NEW ISSUE
FULL BOOK-ENTRY

RATINGS: Fitch : "A-"
Moody's: "A2"
(See "RATINGS" herein)

In the opinion of Hawkins Delafield & Wood LLP, Special Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) the portion of Lease Payments designated as and comprising interest with respect to the Certificates is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) the portion of Lease Payments designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, the portion of Lease Payments designated as and comprising interest with respect to the Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Special Counsel to the District, under existing statutes, the portion of Lease Payments designated as and comprising interest with respect to the Certificates is exempt from personal income taxes imposed by the State of California. See "TAX MATTERS" herein.

$384,260,000
CERTIFICATES OF PARTICIPATION, 2023 SERIES A (SUSTAINABILITY BONDS)
Evidencing Proportionate and Undivided Interests of the Owners thereof in Lease Payments to be made by the
LOS ANGELES UNIFIED SCHOOL DISTRICT

Dated: Date of Delivery **Due: October 1, as described herein**

This cover page contains information for reference only. Investors must read the entire Official Statement to obtain information essential in making an informed investment decision. Capitalized terms used in this cover page shall have the meanings given such terms herein.

The Los Angeles Unified School District Certificates of Participation, 2023 Series A (Sustainability Bonds), in the aggregate principal amount of $384,260,000 (the "Certificates"), evidence proportionate and undivided ownership interests in certain Lease Payments (as defined herein) to be made by the Los Angeles Unified School District (the "District") for the use of certain real property and the improvements thereon (the "Property") pursuant to a Lease Agreement, dated as of August 1, 2023 (the "Lease Agreement"), by and between the District, as lessee, and the LAUSD Financing Corporation (the "Corporation"), as lessor. The proceeds of the Certificates are expected to be used (i) to fund the acquisition and installation of equipment and the improvement of real property related to District cybersecurity, student enrollment, information and support, data analytics and reporting, and campus security systems, the acquisition of electric buses, and the electrification of bus yards, and (ii) to pay the costs incurred in connection with the execution and delivery of the Certificates. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The District has agreed under the Lease Agreement to make all Lease Payments and Additional Payments (as defined herein) provided for therein, and has covenanted to include all such Lease Payments and Additional Payments in each of its budgets during the term of the Lease Agreement and to make the necessary appropriations for all such Lease Payments and Additional Payments due under the Lease Agreement in the fiscal year covered by such budget. The District's obligation to make Lease Payments is subject to abatement during any period in which, by reason of damage, destruction, any defect in title or other event (other than by eminent domain), there is substantial interference with the use and occupancy by the District of the Property or any portion thereof. See "RISK FACTORS – Abatement."

Interest evidenced by the Certificates is payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2024. See "THE CERTIFICATES" herein.

The Certificates will be initially delivered only in book-entry form and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of Certificates will not receive physical certificates representing their ownership interests in the Certificates purchased. The Certificates will be delivered in denominations of $5,000 or any integral multiple thereof. Principal and interest payments evidenced by the Certificates are payable directly to DTC by U.S. Bank Trust Company, National Association, as trustee. Upon receipt of payments of principal and interest evidenced by the Certificates, DTC will in turn distribute such payments to DTC Participants for subsequent disbursement to the beneficial owners of the Certificates. See "THE CERTIFICATES – Book-Entry Only System" herein.

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES – Prepayment."

THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Certificates have been designated as "Sustainability Bonds." Kestrel has provided an independent external review and opinion that the Certificates conform with the four core components of the International Capital Market Association Sustainability Bond Guidelines, and therefore qualify for Sustainability Bonds designation. For more information, see "DESIGNATION OF CERTIFICATES AS SUSTAINABILITY BONDS" herein and APPENDIX H – SUSTAINABILITY BONDS SECOND PARTY OPINION."

See "RISK FACTORS" for a discussion of factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Certificates.

MATURITY SCHEDULE – See Inside Cover

The Certificates will be offered when, as and if executed, delivered and received by the Underwriters, subject to the approval of legality by Hawkins Delafield & Wood LLP, Los Angeles, California, Special Counsel to the District. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, as Disclosure Counsel to the District, for the Underwriters by Nixon Peabody LLP, Los Angeles, California, and for the District and Corporation by General Counsel to the District. It is anticipated that the Certificates in book-entry form will be available for delivery through the facilities of DTC on or about August 31, 2023.

BofA Securities **RBC Capital Markets**

Loop Capital Markets

Alamo Capital **Ramirez & Co., Inc.** **UBS**

Dated: August 17, 2023, as amended on August 22, 2023.

MATURITY SCHEDULE

$384,260,000
CERTIFICATES OF PARTICIPATION, 2023 SERIES A
(SUSTAINABILITY BONDS)
Evidencing Proportionate and Undivided Interests of the Owners
thereof in Lease Payments to be made by the
LOS ANGELES UNIFIED SCHOOL DISTRICT

BASE CUSIP†: 544648

Maturity Date (October 1,)	Principal Amount	Interest Rate	Yield	CUSIP† Number
2024	$17,635,000	5.000%	3.340%	VW5
2025	18,540,000	5.000	3.230	VX3
2026	19,490,000	5.000	3.160	VY1
2027	20,490,000	5.000	3.100	VZ8
2028	21,545,000	5.000	3.100	WA2
2029	22,645,000	5.000	3.100	WB0
2030	23,810,000	5.000	3.120	WC8
2031	25,030,000	5.000	3.120	WD6
2032	26,315,000	5.000	3.160	WE4
2033	27,660,000	5.000	3.250	WF1
2034	29,080,000	5.000	3.360[C]	WG9
2035	30,570,000	5.000	3.450[C]	WH7
2036	32,140,000	5.000	3.560[C]	WJ3
2037	33,790,000	5.000	3.670[C]	WK0
2038	35,520,000	5.000	3.760[C]	WL8

[C] Yield to call at par on October 1, 2033.

LOS ANGELES UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION

District	Member	Term Ending
5	Jackie Goldberg, President	December 16, 2024
3	Scott Schmerelson, Vice President	December 16, 2024
1	Dr. George J. McKenna III	December 16, 2024
2	Dr. Rocio Rivas	December 12, 2026
4	Nick Melvoin	December 12, 2026
6	Kelly Gonez	December 12, 2026
7	Tanya Ortiz Franklin	December 16, 2024

DISTRICT OFFICIALS

Alberto M. Carvalho, Superintendent
Jaime G. Torrens, Senior Advisor to the Superintendent
Pedro Salcido, Deputy Superintendent of Business Services and Operations
Devora Navera Reed, General Counsel
David D. Hart, Chief Business Officer
V. Luis Buendia[*], Deputy Chief Business Officer – Finance
Nolberto Delgadillo[*], Deputy Chief Business Officer – Finance
Joy Mayor[**], Controller
Timothy S. Rosnick[**], Deputy Controller

PROFESSIONAL SERVICES

Special Counsel

Hawkins Delafield & Wood LLP
Los Angeles, California

Municipal Advisor

Public Resources Advisory Group
Los Angeles, California

Disclosure Counsel

Orrick, Herrington & Sutcliffe LLP
Los Angeles, California

Counsel to the District and the Corporation

Office of the General Counsel
Los Angeles, California

Trustee

U.S. Bank Trust Company, National Association
Los Angeles, California

Sustainability Bonds External Reviewer

Kestrel
Hood River, Oregon

---

[*] Although it is expected that Mr. Buendia will retire, he remains in the Deputy Chief Business Officer – Finance position and is helping transition the position to his successor, Nolberto Delgadillo, who joined the District in July 2023. Mr. Buendia's employment contract with the District ends at the end of calendar year 2023 but it is possible that he will retire earlier or stay with the District longer commensurate with the transition needs of the District.

[**] Ms. Mayor will be leaving the District on September 15, 2023, to join another organization. Upon her departure, Timothy Rosnick will serve as the Interim Controller.

This Official Statement does not constitute an offering of any security other than the original execution and delivery of the Certificates. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The Certificates are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)2 thereof. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy Certificates in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein other than that furnished by the District, although obtained from sources which are believed to be reliable, is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. This Official Statement is submitted in connection with the execution and delivery of the Certificates referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "intend" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

The District maintains a website. However, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates.

CUSIP® is a registered trademark of The American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of The American Bankers Association by FactSet Research Systems Inc. CUSIP data herein is set forth for convenience of reference only. The District, the Corporation, and the Underwriters assume no responsibility for the selection or uses of the CUSIP data or for the accuracy or correctness of such data. The CUSIP numbers for the Certificates are subject to being changed after the delivery of the Certificates as a result of various subsequent actions.

The Underwriters may offer and sell the Certificates to certain securities dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside front cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

OFFICIAL STATEMENT

$384,260,000
CERTIFICATES OF PARTICIPATION, 2023 SERIES A
(SUSTAINABILITY BONDS)
Evidencing Proportionate and Undivided Interests of the Owners thereof in Lease Payments to be made by the
LOS ANGELES UNIFIED SCHOOL DISTRICT

INTRODUCTION

This Official Statement (which includes the cover page, inside cover page, and Appendices hereto) (this "Official Statement"), provides certain information concerning the sale and delivery of Los Angeles Unified School District Certificates of Participation, 2023 Series A (Sustainability Bonds), in the aggregate principal amount of $384,260,000 (the "Certificates"). The Certificates evidence proportionate and undivided ownership interests of the registered owners (the "Owners") thereof in certain lease payments (the "Lease Payments") to be made by the Los Angeles Unified School District (the "District") for the use of certain real property and the improvements thereon (the "Property"), as more fully described under the caption "THE PROPERTY" herein. The Property will be leased by the District from the LAUSD Financing Corporation (the "Corporation") pursuant to a Lease Agreement, dated as of August 1, 2023 (the "Lease Agreement"), by and between the District and the Corporation.

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page, inside cover page, and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of Certificates to potential investors is made only by means of this Official Statement.

The District

The District, encompassing approximately 710 square miles, is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State"). The District's boundaries include virtually all of the City of Los Angeles (the "City"), all of the Cities of Cudahy, Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Calabasas, Carson, Commerce, Culver City, Downey, Hawthorne, Inglewood, Long Beach, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Rolling Hills Estates, Santa Clarita, Santa Monica, South Gate, and Torrance. In addition, the District provides services to several unincorporated areas of the County which include residential and industrial areas. The boundaries for the District are approximately 80% coterminous with the City, with the remaining 20% included in smaller neighboring cities and unincorporated County areas. The District was formed in 1854 as the Common Schools for the City and became a unified school district in 1960.

The District is the second largest public school district in the United States and is the largest public school district in the State. At the time of preparation of the District's original adopted budget for fiscal year 2023-24 (the "Fiscal Year 2023-24 Budget"), the transitional kindergarten through 12th grade enrollment in the District for fiscal year 2023-24 was approximately 413,823 students, including those attending magnet, opportunity, and continuation schools and centers, locally-funded affiliated charter schools ("Affiliated Charter Schools"), and schools for the handicapped. Such enrollment does not include students attending fiscally independent charter schools ("Fiscally Independent Charter Schools") that was budgeted at 108,702 students at the time of preparation of the Fiscal Year 2023-24 Budget. For more information regarding District enrollment and average daily attendance, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance." As reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, the District operated 1,224 schools and centers, which consisted of 436 elementary schools, 78 middle/junior high schools, 87 senior high schools, 53 options schools, 255 magnet centers, 66 magnet schools, 28 multi-level schools, 13 special education schools, 1 community adult school, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, 18 primary school centers, and 89 California State preschools in fiscal year 2021-22. As reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, 51 of the District's schools were operated as Affiliated Charter Schools. In addition, as reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, the District oversaw 227 Fiscally Independent Charter Schools within the District's boundaries. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Charter School Funding."

Additional information on the District is set forth in APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION" and APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022." For specific information on the impact of the Coronavirus Disease 2019 ("COVID-19") pandemic on the District's operations and finances, see "RISK FACTORS – Infectious Disease Outbreak" and APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak."

For information regarding potential additional financings the District may undertake, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Future Financings."

Changes from Preliminary Official Statement

In addition to pricing information relating to the Certificates, this final Official Statement reflects additional information relating to (i) changes to the estimated uses of proceeds allocated to the Project Fund (see "PLAN OF FINANCE," "ESTIMATED SOURCES AND USES OF FUNDS" and APPENDIX H – "SUSTAINABILITY BONDS SECOND PARTY OPINION"), (ii) revisions to District's Fiscal Year 2023-24 Budget approved by the Board of Education on August 22, 2023 (see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – District Budget – *Revisions to Fiscal Year 2023-24 Budget*"), (iii) labor negotiations and agreements (see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Employees and Labor Relations"), and (iv) litigation (see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation").

The Corporation

The Corporation was organized on August 18, 2000 as a California nonprofit benefit corporation. The Corporation was formed at the request of the District for the specific and primary purpose of providing capital financing assistance to the District by financing the acquisition, construction, remodeling, rehabilitation, equipping, improvement, financing and refinancing of various public facilities, land and equipment of the District and by leasing certain facilities, land and equipment for the use, benefit and enjoyment of the public served by the District, as well as any other purpose incidental thereto. See "THE CORPORATION" herein.

Security and Sources of Payment for the Certificates

The Certificates will be executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2023 (the "Trust Agreement"), by and among U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), the Corporation and the District, and evidence proportionate and undivided ownership interests in the Lease Payments to be made by the District under the Lease Agreement for the use of the Property. See "THE PROPERTY."

The District will enter into a Site Lease, dated as of August 1, 2023 (the "Site Lease") pursuant to which the District will lease the Property to the Corporation. The Corporation will then sublease the Property back to the District pursuant to the Lease Agreement. The Lease Agreement will obligate the District to make Lease Payments and Additional Payments (which include expenses and fees of the Trustee and other amounts incurred by the District and the Corporation in complying with the provisions of the Trust Agreement and the Lease Agreement as described herein). Lease Payments are scheduled to be sufficient to pay, when due, amounts designated as principal and interest evidenced by the Certificates. The District covenants under the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Payments due under the Lease Agreement in each of its budgets during the term of the Lease Agreement and to make the necessary appropriations for all such Lease Payments and Additional Payments due under the Lease Agreement in the fiscal year covered by such budget.

The Trustee and the Corporation will enter into an Assignment Agreement, dated as of August 1, 2023 (the "Assignment Agreement"), pursuant to which the Corporation will assign to the Trustee for the benefit of the Certificate Owners all of the Corporation's right, title and interest in and to the Lease Agreement, including its right to receive and collect all of the Lease Payments and Additional Payments from the District under the Lease Agreement, provided that the Corporation will retain the right to indemnification under the Lease Agreement.

The District's obligation to make Lease Payments with respect to the Certificates will be abated during any period in which, by reason of damage, destruction, any defect in title or other event (other than by eminent domain as provided in the Lease Agreement), there is substantial interference with the use and occupancy by the District of the Property or any portion thereof (other than any portions of the Property described in the provisions of the Lease Agreement relating to the District's right to, at its own expense, remove portions of the Property or to make additions or modifications to the Property). Failure of the District to make Lease Payments during any such period will not constitute a default under the Lease Agreement, the Trust Agreement or any Certificate. However, during periods of abatement, any moneys in the Lease Payment Fund and amounts, if any, received from rental interruption insurance are available to pay Lease Payments. There is no remedy of acceleration of Lease Payments over the term of the Lease Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Lease Payments," " – Insurance," and "– Abatement" and "RISK FACTORS – Abatement" herein.

THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

For more complete and detailed information, see “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES.” For a discussion of certain risks associated with the District’s ability to make Lease Payments for the Property, see “RISK FACTORS.”

Authorization; Purpose of the Certificates

Pursuant to and in accordance with resolutions of the Board of Education of the District and the Board of Directors of the Corporation adopted on June 13, 2023, the District and the Corporation have authorized the execution, sale and delivery of the Certificates, approved the execution of the Lease Agreement, the Site Lease, the Trust Agreement and this Official Statement and the Corporation has also approved the form of the Assignment Agreement.

The proceeds of the Certificates are expected to be used (i) to fund the acquisition and installation of equipment and the improvement of real property related to District cybersecurity, student enrollment, information and support, data analytics and reporting, and campus security systems, the acquisition of electric buses, and the electrification of bus yards, and (ii) to pay the costs incurred in connection with the execution and delivery of the Certificates. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF FUNDS.”

Description of the Certificates

The Certificates will be executed and delivered in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Certificates. Individual purchases of the Certificates will be made in book-entry form only. Purchasers of the Certificates will not receive physical certificates representing their ownership interests in the Certificates purchased. The Certificates will be delivered in denominations of $5,000 or any integral multiple thereof. Principal and interest payments evidenced by the Certificates are payable directly to DTC by the Trustee. Upon receipt of payments of principal and interest evidenced by the Certificates, DTC will in turn distribute such payments to DTC Participants for subsequent disbursement to the Beneficial Owners (as defined in the Trust Agreement) of the Certificates. See “THE CERTIFICATES – General” and “ – Book-Entry Only System” and APPENDIX G – “BOOK-ENTRY ONLY SYSTEM.”

Interest evidenced by the Certificates is payable semiannually on April 1 and October 1 of each year, commencing on April 1, 2024. See “THE CERTIFICATES – General.”

The Certificates are subject to prepayment prior to maturity as described herein. See “THE CERTIFICATES – Prepayment.”

For a more complete description of the Certificates and the basic documentation pursuant to which they are being sold and delivered, see “THE CERTIFICATES,” “SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES” and APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” The summaries and descriptions in this Official Statement of the Trust Agreement, the Lease Agreement, the Site Lease, the Assignment Agreement, the Continuing Disclosure Certificate and other agreements relating to the Certificates are qualified in their entirety by the respective form thereof and the information with respect thereto included in such documents. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Trust Agreement shall have the same meanings assigned to such terms as set forth therein. See APPENDIX C – “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – DEFINITIONS.”

Offering and Delivery of the Certificates

The Certificates will be offered when, as and if executed, delivered and received by the Underwriters, subject to the approval of legality by Hawkins Delafield & Wood LLP, Special Counsel to the District, and the satisfaction of certain other conditions. It is anticipated that the Certificates will be available in book-entry form for delivery through the facilities of DTC on or about August 31, 2023 (the "Delivery Date").

Certificate Owners' Risks

Certain events could affect the ability of the District to make the Lease Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Certificates.

Continuing Disclosure

The District has covenanted for the benefit of the holders and Beneficial Owners of the Certificates to provide, or to cause to be provided, to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system or such other electronic system designated by the Municipal Securities Rulemaking Board (the "EMMA System") certain annual financial information and operating data relating to the District (the "Annual Report") by not later than 240 days following the end of the District's fiscal year (currently ending June 30), commencing with the report for fiscal year 2022-23 and notice of the occurrence of certain enumerated events ("Notice Events") in a timely manner not in excess of ten business days after the occurrence of such a Notice Event. The specific nature of the information to be contained in the Annual Report and the notices of Notice Events is set forth in APPENDIX E − "FORM OF CONTINUING DISCLOSURE CERTIFICATE." Copies of the District's annual reports and notices of Listed Event filings are available at the website of Digital Assurance Certification, L.L.C. ("DAC"), www.dacbond.com, and at the website of the Emma System, emma.msrb.org. The information presented on these websites is not incorporated by reference in this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission ("SEC").

Due to the impact of COVID-19 on California school district operations during fiscal year 2019-20, California Senate Bill 98 extended the deadline for school districts to file their audited financial statements for fiscal year 2019-20 with the State to March 31, 2021. As a result, at the time of filing the District's Annual Report for fiscal year 2019-20, the District's audited financial statements for fiscal year 2019-20 were not yet available. The District's audited financial statements for fiscal year 2019-20 were subsequently filed to EMMA on March 30, 2021. Additionally, within the past five years, certain of the District's annual reports and Listed Events filings required in connection with its prior continuing disclosure undertakings were not properly linked to all CUSIP numbers for the District's outstanding bonds.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used, such as "plan," "expect," "estimate," "budget," "intend" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to those forward-looking statements if or when their expectations, or events, conditions or circumstances on which such statements are based, occur.

Other Information

This Official Statement is current only as of its date, and the information contained herein is subject to change. Copies of the Site Lease, the Lease Agreement, the Assignment Agreement, the Trust Agreement and the Continuing Disclosure Certificate are available for inspection at the District at 333 South Beaudry Avenue, Los Angeles, California 90017, by request to the Office of the Chief Business Officer, and, following delivery of the Certificates, will be on file at the offices of the Trustee in Los Angeles, California.

