academy	1459	19 64733 0117077	x	No
43 Ararat Charter	1156	19 64733 0121079	x	No
44 Arts In Action Community Charter	1218	19 64733 0123158	x	No
45 Arts in Action Community Middle School	1806	19 64733 0134205	x	No
46 Aspire Centennial College Preparatory Academy	1436	19 64733 0126797	x	No
47 Aspire Firestone Academy(PSC)	1214	19 64733 0122622	x	No
48 Aspire Gateway Academy Charter(PSC)	1213	19 64733 0122614	x	No
49 Aspire Inskeep Academy Charter(PSC)	1332	19 64733 0124800	x	No
50 Aspire Juanita Tate Academy Charter(PSC)	1331	19 64733 0124792	x	No
51 Aspire Junior Collegiate Academy	1551	19 64733 0114884	x	No
52 Aspire Pacific Academy	1230	19 64733 0122721	x	No
53 Aspire Slauson Academy Charter(PSC)	1330	19 64733 0124784	x	No
54 Aspire Titan Academy	1550	19 64733 0120477	x	No
55 Bert Corona Charter	0654	19 64733 0106872	x	No
56 Bert Corona Charter High	1724	19 64733 0132126	x	No
57 Birmingham Community Charter High	1119	19 64733 1931047	x	No
58 Bright Star Secondary Charter Academy	0826	19 64733 0112508	x	No
59 California Creative Learning Academy	0827	19 64733 0112235	x	No
60 California Creative Learning Academy Middle School	1960	19 64733 0137463	x	No
61 Camino Nuevo Charter Academy 2 (Kayne Siart)	1231	19 64733 0122861	x	No
62 Camino Nuevo Charter Academy 4 (Cisneros) (PSC)	1334	19 64733 0124826	x	No
63 Camino Nuevo Charter Academy (Burlington)	0293	19 64733 6117667	x	No
64 Camino Nuevo Elementary School 3 (Eisner) (PSC)	1212	19 64733 0122564	x	No
65 Camino Nuevo High 2 (Dalzell Lance)	1540	19 64733 0127910	x	No
66 CATCH Prep Charter High, Inc.	0570	19 64733 0101659	x	No
67 Center for Advanced Learning	0937	19 64733 0115139	x	No
68 Central City Value	0534	19 64733 0100800	x	No
69 CHAMPS - Charter HS of Arts-Multimedia & Performing	0712	19 64733 0108878	x	No
70 CHIME Institute's Schwarzenegger Community	0417	19 64733 6119531	x	No
71 Citizens of the World Charter School East Valley	2081	19 64733 0140749	x	No
72 Citizens of the World Charter School West Valley	2082	19 64733 0139832	x	No
73 Citizens of the World Charter School Hollywood	1200	19 64733 0122556	x	No
74 Citizens of the World Charter School Mar Vista (Gateway)	1414	19 64733 0126193	x	No
75 Citizens of the World Charter School Silver Lake	1413	19 64733 0126177	x	No
76 City Language Immersion Charter	1538	19 64733 0127886	x	No
77 Collegiate Charter High School of Los Angeles	1722	19 64733 0131821	x	No
78 Crete Academy	1854	19 64733 0135616	x	No
79 Crown Preparatory Academy	1187	19 64733 0121848	x	No
80 Discovery Charter Preparatory School 2	0949	19 64733 0115253	x	No



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

<b>SCHOOL</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Fiscally Independent</b>	<b>Included in the District Audit</b>
81 Downtown Value	0448	19 64733 6119903	x	No
82 Ednovate - Brio College Prep	1843	19 64733 0135723	x	No
83 Ednovate - East College Prep	1702	19 64733 0132282	x	No
84 Ednovate - Esperanza College Prep	1842	19 64733 0135715	x	No
85 Ednovate - South LA College Prep	2087	19 64733 0140129	x	No
86 Ednovate - USC Hybrid High College Prep	1401	19 64733 0125864	x	No
87 El Camino Real Charter High	1314	19 64733 1932623	x	No
88 El Rio Community School	2080	19 64733 0140004	x	No
89 Equitas Academy 2	1402	19 64733 0126169	x	No
90 Equitas Academy 3 Charter	1669	19 64733 0129650	x	No
91 Equitas Academy 4	1785	19 64733 0133686	x	No
92 Equitas Academy 5	2040	19 64733 0139121	x	No
93 Equitas Academy 6	2030	19 64733 0138883	x	No
94 Equitas Academy Charter	1093	19 64733 0119982	x	No
95 Everest Value	1638	19 64733 0129858	x	No
96 Extera Public	1300	19 64733 0124198	x	No
97 Extera Public School No. 2	1562	19 64733 0128132	x	No
98 Fenton Avenue Charter	0030	19 64733 6017016	x	No
99 Fenton Charter Leadership Academy	1613	19 64733 0131722	x	No
100 Fenton Primary Center	0911	19 64733 0115048	x	No
101 Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics	1605	19 64733 0131466	x	No
102 Gabriella Charter	0713	19 64733 0108886	x	No
103 Gabriella Charter 2	1853	19 64733 0135509	x	No
104 Girls Athletic Leadership School Los Angeles	1791	19 64733 0133710	x	No
105 Global Education Academy	0934	19 64733 0114967	x	No
106 Global Education Academy 2	1641	19 64733 0129833	x	No
107 Goethe International Charter	1036	19 64733 0117978	x	No
108 Granada Hills Charter	0572	19 64733 1933746	x	No
109 High Tech LA	0537	19 64733 0100677	x	No
110 High Tech LA Middle	1929	19 64733 0137471	x	No
111 ICEF Innovation Los Angeles Charter	1037	19 64733 0117952	x	No
112 ICEF View Park Preparatory Elementary School	0190	19 64733 6117048	x	No
113 ICEF View Park Preparatory High School	0543	19 64733 0101196	x	No
114 ICEF View Park Preparatory Middle School	0506	19 64733 6121081	x	No
115 ICEF Vista Elementary Academy	1039	19 64733 0117937	x	No
116 ICEF Vista Middle Academy	0953	19 64733 0115287	x	No
117 Ingenium Charter	1157	19 64733 0121137	x	No
118 Ingenium Charter Middle	1536	19 64733 0127985	x	No
119 Invictus Leadership Academy	2088	19 64733 0140111	x	No
120 ISANA Cardinal Academy	1285	19 64733 0123984	x	No

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

<b>SCHOOL</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Fiscally Independent</b>	<b>Included in the District Audit</b>
121 ISANA Himalia Academy	1858	19 77081 0135954	x	No
122 ISANA Nascent Academy	0716	19 64733 0108910	x	No
123 ISANA Octavia Academy	1232	19 64733 0122655	x	No
124 ISANA Palmati Academy	1246	19 64733 0123166	x	No
125 Ivy Academia	0619	19 64733 0106351	x	No
126 Ivy Bound Academy of Math, Science, and Technology Charter Middle	0936	19 64733 0115113	x	No
127 James Jordan Middle	0734	19 64733 0109884	x	No
128 KIPP Academy of Innovation	1586	19 64733 0128512	x	No
129 KIPP Academy of Opportunity	0530	19 64733 0101444	x	No
130 KIPP Comienza Community Prep	1196	19 64733 0121707	x	No
131 KIPP Corazon Academy	1855	19 64733 0135517	x	No
132 KIPP Empower Academy	1195	19 64733 0121699	x	No
133 KIPP Endeavor College Preparatory Charter	1094	19 64733 0120014	x	No
134 <i>KIPP Generations Academy</i>	2079	<i>19 64733 0141481</i>	x	No
135 KIPP Ignite Academy	1720	19 64733 0131771	x	No
136 KIPP Illuminar Academy	1508	19 64733 0127670	x	No
137 KIPP Los Angeles College Preparatory	0531	19 64733 0100867	x	No
138 KIPP Philosophers Academy	1378	19 64733 0125609	x	No
139 KIPP Promesa Prep	1721	19 64733 0131797	x	No
140 KIPP Pueblo Unido	2041	19 64733 0139071	x	No
141 KIPP Raices Academy	1010	19 64733 0117903	x	No
142 KIPP Scholar Academy	1377	19 64733 0125625	x	No
143 KIPP Sol Academy	1379	19 64733 0125641	x	No
144 KIPP Vida Preparatory Academy	1587	19 64733 0129460	x	No
145 Larchmont Charter	0717	19 64733 0108928	x	No
146 Learning by Design Charter	1959	19 64733 0137513	x	No
147 Libertas College Preparatory Charter	1711	19 64733 0131904	x	No
148 Los Angeles Academy of Arts and Enterprise Charter (LAAAE)	0675	19 64733 0110304	x	No
149 Los Angeles Leadership Academy	0461	19 64733 1996610	x	No
150 Los Angeles Leadership Primary Academy	1333	19 64733 0124818	x	No
151 Magnolia Science Academy 4	0986	19 64733 0117622	x	No
152 Magnolia Science Academy 6	988	19 64733 0117648	x	No
153 Magnolia Science Academy 7	989	19 64733 0117655	x	No
154 Magnolia Science Academy Bell(PSC)	1236	19 64733 0122747	x	No
155 Math and Science College Preparatory	1412	19 64733 0126136	x	No
156 Matrix for Success Academy	1961	19 64733 0137562	x	No
157 Monsenor Oscar Romero Charter Middle	0931	19 64733 0114959	x	No
158 Montague Charter Academy for the Arts and Sciences	0115	19 64733 6018204	x	No
159 Multicultural Learning Center	0388	19 64733 6119044	x	No
160 N.E.W. Academy Canoga Park	0592	19 64733 0102483	x	No

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

<b>SCHOOL</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Fiscally Independent</b>	<b>Included in the District Audit</b>
161 N.E.W. Academy of Science and Arts	0521	19 64733 0100289	x	No
162 New Designs Charter	0601	19 64733 0102541	x	No
163 New Designs Charter School-Watts	1120	19 64733 0120071	x	No
164 New Heights Charter	0761	19 64733 0111211	x	No
165 New Horizons Charter Academy	1567	19 64733 0128371	x	No
166 New Los Angeles Charter	0998	19 64733 0117614	x	No
167 New Los Angeles Elementary School	1788	19 64733 0133702	x	No
168 New Millennium Secondary	1020	19 64733 0117911	x	No
169 New Village Girls Academy	0791	19 64733 0111484	x	No
170 Ocean Charter	0569	19 64733 0102335	x	No
171 Oscar De La Hoya Animo Charter High	0581	19 64733 0101675	x	No
172 Our Community Charter	0739	19 64733 0109934	x	No
173 Pacoima Charter Elementary	0583	19 64733 6018642	x	No
174 Palisades Charter High	0037	19 64733 1995836	x	No
175 Para Los Niños - Evelyn Thurman Gratts Primary (PSC)	1215	19 64733 0122630	x	No
176 Para Los Niños Charter	0475	19 64733 6120489	x	No
177 Para Los Niños Middle	1007	19 64733 0117846	x	No
178 Port of Los Angeles High	0542	19 64733 0107755	x	No
179 PREPA TEC - Los Angeles	1542	19 64733 0127936	x	No
180 PUC CALS Charter Middle and Early College High School	0331	19 64733 0133298	x	No
181 PUC Community Charter Elementary	1657	19 64733 0129619	x	No
182 PUC Community Charter Middle and PUC Community Charter Early College High	0213	19 64733 6116750	x	No
183 PUC Early College Academy for Leaders and Scholars (ECALS)(PSC)	1354	19 64733 0124933	x	No
184 PUC Excel Charter Academy	0798	19 64733 0112201	x	No
185 PUC Inspire Charter Academy	1626	19 64733 0129593	x	No
186 PUC Lakeview Charter Academy	0603	19 64733 0102442	x	No
187 PUC Lakeview Charter High	1241	19 64733 0122606	x	No
188 PUC Milagro Charter	0600	19 64733 0102426	x	No
189 PUC Nueva Esperanza Charter Academy	1092	19 64733 0133280	x	No
190 PUC Triumph Charter Academy and PUC Triumph Charter High School	0797	19 64733 0133272	x	No
191 PUENTE Charter (ELA Site)	0473	19 64733 6120471	x	No
192 Renaissance Arts Academy	0579	19 64733 0101683	x	No
193 Rise Kohyang Elementary	1927	19 64733 0136994	x	No
194 Rise Kohyang High School	1786	19 64733 0133868	x	No
195 Rise Kohyang Middle	1315	19 64733 0124222	x	No
196 Santa Monica Boulevard Community Charter	0446	19 64733 6019079	x	No
197 Scholarship Prep South Bay	2042	19 64733 0139097	x	No
198 Stella Elementary Charter Academy	1866	19 64733 0137604	x	No
199 Stella Middle Charter Academy	0535	19 64733 0100669	x	No
200 STEM Preparatory Elementary	1925	19 64733 0136986	x	No

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Charter Schools

Year Ended June 30, 2023

(Unaudited)

<b>SCHOOL</b>	<b>STATE CHARTER NO.</b>	<b>CDS CODE</b>	<b>Fiscally Independent</b>	<b>Included in the District Audit</b>
201 Synergy Charter Academy	0636	19 64733 0106427	x	No
202 Synergy Kinetic Academy(PSC)	1014	19 64733 0117895	x	No
203 Synergy Quantum Academy (PSC)	1299	19 64733 0124560	x	No
204 TEACH Academy of Technologies	1206	19 64733 0122242	x	No
205 TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School	2004	19 64733 0138305	x	No
206 TEACH Tech Charter High	1658	19 64733 0129627	x	No
207 The City	1710	19 64733 0134148	x	No
208 University Preparatory Value High	1723	19 64733 0132027	x	No
209 Valley Charter Elementary	1237	19 64733 0122754	x	No
210 Valley Charter Middle	1238	19 64733 0122838	x	No
211 Valley International Preparatory High	1926	19 64733 0137612	x	No
212 Valor Academy Elementary	1787	19 64733 0133694	x	No
213 Valor Academy High	1539	19 64733 0127894	x	No
214 Valor Academy Middle	1095	19 64733 0120022	x	No
215 Vaughn Next Century Learning Center(Mainland/MIT)	0016	19 64733 6019715	x	No
216 Village Charter Academy	1639	19 64733 0129866	x	No
217 Vista Charter Middle	1234	19 64733 0122739	x	No
218 Vista Horizon Global Academy	2043	19 64733 0139089	x	No
219 Vox Collegiate of Los Angeles	1917	19 64733 0137521	x	No
220 Wallis Annenberg High	0538	19 64733 0100750	x	No
221 Watts Learning Center	0131	19 64733 6114912	x	No
222 Watts Learning Center Charter Middle	1141	19 64733 0120527	x	No
223 WISH Academy High	1863	19 64733 0135632	x	No
224 WISH Community	1627	19 64733 0135921	x	No

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

*Note: Italicized is new school in FY 2022-23*

# LOS ANGELES UNIFIED SCHOOL DISTRICT

Notes to Supplementary Information

Year Ended June 30, 2023

## (1) Statistical Data

The statistical data presented on pages 115-117 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.

## (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.

### (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, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:					
Passed through California Department of Education:					
Specialty Crop Block Grant	10.170	21-0433-007-SF			\$ 5,570
Child Nutrition School Programs Breakfast	10.553	PCA13525/PCA13526		\$ 94,519,554	
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524		57,535,549	
Donated Food Commodities	10.555	Not Applicable		16,393,266	
Supply Chain Assistance for School Meals	10.555	PCA15655		23,557,797	
Child Nutrition Summer Food Services					
Program Operations	10.559	PCA13004		11,188,925	
Sponsor Administration	10.559	PCA13006		202,521	
Child Nutrition Seamless Summer Food Option	10.559	PCA13004		11,384,376	
Subtotal Expenditures – Child Nutrition Cluster					<u>214,781,988</u>
Child Nutrition Child Care Food Program (CCFP) Claims	10.558	PCA13529			35,595,487
Child Nutrition CCFP – Cash in Lieu of Commodities	10.558	PCA13534			2,743,329
Subtotal Assistance Listing Number 10.558					<u>38,338,816</u>
Child Nutrition Team Nutrition Grants	10.574	PCA15332			2,201
Passed through California Department of Health Services:					
Forest Reserve	10.665	PCA10044		25,382	
Subtotal Expenditures – Forest Service Schools and Road Cluster					<u>25,382</u>
Subtotal Pass-Through Programs					<u>253,153,957</u>
Total U.S. Department of Agriculture					<u>253,153,957</u>
U.S. Department of Defense:					
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available			1,725,887
Startalk: Exploring Arabic Through Technology, Startalk - LAUSD	12.900	H98230-22-1-0126			36,199
Subtotal Direct Programs					<u>1,762,086</u>
Total U.S. Department of Defense					<u>1,762,086</u>
U.S. Department of Justice:					
Stop School Violence	16.839	BJA-2020-17312			3,646
Subtotal Direct Program					<u>3,646</u>
Total U.S. Department of Justice					<u>3,646</u>
U.S. Department of Labor:					
Passed through Employment Development Department:					
Employment Development Department Trade Act: Trade Adjustment Assistance (TAA)	17.245	Various			142,969
Passed through City of Los Angeles:					
Workforce Innovation and Opportunity Act (WIOA) – Worksource Educational Partnership – Adult	17.258	C-142059		158,680	
WIOA – T-1 Youth Source System	17.259	C-139186		1,114,567	
Passed through Para Los Ninos:					
WIOA – Youth	17.259	C-14216-L-23		100,000	
Subtotal Expenditures – WIOA Cluster					<u>1,373,247</u>
Subtotal Pass-Through Programs					<u>1,516,216</u>
Total U.S. Department of Labor					<u>1,516,216</u>
U.S. Department of Transportation:					
Highway Planning and Construction: Active Transportation Program	20.205	ATPLNI-6508(001)		23,761	
Subtotal Expenditures – Highway Planning and Construction Cluster					<u>23,761</u>
Subtotal Direct Program					<u>23,761</u>
Total U.S. Department of Transportation					<u>23,761</u>
Federal Communications Commission:					
COVID-19 – Emergency Connectivity Fund Program	32.009	Not Available			59,731,306
Subtotal Direct Program					<u>59,731,306</u>
Total Federal Communications Commission					<u>59,731,306</u>

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Education:					
GEAR-UP 4 LA	84.334A	P334A190002	\$ 363,606		\$ 3,023,389
GEAR-UP 4 LA	84.334A	P334A140118	131,148		181,623
GEAR-UP 4 LA	84.334A	P334A180080/ P334A180081	1,938,163		9,950,346
Subtotal Assistance Listing Number 84.334A			2,432,917		13,155,358
Subtotal Direct Programs					13,155,358
Passed through California Department of Education:					
WIOA – Adult Basic Ed/ELA	84.002A	PCA14508			9,843,488
WIOA – Ad Ed & Fam Lit/EL – Civics	84.002A	PCA14109			4,926,979
WIOA – Adult Secondary Ed	84.002A	PCA13978			3,922,657
Subtotal Assistance Listing Number 84.002A					18,693,124
Every Student Succeeds Act (ESSA), Title I Part A. Basic	84.010	PCA14329			336,254,897
ESSA, Title I Part A. Neglected	84.010	PCA14329			1,795,157
ESSA, Comprehensive Support & Improvement (CSI)	84.010	PCA15438			5,527,880
Subtotal Assistance Listing Number 84.010					343,577,934
Special Ed: Individual with Disabilities Education (IDEA) Basic Local Assistance Entitlement	84.027A	22-13379-64733-01		\$ 102,691,352	
Special Ed: IDEA Local Assistance, Private School Individual Service Plans	84.027	PCA10115		1,527,176	
Special Ed: IDEA Local Assistance, Part B, Sec. 611, Early Intervening Services	84.027	PCA10119		20,897,125	
COVID-19 – Special Ed: American Rescue Plan (ARP) IDEA Part B, Sec. 611, Local Assistance Entitlement	84.027	PCA15638		18,110,151	
COVID-19 – Special Ed: ARP IDEA Local Assistance, Private School Individual Service Plans	84.027	PCA10169		157,108	
COVID-19 – Special Ed: ARP IDEA Part B, Sec. 611, Local Assistance Coordinated Early Intervening Services	84.027	PCA10170		3,989,142	
Special Ed: IDEA Mental Health Allocation Plan	84.027A	22-15197-64733-01		6,530,287	
Special Ed: IDEA – Supporting Inclusive Practices, Part B – Sec 611	84.027A	PCA 13693		125,735	
Special Ed: IDEA – Alternate Dispute Resolution, Part B – Sec 611	84.027A	PCA13007		14	
PreSchool Expansion – Staff Development	84.173A	PCA13431		9,230	
Special Ed: IDEA – Preschool Capacity Building, Part B – Sec 619 Embedded Instruction	84.173A	PCA13839		66,226	
IDEA Preschool Expansion Grant Part B, Sec 619	84.173	PCA13430		4,735,464	
Special Ed: IDEA – Part B, Sec 619; Preschool Grants Early Intervening Services	84.173	PCA10131		841,345	
COVID-19 – Special Ed: ARP IDEA – Part B, Sec 619; Preschool Grants	84.173X	PCA15639		585,146	
COVID-19 – Special Ed: ARP IDEA – Part B, Sec 619; Preschool Grants Early Intervening Services	84.173X	PCA10171		72,014	
Subtotal Expenditures – Special Education Cluster (IDEA)					160,337,515
Carl D. Perkins – Secondary Program, Sec 131	84.048	PCA14894			6,293,641
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA14893			838,036
Arts Media Entertainment	84.048	PCA14891			13,462
Subtotal Assistance Listing Number 84.048					7,145,139
Special Ed-Grants for Infants and Families: Early Intervention Funds – Part C	84.181	PCA 23761			1,178,111
Education for Homeless Children & Youth	84.196A	PCA14332- S196A200005/ S196A210005			253,128
Twenty-first Century Learning Centers	84.287C	PCA14349	865,595		2,362,830
Twenty-first Century Learning Centers	84.287C	PCA14535	9,634,722		12,730,957
Twenty-first Century Learning Centers	84.287C	PCA14603			720,419
Twenty-first Century Learning Centers	84.287C	PCA14765			363,498
Twenty-first Century Learning Centers	84.287C	PCA25632	288,017		1,191,613
Twenty-first Century Learning Centers Core	84.287C	PCA15651			173,808
Subtotal Assistance Listing Number 84.287C			10,788,334		17,543,125
ESSA Title III, English Learner Student Program	84.365	PCA14346			9,861,280
Loyola Marymount University (LMU) Purposeful Engagement in Academic Rigor and Language Learning (PEARLL) Project	84.365Z	T365Z210143/ C#21079A			187,783
ESSA Title II, Part A, Supporting Effective Instruction	84.367	PCA14341			23,464,004
ESSA Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424A	PCA15396			28,686,022
COVID-19 ARP Act - Homeless Children and Youth (ARP-HCY) Program	84.425	PCA15564			371,155
COVID-19 ARP-HCY II Program	84.425	PCA15566			220,784
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) II Fund	84.425D	PCA15547			201,661,697
COVID-19 Expanded Learning Opportunities (ELO) ESSER II Fund State Reserve	84.425D	PCA15618			3,937,075
COVID-19 ELO Grant GEER II	84.425C	PCA15619			10,167,093
COVID-19 ELO ESSER III Fund State Reserve Emergency Needs	84.425	PCA15620			34,593,861
COVID-19 ELO ESSER III Fund State Reserve Learning Loss	84.425	PCA15621			24,321,156
COVID-19 ESSER Fund	84.425D	PCA15536			290,810
COVID 19 Coronavirus Aid, Relief, and Economic Security (CARES) Act ESSER Child Nutrition	84.425D	PCA15535			2,652
COVID-19 ESSER Fund California Community Schools Partnership Program	84.425D	PCA15537			1,413,406
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	PCA15517			6,613
COVID-19 ARP Act ESSER III Fund	84.425U	PCA15559			1,033,811,054
COVID-19 ARP Act ESSER III Fund: Learning Loss	84.425U	PCA10155			302,519,545
Subtotal Assistance Listing Number 84.425C/D/U					1,613,316,901

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
Passed through Los Angeles County Office of Education:					
Title I – Migrant Ed – Regular	84.011	PCA14326			\$ 940,184
Title I – Migrant Ed – Summer	84.011	PCA10005			166,938
Title I – Migrant Ed – School Readiness	84.011	PCA10144			36,070
Subtotal Assistance Listing Number 84.011					<u>1,143,192</u>
Passed through California Department of Rehabilitation:					
We Can Work	84.126	Agreement 32032			584,949
Rehab – Transition Partnership Program/Trans Part-Greater LA	84.126	Agreement 32038			1,897,596
Subtotal Assistance Listing Number 84.126					<u>2,482,545</u>
Subtotal Pass-Through Programs					<u>2,227,869,803</u>
Total U.S. Department of Education					<u>2,241,025,161</u>
U.S. Department of Health and Human Services:					
		5NU87PS004357-04-00; 6NU87PS004357-04-01; 5NU87PS004357-03-00; 5NU87PS004357-05-00			
CDCP-School Based HIV/STD Prevention	93.079				681,385
Subtotal Direct Programs					<u>681,385</u>
Passed through County of Los Angeles:					
Student 360 Health Heluna	93.354	1 NU90TP922183-01			720,361
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PH-003967			900,274
Child Health Outreach Initiative – Whole Person Care	93.778	PH-002507-16			14,140
Children's Health Outreach Enrollment, Utilization, and Retention Services	93.778	PH-004987			74,503
Subtotal Assistance Listing Number 93.778					<u>88,643</u>
Passed through City of Los Angeles:					
County Youth Jobs Program – CalWorks	93.558	C-141312			28,214
Passed through California Department of Social Services:					
California Department of Social Services Refugee Program Bureau Child Care and Development Programs	93.566	RSI22-LAUSD			48,092
Administered by California Department of Social Services	93.575	PCA15557		\$ 185,400	
Passed through California Department of Education:					
General Child Care Center – Block Grant	93.575	PCA15136		1,222,286	
COVID-19 ARP California State Preschool Program One-Time Stipend	93.575	PCA15640		1,213,767	
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-Time Stipend	93.575	PCA15555		484,584	
CCTR Programs administered by California Department of Social Services	93.575	PCA10163		1,831,198	
General Child Care Center – Child Care Mandatory & Matching Fund of the Child Care and Development Fund	93.596	PCA13609		9,810,266	
Subtotal Expenditures – Child Care Development Fund (CCDF) Cluster					<u>14,747,501</u>
Passed through Baldwin Park Unified School District:					
Early Head Start	93.600	PCA15291		250,020	
Subtotal Expenditures – Head Start Cluster					<u>250,020</u>
Subtotal Pass-Through Programs					<u>16,783,105</u>
Total U.S. Department of Health & Human Services					<u>17,464,490</u>
Corporation for National and Community Service:					
Youth Service America Corporation	94.014	FAIN 19MK218080			145
Subtotal Direct Program					<u>145</u>
Total Corporation for National and Community Service					<u>145</u>
U.S. Department of Homeland Security:					
Passed through California Governors Office of Emergency Services:					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	4305-DR & 4407-DR			79,928
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PCA10014			512
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4482-DR-CA			18,093,815
Testing and Vaccination	97.036				18,174,255
Subtotal Assistance Listing Number 97.036					<u>18,174,255</u>
Hazard Mitigation Grant Program	97.039	PCA10041			1,871
Hazard Mitigation Grant Program	97.039	DR4344-PJ0455/PJ0151			1,808,383
Subtotal Assistance Listing Number 97.039					<u>1,810,254</u>
Subtotal Pass-Through Programs					<u>19,984,509</u>
Total U.S. Department of Homeland Security					<u>19,984,509</u>
Total Expenditures of Federal Awards			<u>\$ 13,221,251</u>	<u>\$ 391,539,414</u>	<u>\$ 2,594,665,277</u>



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

**(1) General**

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

**(2) Basis of Accounting**

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

**(3) Indirect Cost Rate**

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

**(4) Noncash Assistance**

Included in the schedule of expenditures of federal awards is (Assistance Listing No. 10.555) \$16,393,266 of donated food commodities received from the U.S. Department of Agriculture, passed-through California Department of Education, during the year ended June 30, 2023.

**(5) U.S. Department of Homeland Security Disaster Grants - Public Assistance Grants – (Presidential Declared Disasters)**

The District incurred eligible expenditures in fiscal years 2019-20 through 2021-22 for the District's Disaster Grants – Public Assistance (Presidentially Declared Disasters) Testing and Vaccination Program. The California Governor's Office of Emergency Services approved the District's project worksheets in fiscal year 2022-23. The District recorded these expenditures totaling \$18,093,815 on this year's Schedule.

# **LAUSD** **UNIFIED**

**OTHER INDEPENDENT  
AUDITOR REPORTS**





SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 13, 2023.

### Report on 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-001 to be a material weakness.





A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

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

### **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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 black ink, appearing to read 'Simpson &amp; Simpson', written in a cursive style.

Los Angeles, California  
December 13, 2023



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

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

To The Honorable Board of Education  
Los Angeles Unified School District

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited **Los Angeles Unified School District's** (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.





### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### *Other Matters*

The results of our auditing procedures disclosed other 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-2023-001, F-2023-002, and F-2023-003. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District is also responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.





## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2023-001 and F-2023-002 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The District is also responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The District's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses and the corrective action plan.

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 that reads "Simpson &amp; Simpson".

Los Angeles, California  
December 13, 2023



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

## Independent Auditor's Report on State Compliance and on Internal Control over Compliance for State Programs

To The Honorable Board of Education  
Los Angeles Unified School District

### Report on Compliance

#### Opinion

We have audited the **Los Angeles Unified School District's** (the District) compliance with the requirements specified in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2023.

In our opinion, the Los Angeles Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

#### Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Los Angeles Unified School District's state programs.





## Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

<u>2022-23 K-12 Audit Guide Procedures</u>	<u>Procedures Performed</u>
Local Education Agencies Other than Charter Schools:	
A. Attendance	<u>Yes</u>
B. Teacher Certification and Misassignments	<u>Yes</u>
C. Kindergarten Continuance	<u>Yes</u>
D. Independent Study	<u>Yes</u>
E. Continuation Education	<u>Yes</u>
F. Instructional Time	<u>Yes</u>
G. Instructional Materials	<u>Yes</u>
H. Ratio of Administrative Employees to Teachers	<u>Yes</u>
I. Classroom Teacher Salaries	<u>Yes</u>
J. Early Retirement Incentive	N/A (1)
K. Gann Limit Calculation	<u>Yes</u>
L. School Accountability Report Card	<u>Yes</u>



2022-23 K-12 Audit Guide Procedures	Procedures Performed
M. Juvenile Court Schools	<u>N/A (2)</u>
N. Middle or Early College High Schools	<u>Yes</u>
O. K-3 Grade Span Adjustment	<u>Yes</u>
P. Transportation Maintenance of Effort	<u>Yes</u>
Q. Apprenticeship: Related and Supplemental Instruction	<u>Yes</u>
R. Comprehensive School Safety Plan	<u>Yes</u>
S. District of Choice	<u>N/A (3)</u>
TT. Home to School Transportation Reimbursement	<u>Yes</u>
UU. Independent Study Certification for ADA Loss Mitigation	<u>Yes</u>
School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	<u>Yes</u>
U. After/Before School Education and Safety Program	<u>Yes</u>
V. Proper Expenditure of Education Protection Account Funds	<u>Yes</u>
W. Unduplicated Local Control Funding Formula Pupil Counts	<u>Yes</u>
X. Local Control and Accountability Plan	<u>Yes</u>
Y. Independent Study-Course Based	<u>N/A (4)</u>
Z. Immunizations	<u>Yes</u>
AZ. Educator Effectiveness	<u>Yes</u>
BZ. Expanded Learning Opportunity Grant (ELO-G)	<u>Yes</u>
CZ. Career Technical Education Incentive Grant	<u>Yes</u>
EZ. In Person Instruction Grant	<u>Yes</u>
Charter Schools:	
AA. Attendance	<u>Yes</u>
BB. Mode of Instruction	<u>Yes</u>
CC. Nonclassroom-Based Instruction/Independent Study	<u>No (5)</u>
DD. Determination of Funding for Nonclassroom-Based Instruction	<u>No (5)</u>
EE. Annual Instructional Minutes – Classroom Based	<u>Yes</u>
FF. Charter School Facility Grant Program	<u>N/A (6)</u>

- (1) We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer early retirement incentives during the fiscal year.
- (2) We did not perform any procedures related to Juvenile Court Schools because the District does not offer this program.
- (3) The District’s Board of Education did not elect to operate as a school District of Choice.
- (4) The District does not have any Independent Study-Course Based Programs; therefore, we did not perform any testing related to this requirement.
- (5) The District’s Average Daily Attendance generated from Nonclassroom-Based Instruction/Independent Study for Charter Schools fell under the materiality level stipulated in the *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*; therefore, we did not perform any testing related to this requirement.
- (6) 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.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify during the audit.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items S-2023-001 through S-2023-013.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit and 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**

*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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

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

Los Angeles, California  
December 13, 2023

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? Yes

Noncompliance material to financial statements? No

**Federal Awards**

Internal control deficiencies over major programs:

- Material weakness(es) identified? Yes
- Significant deficiency(ies) identified? No

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

<u>Assistance Listing Number</u>	<u>Name of Federal Program</u>	<u>Opinion</u>
84.002A	U.S. Department of Education – Adult Education – Basic Grants to States	Unmodified
84.010	U.S. Department of Education – Title I Grants to Local Educational Agencies	Unmodified
84.027A, 84.173A/X	U.S. Department of Education – COVID-19 Special Education Cluster (IDEA)	Unmodified
84.334A	U.S. Department of Education – Gaining Early Awareness and Readiness for Undergraduate Programs	Unmodified
84.365Z	U.S. Department of Education – English Language Acquisition State Grants	Unmodified
84.367	U.S. Department of Education – Improving Teacher Quality State Grants	Unmodified
84.425C/D/U	U.S. Department of Education – COVID-19 Education Stabilization Fund	Unmodified

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

<b>Assistance Listing Number</b>	<b>Name of Federal Program</b>	<b>Opinion</b>
97.036	U.S. Department of Homeland Security – Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Unmodified
	<ul style="list-style-type: none"> <li>• Any audit findings disclosed which are required to be reported in accordance with 2 CFR 200.516(a):</li> </ul>	Yes
	<ul style="list-style-type: none"> <li>• Dollar threshold used to distinguish between type A and type B programs:</li> </ul>	\$7,783,996
	<ul style="list-style-type: none"> <li>• Auditee qualified as low risk auditee</li> </ul>	No
 <b>State Awards</b>		
	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, 2023

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

**Finding – FS-2023-001 Reimbursement Grant Revenue Recognition (Material Weakness)**

**Criteria**

Government Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, paragraph 15, establishes the accounting and financial reporting criteria for reimbursement grants:

“Governments (including the federal government) frequently engage in award programs commonly referred to as “reimbursement-type” or “expenditure-driven” grant programs. These programs may be either government-mandated or voluntary nonexchange transactions, depending on their characteristics. In either case, the provider stipulates that a recipient cannot qualify for resources without first incurring allowable costs under the provider’s program...

...that is, there is no award—the provider has no liability, and the recipient has no asset (receivable)—until the recipient has met the provider’s requirements by incurring costs in accordance with the provider’s program.”

A receivable and revenue should be recognized once the recipient has met the provider’s requirements by incurring costs in accordance with the provider’s program.

**Condition**

During our audit of the District’s Other Governmental Funds State revenues, we identified a total of (3) three grant programs from (2) two grantors listed below, whereby the District’s Facilities Department recognized revenue in the governmental funds upon receipt of cash as opposed to when the District met the grantor’s requirements by incurring costs in accordance with the grantor’s program:

1. State Water Resources Control Board (SWRCB) – Drinking Water for Schools Grant Program and Drought Response Outreach Program
2. State Allocation Board (SAB) – School Facility Program (SFP)

**Cause and Effect**

As a result of the prior year’s Reimbursement Grant Revenue Recognition Material Weakness finding (FS-2022-001), the District has established Revenue Recognition Policies and Procedures to include criteria by which grant-related activities are recognized as revenue effective June 30, 2023. However, at the time of posting the above revenues, the Revenue Recognition Policies and Procedures had not been prepared and implemented, resulting in the above finding.

As such, the District’s Facilities Department (Facilities) did not communicate the above grant-related programs they manage to the District’s Accounting Department – Capital Projects (ADCP), resulting in the ADCP being unable to provide the Facilities with the accounting and financial reporting criteria for reimbursement grants.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

Due to Facilities' misconception of reimbursement grant accounting, they incorrectly recognized State revenues when cash was received instead of when costs were incurred. Based on our audit of the revenue items, it was determined that these grant revenues were earned in Fiscal Year's 2022, 2021, and 2020 and should have been recognized and recorded as revenues at that time in accordance with accounting and financial reporting criteria for reimbursement grants. The overall financial impact was an overstatement of the District's revenues by \$3.7 million for the year ended June 30, 2023.

### **Recommendation**

We recommend that the District strengthen its controls over reimbursement or expenditure-driven grant revenue recognition as follows:

- Ensure that the Revenue Recognition Policies and Procedures are updated annually to include all grants in which the District continues to participate in and any new cost reimbursement grants received in the current fiscal year.
- Ensure that the Facilities' staff continue to be adequately trained and knowledgeable of reimbursement grant accounting and financial reporting requirements.
- The ADCP is to continue verifying revenues recorded during the current fiscal year to ensure recording in the proper accounting period.
- The ADCP is to continue reviewing subsequent cash receipts pertaining to reimbursement grants to ensure recording in the proper accounting period.

### **View of Responsible Officials and Corrective Action Plan**

Facilities Services Division (FSD) agrees with this finding and notes that the revenues associated with the current finding materialized before the recommendations from the FY22 audit were implemented. Retroactive posting of these findings to FY22 was not possible because the fiscal year was closed. Posting of the revenues to FY23 was the only recourse available to the department at the time.

Since the results of the FY22 audit came out, FSD has diligently implemented the auditor's recommendations, including updating the department's policies and procedures and sharing these updates with the ADCP team for feedback. Scrutiny of the grant revenue recognition activities carried out by FSD since then would reveal complete compliance and the implementation of a corrective action plan.

Name: Chris Alejo

Title: Deputy Director of Program Support Services

Telephone: (213) 241-1000

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **Finding – FS-2023-002 Vulnerability Management (Significant Deficiency)**

#### **Criteria**

Scanning for and managing inventory, patch, and configuration issues are security practices designed to proactively identify and remediate technical vulnerabilities and weaknesses in information systems. Proactively managing and remediating vulnerabilities reduces, or eliminates, the potential of exploitation and involves considerably less time and effort than responding after exploitation has occurred.

- NIST SP 800-53 Revision 5, “Security and Privacy Controls for Federal Information Systems and Organizations, RA-5 (Vulnerability Monitoring and Scanning)”:

*Remediate legitimate vulnerabilities in accordance with an organizational assessment of risk.*

- ISO27001 Standard; A.12.6 “Technical Vulnerability Management”:

*Information on technological vulnerabilities of information systems used should be obtained in a timely manner, the exposure of the organization to such vulnerabilities should be assessed and appropriate measures taken to address the risk involved.*

- LAUSD Vulnerability Management Policy - BUL-129101: Section IV. Critical Vulnerabilities:

*Critical security patches may be performed outside the default or customized maintenance schedule and must be installed as soon as reasonably possible, but no later than 30 days after discovery unless approved by the Director of IT Security.*

#### **SAP Vulnerability**

#### **Condition**

Our review of SAP network server vulnerability scan reports for the period of October 2022 through December 2022 revealed that 20 (twenty) “Critical” severity vulnerabilities and 423 (four hundred and twenty-three) “High” severity level vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

#### **Cause and Effect**

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District has faced various challenges that impact their ability to prioritize addressing all vulnerabilities.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

### **View of Responsible Officials and Corrective Action Plan**

As a result of the cyber incident, the District faced various challenges and had to prioritize certain factors, which led to the inability to address all vulnerabilities at once. However, we want to assure you that our firewall and Host control, as well as SAP application filters and rules, have been effective in thwarting unwanted and malicious access attempts. Access to SAP applications is exclusively permitted through Citrix, and log-in to SAP hosts is restricted to specific floors where administrators are located, namely the 9th and 11th floors.

To address vulnerabilities effectively, we have now implemented a structured process. We conduct regular monthly remediation activities to proactively address and resolve any identified vulnerabilities. This approach ensures a consistent and efficient response to potential security threats, further enhancing our overall cybersecurity measures.