DESIGNATION OF THE CERTIFICATES AS SUSTAINABILITY BONDS

The District, its counsel (including Special Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel have not independently confirmed or verified the information under this caption "DESIGNATION OF THE CERTIFICATES AS SUSTAINABILITY BONDS" or assumed any obligation to ensure that the Certificates comply with any legal or other standards or principles that may be related to Sustainability Bonds. The District has designated the Certificates as Sustainability Bonds based solely on Kestrel's independent external review and opinion that the Certificates conform with the four core components of the International Capital Market Association (the "ICMA") Sustainability Bond Guidelines, and therefore qualify for Sustainability Bonds designation.

The designation of the Certificates as Sustainability Bonds does not entitle the Owner of any Certificate to any benefit under the Code (as defined herein). Owners of the Certificates do not have any security other than as described under "SECURITY AND SOURCE OF PAYMENT FOR THE CERTIFICATES."

Sustainability Bonds Designation

Per the ICMA, Sustainability Bonds ("Sustainability Bonds") are bonds where the proceeds will be exclusively applied to finance or re-finance a combination of both Green and Social Projects. Sustainability Bonds are aligned with the four core components of both the Green Bond Principles and Social Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting. For information on the District's reporting with respect to Sustainability Bonds, see APPENDIX H – "SUSTAINABILITY BONDS SECOND PARTY OPINION."

Kestrel ("Kestrel") has determined that the Certificates are in conformance with the four core components of the ICMA Sustainability Bond Guidelines, as described in Kestrel's "Second Party Opinion," which is attached hereto as Appendix H.

Independent Second Party Opinion on Sustainability Bonds Designation and Disclaimer

For over 20 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and an Observer for the ICMA Green Bond Principles and Social Bond Principles. Kestrel reviews transactions in all asset classes worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and criteria.

The Second Party Opinion issued by Kestrel (attached hereto as Appendix H) does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the

Certificates. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the Certificates and designations do not address the market price or suitability of these Certificates for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal evidenced by the Certificates when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by the District or that was otherwise made available to Kestrel.

THE CERTIFICATES

General

The Certificates evidence proportionate and undivided ownership interests in the principal and interest components of Lease Payments to be made by the District pursuant to the Lease Agreement.

The Certificates are dated the date of original delivery thereof and will be executed and delivered in denominations of $5,000 or any integral multiple thereof ("Authorized Denominations"). The principal evidenced by the Certificates will be payable on their respective Principal Payment Dates set forth on the front inside cover page of this Official Statement and shall represent the sum of the portions of the Lease Payments designated as principal components coming due on the Principal Payment Dates in each year.

The principal components evidenced by the Certificates are in the amounts, and the interest components of the Lease Payments evidenced by the Certificates accrue at the rates per annum, all as set forth on the front inside cover page of this Official Statement. The interest components evidenced by the Certificates will be due and payable semiannually on April 1 and October 1 of each year, commencing April 1, 2024 (each an "Interest Payment Date"). The interest evidenced by the Certificates will be payable on each Interest Payment Date to and including their respective Principal Payment Dates or prepayment prior thereto, and shall represent the sum of the portions of the Lease Payments evidenced thereby designated as interest components coming due on the Interest Payment Dates in each year.

The interest evidenced by the Certificates will be computed on the basis of a 360-day year consisting of twelve, 30-day months. Each Certificate shall evidence interest from the Interest Payment Date next preceding its date of execution to which interest has been paid in full, unless (i) it is executed as of the Interest Payment Date, in which event interest evidenced thereby shall be payable from the date thereof; or (ii) it is executed after the 15th day of the calendar month immediately preceding such Interest Payment Date, whether or not such day is a Business Day (a "Record Date") and before the following Interest Payment Date, in which event interest evidenced thereby shall be payable from such following Interest Payment Date; or (iii) it is executed prior to the close of business on the first Record Date, in which event interest evidenced thereby shall be payable from the Delivery Date. Notwithstanding the foregoing, if, as shown by the records of the Trustee, interest evidenced by the Certificates shall be in default, each Certificate shall evidence interest from the last Interest Payment Date to which such interest has been paid in full or duly provided for.

The Lease Agreement requires that each year's semi-annual Lease Payments thereunder be deposited with the Trustee, as assignee of the Corporation, no later than fifteen business days prior to each Lease Payment Date for the Certificates (each, a "Lease Deposit Date") which are scheduled to be sufficient to pay, when due, amounts designated as principal and interest evidenced by the Certificates, subject to the provisions of the Lease Agreement regarding abatement in the event of material loss of use of any portion of the Property and prepayment of Lease Payments. See "RISK FACTORS – Abatement" and "THE CERTIFICATES – Prepayment" herein.

The Certificates will be subject to the book-entry system of registration, transfer and payment, and each Certificate will initially be registered in the name of Cede & Co., as nominee of DTC. As part of such Book-Entry System, DTC has been appointed securities depository for the Certificates, and registered ownership may not thereafter be transferred except as provided in the Trust Agreement. The Certificates are being delivered in book-entry form only. Purchasers will not receive physical certificates representing their interests in the Certificates. Rather, in accordance with the book-entry system, purchasers of each Certificate will have beneficial ownership interests in the purchased Certificates through DTC Participants. For more information concerning the Book-Entry System, see "THE CERTIFICATES – Book-Entry Only System."

While the Certificates are subject to the Book-Entry System, payments of principal and interest with respect to the Certificates will be made by the Trustee to DTC, which in turn is obligated to remit such principal and interest to its DTC Participants for subsequent disbursement to Beneficial Owners of the Certificates as described herein. See "THE CERTIFICATES – Book-Entry Only System" and APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Prepayment

Optional Prepayment. The Certificates maturing on or after October 1, 2034, are subject to optional prepayment prior to maturity on or after October 1, 2033, at the option of the District, as a whole or in part on any date, from amounts deposited with the Trustee by the District, at a prepayment price equal to 100%, plus accrued but unpaid interest to the prepayment date.

Extraordinary Prepayment. The Certificates are subject to prepayment on any Business Day, in whole or in part, from Net Proceeds of condemnation or any insurance award resulting from any defect in title, damage or destruction of all or a portion of the Property which the Trustee shall transfer to the Prepayment Fund at least forty-five (45) days prior to such date of prepayment and credited towards the Prepayment made by the District pursuant to the Lease Agreement, at a prepayment price equal to the principal amount of Certificates prepaid together with accrued interest to the date fixed for prepayment, without premium.

Partial Prepayment. All or a portion of any Certificate may be prepaid, but only in a principal amount equal to an Authorized Denomination. Upon surrender by the Owner of a Certificate for partial prepayment at the Principal Office, payment of such partial prepayment of the principal amount evidenced by such Certificate will be made to such Owner by check mailed by first class mail to the Owner at his or her address as it appears on the Certificate Register. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates that shall be of Authorized Denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the District, the Corporation and the Trustee shall be released and discharged from all liability to the extent of such payment.

Selection of Certificates for Prepayment. Whenever provision is made in the Trust Agreement for the prepayment of less than all of the Certificates pursuant to the prepayment provisions described under the caption " - *Optional Prepayment*," the Trustee will select the Certificates to be prepaid from all Outstanding Certificates not previously called for prepayment pursuant to the Trust Agreement, among maturities selected by the District and designated in a Written Request of the District delivered to the Trustee at least sixty (60) days (or such shorter period as acceptable to the Trustee) prior to the prepayment date and by lot within any maturity. The Trustee will promptly notify the District and the Corporation in writing of the Certificates so selected for prepayment.

Whenever provision is made in the Trust Agreement for the prepayment of less than all of the Certificates pursuant to the prepayment provisions described under the caption " - *Extraordinary Prepayment*," the Trustee will select the Certificates to be prepaid from all Certificates not previously called for prepayment among maturities of all Certificates on a *pro rata* basis as nearly as practicable.

Notice of Prepayment. Notice of any such prepayment will be given by the Trustee on behalf and at the expense of the District by registered or otherwise secure mail or delivery service, postage prepaid, or by facsimile transmission, confirmed by telephone, to DTC and, by electronic submission to the MSRB through its EMMA System, or any other entity designated or authorized by the MSRB or the SEC, in accordance with then current guidelines, at least twenty (20) days but not more than sixty (60) days prior to the prepayment date; provided, that neither failure to receive such notice nor any defect in any notice so mailed will affect the sufficiency of the proceedings for the prepayment of such Certificates.

All notices of prepayment will be dated and will specify: (a) that the Certificates or a designated portion thereof are to be prepaid; (b) the numbers of the Certificates (unless all Certificates or all Certificates of a specific maturity have been selected for prepayment) together with the CUSIP numbers to be prepaid (provided that none of the District, the Corporation or the Trustee will be held liable for the accuracy of such CUSIP numbers); (c) the date of notice and the date of prepayment; (d) the place or places where the prepayment will be made; and (e) the interest rates and stated maturity dates of the Certificates to be prepaid. Such notice will further state that on the specified prepayment date there shall become due and payable upon each Certificate or portion thereof to be prepaid, the portion of the principal amount evidenced by such Certificate to be prepaid, together with interest accrued to said date and prepayment premium, if any, and that from and after such date interest with respect thereto will cease to accrue and be payable.

Conditional Notice; Rescission. Any notice of prepayment of the Certificates, or any portion thereof, delivered in accordance with the Trust Agreement, may be conditional and if any condition stated in the notice of prepayment will not have been satisfied on or prior to the prepayment date, said notice (i) will be of no force and effect; (ii) the District will not be required to prepay such Certificates; (iii) the prepayment will not be made; and (iv) the Trustee will within a reasonable time thereafter give notice to the persons and in the manner in which the conditional notice of prepayment was given, that such condition or conditions were not met and that the prepayment was cancelled.

The District may rescind any prepayment and notice thereof for any reason on any date prior to the date fixed for prepayment by causing written notice of the rescission to be given to the Owners of the Certificates so called for prepayment. Notice of rescission of prepayment will be given in the same manner in which notice of prepayment was originally given. The actual receipt by the Owner of any Certificate of notice of such rescission will not be a condition precedent to rescission and failure to receive such notice or any defect in such notice will not affect the validity of the rescission.

Effect of Prepayment. Notice of prepayment having been given, and if the money for the prepayment price (including the interest and prepayment premium, if any, to the applicable date of prepayment) is set aside in the Prepayment Fund, the Certificates to be prepaid will become due and payable on said date of prepayment, and, upon presentation and surrender thereof at the Principal Office, said Certificates will be paid at the unpaid prepayment price with respect thereto, plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all of the Certificates to be prepaid, together with interest to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, interest evidenced by such Certificates shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of Certificates shall be held in trust for the account of the Owners of the Certificates so to be prepaid without liability for interest thereon.

All Certificates paid at maturity or prepaid prior to maturity pursuant to the provisions of the Trust Agreement will be cancelled upon surrender thereof and destroyed.

Book-Entry Only System

General. DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Certificate will be issued for each stated Principal Payment Date of the Certificates, each in the aggregate amount of the principal evidenced by Certificates with such stated Principal Payment Date, and will be deposited with DTC. See APPENDIX G – "BOOK-ENTRY ONLY SYSTEM."

Discontinuance of DTC. In the event that (a) DTC determines not to continue to act as securities depository for the Certificates or (b) the District determines that continuation of the book-entry system is not in the best interest of the beneficial owners of the Certificates or the District, then the District may discontinue the book-entry system with DTC. If the District determines to replace DTC with another qualified securities depository, the District shall prepare or direct the preparation of a new single, separate, fully registered Certificate for each of the different maturity dates and interest rates of such Certificates, registered in the name of such successor or substitute qualified securities depository or its nominee as provided in Trust Agreement. If the District fails to identify another qualified securities depository to replace DTC, then the Certificates shall no longer be restricted to being registered in the Certificate Register in the name of the nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Certificates shall designate, in accordance with the transfer and exchange provisions of the Trust Agreement summarized in APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Nature of the Certificates

Each Certificate evidences proportionate and undivided ownership interests in the principal component of the Lease Payment due under the Lease Agreement on the payment date or prepayment date of such Certificate, and the interest component of all Lease Payments (based on the stated interest rate with respect to such Certificate) to accrue from the date of delivery to its payment date or prepayment date, as the case may be.

The Corporation, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Certificate Owners all of the Corporation's right, title and interest in and to the Lease Agreement, including its right to receive and collect all of the Lease Payments and Additional Payments from the District under the Lease Agreement, provided that the Corporation will retain the right to indemnification under the Lease Agreement. The District will pay Lease Payments directly to the Trustee, as assignee of the Corporation. See "– Lease Payments" below.

Lease Payments

General. The Certificates evidence proportionate undivided interests in the Lease Payments to be made by the District pursuant to the Lease Agreement. The District is required under the Lease Agreement to make Lease Payments subject to the provisions of the Lease Agreement related to abatement. The Lease Payments will be payable from any source of legally available funds of the District, subject to the provisions of the Lease Agreement and the Trust Agreement. The District has covenanted in the Lease Agreement to take such action as may be necessary to include all Lease Payments and Additional Payments due thereunder in each of its budgets during the term of the Lease Agreement and to make the necessary appropriations for all such Lease Payments and Additional Payments due under the Lease Agreement in the fiscal year covered by such budget. Lease Payments are scheduled to be paid as set forth in " – Lease Payments Schedule" below.

THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE DISTRICT, THE CORPORATION OR THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The Trustee, pursuant to the Trust Agreement, will receive Lease Payments for the benefit of the Owners. Lease Payments are scheduled to be sufficient to pay, when due, amounts designated as principal and interest evidenced by the Certificates. Except as expressly provided in the Trust Agreement, the Trustee will not have any obligation or liability to the Owners with respect to the payment when due of the Lease Payments by the District, or with respect to the performance by the District or the Corporation of the other agreements and covenants required to be performed by them, respectively contained in the Lease Agreement or in the Trust Agreement.

No Acceleration of Lease Payments. There will be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant of the Lease Agreement to be kept and performed by the District is a condition of the Lease Agreement and upon an Event of Default under the Lease Agreement the Trustee may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement pursuant to the terms thereof; provided, that no such termination will be effected either by operation of law or acts of the parties thereto, except only in the manner provided in the Lease Agreement. In the event of any Event of Default or Default referred to in the Lease Agreement and notwithstanding any re-entry by the Trustee, the District will, as provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions therein contained and, in any event such Lease Payments and/or damages will be payable to the Trustee at the time and in the manner as provided in the Lease Agreement. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - TRUST AGREEMENT - Events of Default and Remedies of Certificate Owners."

Lease Payments Schedule

The Lease Agreement requires that each year's semi-annual Lease Payments thereunder be deposited with the Trustee, as assignee of the Corporation, no later than fifteen business days prior to each Interest Payment Date for the Certificates (each, a "Lease Deposit Date") which are scheduled to be sufficient to pay, when due, amounts designated as principal and interest evidenced by the Certificates, subject to the provisions of the Lease Agreement regarding abatement in the event of material loss of use of any portion of the Property and prepayment of Lease Payments. See "RISK FACTORS – Abatement" and "THE CERTIFICATES – Prepayment" herein.

The following table sets forth the payments of the principal components and interest components evidenced by the Certificates and the semi-annual Lease Payments due under the Lease Agreement:

LOS ANGELES UNIFIED SCHOOL DISTRICT
CERTIFICATES OF PARTICIPATION, 2023 SERIES A
(SUSTAINABILITY BONDS)
LEASE PAYMENTS SCHEDULE

Interest Payment Date	Principal Component	Interest Component	Total Semi-Annual Lease Payment	Total Annual Lease Payment
04/01/2024	-	$11,260,952.78	$11,260,952.78	$11,260,952.78
10/01/2024	$17,635,000.00	9,606,500.00	27,241,500.00	-
04/01/2025	-	9,165,625.00	9,165,625.00	36,407,125.00
10/01/2025	18,540,000.00	9,165,625.00	27,705,625.00	-
04/01/2026	-	8,702,125.00	8,702,125.00	36,407,750.00
10/01/2026	19,490,000.00	8,702,125.00	28,192,125.00	-
04/01/2027	-	8,214,875.00	8,214,875.00	36,407,000.00
10/01/2027	20,490,000.00	8,214,875.00	28,704,875.00	-
04/01/2028	-	7,702,625.00	7,702,625.00	36,407,500.00
10/01/2028	21,545,000.00	7,702,625.00	29,247,625.00	-
04/01/2029	-	7,164,000.00	7,164,000.00	36,411,625.00
10/01/2029	22,645,000.00	7,164,000.00	29,809,000.00	-
04/01/2030	-	6,597,875.00	6,597,875.00	36,406,875.00
10/01/2030	23,810,000.00	6,597,875.00	30,407,875.00	-
04/01/2031	-	6,002,625.00	6,002,625.00	36,410,500.00
10/01/2031	25,030,000.00	6,002,625.00	31,032,625.00	-
04/01/2032	-	5,376,875.00	5,376,875.00	36,409,500.00
10/01/2032	26,315,000.00	5,376,875.00	31,691,875.00	-
04/01/2033	-	4,719,000.00	4,719,000.00	36,410,875.00
10/01/2033	27,660,000.00	4,719,000.00	32,379,000.00	-
04/01/2034	-	4,027,500.00	4,027,500.00	36,406,500.00
10/01/2034	29,080,000.00	4,027,500.00	33,107,500.00	-
04/01/2035	-	3,300,500.00	3,300,500.00	36,408,000.00
10/01/2035	30,570,000.00	3,300,500.00	33,870,500.00	-
04/01/2036	-	2,536,250.00	2,536,250.00	36,406,750.00
10/01/2036	32,140,000.00	2,536,250.00	34,676,250.00	-
04/01/2037	-	1,732,750.00	1,732,750.00	36,409,000.00
10/01/2037	33,790,000.00	1,732,750.00	35,522,750.00	-
04/01/2038	-	888,000.00	888,000.00	36,410,750.00
10/01/2038	35,520,000.00	888,000.00	36,408,000.00	36,408,000.00
Total:	$384,260,000.00	$173,128,702.78	$557,388,702.78	$557,388,702.78

Additional Payments

The Lease Agreement requires the District to pay, as Additional Payments thereunder in addition to the Lease Payments, such amounts sufficient to pay all costs and expenses incurred by the District and the Corporation in complying with the provisions of the Trust Agreement, including without limitation payment of all Delivery Costs (to the extent not paid from amounts on deposit in the Delivery Costs Fund), compensation, reimbursable expenses and fees due to the Trustee, all costs and expenses of auditors, engineers, counsel and accountants and any amounts required to be rebated to the federal government.

Covenant to Appropriate Funds

Pursuant to the Lease Agreement, the District has covenanted to take such action as may be necessary to include all Lease Payments and Additional Payments due under the Lease Agreement in each of its budgets during the term of the Lease Agreement and to make the necessary appropriations for all such Lease Payments and Additional Payments due under the Lease Agreement in the fiscal year covered by such budget. The covenants on the part of the District contained in the Lease Agreement will be deemed to be and will be construed to be duties imposed by law and it will be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the District.

Abatement

Under California Law, even though the Lease Agreement becomes effective as of the date of the Certificates, the obligation of the District to make Lease Payments (other than to the extent that funds to make Lease Payments are available in the Lease Payment Fund) must be abated in whole or in part if the District does not have substantial use and occupancy of all or a portion of the Property. See "RISK FACTORS – Abatement" herein.

Lease Payments evidenced by the Certificates will be abated during any period in which, by reason of damage, destruction, any defect in title or other event (other than by eminent domain which is hereinbefore provided for), there is substantial interference with the use and occupancy by the District of the Property or any portion thereof (other than any portions of the Property described in the provisions of the Lease Agreement relating to the District's right to, at its own expense, remove portions of the Property or to make additions or modifications to the Property), and the District waives the benefits of subsection 2 of Section 1932 and subsection 4 of Section 1933 of the California Civil Code and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement shall continue in full force and effect. The extent of such abatement will be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged, destroyed or otherwise unavailable for use and occupancy by the District. Such abatement will continue for the period commencing with such damage, defect in title, destruction or other event and, with respect to damage or destruction of property, ending with the substantial completion of the work of repair or reconstruction or of completion of the Property or of the regained availability of use and occupancy. In the event of any such damage, destruction or non-availability, the Lease Agreement will continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage, destruction or unavailability.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement by reason of damage, destruction or unavailability of all or a portion of the Property to the extent that: (i) the fair rental value of the portions of the Property not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the District (giving due consideration to the obligations of the parties under the Lease Agreement, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public), based upon a qualified employee of the District or an independent certified real estate appraiser selected by the District with expertise in valuing such properties or other appropriate method of valuation, is equal to or greater than the unpaid Lease Payments; or (ii) (A) the proceeds of rental interruption insurance or (B) amounts in the Net Proceeds Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under the Lease Agreement, it being declared by the Lease Agreement that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Failure of the District to make Lease Payments during any period of such abatement will not constitute a default under the Lease Agreement, the Trust Agreement or the Certificates. See "RISK FACTORS – Abatement" herein.

For information regarding insurance against loss or damage to any structures constituting any part of the Property required by the Lease Agreement, see "– Insurance" below.

No Reserve Fund

The Trust Agreement does not require a reserve fund in connection with the execution and delivery of the Certificates. Amounts held or to be held in a debt service reserve fund or account established for any other obligations payable from the District's General Fund may not be used or drawn upon to pay principal of or interest on the Certificates.

Insurance

The Lease Agreement provides that the District will maintain or cause to be maintained, throughout the term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Corporation, the District and the Trustee and their respective members, officers, agents and employees. The Lease Agreement provides that such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District, including through the District's current program of self-insurance, and may be maintained through the Corporation or in the form of self-insurance by the District; provided, however, that the District may not maintain rental interruption insurance in the form of self-insurance. Said policy or policies will provide for coverage of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies will provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $1,000,000 for damage to property resulting from each accident or event (in each case subject to a deductible clause, or self-retention in the case of self-insurance, not to exceed $5,000,000 per occurrence). Such liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks.

The Lease Agreement provides that the District will procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to any structures constituting any part of the Property by fire, lightning and flood (if reasonably necessary), with extended coverage and vandalism and malicious mischief insurance, which coverage may exclude earthquake insurance, with the Trustee named as additional insured and loss payee, with responsible and reputable insurance companies. The Lease Agreement provides that such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the District and may be maintained in whole or in part through the Corporation.

The Lease Agreement provides that such extended coverage insurance shall, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the greater of 100% of the replacement value of the Property or 100% of the remaining Lease Payments evidencing and representing principal evidenced by all outstanding Certificates. The Net Proceeds of such insurance shall be applied as provided in the Lease Agreement.

The Lease Agreement provides that the District will also procure and maintain, or cause to be maintained, throughout the term of the Lease Agreement, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on any portion of the Property in an amount not less than $5,000,000 per accident, and worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in the State, or any act hereafter enacted as an amendment or supplement thereto. The Lease Agreement provides that as an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the District, including through the District's current program of self-insurance.

The Lease Agreement provides that the District will procure and maintain, or cause to be maintained, throughout the term of the Lease Agreement rental interruption insurance to cover loss, total or partial, of the use of any part of the Property during the term of the Lease Agreement with respect to the Property in an amount equal to the greatest twenty-four (24) months of Lease Payments for such Property with the Trustee named as additional insured and loss payee. Such insurance may be carried in conjunction with, and may be subject to the same provisions as, the insurance required under the Lease Agreement. The District has assigned to the Corporation all right of the District, if any, to collect and receive Net Proceeds under any of said policies, which right has been assigned by the Corporation to the Trustee pursuant to the Assignment Agreement. The Net Proceeds of such rental interruption insurance will be paid to the Trustee and deposited in the Lease Payment Fund and will be credited towards the payment of the Lease Payments in the order in which the Lease Payments are due and payable.

The District will provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date or as soon thereafter as practicable, an ALTA or a CLTA title insurance policy covering, and in the amount of not less than the principal amount of the Certificates, insuring all of the fee title of the District in the Property, the leasehold estate of the Corporation in the Property and the leasehold estate of the District in the Property securing the Certificates, subject only to Permitted Encumbrances, with the Trustee as additional insured and loss payee. The Net Proceeds of such title insurance will be applied as provided in the Lease Agreement.

The District will maintain or cause to be maintained, during the entire term of the Lease Agreement, with insurers of recognized responsibility (or through the District's current program of self-insurance with respect to certain insurance required by the Lease Agreement) all coverage required under the Lease Agreement. The District may not change its program of self-insurance for any insurance required under the Lease Agreement. Certain policies of insurance required by the Lease Agreement will be obtained from an insurance provider licensed to do business in the State and rated "A" or better by A.M. Best & Company, and will provide that all proceeds thereunder will be payable to the District and the Trustee as insureds and applied as provided in the Lease Agreement. The District will pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement.

For additional information regarding the District's risk management programs, See APPENDIX A - "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation" and APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LEASE AGREEMENT."

Action on Default

Upon the occurrence of an Event of Default under the Lease Agreement, the Trustee, as assignee of the Corporation, may exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything contained in the Lease Agreement or in the Trust Agreement to the contrary, there will be no right under any circumstances to accelerate the

Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. The Trustee, as assignee of the Corporation, may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement as provided in Lease Agreement; provided, that no such termination would be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such Event of Default or Default and notwithstanding any re-entry by the Trustee, as assignee of the Corporation, the District would, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event such Lease Payments and/or damages would be payable to the Corporation at the time and in the manner as provided in the Lease Agreement. See "RISK FACTORS."

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Corporation) contained in the Lease Agreement and the Trust Agreement, see APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – Events of Default and Remedies" and " – THE TRUST AGREEMENT – Events of Default and Remedies of Certificate Owners."

No Additional Encumbrances

Under the Lease Agreement, the Corporation agrees not to pledge the Lease Payments or other amounts derived from the Property or its other rights under the Lease Agreement and will not mortgage or encumber the Property, except as provided under the terms of the Lease Agreement, the Site Lease, the Assignment Agreement and the Trust Agreement.

THE PROPERTY

General

The Property leased pursuant to the Lease Agreement consists of the real property on which the following schools are located, together with the buildings and improvements located thereon: (a) the Roosevelt High School, located at 456 South Matthews Street, Los Angeles, California (excluding the pool area and related facilities); and (b) the Venice High School, located at 13000 West Venice Boulevard, Los Angeles, California (excluding the Los Angeles School Police West Division Offices, pool area and related facilities, and the community garden area).

Roosevelt High School. The Roosevelt High School is located within the Boyle Heights Community Plan Area of the City of Los Angeles, and bounded by 4th Street on the north, South Mathews on the west, South Mott Street on the east, and East 6th Street on the south. The original construction of Roosevelt High School was completed in 1923. There have been many additions and modernizations since completion of the original campus, and the campus is currently undergoing a comprehensive modernization and construction project expected to be completed in the fourth quarter of 2025. The site includes a pool area and related facilities, but neither the pool area nor the related facilities will be leased under the Lease Agreement.

The leased portion of Roosevelt High School is a 22.6-acre parcel. Existing facilities include approximately 302,782 square feet of space in 17 permanent and 4 portable structures, including administrative and classroom spaces, art, instrumental music and drama facilities, computer labs, biology and science labs, auditorium, and principal, counselor and other offices. Existing athletic facilities include a football field, shared baseball and softball fields, basketball, tennis and handball courts, and a gymnasium. The site also includes two parking lots with a total of 398 parking spaces.

The Roosevelt High School is currently undergoing a comprehensive modernization and construction project. This project includes the construction of new buildings and site improvements with 78 general and specialty classrooms, instructional support spaces, administration facilities, an auditorium, gymnasium, lunch shelter, basketball and tennis courts, and a wellness center. Existing school facilities will be upgraded, including the reuse or recreation of certain historical and/or cultural elements. The remaining buildings will receive minor interior classroom improvements and exterior paint. The project also includes the demolition of the auditorium/classroom building, gymnasium, industrial arts building, main administration and classroom building, lunch shelter, maintenance and operations building, two music buildings, and 30 classrooms in relocatable buildings. Additionally, a new natural turf football field, synthetic competition track with sports field lighting and ancillary support buildings, and a new combination baseball and softball field with sports field lighting will be constructed. Throughout the school site, infrastructure such as utilities, safety and security systems, and technology networks will be upgraded and programmatic access and landscape/hardscape areas will be improved. Upon completion, the site will consist of approximately 408,397.13 square feet of space in 12 permanent and 5 portable structures.

In 2017, a Removal Action Completion Workplan (RAW) identified approximately 7,020 cubic yards of soil impacted with arsenic, lead, and/or petroleum hydrocarbons that are to be removed from the site as part of the comprehensive modernization project. Most of the soil has been removed. The last 380 cubic yards will be removed as part of an upcoming turf replacement project expected to be completed in 2025. In addition, the site has an active methane mitigation system in the gymnasium for the naturally occurring methane in the area. Therefore, ongoing maintenance, monitoring, and reporting is required for this building. The site also includes a fifty-five-gallon fuel bunker and several storage rooms for typical hazardous maintenance materials, including various cleaning and other liquids. The fuel bunker will be removed as part of the refurbishment of the athletic field and will not be replaced.

Venice High School. Venice High School is bordered by W. Venice Boulevard to the northwest, S. Walgrove Avenue to the southwest, W. Zanja Street to the southeast, and residential properties fronting Lyceum Avenue to the northeast. Residential properties directly abut the whole east property line, with the exception of one commercial property that faces Venice Blvd. The original construction of Venice High School was completed in 1925. There have been many additions and modernizations since completion of the original campus, and the campus is currently in the final stages of a comprehensive modernization and construction project expected to be completed in August 2023. The site includes the Los Angeles School Police West Division Offices, a pool area and related facilities, and a community garden area, but none of those areas or facilities will be leased under the Lease Agreement.

The leased portion of Venice High School site is an approximate 26.2-acre parcel. Upon completion of the modernization and construction project, the leased facilities will consist of approximately 318,000 square feet of space in 19 permanent and 2 portable structures. Upon completion of the modernization and construction project, the site will include administrative and classroom spaces, including general and specialty classrooms, special education classrooms, art facilities, computer labs, a science building with horticulture and robotics labs, a shop building with a print shop and an auto shop, a lunch pavilion, administrative offices, and an auditorium. Athletic facilities will include football, baseball and softball fields; basketball, volleyball and tennis courts; a gymnasium with locker rooms, a weight room, and sports medicine program; and a stadium complex with seating for 3,000 and concession and restroom facilities. The school site includes parking lots with an approximate total of 266 parking spaces.

The site includes two fuel bunkers (110-gallon gasoline and 155-gallon diesel), and several storage rooms for typical hazardous maintenance materials, including various cleaning and other liquids. A replacement flammable storage building is being completed as part of the modernization and construction project.

The amount of the annual Lease Payments does not exceed the annual fair rental value of the Property.

Substitution or Release

Pursuant to the Lease Agreement, and subject to the conditions set forth therein, the District may amend the Lease Agreement to substitute additional real property and facilities for the Property, or to remove real property and facilities from the definition of Property, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or removal, the part of the Property for which the substitution or removal has been effected will be released from the leasehold thereunder. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS - THE LEASE AGREEMENT – Substitution" and " – Release."

PLAN OF FINANCE

A portion of the proceeds of the Certificates will be placed into the Project Fund (the "Project Fund") established and administered under the Trust Agreement and are expected to fund (i) the acquisition and installation of equipment and the improvement of real property related to District cybersecurity, student enrollment, information and support, data analytics and reporting, and campus security systems, (ii) the acquisition of electric buses, and (iii) the electrification of bus yards (collectively, the "Project"), as shown and estimated below:

Estimated Project Expenditures

Fiscal Years 2023-24 and 2024-25 Estimated COP Expenditures	($ millions)
Cybersecurity Improvement Program	$167.48
Campus Security Systems Program	146.00
Enrollment Modernization	2.00
Student Support Applications Modernization	11.40
Student Information Systems Upgrades	1.00
Data Analytics, Reporting and Dashboards – Student	4.76
Sun Valley Bus Yard Electrification	3.30
Sun Valley Electric Buses & Generator Purchases	70.55
Gardena - Soils Stabilization, Conversion of 100% of site for Electric Bus Charging	17.04
Totals(1)	**$423.54**

(1) Totals may not add due to rounding.

The remaining proceeds of the Certificates will be used to pay the costs incurred in connection with the execution and delivery of the Certificates.

In the event that the District's plans with respect to the Project change or proceeds of the Certificates remain after the completion of the Project, the District is permitted under the Trust Agreement to apply proceeds of the Certificates to the acquisition, development and installation of certain equipment for use by the District in connection with its educational, administrative and ancillary activities, including the acquisition, development and installation of certain information technology systems, and the construction and improvement of school buildings and administrative and athletic structures and facilities, together with parking and transportation facilities and playgrounds.

See APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – Acquisition, Construction and Installation of the Project" for a description of the Project Fund. See also "ESTIMATED SOURCES AND USES OF FUNDS" herein.

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Certificates and other available funds are shown below.

Estimated Sources of Funds	
Principal Amount of Certificates	$384,260,000.00
Plus Original Issue Premium	41,231,497.85
Total Sources	$425,491,497.85
Estimated Uses of Funds	
Project Fund	$423,542,885.00
Underwriters' Discount	1,055,822.37
Delivery Costs(1)	892,790.48
Total Uses	$425,491,497.85

(1) Includes legal, municipal advisor and rating agency fees, title insurance, printing and other fees and miscellaneous costs of delivery of the Certificates.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Certificates. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations and Other Obligations

The obligation of the District to make the Lease Payments does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the District to make Lease Payments constitutes a debt of the District, the Corporation or the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the District, the District is obligated under the Lease Agreement to pay Lease Payments from any source of legally available funds (subject to certain exceptions) and the District has covenanted in the Lease Agreement that, for as long as the Property is available for its use and possession, it will make the necessary annual appropriations within its budgets for all Lease Payments.

The District is currently liable and may become liable on other obligations payable from the District's General Fund, such as employee salaries and benefits, some of which may have a priority over the Lease Payments and Additional Payments. For a discussion of certain other obligations of the District, See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION." The District has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the District, the funds available to make Lease Payments and Additional Payments may be decreased. In the event the District's revenue sources are less than its total obligations, the District could choose to fund other activities before making Lease Payments and Additional Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the District is not permitted to appropriate and spend all of its available revenues. See APPENDIX A - "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS - Article XIIIB of the State Constitution."

Default; Remedies Upon Default; No Right of Acceleration

Upon the occurrence of an Event of Default under the Lease Agreement, the Trustee, as assignee of the Corporation, may exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything contained in the Lease Agreement or in the Trust Agreement to the contrary, there will be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. The Trustee, as assignee of the Corporation, may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement as provided in Lease Agreement; provided, that no such termination would be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such Event of Default or Default and notwithstanding any re-entry by the Trustee, as assignee of the Corporation, the District would, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event such Lease Payments and/or damages would be payable to the Corporation at the time and in the manner as provided in the Lease Agreement.

The Trustee would be required to seek a separate judgment each year for that year's defaulted Lease Payments. Any such suit for money damages would be subject to limitations on legal remedies against school districts in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Lease Payments were due and against funds needed to serve the public welfare and interest.

The enforcement of any remedies provided in the Lease Agreement and Trust Agreement could prove both expensive and time-consuming. Although the Lease Agreement provides that, if the District defaults the Trustee may repossess the Property and relet it, portions of the Property may not be easily recoverable, and even if recovered, could be of little value to others. Additionally, the Trustee may have limited ability to relet the Property to provide a source of rental payments sufficient to pay the principal evidenced by the Certificates. The Trustee is not empowered to sell the Property for the benefit of the Owners. In addition, due to the essential government functions of the Property, it is not certain whether a court would permit the exercise of the remedies of repossession and re-letting with respect thereto. Moreover, there can be no assurance that any reletting would not affect the exclusion of any interest component of the Lease Payments evidenced by the Certificates from federal income taxation.

No Liability of Corporation to the Owners

Except as expressly provided in the Trust Agreement, the Corporation shall not have any obligation or liability to the owners of the Certificates with respect to the payment when due of the Lease Payments by the District, or with respect to the performance by the District of other agreements and covenants required to be performed by them contained in the Lease Agreement or the Trust Agreement, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Trust Agreement.

Bankruptcy

Generally. In addition to the limitations on remedies contained in the Lease Agreement, the Site Lease, and the Trust Agreement, the rights and remedies provided in the Lease Agreement, the Site Lease, and the Trust Agreement may be limited by and are subject to provisions of federal bankruptcy laws, as now or hereafter enacted, and to other laws or equitable principles that may affect the enforcement of creditors' rights.

Bankruptcy of District. The District may be eligible to become a debtor in a Chapter 9 bankruptcy case. If the District were to go into bankruptcy, it may be able to reject the Site Lease or the Lease Agreement or assume the Site Lease or the Lease Agreement, despite any provision of the Site Lease or the Lease Agreement that makes the bankruptcy or insolvency of the District an event of default thereunder.

If the District rejects the Lease Agreement, the District's obligation to pay Lease Payments and Additional Payments will terminate. The Trustee on behalf of the Owners of the Certificates will have a claim for damages in the bankruptcy case, but this claim for damages may be significantly limited. While the Corporation may be able to recover possession of the Property and re-let it, no assurance can be given that the new lease will provide for the same level of payments as the Lease Agreement or that the new lessee will be as desirable. The Owners of the Certificates could suffer substantial losses.

If the District rejects the Site Lease, the rights of the Trustee and the Owners of the Certificates to receive Lease Payments and Additional Payments may terminate, even if the District remains in possession of the Property. While the Trustee on behalf of the Owners of the Certificates may have a claim in the District's bankruptcy, this claim for damages may be significantly limited, and the Owners of the Certificates could suffer substantial losses. Losses could also result if the District rejects the Trust Agreement.

If the District assumes the Lease Agreement, it may be able to assign it to a third party, notwithstanding the provisions of the transaction documents. The District would no longer be obligated to pay Lease Payments and Additional Payments. The third party assignee would be obligated to make such payments. While there must be adequate assurances of the future performance of the assignee, that determination is made by the bankruptcy court, not the Trustee or the Owners of the Certificates, and the determination may turn out to have been wrong. Any such assignee may be a less desirable sublessee and may expose the holders of the Certificates to additional or different risks, including risks of non-payment. There may be adverse tax consequences of such an assignment.

If the District is in bankruptcy, the parties (including the Trustee and the Owners of the Certificates) may be prohibited from taking any action to collect any amount from the District or to enforce any obligation of the District, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Owners of the Certificates from funds in the Trustee's possession.

The District may be able to obtain authorization from the bankruptcy court to sell the Property to a third party, free and clear of the Site Lease, the Lease Agreement, and the rights of the Trustee and the Owners of the Certificates. Under such circumstances, the Owners of the Certificates may suffer substantial losses.

The District may be able, without the consent and over the objection of the Trustee and the Owners of the Certificates, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Lease Agreement, the Site Lease, the Trust Agreement, the Certificates, and other transaction documents, as long as the bankruptcy court determines that the alterations are fair and equitable.

The District could threaten to take any of the actions described above as part of negotiations to alter its obligations under the Lease Agreement, the Site Lease, the Trust Agreement, or other transaction documents.

Actions could be taken in a bankruptcy of the District that could adversely affect the exclusion of interest evidenced by the Certificates from gross income for federal income tax purposes. In addition, there may be other possible effects of the bankruptcy of the District that could result in delays or reductions in payments of the principal and interest evidenced by the Certificates, or in other losses to the Owners of the Certificates. There may be delays in payments on the Certificates while the court considers any of these issues.

Regardless of any specific adverse determinations in a bankruptcy case of the District, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Certificates.

Bankruptcy of Corporation. The Corporation is not a special-purpose bankruptcy-remote entity, and could become a debtor in a bankruptcy case. The District and the Corporation intend the assignment to the Trustee of all of Corporation's right, title, and interest to receive the Lease Payments and Additional Payments to be an absolute sale and not the grant of a security interest in such property to secure a borrowing of the Corporation. Nonetheless, if the Corporation were to become a debtor in a bankruptcy case, and a party in interest (including the Corporation itself) was to take the position that the transfer of the Lease Payments and Additional Payments to the Trustee should be recharacterized as the grant of a security interest in such property, then delays in payments evidenced by the Certificates could result. If a court were to adopt such position, then delays or reductions in payments evidenced by the Certificates, or other losses to the Owners of the Certificates, could result.

Because the Corporation is not assigning all its rights under the Site Lease and the Lease Agreement, it may be able to reject the Site Lease and the Lease Agreement despite any provision of the Site Lease or the Lease Agreement which makes the bankruptcy or insolvency of the Corporation an event of default thereunder. If the Corporation rejects the Site Lease, the rights of the Trustee and the Owners of the Certificates to receive Lease Payments and Additional Payments may terminate, even if the District remains in possession of the Property. Under such circumstances, the Owners of the Certificates could suffer substantial losses, and any claim for damages may be significantly limited.

If the Corporation rejects the Lease Agreement, the District will have the option to either treat the Lease Agreement as terminated or to remain in possession. If the District treats the Lease Agreement as terminated, the District's obligation to pay Lease Payments and Additional Payments will terminate, but the Corporation or the District may still be able to use the Property. Under such circumstances, the holders of the Certificates could suffer substantial losses. Losses could also result if the Corporation rejects the Trust Agreement or the Assignment.