Name: Douglas Le

Title/Division: Senior ERP Director Business Systems/Information Technology Services (ITS)

Telephone: 213.241.1586

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **MiSiS Vulnerability**

#### **Condition**

Our review of MISIS network server vulnerability scan reports for the period of October 2022 through December 2022 revealed one hundred and fifty-one (151) “Critical” severity vulnerabilities and 381 (three hundred and eighty-one) “High” severity level vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

#### **Cause and Effect**

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District has faced various challenges that impact their ability to prioritize addressing all vulnerabilities.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

This risk is increased for systems that contain individual student data.

#### **Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

#### **View of Responsible Officials and Corrective Action Plan**

Items listed by auditors in MiSiS Vulnerabilities Observation Support.pdf have been resolved except 8 critical and 132 high severity vulnerabilities included in the Oct-Dec 2022 Audit Review 07212023.xlsx file will be fixed by 09/30/2023.

Name: Douglas Le  
Title/Division: Senior ERP Director Business Systems/ITS  
Telephone: 213.241.1586

Name: Robert Pelayo  
Title/Division: MiSiS Director/ITS  
Telephone: 213-241-1144

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**CMS Vulnerability**

**Condition**

Our review of CMS network server vulnerability scan reports for the period of October 2022 through December 2022 revealed twelve (12) “Critical” severity level vulnerabilities and 56 (fifty-six) “High” severity level vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

**Cause and Effect**

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District has faced various challenges that impact their ability to prioritize addressing all vulnerabilities.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

**Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

**View of Responsible Officials and Corrective Action Plan**

As a result of the cyber incident, the District faced various challenges and had to prioritize certain factors, which led to the inability to address all vulnerabilities at once. However, all the identified vulnerabilities were addressed at a later stage.

To address vulnerabilities effectively, we have now implemented a structured process. We conduct regular monthly remediation activities to proactively address and resolve any identified vulnerabilities. This approach ensures a consistent and efficient response to potential security threats, further enhancing our overall cybersecurity measures.

Name: Douglas Le  
Title/Division: Senior ERP Director Business Systems/ITS  
Telephone: 213.241.1586

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **Welligent Vulnerability**

#### **Condition**

Our review of Welligent network vulnerability scan reports for the period of October 2022 through December 2022 revealed sixteen (16) “Critical” severity level vulnerabilities and 56 (fifty-six) “High” severity level vulnerabilities remained outstanding or not remediated throughout this three (3) month period.

We were informed by District management that the Welligent production servers scanned were decommissioned as of June 28, 2023. However, the scan reports reviewed were of Welligent servers in production use during the period reviewed, i.e., October 2022 – December 2022.

#### **Cause and Effect**

It has been represented to us that as a result of the September 2022 cyber security attack incurred by the District, the District faced various challenges and had to prioritize certain factors, which led to the inability to address all vulnerabilities at once. However, all the identified vulnerabilities were addressed at a later stage.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, untimely patching and fixing configuration issues can adversely impact the availability, confidentiality, and integrity of LAUSD information resources.

This risk is increased for systems that contain sensitive student data such as Individualized Education Programs (IEP), in some instances containing student PHI (Personal Health Information).

#### **Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

#### **View of Responsible Officials and Corrective Action Plan**

The sixteen (16) critical and 199 high severity level Welligent server vulnerabilities are found under WELLREP2PE.LAUSD.NET and WELLREP2PF.LAUSD.NET. Both of these servers are for our Welligent Production Reporting Application Server. Both of these servers are unused and were decommissioned/shutdown on June 28, 2023 with the processing of MOC ticket# CRQ000000066607 and work order WO0000012694509. Both tickets have been completed/closed.

Name: Douglas Le

Title/Division: Senior ERP Director Business Systems/ITS

Telephone: 213.241.1586

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Section III – Findings and Questioned Costs Relating to Federal Awards**

**Program Identification**

Finding Reference Number:	<b>F-2023-001</b>
Federal Program Title, Awarding Agency, Pass-Through Entity, Assistance Listing Number, and Award Number:	Title I Grants to Local Educational Agencies, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.010, PCA Nos. 14329 and 15438 (Material Weakness)  Special Education-Grants to States (IDEA, Part B), U.S. Department of Education, Passed through the California Department of Education, AL No. 84.027A, 22-13379-64733-01 (Material Weakness)  English Language Acquisition State Grants, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.365Z, PCA No. 14365, T365Z210143/C#21079A (Material Weakness)  Improving Teacher Quality State Grants, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.367, PCA 14341 (Material Weakness)  COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER), U.S. Department of Education, Passed through the California Department of Education, AL No. 84.425U, PCA No. 15559 (Material Weakness)
Compliance Requirement:	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
State Audit Guide Finding Code:	30000 and 50000

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Criteria

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

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

In accordance with LAUSD Policy Bulletin 2643.13 and 2643.14 entitled, “Documentation for Employees Paid from Federal and State Categorical Programs,” the Periodic Certification (formerly referred to as Semi-Annual Certifications) must be completed each fiscal year for employees whose compensation is singularly sourced from federal funds. The first Periodic Certification covers the period between July 1st through December 31st, and the second Periodic Certification covers the period between January 1st through June 30th. These certifications should be completed no later than January 31st and July 31st, respectively. Employees whose compensation is sourced by a combination of Federal or State funds that are not a Single Cost Objective are required to complete and sign the Multi-Funded Time Report at the end of each month.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Condition

As part of our compliance review over payroll expenditures, we selected samples of payroll expenditures charged to the program and reviewed the supporting documents to ascertain if they were allowable per program regulations, accurately charged to the program, and appropriately supported in accordance with 2 CFR section 200.430(i) and LAUSD Policy Bulletin 2643.13 and 2643.14.

***Title I Grants to Local Educational Agencies:*** In our sample of sixty (60) payroll expenditures, we identified discrepancies in the timesheet hours submitted by two (2) employees when compared to the records in SAP. One (1) employee's hours reported on the timesheet was less than the hours recorded in SAP, leading to an overstatement of program expenditures. Conversely, another employee's hours reported on the timesheets were greater than the hours recorded in SAP, leading to an understatement of program expenditures.

Total exceptions for overstatement and understatement amounted to \$132 and \$726, respectively, of the \$186,080 sampled from \$278,384,872 of the total payroll expenditures.

***Special Education-Grants to States (IDEA, Part B):*** In our sample of sixty (60) payroll expenditures, we identified a compliance issue regarding signatures on Periodic Certifications. Specifically, four (4) employees signed their Periodic Certifications only in response to our audit request, indicating that these signatures were not obtained within the required timeframe.

Total exceptions for untimely certifications amounted to \$23,194.

***English Language Acquisition State Grants:*** In our sample of sixty (60) payroll expenditures, we identified discrepancies in the Multi-Funded Time Reports submitted by three (3) employees compared to the hours recorded in SAP. Specifically, one (1) employee reported hours on the Multi-Funded Time Reports that were less than the hours recorded in SAP, leading to an overstatement of program expenditures. In contrast, two (2) employees reported more hours on the Muti-Funded Time Reports than the hours recorded in SAP, leading to an understatement of program expenditures.

Total exceptions for overstatement and understatement amounted to \$49 and \$1,280, respectively, of the \$156,424 sampled from \$8,984,427 of the total payroll expenditures.

***Improving Teacher Quality State Grants:*** In our sample of sixty-one (61) payroll expenditures, we identified discrepancies in the Multi-Funded Time Reports submitted by seven (7) employees compared to the hours recorded in SAP. Specifically, five (5) employees reported hours on the Multi-Funded Time Reports that were less than the hours recorded in SAP, leading to an overstatement of program expenditures. In contrast two (2) employees reported hours on the Muti-Funded Time Report that were greater than the hours recorded in SAP, leading to an understatement of program expenditures. In addition, we found that one (1) employee's hours recorded in SAP did not have a corresponding Muti-Funded Time Report at all, leading to an overstatement of program expenditures.

Total exceptions for overstatement and understatement amounted to \$7,697 and \$1,957, respectively, of the \$284,882 sampled from \$17,263,439 of the total payroll expenditures.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

**COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER):** In our sample of sixty-one (61) payroll expenditures, we identified a compliance issue regarding signatures on Periodic Certifications. Specifically, two (2) employees signed their Periodic Certifications only in response to our audit request, indicating that these signatures were not obtained within the required timeframe.

Total exceptions for untimely certifications amounted to \$9,260.

Our samples were statistically valid samples.

#### **Cause and Effect**

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

Such oversights lead to instances of non-compliance and inaccuracies in financial reporting/SEFA, impacting the reliability of payroll expenditure documentation.

#### **Questioned Costs**

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

**Title I Grants to Local Educational Agencies (AL No. 84.010):** \$132 overstatement and \$726 understatement due to unsupported hours charged.

**English Language Acquisition State Grants, U.S. Department of Education (AL No. 84.365Z):** \$49 overstatement and \$1,280 understatement due to unsupported hours charged.

**Improving Teacher Quality State Grants (AL No. 84.367):** \$7,697 overstatement and \$1,957 understatement due to unsupported hours charged.

There were no questioned costs arising from untimely completed/signed Periodic Certifications or Multi-Funded Time Reports, as the payroll costs incurred were still allowable costs, despite the timing issues, for the respective programs (i.e., IDEA and ESSER).

#### **Repeat Finding**

This finding is a repeat finding as indicated in the Status of Prior Audit Findings and Recommendation as finding number F-2022-001.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Recommendation

We recommend that the District enhance its internal controls over payroll expenditures and related compliance requirements by providing adequate and continuous training to school administrators, timekeepers, and supervisors on the necessary procedures to ensure ongoing compliance is effectively monitored. We also recommend that management responsible for each grant develop and reinforce controls for reviewing and approving Multi-Funded Time Reports or timesheets prior to submission to the funding agency, ensuring that the review and approval process is well-documented. In addition, the District should also conduct internal audits to assess the accuracy of timesheets or Multi-Funded Time Reports and the timeliness of signed Periodic Certification submissions to ensure compliance with the established requirements.

### View of Responsible Officials and Corrective Action Plan

1. Accounting Controls team will continue to coordinate with Central Office/program coordinators to:
  - a) Communicate the impact of questioned cost resulting from current year's audit findings.
  - b) Follow through on the sample testing performed on payroll documentations as a secondary control twice a year; and
  - c) Provide feedback and training to the schools based on the result of sample testing.
2. The Accounting controls team will continue to collaborate with the MyPLN team to ensure effective monitoring and timely completion of the annual Mandatory Time and Effort Training. This essential training is mandatory for administrators, timekeepers, and supervisors. Successful completion involves answering review questions at the conclusion of the course, with a 100% correct response rate necessary to obtain certification.
3. Each July, the LAUSD organizes the Principals' Leadership Institute, during which the Accounting Controls team and Central Office/program coordinators will present to principals and assistant principals the significance of completing Time and Effort documentation in a timely and accurate manner.
4. The Accounting Controls team will work with Organizational Excellence and Central Office/program coordinators to present to School Administrative Assistants at their scheduled meetings/trainings, at least once a year.

Name: Bryant Gonzalez  
Title: Deputy Controller  
Email: bryant.gonzalez1@lausd.net

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Program Identification**

Finding Reference Number: **F-2023-002**

Assistance Listing Number: 84.367

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

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

Award Number: PCA No. 14329

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

State Audit Guide Finding Code: 30000 and 50000

**Criteria**

*Annual Report Card, High School Graduation Rate*

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

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

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

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Condition**

We sampled a total of sixty (60) out of 78,036 students with leave codes in the school year 2021-22 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:

- 1. Six (6) schools provided documentation for seven (7) students that did not support the leave code entered into MiSiS:

Number of Instances	Leave Code per MISIS	Leave Code per Supporting Documentation
2	<b>L3</b> (Student transfers to a California public school outside LAUSD)	<b>L2</b> (Student transfers to another LAUSD School)
3	<b>L3</b> (Student transfers to a California public school outside LAUSD)	<b>L8</b> (Unknown)
2	<b>L4</b> (Student transfers to a California private school/Homeschool)	<b>L3</b> (Student transfers to a California public school outside LAUSD)

- 2. One (1) school was unable to provide any documentation to support the leave code for one (1) student file.

Our sample was a statistically valid sample.

**Cause and Effect**

The discrepancy in the leave code was caused by the schools using the wrong leave code when they did not have enough information to substantiate that code. There seems to be a deficiency in the internal control system to properly train and monitor the personnel who are assigned to maintain the accuracy of student records and documentation.

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.

**Questioned Costs**

Not applicable. This finding is considered a programmatic non-compliance issue.

**Repeat Finding**

This finding is a repeat finding as indicated in the Status of Prior Audit Findings and Recommendation as finding number F-2022-002.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Recommendation

Given the recurring nature of this finding, we strongly recommend that the District take more robust measures to strengthen and improve its existing controls over enrollment/withdrawal status to ensure that student records on MiSiS are accurate and that necessary documents are maintained. Additionally, we recommend that the District continue to provide training on accurate enrollment/withdrawal codes and on the appropriate levels of written documentation required for various withdrawal situations under both ESSA and CDE guidance.

### View of Responsible Officials and Corrective Action Plan

Pupil Services and Attendance will continue to provide policy guidance on the LAUSD student withdrawal procedures through the following methods:

1. Pupil Services will maintain policies pertaining to attendance, enrollment, and withdrawals up to date.
2. Pupil Services published the Bulletin 4926.3 Enrollment, Attendance, and Withdrawal Policies and Procedures dated July 31, 2023, and is available for all LAUSD staff in the LAUSD E-Library.
3. Pupil Services has created a SharePoint available to all LAUSD staff employee where we have made available the *Enrollment, Attendance, and Withdrawal Policies and Procedures Manual*. This Manual outlines the LAUSD withdrawal policy and procedures for both elementary and secondary students along with the supporting documents necessary such as the *Withdrawal Types and Reasons*. This manual is also hyperlinked directly on Bulletin 4926.3 Enrollment, Attendance, and Withdrawal Policies and Procedures which is available for all LAUSD staff in the LAUSD E-Library.
4. Explore possible document validation for withdrawal reasons in the MiSiS Withdrawal Screen.
5. Pupil Services will provide training to the A-G Counselors on the Withdrawal Process and Procedures yearly by March 2024.
6. Pupil Services will provide training to the LAUSD Data team on accurate withdrawal procedures by December 2023.
7. Pupil Services will continue to offer training to the Pupil Services Lead Counselors through the informational sessions offered every other month.
8. Pupil Services will conduct a training on Withdrawal Process and Procedures to LAUSD Office personnel yearly by December 2023.
9. Pupil Services will continue provide ongoing reminders every other month through the Schoology communication platform regarding accurate enrollment, withdrawal procedures and the MYPLN Essential Tips training to support with the withdrawal process, codes, and documentation.
10. Pupil Services and Attendance will communicate with Region Administration on disseminating information to school-site designees with audit findings to participate in the MYPLN training on accurate enrollment and withdrawal codes during school year 2023-24.
11. Will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support with the withdrawal process, codes, and documentation from the schools identified with audit findings by March 2024.

Name: Elsy Rosado

Title: Director, Pupil Services and Attendance

Telephone: (213) 241-3844

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Program Identification**

Finding Reference Number: **F-2023-003**

Assistance Listing Number: 84.010

Federal Program Titles: Improving Teacher Quality State Grants

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

Award Number: PCA No. 14341

Compliance Requirement: Reporting

State Audit Guide Finding Code: 30000 and 50000

**Criteria**

20 U.S. Code § 7845 (a) (1), “A local educational agency receiving funds under more than one covered program may submit plans or applications to the State educational agency under those programs on a consolidated basis.” This Consolidated Application (ConApp) is used by the California Department of Education (CDE) to distribute categorical funds from various federal programs (e.g., Title I, Part A; Title II) to county offices, school districts, and direct funded charter schools throughout California.

Improving Teacher Quality State Grants (Title II, Part A) funds are allocated based on the following formula: (a) 20 percent based on the relative number of individuals age five through seventeen, and (b) 80 percent based on the relative numbers of individuals age five through seventeen from families with incomes below the poverty line, residing in the area the local educational agency (LEA) serves based on U.S. Census or state alternative poverty data.

**Condition**

We sampled a total of three (3) out of five (5) ConApp reports submitted in the fiscal year 2022-23. Our review identified discrepancies in the reported amount for Title II, Part A FY 2021-22 Expenditure Report, 12 Months as follows:

<b>Reported Category</b>	<b>Reported Amount</b>	<b>Correct Amount</b>	<b>Discrepancy Over/(Under)</b>
<b>Total Expenditures</b>	\$ 9,420,273	\$14,196,113	(\$4,775,840)
<b>2021-22 Unspent Funds</b>	\$18,217,386	\$13,441,546	\$4,775,840

Our samples were statistically valid samples.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **Cause and Effect**

The discrepancies in the ConApp reporting can be attributed to a lack of adequate control measures within the reporting process, which has led to non-compliance with ConApp reporting requirement.

### **Questioned Costs**

Not applicable - Title II, Part A funds are allocated based on a specific population and poverty-based formula, not based on expenditures.

### **Recommendation**

We recommend that the District strengthen and improve its existing controls over the ConApp reporting process to ensure that all reported information is reconciled between the accounting records and the ConApp submissions.

### **View of Responsible Officials and Corrective Action Plan**

The District will strengthen and improve its existing controls over the processes for the Consolidated Application reporting. Specifically, the District will ensure that the preparer and reviewer complete an internal control checklist before submission of the report to CDE. This includes the validation and reconciliation of expenditure data that is reported in the Consolidated Application Report.

Name: Arthur Malicdem

Title: Assistant Budget Director, Budget Services & Financial Planning

Telephone: (213) 241-2189



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Section IV – Findings and Questioned Costs Relating to State Awards**

**S-2023-001 – Regular and Special Day Classes – Attendance Computations**

**State Program:** Attendance Accounting: Attendance Reporting

**State Audit Guide Finding Codes:** 10000 and 40000

**Schools Affected**

- Alexandria Avenue Elementary
- Arlington Heights Elementary
- Arlington Heights Elementary DL Two-Way Im Spanish
- Atwater Avenue Elementary
- Avalon Gardens Elementary
- Belmont Senior High
- Brentwood Elementary Science Magnet
- Broadacres Avenue Elementary
- Cabrillo Avenue Elementary
- Carmen Lomas Garza Primary Center
- Coeur D Alene Avenue Elementary
- Corona Avenue Elementary
- Crescent Heights Boulevard Elementary Lang Arts/Soc Jstc Mag
- CTC - West
- Del Amo Elementary
- Delevan Drive Elementary
- Denker Avenue Elementary
- Dolores Huerta Elementary School
- Dolores Street Elementary
- Dr Sammy Lee Elementary Medical and Health Science Magnet
- Florence Nightingale Middle School
- Florence Nightingale Middle School Bus Entrprshp Tech Magnet
- Francisco Bravo Senior High Medical Magnet
- George De la Torre Jr Elementary STEAM Magnet
- Hollywood Elementary
- Ivanhoe Elementary
- Lafayette Park Primary Center
- Manhattan Place Elementary
- Menlo Avenue Elementary
- Menlo Avenue Elementary DL Two-Way Im Spanish
- Menlo Avenue Elementary STEAM Magnet
- Mount Washington Elementary
- Nevin Avenue Elementary
- Noble Avenue Elementary
- Park Western Place Elementary
- Point Fermin Elementary Marine Science Magnet

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- Raymond Avenue Elementary
- RFK Comm Schls - UCLA Community School K-12
- Ricardo Lizarraga Elementary
- Rio Vista Elementary
- San Fernando Elementary
- Saticoy Elementary
- Saticoy Elementary DL Two-Way Im Armenian
- Sierra Vista Elementary
- Walgrove Avenue Elementary
- Walnut Park Elementary
- West Athens Elementary
- Wilshire Park Elementary School

### Criteria

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

### Condition, Cause and Effect

For our sample of 138 schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month three (3). 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 164,396 days of attendance and 15,214 days of absences for testing and noted the following findings, resulting due to staff's untimely update of student's attendance records:

- **Alexandria Avenue Elementary** - Out of the 575 days of attendance and 65 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 was recorded as present in the SMASR.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- **Arlington Heights Elementary** - Out of the 643 days of attendance and 85 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.
  
- **Arlington Heights Elementary DL Two-Way Im Spanish** - Out of the 391 days of attendance and 56 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.
  
- **Atwater Avenue Elementary** - Out of the 618 days of attendance and 82 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, 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.
  