If the Corporation is in bankruptcy, the parties (including the Trustee and the Owners of the Certificates) may be prohibited from taking any action to collect any amount from the Corporation or to enforce any obligation of the Corporation, unless the permission of the bankruptcy court is obtained. These restrictions may also prevent the Trustee from making payments to the Owners of the Certificates from funds in the Trustee's possession. In addition, the provisions of the transaction documents that require the

District to make payments directly to the Trustee, rather than to the Corporation, may no longer be enforceable, and all payments may be required to be made to the Corporation.

The Corporation may be able to obtain authorization from the bankruptcy court to sell or assign its leasehold estate in the Property to a third party, free and clear of the Lease Agreement, the Site Lease, and the rights of the Trustee and the Owners of the Certificates. Under such circumstances, the Owners of the Certificates may suffer substantial losses.

The Corporation may be able, without the consent and over the objection of the Trustee and the Owners of the Certificates, to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Trust Agreement, the Site Lease, the Lease Agreement, the Certificates, and the other transaction documents as long as the bankruptcy court determines that the alterations are fair and equitable.

The Corporation could threaten to take any of the actions described above as part of negotiations to alter its obligations under the Site Lease, the Lease Agreement, the Trust Agreement, or other transaction documents.

Actions could be taken in a bankruptcy case of the Corporation which could adversely affect the exclusion of interest evidenced by the Certificates from gross income for federal income tax purposes. In addition, there may be other possible effects of the bankruptcy of the Corporation that could result in delays or reductions in payments of the principal and interest evidenced by the Certificates, or in other losses to the Owners of the Certificates. There may be delays in payments on the Certificates while the court considers any of these issues.

Regardless of any specific adverse determinations in a bankruptcy case of the Corporation, the fact of such a bankruptcy case could have an adverse effect on the liquidity and value of the Certificates.

Limitation on Remedies. The opinion of Special Counsel, the proposed form of which is included as APPENDIX D, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. As discussed above, bankruptcy proceedings, if initiated, could subject the owners of the Certificates to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights. See " – Bankruptcy" above.

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," certain acts or omissions of the District in violation of its covenants in the Trust Agreement and the Lease Agreement, as well as certain other matters, could result in the interest evidenced by the Certificates being includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Certificates. Should such an event of taxability occur, the Certificates would not be subject to a special prepayment and would remain Outstanding until maturity or until prepaid under the provisions contained in the Trust Agreement.

Abatement

The Lease Agreement provides that fair rental value of the Property equals or exceeds the unpaid principal and interest components of the Lease Payments at all times; therefore, such payments due under the Lease Agreement will not be subject to abatement, except as provided in the paragraph below.

Lease Payments evidenced by the Certificates will be abated during any period in which, by reason of damage, destruction, any defect in title or other event (other than by eminent domain which is hereinbefore provided for), there is substantial interference with the use and occupancy by the District of the Property or any portion thereof (other than any portions of the Property described in the provisions of the Lease Agreement relating to the District's right to, at its own expense, remove portions of the Property or to make additions or modifications to the Property), and the District has waived the benefits of subsection 2 of Section 1932 and subsection 4 of Section 1933 of the California Civil Code and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The extent of such abatement will be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged, destroyed or otherwise unavailable for use and occupancy by the District. Such abatement will continue for the period commencing with such damage, defect in title, destruction or other event and, with respect to damage or destruction of property, ending with the substantial completion of the work of repair or reconstruction or of completion of the Property or of the regained availability of use and occupancy. In the event of any such damage, destruction or non-availability, the Lease Agreement will continue in full force and effect and the District has waived any right to terminate the Lease Agreement by virtue of any such damage, destruction or unavailability.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the Lease Agreement by reason of damage, destruction or unavailability of all or a portion of the Property to the extent that: (i) the fair rental value of the portions of the Property not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the District (giving due consideration to certain factors identified in the Lease Agreement), based upon a qualified employee of the District or an independent certified real estate appraiser selected by the District with expertise in valuing such properties or other appropriate method of valuation, is equal to or greater than the unpaid Lease Payments; or (ii) the proceeds of rental interruption insurance or amounts in the Net Proceeds Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under the applicable provisions of the Lease Agreement, it being declared under the Lease Agreement that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

The District will procure and maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption insurance to cover loss, total or partial, of the use of any part of the Property during the Term of the Lease Agreement with respect to the Property in an amount equal to the greatest twenty-four (24) months of Lease Payments for such Property, with the Trustee named as additional insured and loss payee. Such insurance may be carried in conjunction with, and may be subject to the same provisions as, the fire, extended coverage, boiler and machinery and workers' compensation insurance required under the Lease Agreement. The Net Proceeds of such insurance will be paid to the Trustee and deposited in the Lease Payment Fund and will be credited towards the payment of the Lease Payments pursuant to the Trust Agreement.

Notwithstanding the foregoing, the resulting funds in the Lease Payment Fund may not be sufficient to pay the remaining principal and interest evidenced by the Certificates in the event of an abatement. Any abatement of Lease Payments will not be considered an Event of Default under the Lease Agreement.

Hazardous Substances

The existence or discovery of hazardous materials may limit the beneficial use of the Property. In general, the owners and lessees of the Property may be required by law to remedy conditions of such parcel relating to release or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or the "Superfund Act," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also similarly stringent. Under many of these laws, the owner or lessee is obligated to remedy a hazardous substance condition of the property whether or not the owner or lessee had anything to do with creating or handling the hazardous substance.

Further it is possible that the beneficial use of the Property may be limited in the future resulting from the current existence on the Property of a substance currently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the current existence on the Property of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method in which it is handled. All of these possibilities could significantly limit the beneficial use of the Property.

The District is aware of the existence of hazardous substances on the Property sites but none, with the existing mitigation, materially interferes with the beneficial use thereof. For a description of such substances, see "THE PROPERTY." The public education activities of the District may, from time to time, result in the use of limited amounts of hazardous substances on the facilities owned and operated by the District, including, but not limited to, the Property. Accordingly, it is possible that spills, discharges or other adverse environmental consequences of such use in the future could cause an adverse effect on the fair rental value of the Property and lead, in an extreme case, to abatement, in whole or in part, of Lease Payments. See "– Abatement" above.

Substitution or Release of Property

Pursuant to the Lease Agreement, and subject to the conditions set forth therein, the District may amend the Lease Agreement to substitute additional real property and facilities for the Property, or to remove real property and facilities from the definition of Property, upon compliance with all of the conditions set forth in the Lease Agreement. One such condition under the Lease Agreement is that a qualified employee of the District or an independent certified real estate appraiser selected by the District certify that said substitution or addition has an annual fair rental value equal to or greater than the maximum Lease Payments due in any Rental Period, and that the Property after said substitution or addition has a useful life equal to or greater than the maximum remaining term of the Lease Agreement. After a substitution or removal, the part of the Property for which the substitution or removal has been effected will be released from the leasehold thereunder. Thus, a portion of the property comprising the Property could be replaced with less valuable property, or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Certificates, particularly if an event requiring abatement of Lease Payments were to occur subsequent to such substitution or release. See APPENDIX C - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT – Substitution" and " – Release."

Natural Disasters, Drought, Climate Change and Sea Level Rise

Earthquakes. The District, like most regions in the State, and the Property are located in an area of seismic activity from movements along active fault zones and, therefore, could be subject to potentially destructive earthquakes. Additionally, numerous minor faults transect the area. Active earthquake faults include the San Andreas Fault that runs throughout the County, the Palos Verdes fault that runs along the coast and through a small portion of the County, and other smaller faults including the Lower Elysian Park thrust, the Upper Elysian Park fault and Puente Hills blind thrust system. Seismic hazards encompass both potential surface rupture and ground shaking. Although the Property has been designed and constructed pursuant to earthquake-resistant standards in accordance with the Field Act (Section 17280 *et seq.* of the Education Code), damage from an earthquake could be substantial. The occurrence of severe seismic activity in the area of the Property could result in substantial damage and interference with the District's right to use and occupy all or a portion of the Property, which could result in the Lease Payments being subject to abatement. See "–Abatement" above. The District is not required by the Lease Agreement or otherwise to obtain or maintain earthquake insurance for the Property. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance."

Wildfires. In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. The occurrence of wildfires in the area of the District could result in substantial damage and interference with the District's right to use and occupy all or a portion of the Property, which could result in the Lease Payments being subject to abatement. See "–Abatement" above. The Lease Agreement requires the District to cause to be maintained casualty insurance insuring the Property against fire and other risks (excluding earthquake). See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance."

Drought. Most recently, the State has experienced periods of extreme precipitation, after having experienced severe drought conditions that led to the Governor of California (the "Governor") declaring a Statewide drought emergency in spring 2021. While storms have helped ease drought impacts, regions and communities across the State continue to experience water supply shortages, especially communities that rely on groundwater supplies that have been severely depleted in recent years. In March 2023, the Governor rolled back some drought emergency provisions that are no longer needed due to current water conditions, while maintaining other measures that support regions and communities still facing water supply challenges, and that continue building up long-term water resilience. The District cannot predict the extent to which drought conditions within the County or any of the adjoining counties could cause reduced economic activity within the boundaries of the District or the extent to which drought conditions may impact District facilities or the assessed value of taxable property within the District.

Flood. As discussed further below in "- Climate Change and Sea Level Rise," the District may be susceptible to flooding from extreme rainfall events and from sea level rise. The Property is not located within a 100-year flood plain. Under the Lease Agreement, flood insurance is only required on the Property if reasonably necessary. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance" herein.

Climate Change and Sea Level Rise. The direct risks posed by climate change currently include or are expected to include more extreme heat events, rising sea levels, changes in precipitation levels, flooding, and more intense storms. In order to address these risks, California law (the Global Warming Solutions Act) requires the State to significantly reduce its emissions of greenhouse gases (GHGs), which contribute to climate change.

Sources of GHG emissions in the District include cars and trucks, electricity and natural gas use in buildings, decomposition of solid waste, landscaping and construction equipment, and water and wastewater distribution, treatment, and use. On-road vehicle use represents the largest source of GHGs, followed by energy use in residential and nonresidential buildings. As a part of the State's effort to reduce GHG emissions, the California Air Resources Board approved a regulation to rapidly scale down emissions from cars starting with the 2026 model year through the 2035 model year, at which time all new car sales in the State must be zero-emission vehicles. Going forward, the GHG emissions within the District will continue to change due to new policies, technological improvements, and population growth and new development.

Current science indicates that sea level rise is directly linked to climate change, and sea level is expected to increase over time. Sea level rise threatens even inland areas by exacerbating flooding from very high tides, and by contributing to flooding from extreme rainfall events. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District cannot predict the timing, extent, or severity of climate change, GHG emissions or sea level rise, and the impact on the District and the Property, and on the State and local economies.

Events of Force Majeure. Operation of the Property may also be at risk from other events of force majeure, such as damaging storms, fires and explosions, strikes, sabotage, riots and spills of hazardous substances, among other events. The District cannot predict what force majeure events may occur in the future. For additional information regarding the District's risk management programs and required insurance coverages under the Lease Agreement, See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation" and APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – THE LEASE AGREEMENT."

Absence of Earthquake and Flood Insurance

The District is not required under the Lease Agreement to maintain earthquake insurance on the Property. Under the Lease Agreement, flood insurance is only required on the Property if reasonably necessary. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Insurance." The District does not currently insure against the risks of earthquake or flood with respect to the Property and does not anticipate obtaining such insurance in the future. See "– Natural Disasters, Drought, Climate Change and Sea Level Rise" above.

Economic Conditions in California; State Funding of Education

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Because much of the District's revenues derive from State funding under the local control funding formula (the "LCFF"), the District's revenues can vary significantly from year to year, even in the absence of significant education policy changes. Decreases in the State's general fund revenues may significantly affect appropriations made by the State to school districts, including the District. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act."

While the California Constitution contains certain minimum funding requirements for public education pursuant to Proposition 98, State funding can be affected by a number of factors, including poor performance of the California economy and State budget shortfalls. At times since the implementation of Proposition 98, the State has sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring apportionments of Proposition 98 funds from one fiscal year to the next, as the State did in fiscal years 2019-20 and 2020-21; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances.

The State and national economy reflect some signs of an economic slowdown that could push the State and national economy into a recession. In the event the State or national economy experiences a recession during the term to maturity or earlier prepayment of the Certificates, there may continue to be adverse effects on the budgets of school districts caused by the general economic slowdowns in the State and the State's own budget difficulties. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION

AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act – *2023-24 State Budget*." Other events resulting in changing economic conditions may also impact State revenue sources and have negative effects upon the amount of and the manner in which the District receives money from the State. The District cannot predict whether events that may result in changing economic conditions will occur or the extent that a change in economic conditions will impact the financial outlook of the State or the District from year to year.

Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of proposed and adopted budgets may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at **www.lao.ca.gov**. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found at the website of the State Treasurer, **www.treasurer.ca.gov**. The information referred to is prepared by the respective State agency maintaining each website and not by the District, and the District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted there, and such information is not incorporated herein by these references. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act."

Infectious Disease Outbreak

In general, the outbreak of a highly contagious disease or epidemic disease could harm the District's financial results or result in a temporary shutdown of the District's facilities. Many school districts in the State are funded based on the LCFF, which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives (unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes). Further, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State. See " – Economic Conditions in California; State Funding of Education" above. In addition, the District may incur increased operational costs to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

The outbreak of COVID-19 and the resulting pandemic has significantly impacted school districts throughout California, including the District. For more information regarding the impact of the COVID-19 pandemic on the District's operations and finances, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak."

Cybersecurity

School districts, like other governmental and business entities, face significant risks relating to the use and application of computer software and hardware for educational, operational and management purposes. The District collects, processes, and distributes an enormous amount of private, protected and personal information on students, staff, parents, visitors, and contractors. As the custodian of such information, the District is constantly facing a variety of persistent and evolving cybersecurity threats. For more information regarding recent cyber incidents involving the District and actions the District has taken to protect its systems and minimize future cyberattacks, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT GENERAL INFORMATION – Cybersecurity."

THE DISTRICT

A description of the District, including information concerning its finances and organization, its major revenue sources, funds, liabilities and indebtedness, and certain factors affecting its finances and operations, is set forth in Appendix A.

The District's Audited Annual Financial Report for fiscal year ended June 30, 2022, including its general purpose financial statements for the fiscal year ended June 30, 2022, is included as Appendix B. The basic financial statements of the District for the fiscal year 2021-22 have been audited by Simpson & Simpson, independent certified public accountants, as stated in their report appearing in Appendix B. The District has not requested nor has the District obtained the consent of Simpson & Simpson to the inclusion of its report in Appendix B. Simpson & Simpson has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Simpson & Simpson has not been requested to perform and has not performed any procedures relating to the Official Statement.

THE CORPORATION

The Corporation was organized on August 18, 2000 as a California nonprofit benefit corporation. The Corporation was formed at the request of the District for the specific and primary purpose of providing finance assistance to the District by financing the acquisition, construction, remodeling, rehabilitation, equipping, improvement, financing and refinancing of various public facilities, land and equipment of the District and by leasing certain facilities, land and equipment for the use, benefit and enjoyment of the public served by the District, as well as any other purpose incidental thereto.

The Directors of the Corporation receive no compensation. The Corporation has no financial liability to the Owners of the Certificates with respect to the payment of Lease Payments by the District or with respect to the performance by the District of the other agreements and covenants it is required to perform under the legal documents relating to the Certificates.

The members of the Board of Directors of the Corporation are members of the Board of Education of the District. As of the date of this Official Statement, the officers of the Corporation include:

Jackie Goldberg, President
Scott Schmerelson, Vice President
David D. Hart, Treasurer
Joy Mayor, Secretary

ABSENCE OF MATERIAL LITIGATION

There is no litigation pending against the District or the Corporation or, to the knowledge of its respective executive officers, threatened, (i) which affects or seeks to prohibit, restrain or enjoin the execution or delivery of the Certificates, the Lease Agreement, the Site Lease, the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Certificate, (ii) contesting the validity of the Lease Agreement, the Site Lease, the Trust Agreement, the Assignment Agreement or the Continuing Disclosure Certificate, the powers of the District or the Corporation to enter into or perform its obligations under the Lease Agreement, the Site Lease, the Trust Agreement or the Continuing Disclosure Certificate, or the existence or powers of the District, or (iii) which, if determined adversely to the District or the Corporation, would materially impair the District's ability to meet its obligations under the Lease Agreement or materially and adversely affect the District's financial condition. There are a number of lawsuits and claims pending against the District. In the opinion of the District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the finances of the District. See APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation."

TAX MATTERS

Opinion of Special Counsel. In the opinion of Hawkins Delafield & Wood LLP, Special Counsel to the District ("Special Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) the portion of Lease Payments designated as and comprising interest with respect to the Certificates is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) the portion of Lease Payments designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, the portion of Lease Payments designated as and comprising interest with respect to the Certificates is included in calculating the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In rendering its opinion, Special Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District and others in connection with the Certificates, and Special Counsel has assumed compliance by the District with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of the portion of Lease Payments designated as and comprising interest with respect to the Certificates from gross income under Section 103 of the Code.

In addition, in the opinion of Special Counsel, under existing statutes, the portion of Lease Payments designated as and comprising interest with respect to the Certificates is exempt from personal income taxes imposed by the State of California.

Special Counsel expresses no opinion as to any other Federal, state or local tax consequences arising with respect to the Certificates, or the ownership or disposition thereof, except as stated above. Special Counsel renders its opinion under existing statutes and court decisions as of the date the Certificates are executed and delivered, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Special Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Special Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding Federal, state or local tax matters, including, without limitation, exclusion from gross income for Federal income tax purposes of the portion of Lease Payments designated as and comprising interest with respect to the Certificates.

Certain Ongoing Federal Tax Requirements and Covenants. The Code establishes certain ongoing requirements that must be met subsequent to the execution and delivery of the Certificates in order that the portion of Lease Payments designated as and comprising interest with respect to the Certificates be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Certificates, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause the portion of Lease Payments designated as and comprising interest with respect to the Certificates to become included in gross income for Federal income tax purposes retroactive to their execution and delivery date, irrespective of the date on which such noncompliance occurs or is discovered. The District has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of the portion of Lease Payments designated as and comprising interest with respect to the Certificates from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences. The following is a brief discussion of certain collateral Federal income tax matters with respect to the Certificates. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Certificate. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Certificates.

Prospective owners of the Certificates should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest evidenced by which is excluded from gross income for Federal income tax purposes. The portion of Lease Payments designated as and comprising interest with respect to the Certificates may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount. "Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a Certificate (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity (a certificate with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Certificates. In general, the issue price for each maturity of Certificates is expected to be the initial public offering price set forth on the cover page of the Official Statement. Special Counsel further is of the opinion that, for any Certificates having OID (a "Discount Certificate"), OID that has accrued and is properly allocable to the owners of the Discount Certificates under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as the portion of Lease Payments designated as and comprising interest with respect to the Certificates.

In general, under Section 1288 of the Code, OID on a Discount Certificate accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Certificate. An owner's adjusted basis in a Discount Certificate is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Certificate. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Certificate even though there will not be a corresponding cash payment.

Owners of Discount Certificates should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Certificates.

Certificate Premium. In general, if an owner acquires a Certificate for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Certificate after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that Certificate (a "Premium Certificate"). In general, under Section 171 of the Code, an owner of a Premium Certificate must amortize the certificate premium over the remaining term of the Premium Certificate, based on the owner's yield over the remaining term of the Premium Certificate determined based on constant yield principles (in certain cases involving a Premium Certificate callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such certificate). An owner of a Premium Certificate must amortize the certificate premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the certificate premium allocable to that period. In the case of a tax-exempt Premium Certificate, if the certificate premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Certificate may realize a taxable gain upon disposition of the Premium Certificate even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Certificates should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership and amortization of bond premium on, sale, exchange, or other disposition of Premium Certificates.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest paid on tax-exempt obligations, including the portion of Lease Payments designated as and comprising interest with respect to the Certificates. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Certificate through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the portion of Lease Payments designated as and comprising interest with respect to the Certificates from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous. Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of the portion of Lease Payments designated as and comprising interest with respect to the Certificates under Federal or state law or otherwise prevent beneficial owners of the Certificates from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Certificates.

Prospective purchasers of the Certificates should consult their own tax advisors regarding the foregoing matters.

The proposed form of the opinion of Hawkins Delafield & Wood LLP relating to the Certificates is set forth in APPENDIX D — "FORM OF SPECIAL COUNSEL OPINION" hereto.

RATINGS

Fitch Ratings, Inc. ("Fitch") and Moody's Investors Service Inc. ("Moody's") have assigned their ratings of "A-" and "A2," respectively, to the Certificates. Each rating agency may have obtained and considered information and material which has not been included in this Official Statement. Generally, rating agencies base their ratings on information and material so furnished and on their own investigations, studies and assumptions made by them (which may include information and material from the District which is not included in this Official Statement). Each rating is not a recommendation to buy, sell or hold the Certificates. Each rating reflects only the view of the respective rating agency, and an explanation of the significance of such rating may be obtained from it. There is no assurance that any such rating of a rating agency will be maintained for any given period of time or that such rating may not be revised downward or withdrawn entirely by the rating agency, if in its own judgment, circumstances warrant. Any such downward change in or withdrawal may have an adverse effect on the market price of the Certificates. Neither the Underwriters nor the District have undertaken any responsibility after the execution and delivery of the Certificates to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

CERTAIN LEGAL MATTERS

Hawkins Delafield & Wood LLP, Special Counsel to the District, will render its opinion with respect to the legality of the Lease Agreement and the Trust Agreement. The form of the legal opinion proposed to be delivered by Special Counsel is included as Appendix D to this Official Statement. Special Counsel, as such, undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel to the District, for the Underwriters by Nixon Peabody LLP, and for the District and Corporation by General Counsel to the District.

Each of Special Counsel, Disclosure Counsel and Underwriters' Counsel will receive compensation contingent upon the execution and delivery of the Certificates. From time to time, Special Counsel and Disclosure Counsel each may represent the Underwriters in matters unrelated to the District or the Certificates.

MUNICIPAL ADVISOR

Public Resources Advisory Group (the "Municipal Advisor"), has been engaged by the District to perform financial services in connection with the delivery of the Certificates and certain other financial matters. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The Municipal Advisor is not contractually obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement.

UNDERWRITING

The Certificates are being purchased by BofA Securities, Inc. and RBC Capital Markets, LLC, on behalf of a syndicate that also includes the other underwriters set forth on the cover hereof (collectively, the "Underwriters"). The Underwriters have agreed, subject to certain terms and conditions set forth in the Certificate Purchase Agreement, dated August 17, 2023, by and between the Underwriters and the District, to purchase the Certificates at a purchase price of $424,435,675.48 (which represents the aggregate principal amount of the Certificates, plus $41,231,497.85 of original issue premium, and less $1,055,822.37 of Underwriters' discount). The Underwriters will purchase all the Certificates if any are purchased.

The Certificates may be offered and sold to certain dealers (including dealers depositing said Certificates into investment trusts) and others at prices lower than the initial public offering price, and the public offering price may be changed from time to time by the Underwriters.

The Underwriters have provided the following paragraphs for inclusion in the section "UNDERWRITING." No representation is made by the District as to the accuracy, completeness or adequacy of such information.

Certain of the Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Underwriters and their affiliates may have certain creditor and/or other rights against the District and its affiliates in connection with such activities. In the various course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

BofA Securities, Inc., an underwriter of the Certificates, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill"). As part of this arrangement, BofA Securities, Inc. may distribute securities to Merrill, which may in turn distribute such securities to investors through the financial advisor network of this arrangement, BofA Securities, Inc. may compensate Merrill as a dealer for their selling efforts with respect to the Certificates.

UBS Financial Services Inc. ("UBS FSI"), an underwriter of the Certificates, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Certificates.

The District has duly authorized the execution and delivery of this Official Statement.

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: /s/ David D. Hart
Chief Business Officer

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

This Appendix A provides information concerning the operations and finances of the Los Angeles Unified School District (the "District") and certain demographic information in the area covered by the District. Investors must read the entire Official Statement, including this Appendix A, to obtain information essential to making an informed investment decision. The Los Angeles Unified School District Certificates of Participation, 2023 Series A (Sustainability Bonds) (the "Certificates") evidence proportionate undivided interests in certain lease payments (the "Lease Payments") to be made by the District pursuant to the Lease Agreement, dated as of August 1, 2023, by and between the District and the LAUSD Financing Corporation. The Lease Payments will be payable from any source of legally available funds of the District. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES" in the forepart of this Official Statement. See also "GLOSSARY OF CERTAIN TERMS AND ABBREVIATIONS" herein for a description of certain terms and abbreviations used in this Appendix A.

DISTRICT GENERAL INFORMATION

District Boundaries

The District, encompassing approximately 710 square miles, is located in the western section of the County of Los Angeles (the "County") in the State of California (the "State"). The District's boundaries include virtually all of the City of Los Angeles (the "City"), all of the Cities of Cudahy, Gardena, Huntington Park, Lomita, Maywood, San Fernando, Vernon and West Hollywood, and portions of the Cities of Bell, Bell Gardens, Beverly Hills, Calabasas, Carson, Commerce, Culver City, Downey, Hawthorne, Inglewood, Long Beach, Lynwood, Montebello, Monterey Park, Rancho Palos Verdes, Rolling Hills Estates, Santa Clarita, Santa Monica, South Gate, and Torrance. In addition, the District provides services to several unincorporated areas of the County, which include residential and industrial areas. The boundaries for the District are approximately 80% coterminous with the City, with the remaining 20% included in smaller neighboring cities and unincorporated County areas. The District was formed in 1854 as the Common Schools for the City and became a unified school district in 1960.

District Governance; Senior Management

District Board. The District is governed by a seven-member Board of Education (the "District Board"), each member of which is a voting member and elected by voters within such member's designed district. The members of the District Board are elected to four-year terms in alternate slates of three and four, with elections held every two years. The members of the District Board along with their district and term are set forth below.

District	Member	Term Ending
5	Jackie Goldberg, President	December 16, 2024
3	Scott Schmerelson, Vice President	December 16, 2024
1	Dr. George J. McKenna III	December 16, 2024
2	Dr. Rocio Rivas	December 12, 2026
4	Nick Melvoin	December 12, 2026
6	Kelly Gonez	December 12, 2026
7	Tanya Ortiz Franklin	December 16, 2024

Superintendent. The chief executive officer of the District, appointed by the District Board to manage the day-to-day operations of the District, is the Superintendent of Schools (the "Superintendent"). The District Board appointed Alberto M. Carvalho to serve as the Superintendent effective February 2022.

Strategic Plan. On June 21, 2022, the District Board unanimously adopted a strategic plan for the next four years (the "2022-26 Strategic Plan") that focuses on the goal of ensuring that all District students graduate "ready for the world" and prepared to thrive in college, career, and life. The 2022-26 Strategic Plan revolves around five pillars, each consisting of four priorities, that represent critical areas the District will focus on: academic excellence, joy and wellness, engagement and collaboration, operational effectiveness and investing in staff.

Pursuant to the 2022-26 Strategic Plan, the first pillar of "Academic Excellence" prioritizes improving student outcomes through high-quality instruction, delivering enriching experiences to instill lifelong learning, eliminating opportunity gaps, and encouraging multiple paths for college and career readiness. The second pillar of "Joy and Wellness" prioritizes creating welcoming and inclusive learning environments, addressing student well-being through health, nutrition, and wellness services, cultivating strong social-emotional skills, and ensuring outstanding attendance to achieve consistent learning. The third pillar of "Engagement and Collaboration" prioritizes strengthening relationships between students, families, and schools, providing accessible information to the community, leading on local, state, and national levels, and honoring the perspectives of students. The fourth pillar of "Operational Effectiveness" prioritizes developing data-driven decision-making, modernizing facilities and technological infrastructure, sustainably implementing school and District budgets, and making the District a district of choice of families. The fifth pillar of "Investing in Staff" prioritizes recruiting and retaining a diverse workforce, providing rigorous and relevant professional learning, cultivating staff wellness, and maintaining consistent and high performance standards.

The District developed an Implementation Guide for the 2022-26 Strategic Plan with actions and practices for practitioners to implement in schools and classrooms. Pursuant to the 2022-26 Strategic Plan, the District intends to, among other endeavors, ensure processes and systems are in alignment by reviewing budgets, updating reporting structures, offering professional development for school and central office staff, and providing additional support for aligning school-level plans to the 2022-26 Strategic Plan. Furthermore, to ensure the 2022-26 Strategic Plan remains on track, the District is regularly engaging with the community to solicit feedback on its actions and expenditures, and has established districtwide systems to monitor progress of ongoing implementation, as well progress toward achieving its targets for success – at both the central-office and school-site levels.

Regions. In addition to the Superintendent of the District, the District organizes its schools into four (formerly six) geographically-based regions (each, a "Region"). Each Region has a separate superintendent to oversee the schools in the related area of the District. The current Region Superintendents are Dr. David Baca (North), Andre Spicer (South), José P. Huerta (East), and Dr. Denise Collier (West).

Biographies. Brief biographical information for Superintendent Alberto M. Carvalho and other senior management of the District is set forth below.

Alberto M. Carvalho, Superintendent. Alberto M. Carvalho has served as Superintendent of the District, the nation's second-largest school district, since February 2022. He was selected by the District Board in a unanimous vote following a comprehensive community engagement process and a nationwide search.

During his 14-year tenure as Superintendent of Miami-Dade County Public Schools ("M-DCPS"), Superintendent Carvalho garnered local, state, national and international recognition. His honors include Florida's 2014 Superintendent of the Year; the 2014 National Superintendent of the Year; the 2016 winner of the Harold W. McGraw Prize in Education; the 2018 National Urban Superintendent of the Year; the 2019 National Association for Bilingual Education (NABE) Superintendent of the Year Award; making him the most accomplished Superintendent in America's history.

Superintendent Carvalho currently serves on the National Assessment Governing Board, appointed by the U.S. Secretary of Education. He also serves as a committee member for the National Academies of Science, Engineering, and Medicine and as an Advisory Committee Member to the Harvard Program on Education Policy and Governance. Superintendent Carvalho is a dedicated member of the National Board of Directors for Common Threads and the Posse Foundation.

Under his tenure, M-DCPS became one of the nation's highest-performing urban school systems, receiving systemwide accreditation from AdvancEd in 2014. M-DCPS was named as the 2014 College Board Advanced Placement Equity and Excellence District of the Year and the 2012 winner of the Broad Prize for Urban Education. He is now seeking to elevate the District to the premier spot in American urban education.

Superintendent Carvalho has been awarded many honorary degrees. He has been honored by the President of Portugal with the "Ordem de Mérito Civil," by Mexico with the "Ohtli Award" and was awarded the Official Cross of the Orden de Isabel la Católica (Order of Isabella the Catholic) on behalf of King Felipe VI of Spain.

Jaime G. Torrens, Senior Advisor to the Superintendent. Mr. Torrens, Senior Advisor to the Superintendent of the District, is responsible for assisting and supporting the Superintendent in the overall operation of the second largest school district in the nation.

Mr. Torrens previously served as Deputy Superintendent and Chief of Staff for M-DCPS where he oversaw a broad portfolio of functional areas. Among other duties, he led the M-DCPS' response and recovery related to COVID-19 (as defined herein).

As Chief Facilities Officer for over 12 years he was responsible for all aspects of facilities planning, construction, maintenance, operations and inspections at the fourth largest school system in the nation. As a member of the Superintendent's Cabinet, he directed a staff of 1,000 professional and technical personnel responsible for all aspects of 3,100 buildings comprising 45 million square feet on over 400 school campuses and ancillary facilities.

Mr. Torrens also led the implementation of M-DCPS' $1.2 billion General Obligation Bond program approved by voters in 2012 to renovate, construct and modernize school facilities throughout Miami-Dade County. This extensive capital improvement program included instructional technology upgrades at every school to provide equity throughout all campuses. Concurrently, he helped launch a comprehensive business development program which drastically expanded participation of small, minority and women-owned businesses that had been historically underrepresented in the construction industry.

Mr. Torrens served M-DCPS in various positions of increasing responsibility related to facilities management and district/emergency operations. He led M-DCPS' infusion of sustainability principles into design criteria and specifications for capital projects, implemented the Guaranteed Energy Performance Contracting Program and opened the first Gold Certified comprehensive high school under the LEED for Schools Program.

Mr. Torrens holds a Master of Science in Management Information Systems and a Bachelor of Science in Electrical Engineering from Florida International University, and he is a LEED Accredited Professional.

Mr. Pedro Salcido, Deputy Superintendent of Business Services and Operations. Since joining the District in 2012, Pedro Salcido has served in a variety of roles. Appointed in November 2022, he is currently the Deputy Superintendent of Business Services and Operations overseeing the critical work and divisions that enable the District to run, including school operations, food services, transportation, finance, information technology, facilities, medical services, and procurement. Current strategic initiatives under his purview include closing the digital divide, school bus electrification and systems modernization, healthier and more appealing school meals, wireless network modernization, school building modernization projects, and zero-based budgeting.

Prior to becoming Deputy Superintendent of Business Services and Operations, Mr. Salcido served as the Chief of Staff, managing all District academic and nonacademic operations and activities, while also serving as the Superintendent's principal liaison to the District Board. He oversaw the execution of all District policies and was instrumental in the development of Superintendent Carvalho's 100-Day Plan and 2022-26 Strategic Plan. Mr. Salcido has a demonstrated track record in expanding equitable programmatic and financial practices. Most notably, he served as the leading staff member who developed and implemented the District's Student Equity Needs Index (SENI), an equity-based funding allocation that today has grown to distribute nearly $700 million to the neediest schools in the District.

Mr. Salcido also served as the District's Senior Executive Director of Finance and Policy, and the Director of Government Relations during which he managed state, federal and local advocacy efforts and supervised internal and external efforts related to finance, labor negotiations and general board policies. Moreover, for five years, he led the work on the initial development and implementation of the District's Local Control and Accountability Plan (LCAP), the result of which was the establishment of a system of common accountability and budget alignment with the LCAP Scorecard and broad community engagement efforts.

As a first-generation Mexican American son of immigrants and a first-generation high school and college graduate, Mr. Salcido often relies on his own lived experiences to connect with both the educational and personal experiences of the students we serve. He seeks to listen often to the perspectives of staff, students, and families to effectively contribute to the decisions that shape the daily experiences of Los Angeles students and families. Mr. Salcido holds a Masters in Public Administration from the University of Southern California and holds dual degrees in Politics and Latin American Studies from the University of California, Santa Cruz.

Devora Navera Reed, General Counsel. Devora Navera Reed serves as the General Counsel for the District. She has been serving the District since 2006 and previously held the position of Chief Education and Legal Services Counsel. Ms. Navera Reed oversaw legal issues and litigation in areas dealing with special education, school law and operations, charter schools, equity and access, and constitutional issues, to name a few. As General Counsel for the District, Ms. Navera Reed is responsible for administering and overseeing the legal activities of the District's legal staff and outside legal firms. In addition, she advises the District Board, Superintendent, and senior leadership related to matters of major importance to the District. Prior to joining the District in 2006, Ms. Navera Reed served as an attorney for the Children's Law Center of Los Angeles for nearly a decade, where she represented and advocated for children in dependency court and the foster care system. In addition to her legal responsibilities, Ms. Navera Reed serves as a board member of the California Minority Counsel Program promoting diversity, equity and inclusion in the legal field. Ms. Navera Reed earned a Bachelor of Arts from the University of Southern California in 1992 and a Juris Doctorate degree from the University of San Francisco School of Law in 1996.

David D. Hart, Chief Business Officer. Mr. Hart began serving as the District's Chief Business Officer in January 2020. Before coming to the District, Mr. Hart served as the Chief Financial Officer of the Cherry Creek School District for approximately three years – the last 18 months of which he also served as Cherry Creek's Chief Operating Officer. Before joining Cherry Creek, Mr. Hart was a Director at The PFM Group for nearly two years and a Senior Vice President in Public Finance at D.A. Davidson & Co. for approximately a year. Prior to that time, Mr. Hart served as the Chief Financial Officer for Denver Public Schools for four years and as Chief Financial Officer of the Douglas County School District for three years. He has also served as Manager of Revenue for the City and County of Denver, as Treasurer for the City and County of Denver and as Budget Director for the Douglas County School District. Mr. Hart attended the University of Colorado at Denver, where he received his Master of Public Administration: Policy Analysis and Evaluation.

V. Luis Buendia, Deputy Chief Business Officer – Finance. As of April 8, 2020, Mr. Buendia was appointed the Deputy Chief Business Officer – Finance of the District. Prior to such appointment, Mr. Buendia served briefly as the Interim Chief Business Officer and as the District's Controller since February 2012. He has been employed by the District since 1989 in various capacities in both School Fiscal Services and Finance. Mr. Buendia served as Assistant Budget Director of Budget Services and Financial Planning from 2002 through 2008 and as Deputy Controller from 2008 through February 2012. Mr. Buendia graduated from De La Salle University, with a Bachelor of Science degree in Accounting, and received a Master of Business Administration degree from the Graziadio School of Business and Management at Pepperdine University. Mr. Buendia is a member of the Government Finance Officers Association. Although it is expected that Mr. Buendia will retire, he remains in the Deputy Chief Business Officer – Finance position and is helping transition the position to his successor, Nolberto Delgadillo, who joined the District in July 2023. Mr. Buendia's employment contract with the District ends at the end of calendar year 2023 but it is possible that he will retire earlier or stay with the District longer commensurate with the transition needs of the District.

Nolberto Delgadillo, Deputy Chief Business Officer – Finance. Mr. Delgadillo joined the District in July 2023, taking on the role to support the District's fiscal strategy. He came to the District from Portland Public Schools (Oregon) where he served as Chief Financial Officer. Prior to his time at Portland Public Schools he served in the same role for Tulsa Public Schools (Oklahoma). Mr. Delgadillo has a track record for being responsible for ensuring that school district funds are managed responsibly and reported accurately while leading the full spectrum of financial services. Before his time with Tulsa Public Schools, Mr. Delgadillo served as Chief Operations Officer in Los Angeles, at the LA Promise Fund. He also previously supported finance operations at Green Dot Public Schools (California). Mr. Delgadillo also spent over 12 years in the health care sector. He is a graduate from the University of Southern California earning degrees in Chemistry & Spanish and earning an MBA from Loyola Marymount. He also completed a two-year program through The Broad Center, earning a Master's in Educational Leadership.

Joy Mayor, Controller. As of April 29, 2021, Ms. Mayor was appointed the Controller of the District. Prior to such promotion, Ms. Mayor served as a Deputy Controller of the District since June 2016. She joined the District in January 2012 as Director of Accounting and served in that capacity until May 2016. Prior to joining the District, Ms. Mayor was a Senior Audit Manager at KPMG LLP. Ms. Mayor graduated from Bicol University with a Bachelor of Science degree in Accountancy and is a licensed Certified Public Accountant. She is a member of the Government Finance Officers Association. Ms. Mayor will be leaving the District on September 15, 2023, to join another organization. Upon her departure, Timothy Rosnick will serve as the Interim Controller.

Timothy S. Rosnick, Deputy Controller. Mr. Rosnick joined the District in October 2006 and served as the District's Director of Accounting Controls from October 2006 through June 2007 and the Director of Treasury and Accounting Controls from July 2007 through June 2008. Mr. Rosnick served as the District's Controller beginning in June 2008 and became Deputy Controller in June 2011. Prior to joining the District, Mr. Rosnick served as an Administrator at the Orange County Department of Education and as a Financial Officer with LACOE. Mr. Rosnick graduated from the University of Washington with a Bachelor of Arts degree with Distinction in Economics and received a Master of Business Administration degree from the University of Texas at Austin. Mr. Rosnick is a member of the Government Finance Officers Association and the CFA Institute. The District's Controller, Joy Mayor, will be leaving the District on September 15, 2023, to join another organization. Upon her departure, Mr. Rosnick will serve as the Interim Controller.

School Facilities

The District is the second largest public school district in the United States and is the largest public school district in the State. As reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, the District operated 1,224 schools and centers, which consisted of 436 elementary schools, 78 middle/junior high schools, 87 senior high schools, 53 options schools, 255 magnet centers, 66 magnet schools, 28 multi-level schools, 13 special education schools, 1 community adult school, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, 18 primary school centers, and 89 California State preschools. As reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, 51 of the District's schools were operated as locally-funded affiliated charter schools ("Affiliated Charter Schools"). In addition, as reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, the District oversaw 227 fiscally independent charter schools ("Fiscally Independent Charter Schools") within the District's boundaries. See "STATE FUNDING OF SCHOOL DISTRICTS – Charter School Funding."