- **Avalon Gardens Elementary** - Out of the 477 days of attendance and 83 days of absences sampled, we noted the following exceptions:
  - Seven (7) students were absent for a total of seven (7) days, as evidenced by an absence note but was recorded as present in the SMASR.
  - 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.
  
- **Belmont Senior High** - Out of the 1,128 days of attendance and 143 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.
  
- **Brentwood Elementary Science Magnet** - Out of the 876 days of attendance and 84 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.
  
- **Broadacres Avenue Elementary** - Out of the 499 days of attendance and 30 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of thirteen (13) days, 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

June 30, 2023

- **Cabrillo Avenue Elementary** - Out of the 720 days of attendance and 53 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.
  
- **Carmen Lomas Garza Primary Center** - Out of the 745 days of attendance and 68 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.
  
- **Coeur D Alene Avenue Elementary** - Out of the 1,302 days of attendance and 167 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 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.
  
- **Corona Avenue Elementary** - Out of the 1,370 days of attendance and 110 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 marked as present in the SMASR.
  
- **Crescent Heights Boulevard Elementary Lang Arts/Soc Jstc Mag** - Out of the 1,166 days of attendance and 114 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.
  
- **CTC – West** - Out of the 246 days of attendance and 27 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of six (6) days, as evidenced by an absence note but was marked as present in the SMASR.
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the 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

June 30, 2023

- **Del Amo Elementary** - Out of the 1,259 days of attendance and 61 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.
- **Delevan Drive Elementary** - Out of the 1,023 days of attendance and 103 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.
  - 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.
- **Denker Avenue Elementary** - Out of the 821 days of attendance and 69 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of ten (10) days, 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.
- **Dolores Huerta Elementary School** - Out of the 1,160 days of attendance and 80 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, as evidenced by an absence note but was recorded as present in the SMASR
- **Dolores Street Elementary** - Out of the 956 days of attendance and 64 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of four (4) days, as evidenced by an absence note but was recorded as present in the SMASR.
- **Dr Sammy Lee Elementary Medical and Health Science Magnet**- Out of the 1,369 days of attendance and 91 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.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

- **Florence Nightingale Middle School** - Out of the 422 days of attendance and 38 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 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.
  
- **Florence Nightingale Middle School Bus Entrprshp Tech Magnet** - Out of the 352 days of attendance and 8 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.
  
- **Francisco Bravo Senior High Medical Magnet** - Out of the 1,566 days of attendance and 74 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.
  
- **George De la Torre Jr Elementary STEAM Magnet** - Out of the 848 days of attendance and 72 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.
  
- **Hollywood Elementary** - Out of the 840 days of attendance and 60 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.
  
- **Ivanhoe Elementary** - Out of the 1,403 days of attendance and 84 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

June 30, 2023

- **Lafayette Park Primary Center** - Out of the 896 days of attendance and 144 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.
  
- **Manhattan Place Elementary** - Out of the 1,241 days of attendance and 234 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 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.
  
- **Menlo Avenue Elementary** - Out of the 826 days of attendance and 74 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.
  
- **Menlo Avenue Elementary DL Two-Way Im Spanish** - Out of the 493 days of attendance and 82 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.
  
- **Menlo Avenue Elementary STEAM Magnet** - Out of the 765 days of attendance and 95 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.
  - 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.
  
- **Mount Washington Elementary** - Out of the 1,463 days of attendance and 104 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was recorded as present in the SMASR.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- **Nevin Avenue Elementary** - Out of the 920 days of attendance and 80 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the 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.
  
- **Noble Avenue Elementary** - Out of the 949 days of attendance and 111 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the 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.
  
- **Park Western Place Elementary** – Out of the 562 days of attendance and 98 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.
  
- **Point Fermin Elementary Marine Science Magnet**– Out of the 1,201 days of attendance and 79 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.
  
- **Raymond Avenue Elementary** - Out of the 1,281 days of attendance and 192 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 was recorded as present in the SMASR.
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but was marked as present in the 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 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.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- **RFK Comm Schls - UCLA Community School K-12** - Out of the 1,512 days of attendance and 125 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 was recorded as present in the SMASR.
  
- **Ricardo Lizarraga Elementary** - Out of the 88 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.
  -
  
- **Rio Vista Elementary** - Out of the 1,487 days of attendance and 193 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 was 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.
  
- **San Fernando Elementary** - Out of the 808 days of attendance and 92 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, 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 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.
  
- **Saticoy Elementary** - Out of the 828 days of attendance and 92 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

June 30, 2023

- **Saticoy Elementary DL Two-Way Im Armenian** - Out of the 299 days of attendance and 41 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 was recorded as present in the SMASR.
- **Sierra Vista Elementary**- Out of the 961 days of attendance and 79 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.
- **Walgrove Avenue Elementary** - Out of the 789 days of attendance and 111 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.
- **Walnut Park Elementary** - Out of the 686 days of attendance and 92 days of absences sampled, we noted the following exceptions:
  - Four (4) students were absent for a total of five (5) days, as evidenced by an absence note but was recorded as present in the SMASR.
- **West Athens Elementary** - Out of the 1,159 days of attendance and 175 days of absences sampled, we noted the following exceptions:
  - Three (3) students were absent for a total of three (3) days, as evidenced by an absence note but was marked as present in the SMASR.
  - 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.
- **Wilshire Park Elementary School** - Out of the 672 days of attendance and 48 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.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-001) but for different schools.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Questioned Costs

- Grades TK/K-3:  $40 \text{ days}/139 \text{ days} = 0.29 \text{ ADA overstated} * \$13,895.87 = \$4,029.80$
- Grades 4 to 6:  $25 \text{ days}/139 \text{ days} = 0.18 \text{ ADA overstated} * \$12,776.67 = \$2,299.80$
- Grades 7 to 8:  $6 \text{ days}/139 \text{ days} = 0.04 \text{ ADA overstated} * \$13,155.69 = \$526.23$
  
- Alexandria Avenue Elementary
  - Grades TK/K-3: 2 days/139 days in single track school year
- Arlington Heights Elementary DL Two-Way Im Spanish
  - Grades TK/K-3: 1 day/139 days in single track school year
- Avalon Gardens Elementary
  - Grades TK/K-3: 6 days/139 days in single track school year
  - Grades 4 to 6: 1 day/139 days in single track school year
- Brentwood Elementary Science Magnet
  - Grades TK/K-3: 1 day/139 days in single track school year
- Broadacres Avenue Elementary
  - Grades 4 to 6: 13 days/139 days in single track school year
- Cabrillo Avenue Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year
- Carmen Lomas Garza Primary Center
  - Grades TK/K-3: 2 days/139 days in single track school year
- Corona Avenue Elementary
  - Grades 4 to 6: 2 days/139 days in single track school year
- Crescent Heights Boulevard Elementary Lang Arts/Soc Jstc Mag
  - Grades TK/K-3: 1 day/139 days in single track school year
- CTC – West
  - Grades 7 to 8: 6 days/139 days in single track school year
- Delevan Drive Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year
- Dolores Huerta Elementary School
  - Grades TK/K-3: 1 day/139 days in single track school year
  - Grades 4 to 6: 2 days/139 days in single track school year
- Dolores Street Elementary
  - Grades 4 to 6: 4 days/139 days in single track school year
- George De la Torre Jr Elementary STEAM Magnet
  - Grades TK/K-3: 1 day/139 days in single track school year
- Hollywood Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year
- Lafayette Park Primary Center
  - Grades TK/K-3: 1 day/139 days in single track school year
- Menlo Avenue Elementary DL Two-Way Im Spanish
  - Grades TK/K-3: 1 day/139 days in single track school year
- Menlo Avenue Elementary STEAM Magnet
  - Grades TK/K-3: 1 day/139 days in single track school year
- Mount Washington Elementary
  - Grades TK/K-3: 1 day/139 days in single track school year

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- Raymond Avenue Elementary
  - Grades TK/K-3: 2 days/139 days in single track school year
- RFK Comm Schls - UCLA Community School K-12
  - Grades 4 to 6: 2 days/139 days in single track school year
- Rio Vista Elementary
  - Grades TK/K-3: 4 days/139 days in single track school year
- Saticoy Elementary
  - Grades 4 to 6: 1 day/139 days in single track school year
- Saticoy Elementary DL Two-Way Im Armenian
  - Grades TK/K-3: 2 days/139 days in single track school year
- Walnut Park Elementary
  - Grades TK/K-3: 5 days/139 days in single track school year
- West Athens Elementary
  - Grades TK/K-3: 3 days/139 days in single track school year
- Wilshire Park Elementary School
  - Grades TK/K-3: 2 days/139 days in single track school year

### **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 that the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend that 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 maintain documentation reflecting that each of the schools identified above have been successfully trained.

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

#### **New corrective actions we will take:**

1. We will offer training to staff on the function of the SMASR to support students' accurate attendance.
2. We will provide ongoing reminders every other month through the Schoology communication for staff to review their SMASR for accuracy.
3. We will provide ongoing reminders every other month through the Schoology communication for staff to retain student attendance records.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**We will also continue to provide policy guidance:**

1. Provide ongoing reminders every other month through the Schoology communication platform regarding accurate attendance, enrollment, and withdrawal procedures.
2. Provide ongoing reminders every other month through the Schoology communication regarding the MYPLN Essential Tips training to support with appropriate attendance documentation.
3. Pupil Services and Attendance will communicate with Local District Administration on disseminating information to school-site designees with audit findings to participate in the MYPLN training on accurate attendance, enrollment, and withdrawal procedures during school year 2023-24.
4. Pupil Services and Attendance will communicate with the Office of Organizational Excellence to support in messaging the availability of the MYPLN training to support with the accurate, attendance, enrollment, withdrawal procedures, codes, and documentation.
5. The District will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support accurate attendance, enrollment, and withdrawal procedures, codes, and documentation from the identified schools with audit findings.

Name: Elsy Rosado

Title: Director, Pupil Services and Attendance

Telephone: (213) 241-3844

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### S-2023-002 – Teacher Certification and Misassignments

**State Audit Guide Finding Codes:** 40000 and 71000

#### Schools Affected

- 9th Street Elementary
- Boyle Heights HS STEM Magnet
- Brooklyn Avenue Elementary
- Canfield Avenue Elementary
- Carthay Elementary of Environmental Studies Magnet
- Charles Drew MS University Pathways Public Service Academy
- Foshay Learning Center
- George de la Torre Jr Elementary
- Linda Esperanza Marquez Senior High Social Justice
- Marlton School
- Nathaniel Narbonne Senior High
- RFK Community of Schools - UCLA Community School K-12
- Roosevelt Senior High Science/Tech/Math Magnet
- Sun Valley Magnet: Engineering Technology
- The Science Academy STEM Magnet
- Walnut Park Middle School - Social Justice and Service Learning
- Western Avenue Tech/Eng/Comm/Hum Magnet
- Wilton Place Elementary

#### Criteria

*California Education Code, Section 44203(a)* - "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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- (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.

### Condition, Cause and Effect

During our procedures performed for each class sampled for attendance testing of regular and special day classes, and adult education, 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 441 K-12 teachers and noted twenty-one (21) teachers who were assigned to teach in a position not consistent with the authorization of his/her certification or outside of the time period permitted by their credential, due to an appropriately authorized teacher not being available to cover in the position:

- **9th Street Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **Boyle Heights HS STEM Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.
- **Brooklyn Avenue Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.
- **Canfield Avenue Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

- **Carthay Elementary of Environmental Studies Magnet** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.
- **Charles Drew MS University Pathways Public Service Academy** – Two (2) teachers were assigned to teach in a position not consistent with the authorization of their certifications due to having a late consent form on file.
- **Foshay Learning Center** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **George de la Torre Jr Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **Linda Esperanza Marquez Senior High Social Justice** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **Marlton School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **Nathaniel Narbonne Senior High** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **RFK Community of Schools - UCLA Community School K-12** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.
- **Roosevelt Senior High Science/Tech/Math Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **Sun Valley Magnet: Engineering Technology** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.
- **The Science Academy STEM Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.
- **Walnut Park Middle School - Social Justice and Service Learning** – Two (2) teachers were assigned to teach in a position not consistent with the authorization of their certifications.
- **Western Avenue Tech/Eng/Comm/Hum Magnet** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification. One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification due to having a late consent form on file.
- **Wilton Place Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-002) but for different schools and teachers.

### **Questioned Costs**

Not Applicable.

### **Recommendation**

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

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

Human Resources (HR) will continue in their efforts to ensure that every student is instructed appropriately by teachers who are authorized by their certifications as well as having a consent form on file, as necessary. This will be achieved by providing professional development opportunities to certificated staff responsible for overseeing the master schedule. HR will leverage the Staff Relations Update to issue monthly reminders to principals regarding the importance of making appropriate teacher assignments and submitting local assignment option forms. To address any delays in form submissions, HR will compile and distribute, by April 2024, a list of candidates who have utilized local assignment options during the current academic year. This initiative aims to assist in having principals submit local assignment option forms in a timely manner for the upcoming academic year.

The Substitute Unit will launch a communication campaign to inform and monitor substitute teachers and school administrators of the State's limitations. Warnings will be issued and substitute teachers lacking authorization will be taken off their assignments.

Name: Luz Ortega  
Title: Coordinator, Credentials, Contract and Compliance Unit  
Contact Information: luz.ortega@lausd.net

Name: Jorge Amador  
Title: Assistant Director, Substitute Unit  
Contact Information: jorge.amador@lausd.net

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### S-2023-003 – Kindergarten Continuance

**State Audit Guide Finding Codes:** 40000

#### Schools Affected

- Hoover Street Elementary
- Mayall Street Academy of Arts/Technology Magnet
- Mount Washington Elementary
- Park Western Place Elementary
- Wilshire Park 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 106 schools offering Kindergarten from the schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2022-23 and kindergarten in school year 2021-22 and verified that a signed kindergarten continuance parental agreement (agreement) was maintained. We noted the following exceptions due to school oversight.

- **Hoover Street Elementary** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.
- **Mayall Street Academy of Arts/Technology Magnet** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.
- **Mount Washington Elementary** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.
- **Park Western Place Elementary** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student.
- **Wilshire Park Elementary School** – A signed agreement, approved in form and content by the CDE, was signed after the start of the school year or after the student began their second year of kindergarten for one (1) student, as a result of our inquiry.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

This finding is a repeat finding, having been reported previously at June 30, 2022 (S-2022-003) but for different schools.

#### Questioned Costs

- Grades K-3 – 175 days / 139 days = 1.26 ADA overstated \* \$13,895.87 = \$17,508.80
  - Hoover Street Elementary
    - 20 days overstated / 139 days in single track school year
  - Mayall Street Academy of Arts/Technology Magnet
    - 9 days overstated / 139 days in single track school year
  - Mount Washington Elementary
    - 1 day overstated / 139 days in single track school year
  - Park Western Place Elementary
    - 14 days overstated / 139 days in single track school year
  - Wilshire Park Elementary School
    - 131 days overstated / 139 days in single track school year

#### Recommendation

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

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 continue ensuring that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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

To ensure compliance with Kindergarten Continuance requirements, the following actions will be implemented during the 2023-2024 school year.

- Continue to provide communication and support to schools on using the Kindergarten Retention Monitoring report in FOCUS beginning in January 2024.
- Continue to provide communication and support to schools on review of the Kindergarten Continuance Certify Report to clear alert messages for students with no Kindergarten Continuance Form date by obtaining completed forms and documenting the completion date in MiSiS monthly, beginning in January 2024.
- Provide training on the Kindergarten Continuance process and guidelines to the following by Spring 2024:
  - School Office Staff, such as School Administrative Assistants
  - School Designees
  - Operations Staff
- Continue to review the Kindergarten Continuance policy with principals and region administrators throughout the school year in the Weekly Instructional News, at principal organization meetings, etc. beginning in January 2024.
- Continue to secure a signed a copy of the Kindergarten Audit Principal Certification and Acknowledgement form.
- Start communication with the MiSiS team on the feasibility of a MiSiS enhancement. This enhancement will only allow the retention e-date to be after the date of the signed completed continuance form is submitted.

Name: Elizabeth Bernal

Title: Interim Administrator, Elementary Instruction

Telephone: (213) 241-6603

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **S-2023-004 Independent Study – Attendance Computations**

**State Program:** Attendance Accounting: Attendance Reporting

**State Audit Guide Finding Codes:** 10000 and 40000

#### **Schools Affected**

- City of Angels
- Virtual Academy Computer Science

#### **Criteria**

*California Education Code, Section 51747.5 (b)* – A local educational agency 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 three (3) schools with independent study programs, we noted the following, resulting due to attendance reporting issues where IS Supervising Designees reported attendance for students in MISIS without confirming the enrollment date of the student as determined by the signature dates on the Master Agreement:

- **City of Angels**
  - Attendance for (1) student shows 5 days on the SMASR (Student Monthly Attendance Summary Report); however, the student's record of attendance shows 1 day. The student's days were overreported by 4 days. 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.
  - Attendance for (1) student shows 10 days on the SMASR (Student Monthly Attendance Summary Report); however, the student's record of attendance shows 2 days. The student's days were overreported by 8 days. 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.
- **Virtual Academy Computer Science**
  - The school did not maintain records of master agreements for one (1) student. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

- The master agreement for ten (10) students were signed by the parents after the first day of instruction. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.
- One (1) student was reported present for a total of 60 days prior to their master agreement being signed by the parent.
- Attendance for (1) student shows 16 days on the SMASR; however, the student's record of attendance shows 3 days. The student's days were overreported by 13 days.
- Attendance for (1) student shows 11 days on the SMASR; however, the student's record of attendance shows 6 days. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.
- Attendance for (1) student shows 11 days on the SMASR; however, the student's record of attendance shows 8 days. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.
- Attendance for (1) student shows 2 days on the SMASR; however, the student's record of attendance shows 0 days. The District updated MiSiS to reflect the student as having no attendance in P3 reporting but subsequent to providing the SMASR. As MiSiS has been updated to reflect the correct attendance of the student prior to P3 reporting, this does not lead to questioned costs.

This finding is a repeat finding, having been reported previously at June 30, 2022 (S-2022-004).

#### **Questioned Costs**

- Grades 9-12:  $73 \text{ days} / 139 \text{ days} = 0.53 \text{ ADA overstated} * \$13,780.81 = \$7,303.83$ 
  - Virtual Academy Computer Science
    - Grades 9-12: 73 days overstated/139 days in single track school year

#### **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

## Schedule of Findings and Questioned Costs

June 30, 2023

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

This is to acknowledge the importance of ensuring that the long-term independent study enrollment process includes ensuring the master agreement document is signed before enrollment, and all records of attendance accurately reflect the attendance codes that is reported in MISIS. Planned corrective actions are as follows:

1. Review findings and corrective actions with administrators from each of the six Virtual Academies in the long-term Independent Study Program.
2. Provide training to review enrollment process at each of the Virtual Academies to ensure that the master agreement is signed by all parties before the student is enrolled and attendance is reported into MiSiS by the school.
3. Provide training for teachers of all six virtual academies on recording attendance in MiSiS according to the attendance days earned on the corresponding records of assignments.
4. Provide training for teachers on submitting attendance in MiSiS for all days the student is enrolled in the long-term independent study Virtual Academy program.

The above corrective action plans implementation target date is October 31, 2023.

Name: Connie L. Brandstetter

Title: Administrator of Instruction, Virtual Academy

Telephone: (213) 241-1933

### City of Angels Schools:

Planned corrective actions are as follows:

1. Conduct regular self-audits on a monthly basis to identify instances of over and under reporting in MiSiS and take immediate corrective actions to address identified reporting issues promptly.
2. Ensure the ongoing provision of comprehensive, differentiated, and personalized professional development to teachers when school balancing reveals fidelity issues with MISIS reporting requirements.

For New Faculty Members (particularly those in their first year as independent study teachers):

1. Maintain a consistent onboarding and training program specifically tailored for new teachers with 1-3 years of independent study experience. Deliver monthly focused training sessions and provide support to enhance their skills and understanding.

The corrective action plan for City of Angels is effective January 8, 2024.