Enrollment and Average Daily Attendance

At the time of preparation of the District's original adopted budget for fiscal year 2023-24 (the "Fiscal Year 2023-24 Budget"), the transitional kindergarten ("TK") through 12th grade enrollment in the District for fiscal year 2023-24 was approximately 413,823 students, including those attending magnet, opportunity, and continuation schools and centers, Affiliated Charter Schools, and schools for the handicapped. Such enrollment does not include students attending Fiscally Independent Charter Schools that was budgeted at 108,702 students at the time of preparation of the Fiscal Year 2023-24 Budget. Based on enrollment projections at the time of preparation of the Fiscal Year 2023-24 Budget, the District is projecting enrollment to decline by 8,453 students from fiscal year 2022-23 for non-charter and Affiliated Charter Schools and by 1,759 students from fiscal year 2022-23 for Fiscally Independent Charter Schools. Based on enrollment projections at the time of preparation of the Fiscal Year 2023-24 Budget, the District is projecting enrollment to continue to decline in fiscal years 2024-25 and 2025-26, by 11,389 students in fiscal year 2024-25 for non-charter and Affiliated Charter Schools and by 331 students in fiscal year 2024-25 for Fiscally Independent Charter Schools, by 10,940 students in fiscal year 2025-26 for non-charter and Affiliated Charter Schools and by 622 students in fiscal year 2025-26 for Fiscally Independent Charter Schools. The District's projected enrollment declines are subject to change as conditions change and more data becomes available throughout the fiscal year. The District attributes declining enrollment to, among other things, the reduced birth rate in the County, increased costs of living and housing costs in southern California, increased numbers of school-age students in the District's boundaries attending Fiscally Independent Charter Schools rather than District schools, and residual impacts of the Coronavirus Disease 2019 ("COVID-19") pandemic. To improve student enrollment, the District's Strategic Enrollment & Program Planning Office is mobilizing data and resources to coordinate District-wide enrollment efforts, expanding outreach to communities and families, and improving the articulation of school pathways and programs.

As a result of declining enrollment in District schools, the District's annual average daily attendance ("ADA") declined in recent years and is expected to further decline in fiscal years 2023-24 through 2025-26 based on projections contained in the Fiscal Year 2023-24 Budget. To ensure funding stability regardless of instructional model in light of the COVID-19 pandemic, the State budget for fiscal year 2020-21 included a hold-harmless provision for the purpose of calculating apportionments in fiscal year 2020-21, and it provided that average daily attendance for fiscal year 2020-21 is based on fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020). Although the State budget for fiscal year 2021-22 did not include an extension of the ADA hold-harmless provision in fiscal year 2021-22, school districts with enrollment declines in fiscal year 2021-22, like the District, retained the ability to receive their apportionment based on the higher of their fiscal year 2019-20 or fiscal year 2021-22 ADA as provided under the Local Control Funding Formula (the "LCFF"). See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula." In light of pervasive declining enrollment throughout nearly all school districts in the State, the Governor's State budget for fiscal year 2022-23 revised the LCFF calculation beginning with fiscal year 2022-23 to consider the greater of a school district's current fiscal year, prior fiscal year, or the average of three prior fiscal years' ADA to allow school districts more time to adjust to enrollment-related LCFF funding declines. For purposes of fiscal year 2021-22, if a school district can demonstrate it provided independent study offerings to students in fiscal year 2021-22, such school district may consider the greater of its fiscal year 2021-22 ADA or its fiscal year 2021-22 enrollment adjusted for pre-COVID-19 absence rates. Such adjustment is applicable to fiscal year 2021-22 for purposes of calculating a school district's prior year ADA or the average of three prior years' ADA in fiscal year 2022-23 and future fiscal years in accordance with the amendments made in connection with the Governor's State budget for fiscal year 2022-23. The following Table A-1 sets forth the District's actual and funded ADA for fiscal years 2012-13 through 2023-24. As reflected in Table A-1, the District's funded ADA for fiscal years 2012-13 through 2021-22 was based largely on actual prior year ADA for the second period of attendance ("P-2") for traditional TK-12 students, but current year P-2 ADA for students attending Affiliated Charter Schools. For fiscal years 2022-23 and 2023-24, the District's funded ADA was based largely on the average of three prior fiscal years' P-2 ADA for traditional TK-12 students, as adjusted in accordance with the COVID-19 ADA relief measures, but current year P-2 ADA for students attending Affiliated Charter Schools.

TABLE A-1

LOS ANGELES UNIFIED SCHOOL DISTRICT
Average Daily Attendance
Fiscal Years 2012-13 through 2023-24[(1)]

	Actual ADA			Funded ADA
Fiscal Year	**TK-12**[(2)]	**Affiliated Charter Schools**[(3)]	**Total**	**Total**
2012-13	505,513	28,832	534,345	546,631[(7)]
2013-14	488,362	39,633	527,995	532,838[(7)]
2014-15	476,285	39,944	516,229	524,591[(7)]
2015-16	463,735	39,632	503,367	512,625[(7)]
2016-17	450,713	41,143	491,856	500,648[(7)]
2017-18	438,359	40,232	478,591	483,710[(7)]
2018-19	415,100	38,910	454,010	470,127[(7)]
2019-20[(4)]	413,965	40,940	454,905	454,792[(7)]
2020-21[(5)]	N/A	N/A	N/A	455,356[(7)]
2021-22	345,896	35,043	380,939	449,912[(7)]
2022-23	349,102	35,523	384,625	433,575[(8)]
2023-24[(6)]	339,897	33,944	373,841	409,924[(8)]

(1) Data may differ from other District disclosures because adjustments were made in certain fiscal years due to additional attendance for non-public students, corrected attendance reports for District students, and/or audit findings.
(2) Includes non-public school special education students and District students attending schools operated by the County.
(3) Includes charter schools that are fiscally-affiliated with the District which were funded with block grants until fiscal year 2012-13. Beginning fiscal year 2013-14, such charter schools are funded by the LCFF.
(4) Condensed reporting period. Does not reflect actual student attendance after February 29, 2020 due to the COVID-19 pandemic.
(5) Attendance reporting not required for fiscal year 2020-21. The fiscal year 2020-21 State budget included a hold harmless provision for the purpose of calculating apportionments under LCFF in fiscal year 2020-21, providing that ADA for fiscal year 2020-21 was based on ADA for fiscal year 2019-20 (specifically, the period July 1, 2019 through February 29, 2020), as discussed in more detail above.
(6) Projected and funded ADA, as reflected in Fiscal Year 2023-24 Budget.
(7) Funded ADA is based largely on actual prior year P-2 ADA for TK-12 and current year P-2 ADA for Affiliated Charter Schools. For more information, see the discussion of ADA funding in the paragraph immediately preceding this table.
(8) Funded ADA is based largely on the average of three prior fiscal years' P-2 ADA for TK-12, as adjusted in accordance with the COVID-19 ADA relief measures, and current year P-2 ADA for Affiliated Charter Schools. For more information, see the discussion of ADA funding in the paragraph immediately preceding this table.

Sources: Los Angeles Unified School District Audited Annual Financial Report for fiscal year 2021-22 (actual ADA for fiscal years 2012-13 through 2020-21); unaudited actuals reports for fiscal years 2012-13 through 2021-22 (funded ADA for fiscal years 2012-13 through 2021-22); District for actual ADA for fiscal year 2021-22 (revised as of June 2023); Fiscal Year 2023-24 Budget (estimated and funded ADA for fiscal year 2022-23; projected and funded ADA for fiscal year 2023-24).

Cybersecurity

The District collects, processes, and distributes protected and personal information on students, staff, parents, and contractors. The size of the District's information assets creates a target-rich environment for a variety of threats such as cyber criminals and natural disasters. In 2019, the District experienced a cyberattack that resulted in unauthorized access to a limited number of student records; the software vulnerability was resolved the same day it was discovered. In March 2020, in response to the COVID-19 pandemic, the District rapidly implemented new remote learning and remote working capabilities, which increased the District's cyberattack surface area. The District implemented additional layers of technical and administrative controls to mitigate remote access risks. In August 2022, a Data

Center power outage triggered by a failed electrical transformer owned by Los Angeles Department of Water and Power, resulted in temporary unavailability of some information systems. The District mitigated the risk by increasing electrical line and backup power capacity and successfully performing functional load tests.

On September 3, 2022, the District became aware of a cyberattack on its information technology assets and proactively suspended network traffic in and out of its data centers. In response to such incident, the District swiftly activated its incident response protocol and commenced an investigation with support from Kroll, LLC, an outside cybersecurity firm, to assist with containment, remediation, and forensic analysis. The Microsoft Detection and Response Team also assisted with the forensic investigation. The District also notified local and federal law enforcement agencies and continues to support their ongoing investigations. The District has identified, contained, and remediated the ransomware, and it has not found evidence of additional malware related to the cyberattack or any other persistent malicious activity on its network or systems.

The District's investigation of the incident determined that on or about July 31, 2022, the threat actor began conducting digital monitoring of the District's environment remotely using a contractor account to gain unauthorized access to systems. The District did not pay a ransom to the threat actor in connection with the incident. The threat actor posted approximately 500 gigabytes of data it stole from the District to its "leak site" on the dark web. Most of the files exfiltrated by the threat actor were located on the District's facilities servers and systems. The District provided required notifications to those individuals and entities with personal information included among those materials posted by the threat actor. This included employees, former employees, job applicants, and employees and contractors of facilities services division vendors who had personally identifiable information posted. The District offered credit monitoring services to such individuals. Notifications were also provided to individuals, including students and employees, who had personal "medical information" posted in the form of positive COVID-19 test results collected through the District's COVID-19 testing program, and to individuals, mostly former students, who had information contained in student assessment reports, most of which was dated, posted.

As a result of the incident, the District initially restricted access to its servers and systems, including access to user accounts, email, and software applications. Many operations and processes that were automated or facilitated by technology had to be completed manually, and some still remain manual at this time. Nonetheless, school sites remained operational. Most servers and systems were gradually restored within days as they were determined to be safe, with the District's most critical systems being restored first. The District restored certain impacted systems from backups and continues to work to rebuild others. While the District maintains cyber liability insurance, not all costs incurred are covered thereunder, and certain covered costs, which continue to be identified and calculated may ultimately exceed applicable coverage limits. Further, the District is planning to implement various security enhancements in light of the incident, but the District cannot currently predict the total cost of such enhancements.

The District has been served with three lawsuits relating to the incident on behalf individuals allegedly impacted by the cyberattack, and unidentified classes of others impacted. At this early stage, the District cannot predict the outcome or any potential financial impact that may result from such litigation. Further, the District cannot predict whether any other claims or litigation will be filed or estimate any potential financial impact that may result. For more information about the existing lawsuits, see "DISTRICT FINANCIAL INFORMATION – Risk Management and Litigation."

The District has implemented several protective measures with respect to access requirements to its systems to reduce the likelihood of a similar incident from occurring in the future. The District established an Independent Information Technology Task Force comprised of cybersecurity experts from private and public sectors to develop a set of recommendations to further strengthen the District's cybersecurity. The District has augmented its cybersecurity team, retained cybersecurity service providers, and implemented additional security controls and monitoring of its systems.

To minimize the impact and frequency of cybersecurity incidents, the District previously hired a Director of Information Technology Security in 2016 to develop and implement a risk-based information security management program ("ISMP"). The ISMP is designed to protect the confidentiality, integrity, and availability of information assets managed by the District's Information Technology Division and comply with all applicable information protection regulations including the Family Educational Rights and Privacy Act, Children's Internet Protection Act, and the Health Care Insurance Portability and Accountability Act. The ISMP includes a number of technical, administrative, and physical security safeguards that take into account the District's unique threats and vulnerabilities. Safeguards include, but are not limited to, policies that require employees, students, and parents to acknowledge their obligation to protect District information, cybersecurity training for employees, next generation network security technologies, access control systems, and cyber liability insurance. The District and its third-party IT vendors are required to carry cyber liability insurance to offset the cost of business disruptions caused by cybersecurity incidents.

No assurance can be made in any networked environment that a future cyberattack or natural disaster would not compromise the confidentiality, integrity or availability of District information assets. The only viable mitigation of cybersecurity risks is a layered defense strategy. The District implements layered defenses as a principal driver of its information security program and continuously monitors the effectiveness of the program to proactively modify it when the cyberattack landscape changes.

STATE FUNDING OF SCHOOL DISTRICTS

General

School districts in the State receive operating revenues from federal, State and local sources, including appropriations from the State's general fund and local property taxes derived from a school district's share of the 1% *ad valorem* property tax. School districts also currently receive revenues from the State attributable to temporary tax increases implemented by Proposition 30 (defined herein). In connection with voter approval of Proposition 55 (defined herein), certain of such temporary tax increases were extended by twelve years through 2030. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 30" herein. School districts, such as the District, may be eligible for other special categorical funding, including funding for certain State and federal programs. The amount of categorical funding appropriated to a school district may vary significantly from other school districts and yearly. At the time of preparation of the Fiscal Year 2023-24 Budget, the District budgeted to receive approximately 79.92% of District General Fund revenues from funds of or controlled by the State. As a result, decreases in State revenues, or in State legislative appropriations made to fund education, may significantly affect District operations. For more information regarding the District's funding for fiscal year 2023-24, see "– State Budget Act – *2023-24 State Budget*," "– Local Control Funding Formula" and "DISTRICT FINANCIAL INFORMATION – District Budget" herein.

Article XVI of the State Constitution requires that from all State revenues, there first be set apart the moneys to be applied by the State for support of the public school system and public institutions of higher education. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND

APPROPRIATIONS – Constitutionally Required Funding of Education" herein. The State Legislature and the Governor approve the State's authorized appropriations for school districts each fiscal year in connection with the adoption of the State Budget Act (defined herein). Proposition 98 ("Proposition 98"), approved in November 1988 as a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act," provides the minimum funding formula for school districts. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 98" herein. Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), there are currently three tests which determine the minimum level of K-14 funding. See "CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS" and "STATE FUNDING OF SCHOOL DISTRICTS– Local Control Funding Formula" herein. Proposition 98 permits the State Legislature, by two-thirds vote of both houses and with the Governor's concurrence, to suspend the K-14 schools' minimum funding formula for a one-year period. The amount of suspension is required to be repaid according to a specified State Constitutional formula, thereby restoring Proposition 98 funding to the level that would have been required in the absence of such suspension.

The actual appropriations and the timing of such appropriations are subject to, among other things, the estimated amount of State general fund revenues during the fiscal year and subsequent changes in State law. At times since the implementation of Proposition 98, the State has also sought to preserve general fund cash while avoiding increases in the base guaranteed amount through various mechanisms: by treating any excess appropriations as advances against subsequent years' Proposition 98 minimum funding levels rather than current year increases; by deferring apportionments of Proposition 98 funds from one fiscal year to the next, as the State did in fiscal years 2019-20 and 2020-21; by suspending Proposition 98, as the State did in fiscal year 2004-05, fiscal year 2010-11, fiscal year 2011-12 and fiscal year 2012-13; and by proposing to amend the State Constitution's definition of the guaranteed amount and settle-up requirement under certain circumstances. For more information on the Proposition 98 minimum guarantee under the 2023-24 State Budget, see "– State Budget Act – *2023-24 State Budget*" herein.

Since fiscal year 2013-14, the amount of funds an individual school district receives from State revenues depends on the amount of revenues the State calculates that the school district should receive based on the LCFF, less the amount the school district derives from such school district's share of the 1% *ad valorem* property tax. See "– Local Control Funding Formula" and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Constitutionally Required Funding of Education" herein.

The State Budget Process

The State's fiscal year begins on July 1 and ends on June 30. According to the State Constitution, the Governor of the State (the "Governor") is required to propose a budget for the next fiscal year (the "Governor's Budget") to the State Legislature no later than January 10 of each year. State law requires the Governor to update the Governor's Budget projections and budgetary proposals by May 14 of each year (the "May Revision"). Proposition 25, which was adopted by voters in the State at an election held on November 2, 2010, amended the State Constitution such that a final budget must be adopted by a simple majority vote of each house of the State Legislature by no later than June 15 and the Governor must sign the adopted budget by no later than June 30. The budget becomes law upon the signature of the Governor (the "State Budget Act").

Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the State Legislature takes up the proposal. Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the State Budget Act, as approved by the State Legislature and signed by the Governor. The Governor may reduce or eliminate specific line items in the State Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each House of the State Legislature. Appropriations also may be included in legislation other than the State Budget Act. Bills containing appropriations (except for K-14 education) must be approved by a two-thirds majority vote in each House of the State Legislature and be signed by the Governor. Bills containing K-14 education appropriations require only a simple majority vote. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution. Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt. However, delays in the adoption of a final State budget in any fiscal year may affect payments of State funds during such budget impasse. See "– State Funding of Schools Without a State Budget" herein for a description of payments of appropriations during a budget impasse.

The description above and below of the State's budget has been obtained from publicly available information which the District believes to be reliable; however, the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not guarantee the accuracy or completeness of this information and have not independently verified such information. Additional information regarding State budgets is available at various State-maintained websites, including **www.dof.ca.gov**. The website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not make any representation as to the accuracy of the information provided therein.

State Budget Act

2023-24 State Budget. The Governor signed the fiscal year 2023-24 State budget on June 27, 2023, which was amended through a series of legislative bills (as amended, the "2023-24 State Budget"). The 2023-24 State Budget reflects a downturn in revenues and slower revenue growth than previous projections due to the declining stock market, high inflation, rising interest rates and layoffs in high-wage sectors. By paying down the State's debt and using one-time surplus funds on one-time commitments, the 2023-24 State Budget is able to address the shortfall with balanced solutions that protect core State programs and services. The 2023-24 State Budget includes a package of solutions to bridge an approximately $31.7 billion shortfall while avoiding deep and damaging program cuts. Specifically, the 2023-24 State Budget shifts approximately $9.3 billion of spending commitments from the State's general fund to other funds, reduces or pulls back approximately $8.1 billion in previously approved State general fund spending, delays approximately $7.9 billion in spending across multiple years, includes approximately $6.1 billion in additional revenue, primarily from the Managed Care Organization tax as well as internal borrowing from special fund balances not projected for programmatic purposes, and builds in approximately $340.0 million in trigger reductions that are projected to be restored in the proposed State budget for fiscal year 2024-25, assuming sufficient funds at that time. The 2023-24 State Budget avoids new significant ongoing commitments and maintains fiscal discipline by setting aside a record $37.8 billion in total budgetary reserves. The 2023-24 State Budget notes that a tax filing delay due to unprecedented storms in fiscal year 2022-23 has delayed the projected receipt of $42.0 billion in State tax receipts to October 2023, including $28.4 billion from personal income tax and $13.3 billion from corporation tax, representing nearly one-fourth of the fiscal year 2022-23 total projected personal income tax, and nearly one-third of the fiscal year 2022-23 corporation tax.

The 2023-24 State Budget projects total resources available in fiscal year 2022-23 of approximately $260.9 billion, including revenues and transfers of approximately $205.1 billion and a prior year balance of approximately $55.8 billion, and total expenditures in fiscal year 2022-23 of approximately $234.6 billion. The 2023-24 State Budget projects total resources available for fiscal year 2023-24 of approximately $235.0 billion, inclusive of revenues and transfers of approximately $208.7 billion and a prior year balance of approximately $26.4 billion. The 2023-24 State Budget projects total expenditures in fiscal year 2023-24 of approximately $225.9 billion, inclusive of non-Proposition 98 expenditures of approximately $147.5 billion and Proposition 98 expenditures of approximately $78.4 billion. Citing revenue risks and uncertainties, the 2023-24 State Budget includes a historic level of reserves as an important resiliency tool, setting aside a total of $37.8 billion in fiscal year 2023-24 and allocates reserves as follows: approximately $22.3 billion in the State Rainy Day Fund for fiscal emergencies, approximately $10.8 billion in the Proposition 98 Rainy Day Fund (Public School System Stabilization Account), approximately $900.0 million in the Safety Net Reserve, and approximately $3.8 billion to the State's Special Fund for Economic Uncertainties. In addition, the 2023-24 State Budget allocates approximately $5.3 billion of the State general fund's projected fund balance in fiscal year 2023-24 to the State's Reserve for Liquidation of Encumbrances. The State Rainy Day Fund is at its constitutional maximum of 10% of State general fund revenues.

The 2023-24 State Budget includes total funding of $129.2 billion for all K-12 education programs, including $79.5 billion from the State's general fund and $49.7 billion from other funds. The 2023-24 State Budget reflects significant Proposition 98 funding that enables increased support for core programs such as the LCFF, special education, transitional kindergarten, nutrition, and preschool.

Certain budgeted programs and adjustments for K-12 education set forth in the 2023-24 State Budget include the following:

- Proposition 98 Minimum Guarantee. The 2023-24 State Budget reflects Proposition 98 funding levels of $110.6 billion in fiscal year 2021-22, $107.4 billion in fiscal year 2022-23, and $108.3 billion in fiscal year 2023-24. Such funding represents approximately 38.5% of the State's general fund revenues, plus local property tax revenues. To accommodate enrollment increases related to the expansion of transitional kindergarten, the 2023-24 State Budget increased the funding level from approximately 38.2% to approximately 38.5% to increase the percentage of State general fund revenues due to the minimum guarantee.