Name: Dr. Vince Carbino

Title: Principal, City of Angels Independent Study School

Telephone: (323) 501-7227

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### S-2023-005 – Instructional Time

#### State Audit Guide Finding Codes: 40000

#### Criteria

*California Education Code, Section 46207* - (a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision (b) of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall, for each fiscal year, offer, at a minimum, the following number of minutes of instruction:

- (1) To pupils in kindergarten, 36,000 minutes.
- (2) To pupils in grades 1 to 3, inclusive, 50,400 minutes.
- (3) To pupils in grades 4 to 8, inclusive, 54,000 minutes.
- (4) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

*California Education Code, Section 46208* –

- (a) Notwithstanding Sections 46200 to 46205, inclusive, upon a determination that a school district equals or exceeds its local control funding formula target computed pursuant to Section 42238.02 as determined by the calculation of a zero difference pursuant to paragraph (1) of subdivision of Section 42238.03, each school district, as a condition of apportionment pursuant to Section 42238.02, as implemented pursuant to Section 42238.03, shall offer 180 days or more of instruction per school year. A school operating as a multitrack year-round school shall be deemed to be in compliance with the 180-day requirement if it certifies to the Superintendent that it is a multitrack year-round school and maintains its school for a minimum of 163 schooldays.
- (c) For a school district that has met its local control funding formula target and that offers fewer than the number of instructional days required pursuant to this section, the Superintendent shall withhold from the school district's local control funding formula grant apportionment pursuant to Section 42238.02, as implemented by Section 42238.03, for the average daily attendance of each affected grade level, the sum of 0.0056 multiplied by that apportionment for each day less than what was required pursuant to this section, for up to five days.

#### Condition, Cause and Effect

In our sample of 138 schools, we reviewed the calendar and bell schedules of the District to determine if the instructional minutes and instructional days met the minimum requirements outlined in Education Code sections 46207 and 46208.

We noted the following findings due to a work stoppage in March 2023 resulting in the closure of all District schools, for 3 days.



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

Instructional Days

- The District offered 177 instructional days to all of our sampled schools, not the minimum 180-day requirement. As such, the penalty for instructional days is calculated as follows:

Calculating the Cost of an Instructional Time Audit Finding	D1	D2	D3	D4	Calculations
Affected grade level(s)	K-3	4-6	7-8	9-12	
Affected grade level ADA	132,298.81	94,615.64	58,557.44	112,946.88	(a)
Derived Value of ADA by Grade Span	\$ 13,895.87	\$ 12,776.67	\$ 13,155.69	\$ 15,642.63	(b)
Number of days short	3	3	3	3	(c)
Instructional Day Penalty by Grade Span	\$ 30,885,238.69	\$ 20,309,063.19	\$ 12,942,107.27	\$ 29,682,009.06	(d) = 0.0056 * (a) * (b) * (c)
<b>Total Instructional Day Penalty</b>	<b>\$93,818,418.21</b>				(e) = (D1) + (D2) + (D3) + (D4) + (D5)

Instructional Minutes

- The District did not meet the minimum number of instructional minutes for 31 of the originally 138 sampled schools. We expanded our sample size to determine if any additional District schools also did not meet the instructional minutes requirement, citing an additional 153 identified schools. All of the schools identified as not being compliant were secondary schools (9-12). As such, a total of 184 schools were identified as not being compliant with the instructional minutes requirement.

Out of those 184 identified schools, the school that offered the least number of minutes was short of the required 64,800 minutes by 631 minutes.

As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	112,946.88	(a)
Derived Value of ADA by Grade Span	\$ 15,642.63	(b)
Number of required minutes	64,800	(c)
Number of minutes short	631	(d)
Percentage of Minutes Not Offered	0.97%	(e) = (d) / (c)
Affected LCFF Apportionment by Grade Span	\$ 1,766,786,253.49	(f) = (a) * (b)
<b>Total Instructional Time Penalty</b>	<b>\$ 17,137,826.66</b>	(g) = (e) * (f)

**Questioned Costs**

Instructional Days Penalty	\$ 93,818,418.21
Instructional Time Penalty	17,137,826.66
<b>Total Penalty</b>	<b>\$110,956,244.87</b>

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **Recommendation**

We recommend the District put mechanisms in place to track their compliance with instructional days and instructional minutes offered throughout the year to monitor compliance with the instructional days and instructional minutes requirements.

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

All District schools were compliant with the minimum instructional days and minutes requirements at the beginning of the school year. However, work stoppage in March 2023 necessitated the closure of all District schools for 3 days. Since all District schools' instructional minutes offerings exceed the State minimum requirement, only the comprehensive high schools fell short of meeting the minutes requirement due to the 3 closure days.

The District plans to file for the Instructional Time Penalty Waiver. To comply with the conditions for the penalty waiver, the District is offering 183 instructional days for the 2023-24 and 2024-25 school years, with comprehensive high schools offering over 66,000 annual instructional minutes for each of the school years.

Name: Saman Bravo-Karimi  
Title: Senior Executive Director of Finance Policy  
Telephone: (213) 241-0146

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### S-2023-006 – Classroom Teacher Salaries

#### State Audit Guide Finding Codes: 61000

#### Criteria

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

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

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

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

#### Condition, Cause and Effect

We obtained the District’s general ledger (ledger) of expenditures and reconciled the ledger to the District’s Audited Financial Statements as of June 30, 2023, which accounts for all applicable audit adjustments.

We utilized the ledger to calculate the elements of the current expense formula, which amounted to \$8,648,568,628.98.

We then utilized the ledger to calculate the elements of the minimum classroom compensation, which amounted to \$4,069,318,418.74.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

Based on the information derived above, we determined that the District’s percent of current cost of education expended for classroom compensation to be 47.05%, which falls short of the 55.00% minimum percent required for unified school districts.

This leads to a deficiency percentage of 7.95 % and a deficiency amount of \$687,561,206.00.

These calculations are illustrated below:

Total teacher salaries and benefits	\$ 4,069,318,418.74	(a)
Current expense	\$ 8,648,568,628.98	(b)
Percentage spent by the District	47.05%	(c) = (a) / (b)
Minimum percentage required	55.00%	(d)
Percentage below the minimum	7.95%	(e) = (d) - (c)
Deficiency Amount	\$ 687,561,206.00	(f) = (e) * (b)

This is a repeat finding, having been reported previously at June 30, 2022 (S-2022-007).

**Questioned Costs**

Deficiency amount - \$687,561,206.00.

**Recommendation**

We recommend that the District put mechanisms in place to track their percentage of teacher salaries and benefits to total expenses throughout the year in order to monitor compliance with the classroom teacher salary requirements.

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

The District continuously spent significant amount of dollars on classroom teacher salaries, benefits, and other expenditures necessary to address learning gaps using one-time COVID funding dollars. Given how the formula works, if the District can exclude all covid related spending in the calculation of the Current Expense but take credit in the numerator for classroom teacher salaries and benefits funded by COVID funding resource, the District would be able to meet the requirement because in substance, the District did spend a substantial amount on classroom teacher salaries and benefits.

The District shall engage with the Los Angeles County office of Education (LACOE) to seek a waiver request again for this year as per Education Code Section 41372.

Name: Bryant Gonzalez  
Title: Deputy Controller  
Contact Information: bryant.gonzalez1@lausd.net

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **S-2023-007 – After School Education and Safety Program**

**State Program:** After School Education and Safety Program

**State Audit Guide Finding Codes:** 40000

#### **Schools Affected**

- 232<sup>nd</sup> Place Elementary
- Alta Loma Elementary
- Ambler Ave Elementary School
- Aragon Avenue Elementary
- Breed Street Elementary
- Catskill Ave Elementary School
- Daniel Webster Middle School
- Emerson Community Charter
- Pinewood Avenue Elementary
- Marina Del Rey Middle School
- San Fernando Elementary School
- Sonia Sotomayor Art/Sci Magnet
- Valley Oaks Center for Enriched Studies (VOCES) Magnet
- Walnut Park Elementary
- Westminster Avenue Elementary Math/Tech/Env Studies Magnet
- Westport Heights Elementary
- Westside Global Awareness Magnet

#### **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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

(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.

*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 39 schools and 2,198 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 14 schools and 1,729 days of attendance in the after school component of the After School Education and Safety Program.

There were 286 students in 12 schools that did not comply with the established early release policy due to school oversight. 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.

- **232<sup>nd</sup> Place Elementary** – 33 students did not participate in the full period of the after school program for a total of 91 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Ambler Ave Elementary School** – 20 students did not participate in the full period of the after school program for a total of 46 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Catskill Ave Elementary School** – 29 students did not participate in the full period of the after school program for a total of 97 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Daniel Webster Middle School** – 13 students did not participate in the full period of the after school program for a total of 34 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Emerson Community Charter** – 23 students did not participate in the full period of the after school program for a total of 75 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

- **Marina Del Rey Middle School** – 12 students did not participate in the full period of the after school program for a total of 37 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **San Fernando Elementary School** – 39 students did not participate in the full period of the after school program for a total of 101 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Sonia Sotomayor Art/Sci Magnet** - 8 students did not participate in the full period of the after school program for a total of 24 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Walnut Park Elementary** – 31 students did not participate in the full period of the after school program for a total of 72 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Westminster Avenue Elementary Math/Tech/Env Studies Magnet** - 31 students did not participate in the full period of the after school program for a total of 72 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Westport Heights Elementary** - 2 students did not participate in the full period of the after school program for a total of 3 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 Beyond the Bell Report (BTB) and to the Period 1 Assist Summary reported to CDE on a sampled basis for the schools for a sampled month during the school year 2022-2023. 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, resulting from school oversight.

- **232<sup>nd</sup> Place Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of 15 students to produce the attendance records for a total of 21 days but marked present on the MAR.
- **Ambler Ave Elementary School** - Lack of supporting information (i.e., sign-in time, sign-out time) of 15 students to produce the attendance records for a total of 27 days but marked present on the MAR.
- **Catskill Ave Elementary School** - Lack of supporting information (i.e., sign-in time, sign-out time) of 21 students to produce the attendance records for a total of 49 days but marked present on the MAR.
- **Daniel Webster Middle School** - Lack of supporting information (i.e., sign-in time, sign-out time) of 7 students to produce the attendance records for a total of 12 days but marked present on the MAR.
- **Emerson Community Charter** - Lack of supporting information (i.e., sign-in time, sign-out time) of 4 students to produce the attendance records for a total of 4 days but marked present on the MAR.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

- **Marina Del Rey Middle School** - Lack of supporting information (i.e., sign-in time, sign-out time) of 4 students to produce the attendance records for a total of 4 days but marked present on the MAR.
- **San Fernando Elementary School** - Lack of supporting information (i.e., sign-in time, sign-out time) of 4 students to produce the attendance records for a total of 12 days but marked present on the MAR.
- **Sonia Sotomayor Art/Sci Magnet** - 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 2 days but marked present on the MAR.
- **Valley Oaks Center for Enriched Studies (VOCES) Magnet** – This was a newly operated school that was presented as an ASES funded school on the MAR, however for the months of January 2023 and February 2023 the school was not operating as an after school program but was charged to ASES funding.
- **Walnut Park Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of 1 student to produce the attendance records for a total of 2 days but marked present on the MAR.
- **Westminster Avenue Elementary Math/Tech/Env Studies Magnet** - Lack of supporting information (i.e., sign-in time, sign-out time) of 37 students to produce the attendance records for a total of 58 days but marked present on the MAR.
- **Westport Heights Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of 1 student to produce the attendance record for a total of 1 day but marked present on the MAR.
- **Westside Global Awareness Magnet** - Lack of supporting information (i.e., sign-in time, sign-out time) of 3 students to produce the attendance records for a total of 3 days but marked present on the MAR.

#### **Before School Component of the Program**

On a sample basis, we tested the attendance documentation of 25 schools and 469 days of attendance in the before school component of the Before School Education and Safety Program.

There were 9 students in 3 schools 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:

- **Aragorn Avenue Elementary** – 4 students did not participate in the full period of the before school program for a total of 6 days that were participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.
- **Breed Street Elementary** – 2 students did not participate in the full period of the before school program for a total of 4 days that were participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.
- **Pinewood Avenue Elementary** – 3 students did not participate in the full period of the before school program for a total of 5 days that were participated and there were no properly filled out late arrival forms to explain why such requirements were not complied with.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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 Beyond the Bell Report (BTB) and to the Period 1 Assist Summary reported to CDE on a sampled basis for the schools for a sampled month during the school year 2022-2023. 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, resulting from school oversight.

- **Alta Loma Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of 1 student to produce the attendance record for a total of 1 day but marked present on the MAR.
- **Aragon Avenue Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of 3 students to produce the attendance records for a total of 10 days but marked present on the MAR.
- **Pinewood Avenue Elementary** - Lack of supporting information (i.e., sign-in time, sign-out time) of 2 students to produce the attendance records for a total of 2 days but marked present on the MAR.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-008) but for different schools.

### **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.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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

Beyond the Bell Branch will implement the following to strengthen attendance documentation for ASES: Provide training on attendance and daily late arrival/early release reporting at the sites to ensure documentation of reported attendance figures and late arrival/early release is readily available and accurate. In addition, Beyond the Bell Branch will continue performing agency site visits to ensure compliance with the established policies. The goal of this corrective action plan is to ensure compliance with the established policies by agencies providing services at our schools.

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 identified in Audit Finding S-2023-07 will attend a training meeting scheduled in January 2024. 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 attend a training meeting scheduled in February 2024. The training will address the District's policy on documenting and maintaining accurate attendance and Early Release/Late Arrival forms records.
3. Beyond the Bell Branch Administrators and Traveling Supervisors monitoring agency contractors and program personnel will attend a training meeting scheduled in March 2024. The training will address the Traveling Supervisor's responsibility when monitoring agencies to ensure they follow the District's policies and procedures on attendance reporting and the documentation of Early Release/Late Arrival Policies.
4. 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.
5. Beyond the Bell Branch Leadership will monitor to ensure the Beyond the Bell Branch Administrators and Traveling Supervisors conduct the "Random Reviews/Audits of Monthly Attendance Reports" and conduct Agency "Annual Performance Reviews" to address noted findings.

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

Name: Jose Carrillo  
Title: Administrator, Beyond the Bell  
Telephone: (213) 241-7900

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**S-2023-008 – Unduplicated Local Control Funding Formula Pupil Counts**

**State Program:** Unduplicated Local Control Funding Formula Pupil Counts

**State Audit Guide Finding Code:** 40000

**Schools Affected**

- Alexandria Avenue Elementary
- Bridge Street Elementary
- Brockton Avenue Elementary
- Budlong Avenue Elementary
- Carson Street Elementary
- Corona Avenue Elementary
- Dr Maya Angelou Community Senior High
- El Sereno Elementary
- Foshay Learning Center
- Francisco Bravo Senior High Medical Magnet
- Fries Avenue Elementary
- Hollywood Elementary
- James J McBride Special Education Center
- Johnnie L Cochran Jr Middle School
- Mariposa-Nabi Primary Center
- Marlton School
- Morris K Hamasaki Medical/Science Magnet
- Nathaniel Narbonne Senior High
- Noble Avenue Elementary
- Point Fermin Elementary Marine Science Magnet
- Quincy Jones Elementary
- Raymond Avenue Elementary
- Roosevelt Senior High Science/Tech/Math Magnet
- San Fernando Elementary
- Saticoy Elementary
- Susan Miller Dorsey Senior High
- Walgrove Avenue Elementary
- Walnut Park Elementary
- Wilton Place Elementary
- University High School Charter (Dependent Charter)

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### 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 2,910 students from 150 schools from the “1.18 – FRPM / English Learner / Foster Youth – Student List” reported in the CALPADS. We examined supporting documentation for the selected students and verified their respective eligibility.

Of the 2,910 students tested, 1,553 students were selected for verification of their Free and Reduced Price Meal (FRPM) eligibility as “181 - Free” or “182 - Reduced”, 502 students were selected for verification of their English Learner “EL”, and 855 students were selected for verification of either FRPM or EL eligibility in accordance with the audit guide.

Based on our testing, we noted that thirty-four (34) students from the District’s schools, and one (1) student from the District’s Dependent Charter Schools were reported as Free or Reduced or English Learner eligible but were unsupported. This was due to the District’s interpretation of California Department of Education’s (CDE) business rules related to the collection of household income forms for new students whose forms are collected after November 30th for FRPM students. Some EL students were not administered the Summative English Language Proficiency Assessments for California (ELPAC) and/or their grade level skills assessment due to chronic absenteeism/illness during the year under review.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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

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	1,193,687	1,026,262	85.97%	-	-	(291) **	1,025,971	85.95%
Alexandria Avenue Elementary	1,527	1,464	95.87%	(1)	-	-	1,463	95.81%
Bridge Street Elementary	523	513	98.09%	(1)	-	-	512	97.90%
Brockton Avenue Elementary	570	472	82.81%	-	(1)	-	471	82.63%
Budlong Avenue Elementary	2,073	2,012	97.06%	(1)	-	-	2,011	97.01%
Carson Street Elementary	1,865	1,415	75.87%	(1)	-	-	1,414	75.82%
Corona Avenue Elementary	1,938	1,861	96.03%	(1)	-	-	1,860	95.98%
Dr Maya Angelou Community Senior High	3,201	3,163	98.81%	(1)	-	-	3,162	98.78%
El Sereno Elementary	839	789	94.04%	(1)	-	-	788	93.92%
Foshay Learning Center	5,302	4,947	93.30%	(1)	-	-	4,946	93.29%
Francisco Bravo Senior High Medical Magnet	5,021	4,399	87.61%	(1)	-	-	4,398	87.59%
Fries Avenue Elementary	1,061	1,010	95.19%	(1)	-	-	1,009	95.10%
Hollywood Elementary	536	513	95.71%	(1)	-	-	512	95.52%
James J McBride Special Education Center	417	290	69.54%	(2)	-	-	288	69.06%
Johnnie L Cochran Jr Middle School	1,540	1,531	99.42%	-	-	(1)	1,530	99.35%
Mariposa-Nabi Primary Center	311	302	97.11%	(2)	-	-	300	96.46%
Marlton School	442	434	98.19%	(1)	-	-	433	97.96%
Morris K Hamasaki Medical/Science Magnet	1,132	1,044	92.23%	(1)	-	-	1,043	92.14%
Nathaniel Narbonne Senior High	5,467	4,482	81.98%	(1)	-	-	4,481	81.96%
Noble Avenue Elementary	2,166	2,111	97.46%	(1)	-	-	2,110	97.41%
Point Fermin Elementary Marine Science Magnet	938	603	64.29%	-	(1)	-	602	64.18%
Quincy Jones Elementary	866	849	98.04%	(1)	-	-	848	97.92%
Raymond Avenue Elementary	1,265	1,234	97.55%	(2)	-	-	1,232	97.39%
Roosevelt Senior High Science/Tech/Math Magnet	1,580	1,490	94.30%	(1)	-	-	1,489	94.24%
San Fernando Elementary	1,489	1,435	96.37%	(1)	-	-	1,434	96.31%
Saticoy Elementary	1,513	1,438	95.04%	(2)	-	-	1,436	94.91%
Susan Miller Dorsey Senior High	2,366	2,157	91.17%	(2)	-	-	2,155	91.08%
Walgrove Avenue Elementary	709	273	38.50%	-	(1)	-	272	38.36%
Walnut Park Elementary	1,645	1,577	95.87%	(1)	-	-	1,576	95.81%
Wilton Place Elementary	1,010	966	95.64%	(1)	-	-	965	95.54%
University High School Charter (Dependent Charter)	4,268	3,045	71.34%	(2)	-	-	3,043	71.30%
University High School Charter (Dependent Charter)	4,268	3,045	71.34%	(1)	-	-	3,044	71.32%

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

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

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-009) but for different schools.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **Questioned Costs**

We determined the total impact of the thirty-four (34) findings on the District, and one (1) finding 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 291, and for the Dependent Charter School, University High School Charter, is 2.

We decreased the District's UPC by the extrapolated impact of 291 students and calculated an Adjusted UPC of 85.95%.

We applied the Adjusted UPC to the District's LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2022-23, and we computed total questioned costs to be \$691,321.

We also decreased the Dependent Charter Schools' UPC by the extrapolated impact of 2 students and calculated an Adjusted UPC for University High School Charter of 71.30%.

We applied the Adjusted UPC to the Dependent Charter Schools LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2022-23, and we computed total questioned costs for University High School Charter to be \$4,770.