- Proposition 98 Rainy Day Fund (Public School System Stabilization Account). The 2023-24 State Budget includes payments required to be made to the Proposition 98 Rainy Day Fund in fiscal years 2021-22 through 2023-24 for a total account balance of $10.8 billion at the end of fiscal year 2023-24. The balance of approximately $9.9 billion in fiscal year 2022-23 triggers a cap on school district reserves beginning in fiscal year 2023-24. See "– Limitations on School District Reserves" and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 2 – SB 751" herein.

- Local Control Funding Formula. The 2023-24 State Budget includes a LCFF cost-of-living adjustment of 8.22%, which is the largest cost-of-living adjustment in the history of LCFF. The 2023-24 State Budget provides approximately $556.3 million ongoing Proposition 98 general fund resources to reflect the cost-of-living adjustment for specified categorical programs. The cost-of-living adjustment, when combined with declining enrollment adjustments, increases the year-over-year discretionary funds available to local education agencies by approximately $3.4 billion. The 2023-24 State Budget also reflects the utilization of approximately $1.6 billion one-time Proposition 98 State general fund resources to support the overall costs of the LCFF in fiscal year 2023-24, and provides an increase of approximately $80.0 million ongoing Proposition 98 State general fund resources to support county offices of education serving students in juvenile court and other alternative school settings.

- Accountability Improvements and Equity Multiplier. The 2023-24 State Budget reflects a comprehensive package to support accountability and a continuous improvement system to ensure student group and school site equity gaps within a local education agency are identified and addressed through the Local Control and Accountability Plan. To complement these efforts, the 2023-24 State Budget provides approximately $300.0 million ongoing Proposition 98 State general fund resources to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps, and approximately $2.0 million ongoing Proposition 98 general fund resources to support the critical work of the new Equity Leads within the statewide system of support.

- Literacy. The 2023-24 State Budget provides approximately $250.0 million one-time Proposition 98 general fund resources to build upon the existing Literacy Coaches and Reading Specialists Grant Program, which funds high-poverty schools to train and hire literacy coaches and reading specialists for one-on-one and small group intervention for struggling readers.

- State Preschool Program. The 2023-24 State Budget includes the following set asides to fund any adjustments related to reimbursement for preschool providers: approximately $343.1 million in Proposition 98 general fund resources and $20,000 in non-Proposition 98 general fund resources from fiscal year 2022-23; approximately $369.3 million in Proposition 98 general fund resources and $126.1 million in general fund resources from fiscal year 2023-24; and approximately $445.7 million in Proposition 98 general fund resources and $186.5 million in general fund resources from fiscal year 2024-25. Consistent with this approach, the 2023-24 State Budget suspends the annual cost-of-living adjustment applicable to the State Preschool Program in fiscal years 2023-24 and 2024-25.

  The 2023-24 State Budget reallocates approximately $4.4 million non-Proposition 98 general fund resources and approximately $5.3 million Proposition 98 general fund resources from the 2022-23 State budget to continue to waive family fees from July 1, 2023 through September 30, 2023, and provides approximately $112.0 million in available federal funds to provide temporary stipends for State Preschool Program employees.

- Transitional Kindergarten. The 2023-24 State Budget provides approximately $357.0 million in ongoing Proposition 98 general fund resources for fiscal year 2022-23 to support the first year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and February 2. The 2023-24 State Budget also provides approximately $283.0 million in Proposition 98 general fund resources to provide one additional certificated or classified staff person in each transitional kindergarten classroom. Additionally, the 2023-24 State Budget provides approximately $597.0 million in ongoing Proposition 98 general fund resources beginning in fiscal year 2023-24 to support the second year of expanded eligibility for transitional kindergarten to all children turning five-years-old between September 2 and April 2. The 2023-24 State Budget also provides approximately $165.0 million in Proposition 98 general fund resources to support the second year of adding one additional certificated or classified staff person in each transitional kindergarten classroom.

- Arts, Music, and Instructional Materials Discretionary Block Grant. The 2023-24 State Budget decreases one-time Proposition 98 general fund support for the Arts, Music, and Instructional Materials Block Grant by approximately $200.0 million, reducing total one-time program support from approximately $3.5 billion to approximately $3.3 billion. The Arts and Music in Schools: Funding Guarantee and Accountability Act (Proposition 28) will provide approximately $938.0 million ongoing Proposition 98 general fund resources beginning in fiscal year 2023-24.

- Learning Recovery Emergency Block Grant. The 2023-24 State Budget delays approximately $1.1 billion one-time Proposition 98 general fund resources for the Learning Recovery Emergency Block Grant to fiscal years 2025-26, 2026-27, and 2027-28.

- Zero-Emission School Buses. The 2023-24 State Budget delays approximately $1.0 billion one-time Proposition 98 general fund resources to support greening school bus fleets through programs operated by the California Air Resources Board and the California Energy Commission to fiscal years 2024-25 and 2025-26.

- California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program (FDK Program). The 2022-23 State budget included $100.0 million one-time general fund resources and reflected an additional $550.0 million in fiscal year 2023-24 to support the FDK Program. The 2023-24 State Budget delays the planned $550.0 million investment for this program to fiscal year 2024-25.

- School Facility Program. The 2023-24 State Budget provides approximately $2.0 billion one-time general fund resources, which is $100.0 million less than previously planned, to support the School Facility Program in fiscal year 2023-24.

- Nutrition. The 2023-24 State Budget provides an additional $154.0 million in ongoing Proposition 98 general fund resources and an additional $110.0 million one-time Proposition 98 general fund resources to fully fund the universal school meals program in fiscal years 2022-23 and 2023-24.

- Bipartisan Safer Communities Act, Stronger Connections Program. The 2023-24 State Budget provides approximately $119.6 million in one-time federal funds to support local education activities related to improving school climate and safety through the Stronger Connections Program.

- Charter School Facility Grant Program. Consistent with the 2022-23 State budget, the 2023-24 State Budget provides a one-time investment of $30.0 million Proposition 98 general fund resources to support eligible facilities costs.

The complete 2023-24 State Budget is available from the California Department of Finance website at **www.dof.ca.gov** or **www.ebudget.ca.gov**. The District can take no responsibility for the continued accuracy of these internet addresses or for the accuracy, completeness or timeliness of information posted therein, and such information is not incorporated herein by such reference.

Future Budgets and Budgetary Actions. The District cannot predict what future actions will be taken by the State Legislature and the Governor to address changing State revenues and expenditures or the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors beyond the District's ability to predict or control. Certain actions could result in a significant shortfall of revenue and cash and could impair the State's ability to fund schools during fiscal year 2023-24 and in future fiscal years. Certain factors, like an economic recession, could result in State budget shortfalls in any fiscal year and could have a material adverse financial impact on the District.

Additional Information. Information about the State budget and State spending for education is regularly available at various State-maintained websites. Text of the State budget may be found at the website of the Department of Finance, **www.dof.ca.gov**, under the heading "California Budget." Various analyses of the budget may be found at the website of the LAO at **www.lao.ca.gov**. In addition, various State official statements, many of which contain a summary of the current and past State budgets and the impact of those budgets on school districts in the State, may be found via the website of the State Treasurer, **www.treasurer.ca.gov**. The information presented in these websites is not incorporated by reference in this Official Statement.

State Funding of Schools Without a State Budget

Although the State Constitution requires that the State Legislature adopt a budget for the State by June 15 of the prior fiscal year and that the Governor sign a budget by June 30, this deadline has been missed from time to time. Delays in the adoption of a Budget Act in any fiscal year could impact the receipt of State funding by the District. On May 29, 2002, the California Court of Appeal for the Second District decided the case of *Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell* (as Controller of the State of California), et al. (also referred to as White v. Davis) ("Connell"). The California Court of Appeal concluded that, absent an emergency appropriation, the State Controller may authorize the payment of State funds during a budget impasse only when payment is either (i) authorized by a "continuing appropriation" enacted by the State Legislature, (ii) authorized by a self-executing provision of the State Constitution, or (iii) mandated by federal law. The Court of Appeal specifically concluded that the provisions of Article XVI, Section 8 of the State Constitution—the provision establishing minimum funding of K-14 education enacted as part of Proposition 98—did not constitute a self-executing authorization to disburse funds, stating that such provisions merely provide formulas for determining the minimum funding to be appropriated every budget year but do not appropriate funds. Nevertheless, the State Controller has concluded that the provisions of the State Education Code establishing K-12 and county office of education revenue limit funding (the predecessor to the LCFF) do constitute continuing appropriations enacted by the State Legislature and, therefore, has indicated that State payments of such amounts would continue during a budget impasse. The State Controller, however, has concluded that K-12 categorical programs are not authorized pursuant to a continuing appropriation enacted by the State Legislature and, therefore, cannot be paid during a budget impasse. To the extent the Connell decision applies to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of some payments to the District while such required legislative action is delayed, unless the payments are self-executing authorizations, continuing appropriations or are subject to a federal mandate.

Local Control Funding Formula

General. Funding for school districts, charter schools and county offices of education in connection with the LCFF includes State apportionments for general operating costs ("State Aid") and funding for categorical programs. During fiscal year 2022-23, the District estimates that approximately 57.03% of the District's General Fund revenues were pursuant to the LCFF. At the time of preparation of the Fiscal Year 2023-24 Budget, the District budgeted that approximately 63.99% of the District's General Fund revenues will consist of funds determined under the LCFF. For fiscal years 2020-21 through 2023-24, LCFF revenues comprise a lower percentage of the District's total General Fund revenues as a result of increases in one-time federal funding for COVID-19 relief. The following Table A-2 sets forth the percentage of the District's General Fund revenues that are derived from revenues under the LCFF, federal revenues, other State revenues and other local revenues for fiscal years 2019-20 through 2023-24.

TABLE A-2

LOS ANGELES UNIFIED SCHOOL DISTRICT
General Fund Revenue Sources
Percentage of Total District General Fund Revenues(1)
Fiscal Years 2019-20 through 2023-24

Revenue Source	Fiscal Year 2019-20	Fiscal Year 2020-21	Fiscal Year 2021-22	Fiscal Year 2022-23(2)	Fiscal Year 2023-24(3)
LCFF	74.47%	64.68%	62.42%	57.03%	63.99%
Federal Revenues	8.31	19.15	19.13	18.50	17.48
Other State Revenues	14.98	13.99	18.08	22.93	15.93
Other Local Revenues	2.24	2.18	0.37	1.54	2.60

(1) Sum of percentages may not equal 100% due to rounding.
(2) Estimated.
(3) Budgeted. For more information regarding State funding during fiscal year 2023-24 including information about the establishment of an Equity Multiplier as an add-on to the LCFF in the 2023-24 State Budget and impacts on the Fiscal Year 2023-24 Budget, see "– State Budget Act – *2023-24 State Budget*" and "DISTRICT FINANCIAL INFORMATION – District Budget – *Revisions to Fiscal Year 2023-24 Budget*."

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2021-22; Fiscal Year 2023-24 Budget for fiscal years 2022-23 and 2023-24.

The LCFF allocates State funding based on a school district's demographics. Each school district receives a base grant (the "Base Grant") per ADA in an amount determined by the State. As discussed above, the Governor's State budget for fiscal year 2022-23 revised the LCFF calculation beginning with fiscal year 2022-23 to consider the greater of a school district's current fiscal year, prior fiscal year, or the average of three prior fiscal years' ADA. See "DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance." Pursuant to the LCFF, each local education agency ("LEA") is required to, among other things, show progress toward an average class enrollment of no more than 24 pupils in kindergarten through grade 3, unless the LEA has entered into a collective bargaining agreement specifying an annual alternative average class enrollment in those grades for each school. Accordingly, the LCFF includes an adjustment to the Base Grant for kindergarten through grade 3 (the "K-3 Grade Span Adjustment") of approximately 10.4% in order to cover the costs associated with class size reduction. In addition, the LCFF includes an adjustment to the Base Grant for grades 9 through 12 of approximately 2.6% in order to cover the costs of, among other things, providing career technical education.

Based on the ADA of the given demographic classification, school districts are eligible to receive a 20% supplemental grant (the "Supplemental Grant") for students classified as English learners ("EL"), students eligible to receive a free or reduced price meal ("FRPM"), and students classified as foster youth ("LI"). The State expects the Supplemental Grants to reflect the additional costs associated with the education of EL, FRPM and LI students. In addition, school districts are eligible to receive a concentration grant (the "Concentration Grant") if the school district has a significant concentration of students classified as EL, FRPM or LI (collectively, "Unduplicated Pupils"). The LCFF uses an unduplicated student count to determine the amount of the Supplemental Grant and Concentration Grant authorized for a school district. A school district may only count a student one time if such student is classified in more than one of the EL, FRPM and LI categories. In the event the percentage of Unduplicated Pupils exceeds 55% of a school district's total enrollment, the LCFF provides additional funding to the school district through a Concentration Grant. The Concentration Grant will be an amount equal to an additional 65% of the school district's adjusted Base Grant, which includes the cost of living adjustment and grade span adjustments, if any, for each Unduplicated Pupil above the 55% threshold.

The Base Grants are based on four uniform, grade-span base rates. For fiscal year 2023-24, the LCFF provided to school districts and charter schools: (a) a Base Grant for each LEA equivalent to \$10,951 per ADA for kindergarten through grade 3; (b) a Base Grant for each LEA equivalent to \$10,069 per ADA for grades 4 through 6; (c) a Base Grant for each LEA equivalent to \$10,367 per ADA for grades 7 and 8; (d) a Base Grant for each LEA equivalent to \$12,327 per ADA for grades 9 through 12. The Base Grant amount for fiscal year 2023-24 includes a cost-of-living adjustment of 8.22%. The amount of actual funding allocated to the Base Grant, Supplemental Grants and Concentration Grants is subject to the discretion of the State.

Since the full implementation of the LCFF in fiscal year 2018-19, there is no longer a gap between a school district's prior year funding and the target amount of funding under the LCFF for the current year. Further, there is no longer a difference between the District's target entitlement under the LCFF – the amount available once the LCFF is fully funded – and the District's transition entitlement. In fiscal year 2018-19, the District reached its target entitlement for the District and the Affiliated Charter Schools, such that there is no transition entitlement for the District and the Affiliated Charter Schools. Accordingly, the District's historically significant increases in LCFF funding from year to year are not reflective of the District's current and expected LCFF funding since the LCFF is fully funded.

The difference between the amount a school district or charter school would have received under the old funding system and the estimated amount it would receive for LCFF funding at full implementation, based on certain criteria is referred to as the "Economic Recovery Target." Only school districts and charter schools that were at, or below, the 90th percentile of per-pupil funding rates of school districts under the pre-fiscal year 2013-14 funding system, as determined at the certification of the State's second principal apportionment in fiscal year 2013-14, are eligible for Economic Recovery Target payments. Based on this criteria, the District is not entitled to receive Economic Recovery Target funding. However, certain of the District's Affiliated Charter Schools are entitled to the Economic Recovery Target funding and received approximately \$1,000,000 (estimated), collectively, in fiscal year 2022-23, and budget to receive approximately the same amount, collectively, in fiscal year 2023-24.

The District has the largest ADA in the State. See "DISTRICT GENERAL INFORMATION – Enrollment and Average Daily Attendance" herein. In addition, the District's ADA includes a significant number of students classified as Unduplicated Pupils. Accordingly, the District expects to receive more LCFF funding than other school districts in the State. The Fiscal Year 2023-24 Budget budgets that approximately 85.93% of students attending non-charter schools of the District will be classified as Unduplicated Pupils under the LCFF during fiscal year 2023-24. The percentage of students classified as Unduplicated Pupils is based on a three-year rolling average. The District's calculation of ADA with respect to Unduplicated Pupils, which is used to determine Supplemental and Concentration Grant revenues, is subject to adjustment upon review thereof by the District's independent auditor.

The following Table A-3 sets forth the District's Base Grant per ADA for fiscal years 2014-15 through 2023-24 under the LCFF.

TABLE A-3

LOS ANGELES UNIFIED SCHOOL DISTRICT
Adjusted Base Grant Per Average Daily Attendance
Fiscal Years 2014-15 through 2023-24

Fiscal Year	Grades K-3	Grades 4-6	Grades 7-8	Grades 9-12
2014-15	$7,740	$7,116	$7,328	$8,712
2015-16	7,820	7,189	7,403	8,801
2016-17	7,820	7,189	7,403	8,801
2017-18	7,941	7,301	7,518	8,939
2018-19[(1)]	8,235	7,571	7,796	9,269
2019-20	8,503	7,818	8,050	9,572
2020-21	8,503	7,818	8,050	9,572
2021-22	8,934	8,214	8,458	10,057
2022-23	9,520	8,754	9,013	10,716
2023-24	10,951	10,069	10,367	12,327

(1) LCFF was fully funded in fiscal year 2018-19.

Sources: Los Angeles Unified School District Comprehensive Annual Financial Report for fiscal years 2014-15 and 2015-16; the District for fiscal years 2016-17 through 2021-22; Fiscal Year 2023-24 Budget for fiscal years 2022-23 and 2023-24.

Local Control and Accountability Plan. Pursuant to the LCFF, since July 1, 2014, school districts, county offices of education and charter schools have been required to develop, adopt and annually update a three-year local control and accountability plan (the "LCAP"). The LCAP is required to identify goals and measure progress for student subgroups across multiple performance indicators. The Education Code requires each school district to file with the county superintendent of schools such school district's LCAP or annual update thereof not later than five days after its adoption. On or before August 15 of each year, the county superintendent of schools may seek clarification, in writing, from the governing board of such school district about the contents of the LCAP. The school district has the opportunity to respond to such request and the county superintendent is authorized to submit recommendations for amendments to the LCAP. On or before October 8 of each year, the county superintendent of schools is required to approve each school district's LCAP pending a determination that the school district has adhered to the template adopted by the State Board of Education, the school district's budget includes expenditures sufficient to implement the specific actions and strategies included in the LCAP based on projected costs, and the school district has adhered to the Education Code with respect to funds apportioned for Unduplicated Pupils.

The State's priorities for each LCAP include, among other things, compliance with requirements with respect to appropriateness of teacher assignments, ensuring that teachers are fully credentialed in the subject areas and for the pupils they are teaching, and ensuring that every pupil in the school district has sufficient access to the standards-aligned instructional materials as determined in accordance with the Education Code. In addition, school facilities are to be maintained in good repair. The State requires proper implementation of the academic content and performance standards adopted by the State Board of Education and will measure parental involvement (e.g., efforts to seek input from parents or guardians regarding decisions for the district and the school site), pupil achievement (e.g. performance on Statewide assessments, the academic performance index, readiness for college or career technical education, progress towards English proficiency, performance on advance placement examinations), pupil engagement (e.g., school attendance rates, chronic absenteeism rates, middle school dropout rates, high school dropout and graduation rates, pupil suspension and expulsion rates, etc.), access and enrollment in a broad course of study including the core subject areas and programs and services developed and provided to Unduplicated Pupils, and pupil outcomes in the subject areas comprising a broad course of study.

In November 2014, the State Board of Education adopted final regulations to govern the expenditure of the Supplemental Grant and Concentration Grant funding. These regulations require school districts, county offices of education, and charter schools to increase and improve services for Unduplicated Pupils and provide authority for school districts to spend funds school-wide when significant populations of Unduplicated Pupils attend a school. Pursuant to the regulations, LEAs are required to obtain input from parents of students and the general public in connection with the development, revision and updates of LCAPs. In addition, the regulations require County superintendents to review school district LCAPs and require county offices of education to provide technical assistance if they disapprove an LCAP. The Education Code grants the State Superintendent of Public Instruction authority to intervene if a school district or charter school fails to show improvement across multiple subgroups in three out of four consecutive years.

Infectious Disease Outbreak

In general, the outbreak of a highly contagious disease or epidemic disease could harm the District's financial results or result in a temporary shutdown of the District's facilities. As discussed above, school districts in California are funded based on the LCFF, which allocates a base grant per unit of average daily attendance with additional supplemental grants based on certain factors. Thus, a temporary shutdown of a school or an entire school district would reduce the average daily attendance and could impact the funding a school district receives unless the State legislature or California Department of Education takes action to exclude such days from the calculations for funding purposes. Further, any impact on the State's tax and other revenue receipts as a result of a highly contagious or epidemic disease may in turn impact other educational funding that the District receives from the State. " – State Budget Act – *Future Budgets and Budgetary Actions*." In addition, the District may incur increased operational costs to conduct distance learning or to clean, sanitize and maintain its facilities either before or after an outbreak of an infectious disease.