### **Recommendation**

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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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

#### English Learner Program:

As is customary practice, the Multilingual Multicultural Education Department (MMED) in collaboration with the Office of Data and Accountability (Student Testing Branch and State Report Services Branch) will continue to:

1. Monitor EL eligibility using Elevate Alerts monthly and provide updates to region personnel and school's EL Designees.
2. Provide training on EL enrollment procedures on or before September 30, 2024.
3. Provide training on assessment procedures as follows:
  - a. Fall 2024: On or before September 30, 2024
  - b. Spring 2024: On or before April 30, 2024

Name: Angela Sandoval  
Title: Administrative Coordinator  
Telephone: (213) 241-5582

Name: Rafael Escamilla  
Title: Administrative Coordinator, English Learner Compliance  
Telephone: (213) 241-5582

Name: Jose Posada  
Title: Administrator, English Learners  
Telephone: (213) 241-5582

#### Free or Reduced Price Meal:

To address the free and reduced meal eligibility status, the following will be undertaken:

1. Students who were enrolled on Census Day but whose household income forms were received after the October 31 deadline will no longer be counted as FRPM eligible moving forward.
2. By Spring 2024 and on-going thereafter, a refresher training will be planned and conducted to address the importance of diligence and attention to detail on critical information when verifying Household Income Forms.

Name: David Heredia  
Title: Director, Office of Data and Accountability  
Contact Information: (213) 241-2450

Name: Rudy Ramirez  
Title: Director, Office of Data and Accountability  
Contact Information: (213) 241-2460

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**S-2023-009 Immunizations**

**State Audit Guide Finding Codes: 40000**

**Schools Affected**

- 107th Street Elementary
- 42nd Street Elementary
- Angeles Mesa Elementary
- Bellingham Elementary
- Coliseum Street Elementary
- Erwin Elementary
- Grant Elementary
- Hubert Howe Bancroft Middle School
- John B Monlux Elementary
- Kenter Canyon Elementary Charter
- Kittridge Street Elementary
- Manhattan Place Elementary
- Mountain View Elementary
- Orchard Academies 2C
- Purche Avenue Elementary
- Rancho Dominguez Preparatory School
- Raymond Avenue Elementary
- Vinedale College Preparatory Academy

**Criteria**

*California Code of Regulations, Title 17, Section 6025: (a)* A school or pre-kindergarten facility shall unconditionally admit or allow continued attendance to any pupil age 18 months or older whose parent or guardian has provided documentation of any of the following for each immunization required for the pupil's age or grade, as defined in Table A or B of this section:

Table B: California Immunization Requirements For Grades K-12

<b>Grade</b>	<b>Number of Doses Required of Each Immunization</b>				
K-12 Admission	4 Polio	5 DTap	3 Hep B	2 MMR	2 Varicella
(7th - 12th)	1 Tdap				
7th Grade Advancement	2 Varicella	1 Tdap			



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

*California Code of Regulations, Title 17, Section 6040:*

(a) If a pupil attending a school or pre-kindergarten facility who was previously believed to be in compliance is subsequently discovered to not be in compliance with either the unconditional admission requirements specified in section 6025 or the conditional admission requirements specified in section 6035:

- (1) The governing authority shall notify the parent or guardian of the time period within which the doses must be received. This time period may be no more than 10 school days after notification.
- (2) The pupil shall continue in attendance only if the parent or guardian provides documentation that the immunization requirements have been met within the time period designated by the governing authority.

(b) The parent or guardian shall submit documentation that seventh grade immunization requirements have been met to the governing authority prior to first 7th grade attendance.

*California Code of Regulations, Title 17, Section 6051(b)* - The fact of the permanent medical exemption for specific immunization(s) shall be recorded in the pupil's record in accordance with section 6070.

*California Code of Regulations, Title 17, Section 6055* - The governing authority shall exclude any pupil who does not meet the requirements for admission or continued attendance as specified in Article 2 of this subchapter and Health and Safety Code section 120335.

*California Code of Regulations, Title 17, Section 6070*

(a) Pre-kindergarten facility and school personnel must record information for each pupil regarding all doses of required immunizations and the status of all requirements, as defined in Article 2 of this subchapter, using an immunization record that is provided by the parent or guardian that complies with the documentary proof requirements of section 6065, from a prior school, or in an immunization registry or information system governed by Health and Safety Code section 120440. The governing authority of each school and pre-kindergarten facility shall maintain this information for each pupil in the pupil's record.

(b) The immunization information shall include the following elements:

- (1) Pupil Name (Last, First, Middle).
- (2) Statewide Student Identifier (SSID) (if assigned).
- (3) Name of Parent/Guardian (Last, First).
- (4) Birthdate (month, day, and year).
- (5) Sex.
- (6) Ethnicity (Hispanic/Latino, Non-Hispanic/Non-Latino).
- (7) Race (African-American/Black, American Indian/Alaska Native, Asian, Native Hawaiian/Other Pacific Islander, White, Other).

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- (8) As specified in Table A or B of section 6025 for age or grade, the date (month, day, and year) each of the following required vaccine doses were given:
- (A) IPV/OPV (Polio).
  - (B) DTaP/DTP (Diphtheria, Tetanus and [acellular] Pertussis).
  - (C) MMR (Measles, Mumps, and Rubella).
  - (D) Hib (Haemophilus influenzae type b; required for pre-kindergarten only).
  - (E) Hep B (Hepatitis B).
  - (F) VAR/VZV (Varicella or Chickenpox).
  - (G) Tdap (Tetanus, reduced Diphtheria and [acellular] Pertussis; required for 7th grade advancement and 7th-12th grade admission).
- (9) Permanent medical exemption (indicate for each vaccine as applicable).
- (10) Status of requirements at admission to pre-kindergarten:
- (A) Name of staff who reviewed the pupil's immunization record.
  - (B) (If applicable) Pupil is currently up-to-date but more doses are due as specified in Tables A and C of sections 6025 and 6035, respectively.
    - i. Follow-up date (month, day and year).
  - (C) (If applicable) Pupil has Temporary Medical Exemption as specified in section 6050.
    - i. Follow-up date (month, day and year).
  - (D) The date (month, day and year) pupil met requirements for admission as specified in section 6025.
- (11) Status of requirements at admission to K-12:
- (A) Name of staff who reviewed the pupil's immunization record.
  - (B) (If applicable) Pupil is currently up-to-date but more doses are due as specified in Tables B and D of sections 6025 and 6035, respectively.
    - i. Follow-up date (month, day and year).
  - (C) (If applicable) Pupil has Temporary Medical Exemption as specified in section 6050.
    - i. Follow-up date (month, day and year).
  - (D) The date (month, day and year) pupil met requirements for admission as specified in section 6025.
- (12) Status of requirements at admission or advancement to 7th grade:
- (A) Name of staff who reviewed the pupil's immunization record.
  - (B) (If applicable) Pupil is currently up-to-date but more doses are due as specified in Tables B and D of sections 6025 and 6035, respectively.
    - i. Follow-up date (month, day and year).
  - (C) (If applicable) Pupil has Temporary Medical Exemption as specified in section 6050.
    - i. Follow-up date (month, day and year).
  - (D) The date (month, day and year) pupil meets requirements for admission as specified in section 6025.

(c) Pursuant to subdivision (c) of section 120375 of the Health and Safety Code, the local health department shall have access to the health information as it relates to immunization of each pupil.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Condition, Cause and Effect

For the 45 schools identified as reporting a conditional admission rate greater than 10 percent in Kindergarten pupils to the California Department of Public Health (CDPH), we selected a sample of 270 Kindergarten pupils, excluding students in independent study and students with an individualized education program that includes special education and related services, and verified that each pupil has a California School Immunization Record, CDPH 286 (01/19) on file (prior version of form or equivalent electronic or hard copy record are acceptable), and verified that the pupils had 2 doses of varicella vaccine and 2 doses of a measles vaccine prior to admission, or had a current medical exemption on file. For pupils who only had 1 dose of either vaccine prior to admission, we verified that the 2<sup>nd</sup> dose was received within 4 calendar months and 10 school days after the 1<sup>st</sup> dose.

We noted the following findings, schools were not familiar with immunization requirements. As a result, the schools enrolled students who may not have been fully compliant with the requirements.

- **107th Street Elementary** – Out of the 15 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2<sup>nd</sup> dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupils were marked present in the school’s monthly attendance summary for a total of 58 days during the time in which the pupil was not compliant with immunization requirements.
- **42nd Street Elementary** – Out of the 2 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the varicella vaccine before the first day of school and did not receive the required 2<sup>nd</sup> dose of the varicella and measles vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 124 days during the time in which the pupil was not compliant with immunization requirements.
- **Angeles Mesa Elementary** – Out of the 6 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> dose of the varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 9 days during the time in which the pupil was not compliant with immunization requirements.
- **Bellingham Elementary** – Out of the 10 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2<sup>nd</sup> dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupils were marked present in the school’s monthly attendance summary for a total of 80 days during the time in which the pupils were not compliant with immunization requirements.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- **Coliseum Street Elementary** – Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 79 days during the time in which the pupil was not compliant with immunization requirements.
  
- **Erwin Elementary** – Out of the 10 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the varicella vaccine before the first day of school.
  - One (1) pupil did not receive the required 2<sup>nd</sup> dose of the varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupils were marked present in the school’s monthly attendance summary for a total of 184 days during the time in which the pupil was not compliant with immunization requirements.
  
- **Grant Elementary** – Out of the 5 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the varicella vaccine before the first day of school.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 8 days during the time in which the pupil was not compliant with immunization requirements.
  
- **John B Monlux Elementary** – Out of the 9 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the measles vaccine before the first day of school and did not receive the required 2<sup>nd</sup> dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 79 days during the time in which the pupil was not compliant with immunization requirements.
  
- **Kenter Canyon Elementary Charter** – Out of the 9 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> doses of the measles and varicella vaccines within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 73 days during the time in which the pupil was not compliant with immunization requirements.
  
- **Kittridge Street Elementary** – Out of the 12 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> doses of the measles and varicella vaccines within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 35 days during the time in which the pupil was not compliant with immunization requirements.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

June 30, 2023

- **Manhattan Place Elementary** – Out of the 5 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> doses of the measles and varicella vaccines within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 21 days during the time in which the pupil was not compliant with immunization requirements.
- **Mountain View Elementary** – Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the varicella vaccine before the first day of school.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 93 days during the time in which the pupil was not compliant with immunization requirements.
- **Purche Avenue Elementary** – Out of the 7 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> dose of the measles vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 3 days during the time in which the pupil was not compliant with immunization requirements.
- **Raymond Avenue Elementary** – Out of the 8 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> dose of the varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 9 days during the time in which the pupil was not compliant with immunization requirements.
- **Vinedale College Preparatory Academy** – Out of the 2 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2<sup>nd</sup> dose of the measles and varicella vaccine within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupil was marked present in the school’s monthly attendance summary for a total of 46 days during the time in which the pupil was not compliant with immunization requirements.

For the 6 schools identified as reporting a conditional admission rate greater than 10 percent in 7<sup>th</sup>/8<sup>th</sup> Grade pupils to the California Department of Public Health (CDPH), we selected a sample of 45 7<sup>th</sup>/8<sup>th</sup> Grade pupils, excluding students in independent study and students with an individualized education program that includes special education and related services, and verified each pupil has a California School Immunization Record, PM 286 (01/02) or CDPH 286 (01/14) on file (prior version of form or equivalent electronic or hard copy record are acceptable), and verified that each pupil obtained 2 doses of varicella vaccine and 1 dose of Tdap vaccine prior to admission into 7<sup>th</sup> Grade, or had a current medical exemption on file for Tdap vaccine. For pupils who only had 1 dose of varicella vaccine prior to admission, we verified that the 2<sup>nd</sup> dose was received within 4 calendar months and 10 school days after the 1<sup>st</sup> dose. For pupils who did not have Tdap vaccine, we verified they were excluded from attendance.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

We noted the following findings, schools were not familiar with immunization requirements. As a result, the schools enrolled students who may not have been fully compliant with the requirements.

- **Hubert Howe Bancroft Middle School** - Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the tetanus vaccine before the first day of school.
  - The pupil was marked present in the school's monthly attendance summary for a total of 85 days during the time in which the pupil was not compliant with immunization requirements.
  
- **Orchard Academies 2C** - Out of the 13 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the tetanus vaccine before the first day of school and did not receive the required 2<sup>nd</sup> dose of the tetanus and varicella vaccines within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the tetanus vaccine before the first day of school and did not receive the required 2<sup>nd</sup> dose of the tetanus vaccines within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 174 days during the time in which the pupils were not compliant with immunization requirements.
  
- **Rancho Dominguez Preparatory School** - Out of the pupils 7 sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1<sup>st</sup> dose of the tetanus vaccine before the first day of school and did not receive the required 2<sup>nd</sup> dose of the tetanus vaccines within four calendar months and ten school days after receiving the 1<sup>st</sup> dose.
  - Two (2) pupils did not receive the required 1<sup>st</sup> dose of the tetanus vaccine before the first day of school.
  - The pupils were marked present in the school's monthly attendance summary for a total of 412 days during the time in which the pupils were not compliant with immunization requirements.

This finding is a repeat finding, having been reported previously at June 30, 2022 (S-2022-010).

### Questioned Costs

- Grades K-3 – 828 days / 177 days = 4.68 ADA overstated \* \$13,895.87 = \$65,032.67
- Kenter Canyon Elementary Charter – 73 days / 177 days = 0.41 ADA overstated \* \$10,338.38 = \$4,238.74

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### *Kindergarteners/1<sup>st</sup> Graders:*

- 107th Street Elementary – 58 days overstated/177 days in single track school year
  - 42nd Street Elementary – 124 days overstated/177 days in single track school year
  - Angeles Mesa Elementary – 9 days overstated/177 days in single track school year
  - Bellingham Elementary – 80 days overstated/177 days in single track school year
  - Coliseum Street Elementary – 79 days overstated/177 days in single track school year
  - Erwin Elementary – 184 days overstated/177 days in single track school year
  - Grant Elementary – 8 days overstated/177 days in single track school year
  - John B Monlux Elementary – 79 days overstated/177 days in single track school year
  - Kenter Canyon Elementary Charter – 73 days overstated/177 days in single track school year
  - Kittridge Street Elementary – 35 days overstated/177 days in single track school year
  - Manhattan Place Elementary – 21 days overstated/177 days in single track school year
  - Mountain View Elementary – 93 days overstated/177 days in single track school year
  - Purche Avenue Elementary – 3 days overstated/177 days in single track school year
  - Raymond Avenue Elementary – 9 days overstated/177 days in single track school year
  - Vinedale College Preparatory Academy – 46 days overstated/177 days in single track school year
- Grades 7-8 – 671 days / 177 days = 3.79 ADA overstated \* \$13,155.69 = \$49,860.07

### *7<sup>th</sup>/8<sup>th</sup> Graders:*

- Hubert Howe Bancroft Middle School – 85 days overstated/177 days in single track school year
- Orchard Academies 2C – 174 days overstated/177 days in single track school year
- Rancho Dominguez Preparatory School – 412 days overstated/177 days in single track school year

## **Recommendation**

We recommend that the District strengthen its controls over implementing District policies regarding pupil immunization record tracking. Furthermore, we recommend that the District continue providing adequate training to the schools to properly monitor pupil immunization.

## **Views of Responsible Officials and Planned Corrective Actions**

To address the audit findings, the District has the following action steps:

1. Meeting with the Chief Medical Director, Dr. Malhotra to review results – August 2023
2. New VIVE immunization uploader tool – trained school administrators, office staff, school nurses and licensed vocational nurses (LVNs) – July 2023, August 2023 and February 2024
3. Meeting with Nursing Coordinators to review results and discuss plan of actions – September 2023
4. Meeting with Principals and Operations staff regarding the audit findings – Spring 2024
5. Immunization reports forwarded to Region Operations – Weekly
6. Robust communication plan (including social media, updating web pages, etc.) to notify schools/parents of school-based clinics that can provide immunizations – Monthly
7. Immunization workgroup – Weekly

Name: Sosse Bedrossian  
Title: Director of Nursing Services  
Telephone: (213) 202-7580

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **S-2023-010 – Expanded Learning Opportunities Grant**

**State Audit Guide Finding Codes:** 40000

#### **Criteria**

*California Education Code, Section 43522(b)* - specifically, funds received under subdivision (b) of Section 43521 shall be expended only for any of the following purposes:

(1) Notwithstanding Section 37202, instructional learning time in addition to what is required pursuant to Part 24.5 (commencing with Section 43500) of Division 3 for the 2020–21 school year and Chapter 2 (commencing with Section 46100) of Part 26 of, or Chapter 3 (commencing with Section 47610) of Part 26.8 of, Division 4, and Section 300.106 of Title 34 of the Code of Federal Regulations for the 2021–22 and the 2022–23 school years by increasing the number of instructional days or minutes provided during the school year, providing summer school or intersessional instructional programs, or taking any other action that increases the amount of instructional time or services provided to pupils based on their learning needs.

#### **Condition, Cause and Effect**

In our sample of nineteen (19) ELO-G payroll expenditures (Resource 7425), we verified whether the employees' time pertained to in-person services were allowable under Education Code section 43522(b).

We noted the following finding:

- One (1) employee had a total of 1.5 hours charged in excess to the ELO-G fund in which the employee did not perform work related to the summer school extended instructional learning program. Although the District properly reviewed the employees' time card for the pay period and posted the necessary adjustments to account for time worked on other tasks, they erroneously did not adjust 1.5 hours out of the ELO-G fund.

#### **Questioned Costs**

Not applicable. Upon our identification of the sampled employee, the District identified the above error and corrected the ELO-G fund by transferring out the costs associated with the 1.5 hours. As the District corrected the error before closing its June 30, 2023, financial statements, no questioned costs are to be assessed. As such, the above finding has been resolved.

#### **Recommendation**

We recommend that the District strengthen its monitoring and review controls over expenditure charges to the ELO-G fund to ensure that all costs are associated with allowable services and that all necessary adjustments are made timely.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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

Division of Instruction (DOI) will strengthen its ELO-G expenditure monitoring and review controls to ensure that all costs are associated with the allowable services and that all adjustments are made timely by:

- Providing a meeting that includes a review of entering time reported and monitoring the time entered to ensure all costs are associated with the appropriate funding source during Spring 2024.
  - Share the Enrichment Funding information with regional enrichment time reporters and approvers.
  - Invite Payroll Administration key personnel to explain the importance of processing payroll and making adjustments timely.

Name: John Vladovic

Title: Executive Director, Secondary Education

Telephone: (310) 991-9771

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### S-2023-011 – Transitional Kindergarten

#### State Audit Guide Finding Codes: 40000

#### Criteria

*California Education Code, Section 48000 (g)* – As a condition of receipt of apportionment for pupils in a transitional kindergarten program pursuant to Section 46300, a school district or charter school shall do all of the following:

- (1) Maintain an average transitional kindergarten class enrollment of not more than 24 pupils for each schoolsite.
- (2) Commencing with the 2022–23 school year, maintain an average of at least one adult for every 12 pupils for transitional kindergarten classrooms at each schoolsite.

*California Education Code, Section 48000.1(b)* – (1) Commencing with the 2022–23 school year, if a school district or charter school fails to comply with the requirements of paragraphs (1) to (4), inclusive, of subdivision (g) of Section 48000, the Superintendent shall withhold from the school district’s or charter school’s entitlement computed pursuant to Section 42238.02 the sum of the following:

(A) For school districts and charter schools that fail to meet the adult-to-pupil ratio requirements of paragraph (2) of subdivision (g) of Section 48000, the amount determined by multiplying:

(i) The number of additional adults needed to meet the requirements of paragraph (2) of subdivision (g) of Section 48000, as calculated by dividing the total transitional kindergarten enrollment at the schoolsite, as determined pursuant to subparagraph (A) of paragraph (2) of subdivision (g) of Section 48000, by 12, rounded to the nearest half or whole integer, minus the total number of adults at the schoolsite, as determined pursuant to subparagraph (B) of paragraph (2) of subdivision (g) of Section 48000.

(ii) Twenty-four, reduced by the statewide average rate of absence for elementary school districts for kindergarten and grades 1 to 8, inclusive, as calculated by the department for the prior fiscal year, with the resultant figures and rates rounded to the nearest tenth.

(iii) The per average daily attendance rate determined pursuant to paragraph (2) of subdivision (g) of Section 42238.02.

(C) For school districts and charter schools that fail to maintain an average transitional kindergarten class enrollment of not more than 24 pupils for each schoolsite, as required pursuant to paragraph (1) of subdivision (g) of Section 48000, the amount determined by multiplying the then-current fiscal year’s average daily attendance reported for the second principal apportionment period in transitional kindergarten by the amount specified in subparagraph (A) of paragraph (3) of subdivision (d) of Section 42238.02, unless the school district fails to meet the requirements for average class size for kindergarten and grades 1 to 3, inclusive, pursuant to clause (i) of subparagraph (D) of paragraph (3) of subdivision (d) of Section 42238.02.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

**Condition, Cause and Effect**

In our sample of 88 District schools and 10 Charter schools which offered transitional kindergarten, we verified whether each school site’s average class enrollment exceeded 24 pupils and whether each school site had an average of at least one adult for every 12 pupils for transitional kindergarten classrooms.

We identified the following findings arising from challenges faced by schools in filling vacant positions for the additional adult role to achieve the required adult-to-student ratio.

- Two (2) District school sites exceeded an average class enrollment of 24 pupils. As such, the penalty for average class enrollment is calculated as follows:

P-2 TK ADA	7,306.56	(a)
K-3 GSA Rate	\$ 953.00	(b)
<b>TK Average Class Size Penalty</b>	<b>\$6,963,151.68</b>	(c) = (a) * (b)

- One (1) Charter school site, Hesby Oaks Leadership Charter, exceeded an average class enrollment of 24 pupils. As such, the penalty for average class enrollment is calculated as follows:

P-2 TK ADA	9.42	(a)
K-3 GSA Rate	\$ 953.00	(b)
<b>TK Average Class Size Penalty</b>	<b>\$ 8,977.26</b>	(c) = (a) * (b)

- Twenty (20) District school sites did not have the minimum of one (1) adult for every twelve (12) pupils of transitional kindergarten resulting in an additional need of nineteen (19) adults to meet the minimum requirement. As such, the penalty for adult-to-pupil ratio is calculated as follows:

Additional Adults Needed	19.00	(a)
24 Reduced by the 8.34% Absent Rate	22.00	(b)
Transitional Kindergarten add-on Rate	\$ 2,813.00	(c)
<b>Adult-to-Student Ratio Penalty</b>	<b>\$ 1,175,834.00</b>	(d) = (a) * (b) * (c)

- Canyon Charter Elementary school site did not have the minimum of one (1) adult for every twelve (12) pupils of transitional kindergarten resulting in an additional need of one half (0.5) an adult to meet the minimum requirement. As such, the penalty for adult-to-pupil ratio is calculated as follows:

Additional Adults Needed	0.50	(a)
24 Reduced by the 8.34% Absent Rate	22.00	(b)
Transitional Kindergarten add-on Rate	\$ 2,813.00	(c)
<b>Adult-to-Student Ratio Penalty</b>	<b>\$ 30,943.00</b>	(d) = (a) * (b) * (c)

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

- Knollwood Preparatory Academy school site did not have the minimum of one (1) adult for every twelve (12) pupils of transitional kindergarten resulting in an additional need of one (1) adult to meet the minimum requirement. As such, the penalty for adult-to-pupil ratio is calculated as follows:

Additional Adults Needed	1.00	(a)
24 Reduced by the 8.34% Absent Rate	22.00	(b)
Transitional Kindergarten add-on Rate	\$ 2,813.00	(c)
<b>Adult-to-Student Ratio Penalty</b>	<b>\$ 61,886.00</b>	(d) = (a) * (b) * (c)

**Questioned Costs**

District Schools

Average Class Enrollment Penalty	\$ 6,963,151.68
Adult-to-Pupil Ratio Penalty	1,175,834.00
<b>Total Penalty</b>	<b>\$ 8,138,985.68</b>

Canyon Charter Elementary

Adult-to-Pupil Ratio Penalty	30,943.00
<b>Total Penalty</b>	<b>\$ 30,943.00</b>

Hesby Oaks Leadership Charter

Average Class Enrollment Penalty	\$ 8,977.26
<b>Total Penalty</b>	<b>\$ 8,977.26</b>

Knollwood Preparatory Academy

Adult-to-Pupil Ratio Penalty	61,886.00
<b>Total Penalty</b>	<b>\$ 61,886.00</b>

**Recommendation**

We recommend the District put mechanisms in place to track their compliance with transitional kindergarten average class enrollment and adult-to-pupil ratio throughout the year to monitor compliance with transitional kindergarten average class enrollment and adult-to-pupil ratio requirements.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

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

The District has already put mechanisms in place to track the compliance for SY 23-24 with transitional kindergarten average class size and adult to student ratio.

In addition, the following were done in preparation for the 2023-24 school year:

- A Transitional Kindergarten Toolkit was created to support school site and district administrators to ensure that the enrollment ratios were followed.
- Inter-office correspondence with specific revisions to TK ratios, assignments, and revised legislation was shared with all principals on July 28, 2023.
- Principal meetings will held per region in Spring 2024 to review UTK guidelines.
- Job aids were distributed to all schools to ensure that appropriate personnel were being added to the student information system so the appropriate UTK ratios are being met.

Due to the findings from the 2022-23 school year, we have taken the following actions to ensure compliance with TK ratio and class size requirements.

- Office of Transitional Programs, Early Childhood Education Division, Government Relations, and Budget Services & Financial Planning will meet bi-weekly to monitor all TK classes, staffing and ratios.
- Working in collaboration with Region Leadership, the Office of Transitional Programs will continue to share weekly enrollment data and support schools in meeting TK ratios.
- In collaboration with Region Leadership, Dr. Dean Tagawa will work directly with schools that exceed the TK cap and make corrections throughout the year as needed.
- Budget Services & Financial Planning, Attendance and Enrollment Section, and the Early Childhood Education Division will meet every month to identify schools that are non-compliant with TK ratios.

Name: Michael Romero

Title: Chief of Transitional Programs, Office of Transitional Programs

Email: michael.romero@lausd.net

Name: Dean Tagawa

Title: Executive Director, Early Childhood Education Division

Email: dtagawa@lausd.net

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### **S-2023-012 – Attendance Accounting – Dependent Charters – Attendance Computations**

**State Program:** Attendance Accounting: Attendance Reporting

**State Audit Guide Finding Codes:** 10000 and 40000

#### **Schools Affected**

- Canyon Charter Elementary
- Hesby Oaks Leadership Charter
- Serrania Avenue Charter for Enriched Studies
- Sherman Oaks Elementary Charter School
- University Charter HS Math/Art/Sci/Tech Magnet
- University High School Charter

#### **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 twelve (12) schools, we obtained the Student Monthly Attendance Summary Reports (SMASRs) for a sample of teachers for school month seven (7). SMASRs are system-generated reports from the District’s My Integrated Student Information System (MiSiS), a system utilized by the teachers to electronically input, submit and certify student attendance daily. We 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 16,639 days of attendance and 1,290 days of absences for testing and noted the following findings, resulting from staff’s untimely updating of student’s attendance records:

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

- **Canyon Charter Elementary** - Out of the 1,131 days of attendance and 89 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 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.
  
- **Hesby Oaks Leadership Charter** - Out of the 3,390 days of attendance and 170 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 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.
  
- **Serrania Avenue Charter for Enriched Studies** - Out of the 1,147 days of attendance and 113 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.
  
- **Sherman Oaks Elementary Charter School** - Out of the 1,196 days of attendance and 144 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.
  
- **University Charter HS Math/Art/Sci/Tech Magnet** - Out of the 623 days of attendance and 17 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 was recorded as present in the SMASR.
  
- **University High School Charter** - Out of the 1,133 days of attendance and 71 days of absences sampled, we noted the following exceptions:
  - Five (5) students were absent for a total of five (5) days, as evidenced by an absence note but was recorded as present in the SMASR.

These findings are repeat findings, having been reported previously at June 30, 2022 (S-2022-011) but for different schools.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### Questioned Costs

- Serrania Avenue Charter for Enriched Studies
  - Grades 4 to 6: 1 day/139 days in single track school year
    - Grades 4 to 6: 1 day/139 days = 0.01 ADA overstated \* \$10,146.20 = \$101.46
- University Charter HS Math/Art/Sci/Tech Magnet
  - Grades 9 to 12: 2 days/139 days in single track school year
    - Grades 9 to 12: 2 days/139 days = 0.01 ADA overstated \* \$14,226.11 = \$142.26
- University High School Charter
  - Grades 9 to 12: 5 days/139 days in single track school year
    - Grades 9 to 12: 5 days/139 days = 0.04 ADA overstated \* \$14,226.11 = \$569.04

### 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. Finally, we recommend that 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 maintain documentation reflecting that each of the schools identified above have been successfully trained.

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

#### New corrective actions we will take:

1. We will offer training to staff on the function of the SMASR to support students' accurate attendance.
2. We will provide ongoing reminders every other month through the Schoology communication for staff to review their SMASR for accuracy.
3. We will provide ongoing reminders every other month through the Schoology communication for staff to retain student attendance records.

#### We will also continue to provide policy guidance:

1. Provide ongoing reminders every other month through the Schoology communication platform regarding accurate attendance, enrollment, and withdrawal procedures.
2. Provide ongoing reminders every other month through the Schoology communication regarding the MYPLN Essential Tips training to support with appropriate attendance documentation.
3. Pupil Services and Attendance will communicate with Local District Administration on disseminating information to school-site designees with audit findings to participate in the MYPLN training on accurate attendance, enrollment, and withdrawal procedures during school year 2023-24.



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

4. Pupil Services and Attendance will communicate with the Office of Organizational Excellence to support in messaging the availability of the MYPLN training to support with the accurate, attendance, enrollment, withdrawal procedures, codes, and documentation.
5. The District will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support accurate attendance, enrollment, and withdrawal procedures, codes, and documentation from the identified schools with audit findings.

Name: Elsy Rosado

Title: Director, Pupil Services and Attendance

Telephone: (213) 241-3844

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

June 30, 2023

### S-2023-013 – Annual Instructional Minutes – Classroom Based - Dependent Charters

**State Audit Guide Finding Codes:** 40000

#### **Schools Affected**

- Grover Cleveland Charter High School
- Reseda Charter High School
- Sylmar Charter High School
- William Howard Taft Charter High School

#### **Criteria**

*California Education Code, Section 47612.5 - (a)* Notwithstanding any other law and as a condition of apportionment, a charter school shall do all of the following:

- (1) For each fiscal year, offer, at a minimum, the following number of minutes of instruction:
  - (A) To pupils in kindergarten, 36,000 minutes.
  - (B) To pupils in grades 1 to 3, inclusive, 50,400 minutes.
  - (C) To pupils in grades 4 to 8, inclusive, 54,000 minutes.
  - (D) To pupils in grades 9 to 12, inclusive, 64,800 minutes.

(c) A reduction in apportionment made pursuant to subdivision (a) shall be proportional to the magnitude of the exception that causes the reduction. For purposes of paragraph (1) of subdivision (a), for each charter school that fails to offer pupils the minimum number of minutes of instruction specified in that paragraph, the Superintendent shall withhold from the charter school's apportionment for average daily attendance of the affected pupils, by grade level, the sum of that apportionment multiplied by the percentage of the minimum number of minutes of instruction at each grade level that the charter school failed to offer.

#### **Condition, Cause, and Effect**

In our sample of twelve (12) schools, we reviewed the calendar and bell schedules of the District to determine if the instructional minutes met the minimum requirements outlined in Education Code sections 47612.5.

We noted the following findings due to a work stoppage in March 2023 resulting in the closure of all District schools, for 3 days.

We did not note any findings in the original twelve (12) sampled schools but were informed by the District that there exist schools that did not meet the minimum instructional time requirements. We expanded our sample size to determine if any remaining schools did not meet the instructional minutes requirement, citing four (4) identified schools. All of the schools identified as not being compliant were secondary schools (9-12). As such, a total of four (4) schools were identified as not being compliant with the instructional minutes requirement.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

Instructional Minutes

- Grover Cleveland Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 631 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	2,535.14	(a)
Derived Value of ADA by Grade Span	\$ 13,751.67	(b)
Number of required minutes	64,800	(c)
Number of minutes short	631	(d)
Percentage of Minutes Not Offered	0.97%	(e) = (d) / (c)
Affected LCFF Apportionment by Grade Span	34,862,408.68	(f) = (a) * (b)
<b>Total Instructional Time Penalty</b>	\$ 338,165.36	(g) = (e) * (f)

- Reseda Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 566 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	1,122.03	(a)
Derived Value of ADA by Grade Span	\$ 15,696.85	(b)
Number of required minutes	64,800	(c)
Number of minutes short	566	(d)
Percentage of Minutes Not Offered	0.87%	(e) = (d) / (c)
Affected LCFF Apportionment by Grade Span	17,612,336.61	(f) = (a) * (b)
<b>Total Instructional Time Penalty</b>	\$ 153,227.33	(g) = (e) * (f)

- Sylmar Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 591 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	1,365.80	(a)
Derived Value of ADA by Grade Span	\$ 15,740.82	(b)
Number of required minutes	64,800	(c)
Number of minutes short	591	(d)
Percentage of Minutes Not Offered	0.91%	(e) = (d) / (c)
Affected LCFF Apportionment by Grade Span	21,498,811.96	(f) = (a) * (b)
<b>Total Instructional Time Penalty</b>	\$ 195,639.19	(g) = (e) * (f)

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Schedule of Findings and Questioned Costs

June 30, 2023

- William Howard Taft Charter High School did not meet the minimum instructional time of 64,800 minutes, short of 533 minutes. As such, the penalty for instructional time is calculated as follows:

Affected grade level ADA (9-12)	1,988.65	(a)
Derived Value of ADA by Grade Span	\$ 12,696.29	(b)
Number of required minutes	64,800	(c)
Number of minutes short	533	(d)
Percentage of Minutes Not Offered	0.82%	(e) = (d) / (c)
Affected LCFF Apportionment by Grade Span	25,248,477.11	(f) = (a) * (b)
<b>Total Instructional Time Penalty</b>	<b>\$ 207,037.51</b>	<b>(g) = (e) * (f)</b>

**Questioned Costs**

Grover Cleveland Charter High School	\$ 338,165.36
Reseda Charter High School	\$ 153,227.33
Sylmar Charter High School	\$ 195,639.19
William Howard Taft Charter High School	\$ 207,037.51

**Recommendation**

We recommend the District put mechanisms in place to track their compliance with instructional minutes offered throughout the year to monitor compliance with the instructional minutes requirements.

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

All Affiliated Charter schools were compliant with the minimum instructional days and minutes requirements at the beginning of the school year. However, work stoppage in March 2023 necessitated the closure of all District schools, including Affiliated Charter schools, for 3 days.

The District plans to file for the Instructional Time Penalty Waiver for each of these 4 Affiliated Charter schools. To comply with the conditions for the penalty waiver, these schools are offering 183 instructional days for the 2023-24 and 2024-25 school years, and over 66,000 annual instructional minutes for each of the school years.

Name: Saman Bravo-Karimi  
 Title: Senior Executive Director of Finance Policy  
 Telephone: (213) 241-0146

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**Section V - Findings Relating to the Prior Year Basic Financial Statements which are Required to be Reported in Accordance with Government Auditing Standards**

**Finding – FS-2022-001 Reimbursement Grant Revenue Recognition (Material Weakness)**

**Recommendation**

We recommend that the District strengthen its controls over reimbursement or expenditure-driven grant revenue recognition as follow:

- Create a reporting mechanism by which Facilities timely notify ADCP of all the grants currently managed and/or continue to have accounting and reporting responsibilities. Also, the departments should provide copies of the grant agreements to the ADCP for their review.
- Ensure that the Facilities' staff are properly trained and knowledgeable of the accounting and financial reporting requirements for reimbursement grants.
- Create a mechanism by which the ADCP verifies revenues recorded during the current fiscal year to ensure recording in the proper accounting period.
- Create a mechanism by which the ADCP reviews subsequent cash receipts pertaining to reimbursement grants to ensure recording in the proper accounting period.

**Current Status**

Partially implemented. We identified additional Other Governmental Funds State revenues in the current year, which were not posted in the correct fiscal year. See item FS-2023-001 within the accompanying schedule of findings and questioned costs.

The District has implemented the above corrective actions by establishing the Revenue Recognition Policies and Procedures to include criteria by which grant-related activities are recognized as revenue effective June 30, 2023. However, at the time of posting the identified current year revenues, the Revenue Recognition Policies and Procedures had not been prepared and implemented, resulting in the repeated finding.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**Finding – FS-2022-002 Vulnerability Management (Significant Deficiency)**

**SAP Vulnerability**

**Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” severity level vulnerabilities should be remediated within 30 days of identification.

**Current Status**

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. Twenty (20) critical SAP vulnerabilities reported last year or for the FY 2022 audit remained outstanding during this year’s audit. ITS resolved these vulnerabilities subsequent to our reporting them to the District during this year’s audit.

**MiSiS Vulnerability**

**Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” severity level vulnerabilities should be remediated within 30 days of identification.

**Current Status**

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. However, ITS resolved the prior year MISIS “Critical” severity level vulnerabilities prior to this year’s audit.

**CMS Vulnerability**

**Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” severity level vulnerabilities should be remediated within 30 days of identification.

**Current Status**

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. Two (2) critical CMS vulnerabilities reported last year or for the FY 2022 audit remained outstanding during this year’s audit. ITS resolved these vulnerabilities subsequent to our reporting them to the District during this year’s audit.

## LOS ANGELES UNIFIED SCHOOL DISTRICT

### Status of Prior Year Findings and Recommendations

June 30, 2023

#### **Welligent Vulnerability**

##### **Recommendation**

We recommend that District management monitor and remediate sensitive vulnerabilities in a timely manner. At a minimum, “Critical” severity level vulnerabilities should be remediated within 30 days of identification.

##### **Current Status**

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs. However, ITS resolved the prior year Welligent “Critical” severity level vulnerabilities prior to this year’s audit.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**Section VI - Findings and Questioned Costs Related to Federal Awards**

**1. Finding F-2022-001 – Activities Allowed or Unallowed/Allowable Costs and Cost Principles – Documentation for Payroll**

**Program Identification**

**Supporting Effective Instruction State Grant (Title II, Part A of the ESEA)**, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.367, PCA No. 14341.

**COVID-19 Elementary and Secondary School Emergency Relief Fund**, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.425D, PCA No. 15547.

**Recommendation**

We recommend that the District enhance its internal controls over payroll expenditures and the related compliance requirements by providing adequate and continuous training to school administrators, timekeepers, and supervisors on the required procedures to ensure the ongoing compliance requirements are being monitored. We also recommend that management responsible for each grant design and implement controls to review and approve the Multi-Funded Time Reports or timesheets prior to submission to the funding agency, and the review and approval are documented.

**Current Status**

Partially implemented. The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. However, there is a repeat finding which has been reported in the current year (F-2023-001).

**2. Finding F-2022-002 – 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 the California Department of Education, AL No. 84.010, PCA Nos. 14329, 14357, and 15438.

**Recommendation**

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 maintained. We recommend that the training include the appropriate levels of written documentation required for different situations under both ESSA guidance and CDE guidance.



# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Status of Prior Year Findings and Recommendations

June 30, 2023

### **Current Status**

Partially implemented. The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. However, there is a repeat finding which has been reported in the current year (F-2023-002).

### **3. Finding F-2022-003 – Special Tests and Provisions**

#### **Program Identification**

**Child Nutrition Cluster**, U.S. Department of Agriculture, Passed through the California Department of Education, AL Nos. 10.553, 10.555, and 10.559, PCA Nos. 13523, 13524, 13525, 13526, 15637, 13004, and 13006.

**Child and Adult Care Food Program**, U.S. Department of Agriculture, Passed through the California Department of Education, AL No. 10.558, PCA Nos. 13529, 13534, and 15577.

#### **Recommendation**

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

#### **Current Status**

Implemented.

### **4. Finding F-2022-004 – Equipment/Real Property Management and Special Tests and Provisions**

#### **Program Identification**

**Emergency Connectivity Fund Program**, Federal Communications Commission, AL No. 32.009.

#### **Recommendation**

We recommend that the District strengthen its policies and procedures related to maintaining accurate property/equipment records in order to comply with the program requirements. We also recommend that the District perform a thorough review of the year-end equipment list to ensure it is complete and accurate.

We also recommend that the District review the listing of devices distributed to students/school staff to ensure that there are no other instances of non-compliance with the per-user limitation requirement, and that non-compliance devices be removed from the request for reimbursement to be submitted to the Federal Communications Commission.

#### **Current Status**

Implemented.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**5. Finding F-2022-005 – Eligibility**

**Program Identification**

**Adult Education – Basic Grants to States**, U.S. Department of Education, Passed through the California Department of Education, AL No. 84.002A, PCA Nos. 13978, 14109, and 14508.

**Recommendation**

We recommend that the District develop policies and procedures over eligibility determination and intake process/assessment to ensure that students under the age of 18 are not enrolled in a program funded by the Adult Education Program. In addition, the District should find alternative funding source(s) for students under the age of 18 that are enrolled in the high school dropouts subprogram.

**Current Status**

Implemented.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Status of Prior Year Findings and Recommendations

June 30, 2023

### Section IV – Findings and Questioned Costs Relating to State Awards

#### S-2022-001 – Regular and Special Day Classes – Attendance Computations

**State Program:** Attendance Accounting: Attendance Reporting

**State Audit Guide Finding Codes:** 10000 and 40000

#### Schools Affected

- 54th Street Elementary School
- Alexander Hamilton Senior High School
- Alexander Hamilton Senior High Music & Performing Arts Mag School
- Beethoven Street Elementary School
- Castelar Street Elementary School
- Cimarron Avenue Elementary School
- David Starr Jordan Senior High School
- Dorris Place Elementary School
- East Valley Senior High School
- Harbor City Elementary School
- Harry Bridges Span School
- Helen Bernstein Senior High School
- Herrick Avenue Elementary School
- Holmes Avenue Elementary School
- Los Angeles Center for Enriched Studies (LACES) Magnet
- Maurice Sendak Elementary School
- North Hollywood Senior High STEM Magnet School
- Nueva Vista Elementary School
- Overland Avenue Elementary School
- Park Avenue Elementary School
- Playa Vista Elementary School
- Richard Riordan Primary Center School
- San Jose Street Elementary School
- Sherman Oaks Center for Enriched Studies (SOCES) Magnet School
- Short Avenue Elementary School
- Sylmar Elementary School
- Towne Avenue Elementary School
- Van Nuys Middle School STEAM Magnet
- Victory Boulevard Elementary STEAM Magnet School
- Young Oak Kim Academy 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 SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend that the District strengthen its controls over properly retaining attendance supporting documentation at school sites. Finally, we recommend that 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 maintain documentation reflecting that each of the schools identified above have been successfully trained.

#### 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-2023-001) but for different schools.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Status of Prior Year Findings and Recommendations

June 30, 2023

### S-2022-002 – Teacher Certification and Misassignments

**State Audit Guide Finding Codes:** 40000 and 71000

#### Schools Affected

- Charles Drew Middle School
- Cimarron Avenue Elementary
- Dayton Heights Elementary
- Dorris Place Elementary
- Eagle Rock High School
- Garden Grove Elementary
- Harbor City Elementary
- Harry Bridges Span School
- Kentwood Elementary
- Mervyn M Dymally Senior High
- Northridge Middle School
- Patrick Henry Middle School
- Robert Fulton College Preparatory School
- Sally Ride Elementary: A Smart Academy
- Van Nuys Middle School
- Verdugo Hills Senior High
- William Mulholland Middle School
- Wilshire Crest Elementary
- Young Oak Kim Academy

#### Recommendation

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

#### 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-2023-002) but for different schools and teachers.

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Status of Prior Year Findings and Recommendations

June 30, 2023

### **S-2022-003 – Kindergarten Continuance**

**State Audit Guide Finding Codes: 40000**

#### **Schools Affected**

- Carlos Santana Arts Academy
- City of Angels Virtual Academy 5
- Parthenia Academy of Arts and Technology
- Queen Anne Place Elementary
- Queen Anne Place Elementary DL Two-Way Im Spanish
- San Jose Street Elementary
- Vernon City Elementary
- Windsor Hills Elementary Math/Science Aerospace Magnet

#### **Recommendation**

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

We also recommend that the District obtain written acknowledgement from the 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 continue ensuring that schools are notified in circumstances where a pupil is transferred after attending Kindergarten with another school.

#### **Current Status**

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-003) but for different schools.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**S-2022-004 Independent Study – Attendance Computations**

**State Program:** Attendance Accounting: Attendance Reporting

**State Audit Guide Finding Codes:** 10000 and 40000

**Schools Affected**

- City of Angels Virtual Academy #2
- City of Angels Virtual Academy #3
- City of Angels Virtual Academy #5
- Estrella Avenue Elementary 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.

**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-2023-004) but for different schools.

**S-2022-005 – Attendance Accounting – Continuation Education – Attendance Computations**

**State Audit Guide Finding Codes:** 10000 and 4000

**School Affected**

- Henry David Thoreau Continuation High School

**Recommendation**

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

**Current Status**

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**S-2022-006 – 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.

**S-2022-007 – Classroom Teacher Salaries**

**State Audit Guide Finding Codes:** 61000

**Recommendation**

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

**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-2023-006).

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Status of Prior Year Findings and Recommendations

June 30, 2023

### S-2022-008 – After School Education and Safety Program

**State Program:** After School Education and Safety Program

**State Audit Guide Finding Codes:** 40000

#### Schools Affected

- 32<sup>nd</sup> Street Middle School
- 54<sup>th</sup> Street Elementary School
- 66<sup>th</sup> Street Elementary School
- 95<sup>th</sup> Street Elementary School
- Alexander Sci Ctr SC
- Berendo Middle School
- Bethune Middle School
- Broadous Elementary School
- Bryson Elementary School
- Capistrano Elementary School
- Carnegie Middle School
- Charles Maclay Middle School
- Chatsworth Park Elementary School
- Columbus Middle School
- Dena Elementary School
- Denker Elementary School
- Dodson Middle School
- Dolores Street Elementary School
- Dominguez Elementary School
- Ellen Ochoa Learning Zone
- Ford Blvd Elementary School
- Foshay LC
- Gates Elementary School
- Harrison Elementary School
- Harte Prep Middle School
- Hollenbeck Middle School
- Lassen Elementary School
- Liberty Blvd Elementary School
- Lomita Math – Sci Mag
- MaCES Magnet School
- Maclay Middle School
- Mann UCLA Community School
- Miller Elementary School
- Monte Vista Street Elementary School
- Nava Learning Academy
- Nevin Elementary School
- Ochoa LC
- O Melveny Elementary School
- Orchard Academies 2C
- Palms Elementary School
- Pio Pico Middle School
- Plainview Charter Academy
- Primary Academy
- RFK Ambassador School of Global Leadership
- San Antonio Elementary School
- San Fernando Middle School
- San Miguel Elementary School
- Sepulveda Middle School
- South Gate Middle School
- State Elementary
- Sun Valley ET MAG MS1
- Sutter Middle School
- Toluca Lake Elementary School
- Vena Elementary School
- Vinedale Elementary School
- Vista Middle School
- Walnut Park Middle School
- Windsor M/S AERO MAG
- Wright ENG DES MAG MS1
- Vinedale Elementary School
- Vista Middle School
- Walnut Park Middle School
- Windsor M/S AERO MAG
- Wright ENG DES MAG MS1



**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**Recommendation**

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

**Current Status**

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2023-007) but for different schools.

**S-2022-009 – Unduplicated Local Control Funding Formula Pupil Counts**

**State Program:** Unduplicated Local Control Funding Formula Pupil Counts

**State Audit Guide Finding Code:** 40000

**Schools Affected**

- Alexander Hamilton Senior High
- Belvedere Middle School
- Breed Street Elementary
- Calahan Street Elementary
- David Starr Jordan Senior High
- Eagle Rock High School
- East Valley Senior High
- Graham Elementary
- Gridley Street Elementary
- Helen Bernstein Senior High
- Jaime Escalante Elementary School
- James A Garfield Senior High
- McKinley Avenue Elementary
- North Hollywood Senior High
- Northridge Middle School
- Osceola Street Elementary
- Playa Vista Elementary
- Robert Fulton College Preparatory School
- Roy Romer Middle School
- San Antonio Elementary
- San Gabriel Avenue Elementary
- San Jose Street Elementary
- South Gate Senior High
- Tarzana Elementary
- Verdugo Hills Senior High
- Young Oak Kim Academy
- Chatsworth Charter High School (Dependent Charter)
- Dixie Canyon Community Charter (Dependent Charter)

**Recommendation**

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

# LOS ANGELES UNIFIED SCHOOL DISTRICT

## Status of Prior Year Findings and Recommendations

June 30, 2023

### 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-2023-008) but for different schools.

### S-2022-010 Immunizations

**State Audit Guide Finding Codes:** 40000

### Schools Affected

- 9th Street Elementary
- 99th Street Elementary
- 109th Street Elementary
- 112th Street Elementary
- Arlington Heights Elementary
- Arlington Heights Elementary DL Two-Way Im Spanish
- Arminta Street Elementary
- Chandler Elementary
- Columbus Avenue Elementary
- Edwin Markham Middle School
- Ellen Ochoa LC DL Two-Way Im Spanish
- Erwin Elementary
- Florence Griffith Joyner Elementary
- Gardena Elementary DL Two-Way Im Spanish
- Hillcrest Drive Elementary
- Laurel Cinematic Arts Creative Tech Magnet
- Marguerite Poindexter LaMotte Elementary
- Marquez Charter
- Martin Luther King Jr Elementary
- Miramonte Elementary DL Two-Way Im Spanish
- Noble Avenue Elementary
- Point Fermin Elementary Marine Science Magnet
- Rancho Dominguez Preparatory School
- RFK Comm Schls - UCLA Community School DL One-Way Im Spanish
- Rosewood Avenue Elementary Urban Planning/Design Magnet
- Roy Romer Middle Gifted/Humanities Magnet
- Roy Romer Middle School
- Saticoy Elementary DL Two-Way Im Armenian
- Stoner Avenue Elementary DL One-Way Im Spanish
- William Jefferson Clinton Middle School
- Windsor Hills Elementary Math/Science Aerospace Magnet

### Recommendation

We recommend that the District strengthen its controls over implementing District policies over pupil immunization record tracking. Furthermore, we recommend that the District continue to provide adequate training to the schools, so that proper monitoring of pupil's immunization 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-2023-009) but for different schools.

**LOS ANGELES UNIFIED SCHOOL DISTRICT**

Status of Prior Year Findings and Recommendations

June 30, 2023

**S-2022-011 – Attendance Accounting – Dependent Charters – Attendance Computations**

**State Program:** Attendance Accounting: Attendance Reporting

**State Audit Guide Finding Codes:** 10000 and 40000

**Schools Affected**

- Alfred B Nobel Charter Middle School STEAM Magnet
- Chatsworth Charter High School
- Dr Theodore T Alexander Jr Science Center 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. Finally, we recommend that 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 maintain documentation reflecting that each of the schools identified above have been successfully trained.

**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-2023-012) but for different schools.

**S-2022-012 – Mode of Instruction – Dependent Charters**

**State Audit Guide Finding Codes:** 40000 and 71000

**Schools Affected**

- Dr Theodore T Alexander Jr Science Center School

**Recommendation**

We recommend that the District monitor and strengthen internal controls to ensure substitute teachers are being assigned properly to teach in a position authorized by their certifications and within the time period permitted by their credential. We also recommend that the schools and the District remediate the misassignments identified above.

**Current Status**

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

**INDEPENDENT AUDITOR'S MANAGEMENT LETTER**



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

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

U.S. BANK TOWER  
633 WEST 5TH STREET, SUITE 3320  
LOS ANGELES, CA 90071  
(213) 736-6664 TELEPHONE  
(213) 736-6692 FAX  
www.simpsonandsimpsoncpas.com

December 13, 2023

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, 2023, 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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item FS-2023-002 to be a significant deficiency.



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 249. Our observations and recommendations have been discussed with appropriate members of management and are intended to strengthen internal controls and operating efficiency.

The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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,

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

**Current Year Management Letter Comments**

**ML-2023-001 – SAP Asset Master Record Access**

**Condition**

Our review of access to the Create Asset Master Record (AS02) production transaction revealed one (1) retired personnel having access to this SAP transaction.

**Recommendation**

We recommend that SAP accounts associated with retired or terminated personnel be deleted or disabled in a timely manner upon their departure from the District.

**Management Response**

This is a valid find. The employee retained access to AS02 after retirement. This was due to a future date separation action being entered on 08/30/2022 at 10:53:52am. Afterwards, SAP Access Request # 248180 was submitted on 10/05/2022 at 12:28:40 and provisioned on 10/07/2022 at 09:56:19am. This action bypassed the GRC BRP+ Position Change scenario. However, even with this provision, retirees are unable to access ESS or SAP ECC system, as both applications are not accessible outside of LAUSD network. We can disable the unusable "Retired Employee Self Service" functionality to avoid these types of scenarios. But whether retirees (after separation) can continue to access their paystubs and W2, is pending a management decision. (\*ESS for retirees)

Responsible Official

Name: Douglas Le

Title/Division: Senior ERP Director Business Systems/Information Technology Services (ITS)

Telephone: (213) 241-1586

**Current Year Management Letter Comments**

**ML-2023-002 – SAP Create Purchase Order Access**

**Condition**

Our review of access to the Create Purchase Order (ME21N) production transaction revealed that one (1) retired personnel had access to this SAP transaction.

**Recommendation**

We recommend that SAP accounts associated with retired or terminated personnel be deleted or disabled in a timely manner upon their departure from the District.

**Management Response**

This is a valid find. The employee retained access to ME21N after retirement. This was due to a future date separation action being entered on 08/31/2022 at 09:04:28am. Afterwards, SAP Access Request # 241435 was submitted on 10/05/2022 at 12:28:40 and provisioned on 09/12/2022 at 09:22:00am. This action bypassed GRC BRP+ Position Change scenario. However, even with this provision, retirees are unable to access ESS or SAP ECC system, as both applications are not accessible outside of LAUSD network. We can disable the unusable "Retired Employee Self Service" functionality to avoid these types of scenarios. But whether retirees (after separation) can continue to access their paystubs and W2, is pending a management decision. (\*ESS for retirees)

Responsible Official

Name: Douglas Le  
Title/Division: Senior ERP Director Business Systems/ITS  
Telephone: (213) 241-1586



## **Current Year Management Letter Comments**

### **ML-2023-003 – Student Body Investment Funds**

#### **Condition**

We sampled and tested 50 of the District’s 90 schools’ student body investment funds to substantiate the reported investment balances as of June 30, 2023.

For 46 of the sampled investment funds, we noted variances between the reported investment balance as of June 30, 2023, and the financial institution’s investment statement maintained by the respective schools and collected by the District.

These variances were noted as a result of the District not collecting from the schools the investment statements, which reflected investment balances as of June 30, 2023. As such, the reported investment balance did not reflect balances maintained by the financial institutions as of June 30, 2023.

#### **Recommendation**

We recommend that the District strengthen controls over the timely collection and reconciliation of student body investment funds to ensure that balances reported by the District reflect the balances maintained by the financial institutions as of June 30, 2023.

#### **Management Response**

The variances noted in the audit were caused by the early reporting deadline for Student Body Funds, which was June 15th just before the school closed for the summer break. As a result of this reporting deadline, the investment interest income for June 2023 was recorded in the following fiscal year.

To address this finding, the Student Body Finance Support Team will do the following:

- Meet with the Financial Managers of schools with investment accounts about the action plan before the closure of schools in June.
- In addition to Fiscal Year-End meetings, a quarterly calendar meeting reminders will be set to remind the Financial Managers to reach out to their respective banking institution for a copy of the bank statement.
- A follow-up assessment will be conducted by the Coordinating Financial Managers prior to the Year-End meeting with the Financial Managers of schools with investment accounts.
- The School Student Body Books with Investment accounts (CYMA Application) will remain open until the Financial Managers return to work in July. The Investment transaction and Interest Income as of June 30 will be recorded before closing the year.
- Coordinating Financial Managers will evaluate and monitor progress to ensure that the corrective action plan is implemented by reviewing and analyzing the Investment Reports.

Name: Mildred Zozulenko  
Title: Fiscal Services Manager  
Telephone: (213) 241-1828

## **Current Year Management Letter Comments**

### **ML-2023-004 – Annual Form 700**

#### **Condition**

We sampled and tested a total of 15 of 4,893 District employees who were required to disclose their personal financial interests on Form 700 – Statement of Economic Interests (Form 700) as a result of being identified as being in a position designated in the District’s Conflict of Interest Code that makes or influences financial or governmental decisions. Employees were to submit their 2023 annual Form 700 to the District’s Ethics Office (Ethics Office) no later than April 3, 2023, in accordance with the Fair Political Practices Commission (FPPC) guidelines.

We identified a total of three (3) employees who did not meet the Ethics Office and FPPC Form 700 submission guidelines as follows:

- Two (2) employees resigned on July 1, 2023, and did not submit their Form 700. The Ethics Office was not notified about the employees’ resignations.
- One (1) employee submitted their Form 700 on September 19, 2023, after the April 3, 2023, deadline.

In accordance with FPPC guidelines, the following two remediation activities may be exercised for late statements:

- The filing officer who retains originally signed or electronically filed statements of economic interests may impose on an individual a fine for any statement that is filed late. The fine is \$10 per day up to a maximum of \$100. Late filing penalties may be reduced or waived under certain circumstances.
- Persons who fail to file their Form 700 timely may be referred to the FPPC’s Enforcement Division (and, in some cases, to the Attorney General or District Attorney) for investigation and possible prosecution. In addition to the late filing penalties from the filing officer, a fine of up to \$5,000 per violation may be imposed.

Neither of the above was imposed on the three (3) identified employees above.

Based on further discussions with the Ethics Office, it was determined that a total of 2,575 active and 383 retired employees have not submitted their Form 700 to date.

#### **Recommendation**

We recommend that the Ethics Office strengthen its controls over the collection of Form 700s by adopting remediation guidelines stipulated by the FPPC and implementing procedures to be promptly notified of employee retirements.

**Current Year Management Letter Comments**

**Management Response**

The District will take the following corrective actions:

1. Request from the Personnel Commission and Human Resources Division a monthly (prospective if available) list of leaving and retiring employees to update filer information in eDisclosure.
2. Include in annual notices to filers the notification process required for FPPC referral and fine of non-compliant filers.
3. Draft a bulletin outlining an employee's responsibilities when holding a Form 700 filing position, including potential for FPPC referral and fine for non-compliance.

Name: Darlene L. Vargas

Title: Ethics Officer

Contact Information: [darlene.vargas@lausd.net](mailto:darlene.vargas@lausd.net)

## **Status of Prior Year Management Letter Comments**

### **ML-2022-001 – CMS Program Change Management**

#### **Recommendation**

We recommend that Change Management Approval Forms be completed and retained for CMS changes in a consist manner.

#### **Current Status**

Implemented.

### **ML-2021-001 - SAP Network Vulnerability**

#### **Recommendation**

We recommend that District management implement a Vulnerability Management program for SAP. The program should be enforced by documented policy and ensure vulnerabilities are identified and remediated in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

#### **Current Status**

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs.

### **ML-2021-002 – MISIS Network Vulnerability**

#### **Recommendation**

We recommend that District management implement a Vulnerability Management program for MISIS. The program should be enforced by documented policy and ensure vulnerabilities are identified and remediated in a timely manner. At a minimum, “Critical” and “High” severity level vulnerabilities should be remediated within 30 days of identification.

#### **Current Status**

Partially implemented, see item FS-2023-002 within the accompanying schedule of findings and questioned costs.

## **Status of Prior Year Management Letter Comments**

### **ML-2019-003 - Business Continuity Planning**

### **ML-2016-001 - Business Continuity /IT Disaster Recovery Planning**

### **ML-2014-007 - Business Continuity /IT Disaster Recovery Planning**

#### **Recommendation**

BCPs should be completed and updated on a regular basis to ensure that operations and IT systems can be effectively recovered, shortcomings are addressed, and the plan remains relevant.

#### **Current Status**

Partially implemented.

- As of 5/20/2023, 88 Branches/Offices across 16 Divisions have completed their Business Continuity Plans (BCP), this includes 12 ITS Divisions having a baselined BCP.
- The IT Cloud Disaster Recovery Solution was completed by June 2023.

### **ML-2015-002 - Security Management Policy and Procedures**

#### **Recommendation**

We recommend that Information Technology Services (ITS) 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 Incident Response (Plan): The IRP for critical systems policy was revised to reflect changes in program scope and lessons learned from the 2022 cybersecurity incident. It has also been updated to comply with ISO 27001 standards and is currently under review by ITS leadership under the title "Incident Management Policy." The policy and supporting Incident Response Plan are expected to be published by September 30, 2023.
- IT Cloud Disaster Recovery (Plan) Solution: The District had already selected and purchased the disaster recovery solution, which is now in the process of being deployed. Based on this recent information, the implementation of the IT Cloud Disaster Recovery Plan Solution has been moved to December 31, 2023.