COVID-19 Background. The outbreak of the respiratory disease caused by COVID-19 was previously declared a pandemic by the World Health Organization, a national emergency by former President Trump and a state of emergency by the Governor of the State.

Federal Response. On March 13, 2020, former President Trump declared a nationwide emergency pursuant to Section 501(b) of the Stafford Act, regarding the COVID-19 pandemic. On March 22, 2020, former President Trump approved the Major Disaster Declaration for the State of California, authorizing federal emergency aid related to COVID-19 administered through the Federal Emergency Management Agency ("FEMA"). As a result, local educational agencies were permitted to submit a request for FEMA public assistance through the California Office of Emergency Services for reimbursement of certain costs incurred as a result of COVID-19. The District submitted its initial request for FEMA public assistance for eligible cleaning, sanitation, and personal protective equipment expenses incurred through June 30, 2020, and is working with FEMA to finalize and formally submit additional requests relating to its COVID-19 testing, vaccination and meal programs. As of June 30, 2023, the District has received confirmation of eligibility for approximately $18 million of more than $500 million in total assistance that has been or that it is anticipated will be requested of FEMA in connection with the COVID-19 pandemic. The District is working to maximize its reimbursement from FEMA and anticipates that a significant majority of the amount of assistance requested from FEMA will ultimately be deemed eligible and reimbursed.

On March 27, 2020, the U.S. House of Representatives approved and former President Trump signed into law the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"). The CARES Act provided $30 billion to education, specifically $3 billion allocated to state governors to be used at their discretion to address the emergency, $13.5 billion for K-12 education, and $14.25 billion for postsecondary institutions. School districts are able to use their share of the $13.5 billion K-12 education allocation under the CARES Act, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses. The District was allocated approximately $858.1 million in funding under the CARES Act, which included approximately $289.7 million from the Elementary and Secondary School Emergency Relief Fund (the "ESSER") provided directly from the federal government to the District, and amounts allocated by the State of California through its Learning Loss Mitigation Fund, including approximately $488.6 million from the Coronavirus Relief Fund (the "CRF") provided from CARES Act funding, approximately $31.9 million from the Governor's Emergency Education Relief Fund (the "GEER") provided from CARES Act funding, and approximately $47.9 million from the State's general fund. As of June 30, 2023, the District has received all $858.1 million allocated under the CARES Act. The District has also received approximately $22.0 million in supplemental reimbursements at a rate of 75 cents per meal for meals served to students between March 2020 and August 2020; a portion of such funding was provided by federal sources under the CARES Act and the other portion of such funding was provided by State funds. In addition, the District has been awarded approximately $6.0 million in grant funds by the State under the California Community Schools Partnership Program for expenditures relating to the District's community schools. As of June 30, 2023, the District has received approximately $6.0 million of such grant funding.

On December 27, 2020, HR 133 was enacted, which includes a $900 billion COVID-19 relief package. HR 133 provided approximately $81.9 billion to education, specifically about $4.1 billion allocated to state governors to be used at their discretion to address the emergency, of which approximately $2.75 billion was reserved for private K-12 education, about $54.3 billion for K-12 education, around $22.7 billion for postsecondary institutions, and about $819 million for outlying areas and Bureau of Indian Affairs schools. School districts are able to use their share of the approximately $54.3 billion K-12 education allocation under HR 133, which was based on the proportion of Title I funding received for the then most recent fiscal year, for purposes authorized by federal law and other specified uses. Pursuant to HR 133, $154 million was allocated to the State in the form of funding for public schools from the GEER (the "GEER II"), and the State ultimately incorporated such funds into the expanded learning opportunity grant funding discussed below. In addition, pursuant to HR 133, the District is eligible to receive approximately $1.15 billion in funding from the ESSER (the "ESSER II") for eligible expenditures obligated through September 30, 2023. The District has received all $1.15 billion in ESSER II funding as of June 30, 2023. In addition, under HR 133, the District received a one-time child development stipend of approximately $4 million for costs associated with childcare programs.

On March 11, 2021, the American Rescue Plan Act of 2021 ("HR 1319"), a $1.9 trillion COVID-19 relief package, was enacted. HR 1319 provided approximately $165.15 billion to education, specifically about $122.8 billion to public K-12 education, around $2.75 billion to private K-12 education and about $39.6 billion to postsecondary institutions. Of the approximately $122.8 billion in K-12 funding, about $7.2 billion was set aside for purchasing technology to support digital learning and around $800 million is set aside for supporting homeless students. HR 1319 allocated K-12 funding to states and school districts according to the proportion of Title I funding received for the then most recent fiscal year. It further stipulated that of the K-12 funds received by states, 90% must be distributed to local educational agencies, 5% must be used to address learning loss, 1% must be used for summer enrichment programs and 1% must be used for comprehensive afterschool programs, and of the K-12 funds received directly by school districts, 20% must be used to address learning loss. Pursuant to HR 1319, the District expects to receive approximately $2.6 billion in additional funding from the ESSER (the "ESSER III") for expenditures obligated through September 30, 2024. As of June 30, 2023, the District has received approximately $1.2 billion in ESSER III funding. Pursuant to HR 1319, the District also expects to receive at least approximately $242.7 million and may receive up to $281.7 million from the amounts dedicated to technology and digital learning (the "Emergency Connectivity Fund"). As of June 30, 2023, the District has received $45.0 million total funding from the Emergency Connectivity Fund.

Pursuant to a grant from the U.S. Department of Health and Human Services, LACOE received funding for COVID testing to allocate to school districts within its jurisdiction. Accordingly, the District was allocated approximately $82.2 million in funding for COVID testing expenses during fiscal year 2021-22, all of which the District received during fiscal year 2021-22.

State Legislation Relating to School Districts. On March 17, 2020, the Governor signed Senate Bill 117 ("SB 117") as urgency legislation effective immediately. For purposes of school district funding for fiscal year 2019-20, SB 117 limited the average daily attendance reported to the California Department of Education to include the full school months from July 1, 2019, to February 29, 2020. This condensed ADA period applied to school districts that complied with Executive Order N-26-20. SB 117 further states the intent of the State Legislature is that a school district's employees and contractors be paid during the period of a school closure due to COVID-19. SB 117 also waived instructional time penalties that would otherwise accrue, as long as the school district superintendent, county superintendent or charter school administrator certify that the closure due to COVID-19 caused the school district to fall below applicable instructional time requirements. SB 117 also included $100 million in additional funding to school districts for certain costs incurred as a result of COVID-19. The District received approximately $7.9 million, which includes amounts for Affiliated Charter Schools, from such additional State funding in fiscal year 2019-20.

The Governor signed Assembly Bill 86 ("AB 86") into law on March 5, 2021. AB 86 provided approximately $6.6 billion to local educational agencies to encourage a return to in-person education, with a focus on students who are younger (TK-2) and most disproportionately impacted by the COVID-19 pandemic. Funding was distributed as follows: $725 per student, an additional $1,000 per homeless student, and funds remaining after these apportionments are distributed proportionally based on LCFF. $2 billion was set aside as incentive for school districts that return to in-person instruction by March 31, 2021 for at least TK-2 and ramping up to include higher grades if county transmission rates allow. Beginning April 1, 2021, school districts' apportioned incentive funding was reduced by 1% for every academic calendar day they do not offer in-person education until May 15, 2021, after which school districts forfeit their entire apportionment of incentive funding. AB 86 allocated approximately $4.6 billion to local educational agencies to support expanded learning opportunities that target learning loss resulting from the COVID-19 pandemic. School districts must implement learning recovery programs that include, at minimum, supplemental instruction, resources for social and emotional well-being and meal programs. AB 86 also established reporting requirements to monitor COVID-19 cases and in-person education status and apportioned $25 million to the State's "Safe Schools For All Team" to provide technical assistance, community engagement, oversight and accountability to school districts. AB 86 further set aside 10% of the State's vaccine supply for childcare and TK-12 education staff. Pursuant to AB 86, the District expects to receive approximately $572.5 million in additional funding following its reopening of schools for in-person hybrid instruction throughout April 2021. As of June 30, 2023, the District has received approximately $525.95 million in such funding.

The Governor signed Assembly Bill 130 ("AB 130") into law on July 9, 2021. Pursuant to AB 130, the District received approximately $243.2 million in funding in fiscal year 2021-22 and is eligible for over $457.1.0 million per year thereafter for the operation of afterschool and summer school enrichment programs through the Expanded Learning Opportunities Program. In addition, pursuant to AB 130, the District received an additional $45.7 million in funding through the Special Education Learning Recovery Support program and approximately $10.1 million for dispute prevention and dispute resolution. While the Expanded Learning Opportunities Program is not a traditional one-time COVID relief funding source like the other COVID relief funding discussed above, it is part of the State's on-going response to educational challenges exacerbated by the COVID-19 pandemic.

As of June 30, 2023, in aggregate from federal and State funding sources described above from fiscal year 2019-20 through fiscal year 2023-24, the District expects to receive approximately $5.6 billion in COVID-19 relief funding, which does not include the funding that the District received through the Expanded Learning Opportunities Program in fiscal year 2021-22 or the funds that the District expects to receive through the Expanded Learning Opportunities Program on an ongoing basis. As of June 30, 2023, the District has received approximately $4.0 billion in such COVID-19 relief funding, which does not include any funds received through the Expanded Learning Opportunities Program.

District Response. As a result of the outbreak of COVID-19, on March 10, 2020, the District Board declared that emergency conditions exist throughout the District and authorized the Superintendent to take any and all actions necessary to ensure the health and safety of students and staff. Under such authority, the Superintendent closed all schools within the District for in-person instruction effective March 16, 2020. The District implemented a distance learning model for the remainder of the 2019-20 school year.

The District utilized the distance learning model for much of the 2020-21 school year, which commenced on August 18, 2020, given the ongoing COVID-19 pandemic. However, the District began reopening schools for in-person hybrid instruction the week of April 12, 2021, starting with 61 elementary schools and 11 early education centers. The remaining elementary schools and early education centers reopened for in-person hybrid instruction the week of April 19, 2021, and middle schools and high schools reopened for in-person hybrid instruction the week of April 26, 2021. Distance learning also remained available to students throughout the 2020-21 school year. To ensure that the reopening was as safe as possible for students, employees, and the communities, the District published its COVID-19 Containment, Response and Control Plan in February 2021, which details plans, practices and health and safety protocols for reopening schools and is available on the District's website. The District also offered vaccinations to all District employees, administered vaccinations at multiple school sites, and operated a mass vaccination center at Hollywood Park to serve its employees and charter school employees. Baseline COVID-19 testing and subsequent periodic testing on a weekly basis was made available to all students and staff located at school facilities.

The District fully opened its school facilities to full-time in-person instruction at the outset of the 2021-22 school year. The District operates an independent study program for students who do not want to return to in-person instruction. The District requires all employees to be vaccinated against COVID-19. During the 2021-22 school year, the District conducted weekly testing of all staff and students for COVID-19. During the 2022-23 school year, the District no longer requires weekly testing, but provides rapid antigen tests for symptomatic and exposed students and staff. The District continues to implement strict health and safety measures to ensure the safety of its staff and students.

Governor Newsom has announced plans to add the COVID-19 vaccine to the list of vaccinations required for students to attend both public and private schools in-person when the vaccine receives full approval from the Food and Drug Administration for middle and high school grades. Since the Food and Drug Administration has not fully approved the COVID-19 vaccine for individuals of all ages within the

7-12 grade span, it is unknown if and when any statewide student vaccination requirement would take effect. The District has delayed its previously-announced student COVID-19 vaccination requirement.

In response to the COVID-19 pandemic, the District incurred costs totaling approximately $4.1 billion from March 2020 through June 30, 2023. Such costs were largely attributed to the following priorities:

- **Instructional Connectivity** – The District purchased over 217,000 new devices and acquired over 107,800 internet hotspots for students to support distance learning. The District also developed online learning platforms and provided training to teachers to support online instruction.

- **Learning Loss Mitigation** – The District implemented various program to address the effects of learning loss exacerbated by the COVID-19 pandemic, including additional educational and enrichment opportunities during the summer, as well as tutoring and after school programs.

- **Health and Safety – *Meals*** – The District established 63 "Grab & Go" food centers across the District to provide breakfast and lunch meals to children and adults in need. In May 2020, the District increased the number of meals provided each weekday from two to three for each child and adult who visited the food centers. The District distributed more than 100 million meals to children and adults from March 2020 until April 2021, when the Grab & Go program ended in conjunction with the District's return to in-person instruction at the District's school sites.

- **Health and Safety – *Cleaning and Protective Equipment*** – The District has incurred significant additional costs associated with the sanitation of schools and other District facilities, the supply of personal protective equipment, upgrades to its ventilation systems to provide additional protection against COVID-19 and other airborne viruses, and to facilitate social distancing and provide additional protective measures against the transmission of COVID-19.

- **Health and Safety – *COVID-19 Testing*** – The District has implemented a robust COVID-19 testing program, providing access to state-of-the-art COVID-19 tests to its students and staff at locations throughout the District.

- **Business Continuity and Connectivity** – Since the District's administration and support staff are largely working remotely, the District has provided staff with the tools and training necessary to ensure that operations continue.

As a result of the COVID-19 pandemic, the District currently projects approximately $882 million in COVID-19 related costs associated with operating schools during the 2023-24 school year. More specifically, based on the Fiscal Year 2023-24 Budget, the District projects (1) approximately $35 million in costs associated with strategies for continuous and safe in-person learning; (2) approximately $210 million in costs associated with addressing lost instructional time; and (3) approximately $637 million in costs for addressing additional District priorities. For more information on the District's COVID-19 relief funding expectations for fiscal year 2023-24, see "DISTRICT FINANCIAL INFORMATION – District Budget."

While the State and federal one-time COVID-19 relief funding discussed above has provided and will continue to provide some immediate relief to school districts, including the District, the long-term impacts of the COVID-19 outbreak on the District's operations and finances are not fully known as the situation continues to evolve. The District cannot predict whether similar legislation would be enacted in the event the outbreak severity of COVID-19 returns or a similar or other outbreak of a highly contagious disease or epidemic disease were to occur in the future.

Charter School Funding

A charter school is a public school authorized by a school district, county office of education or the State Board of Education. State law requires that charter petitions be approved if they comply with the statutory criteria. The District has certain fiscal oversight and other responsibilities with respect to both Affiliated Charter Schools and Fiscally Independent Charter Schools located in the District geographic boundaries. However, Fiscally Independent Charter Schools are separate LEAs and receive revenues directly from the State. Affiliated charter schools receive their funding from the District and are included in the District's budgets and audit reports. Information regarding enrollment, ADA, budgets and other financial information relating to Fiscally Independent Charter Schools is not included in the District's audit reports or in this Official Statement unless otherwise noted.

Pursuant to the LCFF, Fiscally Independent Charter Schools and Affiliated Charter Schools will receive a Base Grant per ADA and are eligible to receive Supplemental Grants and Concentration Grants. See " – Local Control Funding Formula" herein. As reflected in the District's Audited Annual Financial Report for fiscal year 2021-22, the District operated 51 Affiliated Charter Schools and oversaw 227 Fiscally Independent Charter Schools within the District boundaries. The fiscal year 2023-24 funded ADA of the Affiliated Charter Schools and the Fiscally Independent Charter Schools is anticipated to be approximately 34,021 and 98,111, respectively. An increase in the number of Fiscally Independent Charter Schools within the boundaries of a school district or an increase in the number of students transferring to a Fiscally Independent Charter School or an Affiliated Charter School from a traditional school within a school district may cause a net reduction in the District's ADA.

Limitations on School District Reserves

Unless a school district is granted an exemption by its county superintendent of schools, amounts in its reserves may not exceed the limitations set forth in the Education Code once certain conditions precedent are met. Pursuant to Section 42127.01 of the Education Code, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of State general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10% of total General Fund expenditures and other financing uses. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the reserves limitation for up to two consecutive fiscal years within a three-year period if the school district provides documentation indicating that extraordinary fiscal circumstances, including, but not limited to, multiyear infrastructure or technology projects, substantiate the need for a combined assigned or unassigned ending general fund balance that is in excess of the reserves limitation. The limitation applies once the Superintendent of Public Instruction notifies school districts and county offices of education that the conditions precedent are met. The Superintendent of Public Instruction is also required to notify school districts and county offices of education when those conditions no longer exist.

The State-imposed minimum recommended reserve for the District is accounted for in the Reserve for Economic Uncertainties. Payments allocated to the Public School System Stabilization Account by the State in fiscal years 2021-22 and 2022-23 triggered certain limitations on school district reserves under the Education Code in fiscal years 2022-23 and 2023-24. In fiscal years 2022-23 and 2023-24, the District Board has committed funds comprising portions of the General Fund ending balance to (1) proportionality resources that are allocated to schools to increase or improve services for low income, English language learner, and foster youth students, (2) the primary promise program for elementary school students to build a foundation in literacy, math, and critical thinking skills, (3) inflation protection, and (4) financial obligations pursuant to labor agreements. At the time of preparation of the Fiscal Year 2023-24 Budget, the District's assigned and unassigned ending General Fund balances for fiscal years 2022-23 and 2023-24 do not exceed 10% of the total General Fund expenditures and other financing uses. Thus, the District complies with the limitations on reserves.

Local Property Taxation

General. As required by State law, the District uses the services of the County for the assessment and collection of taxes for District purposes. District taxes are collected at the same time and on the same tax rolls as are the County, the City of Los Angeles and other local agency and special district taxes.

State law exempts $7,000 of the full cash value of an owner-occupied dwelling from property tax, but this exemption does not result in any loss of revenue to local entities, including the District, because an amount equivalent to the taxes which would have been payable on such exempt values is paid by the State to the County for distribution to local agencies. The County levies property taxes on behalf of taxing agencies in the County for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. However, upon a change in ownership of property or completion of new construction, State law permits the County to recognize changes in the assessed valuation of real property before the next regular assessment role is complete in order to levy taxes based on the new assessed value. In such instances, the property is reassessed and a supplemental tax bill is sent to the new owner based on the new value prorated for the balance of the tax year.

The fiscal year 2022-23 Assessment Roll for property within the District's boundaries reflects an increase of approximately 7.24% in assessed value from the prior year. Under State law, in addition to reassessments requested by property owners pursuant to Proposition 8 when the current market value of property is less than assessed value as of January 1, the county assessor annually initiates reviews of property for reassessments due to decline-in-value. See "*—Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

TABLE A-4
LOS ANGELES UNIFIED SCHOOL DISTRICT
Historical Gross Assessed Valuation of Taxable Property[(1)]
Fiscal Years 2007-08 through 2022-23
($ in thousands)

Fiscal Year	Secured[(2)]	Unsecured	Total[(2)]	Change From Prior Year	Percent Change
2007-08	$419,052,509	$21,861,881	$440,914,390	--	--
2008-09	451,191,875	23,597,923	474,789,798	$ 33,875,408	7.68%
2009-10	451,127,882	23,849,409	474,977,291	187,493	0.04
2010-11	442,092,473	21,753,078	463,845,551	(11,131,740)	(2.34)
2011-12	447,830,204	21,265,021	469,095,225	5,249,674	1.13
2012-13	458,767,053	21,308,439	480,075,492	10,980,267	2.34
2013-14	482,043,584	21,634,336	503,677,920	23,602,428	4.92
2014-15	510,371,502	22,562,705	532,934,207	29,256,287	5.81
2015-16	546,807,059	23,362,404	570,169,464	37,235,257	6.99
2016-17	581,473,213	24,495,794	605,969,007	35,799,543	6.28
2017-18	619,162,082	25,342,665	644,504,747	38,535,740	6.36
2018-19	665,355,078	27,377,547	692,732,625	48,227,878	7.48
2019-20	710,954,606	28,442,486	739,397,092	46,664,467	6.73
2020-21	759,004,739	28,679,270	787,684,010	48,286,918	6.53
2021-22	790,822,215	27,581,051	818,403,266	30,719,256	3.90
2022-23	848,435,713	29,196,328	877,632,041	59,228,775	7.24

(1) Full cash value.
(2) Includes utility valuations.

Source: California Municipal Statistics, Inc.

Assessed Valuation Reductions. Assessments may be adjusted during the course of the year when real property changes ownership or new construction is completed. Assessments may also be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District's control, such as a general market decline in property values, including potential market declines caused by the effects of a reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster, such as earthquake, drought, flood, landslide, liquefaction, levee failure, fire, toxic dumping, etc. When necessitated by changes in assessed value in the course of a year, taxes are pro-rated for each portion of the tax year. See also "*—Appeals of Assessed Valuation; Blanket Reductions of Assessed Values*" below.

Property values could be reduced by factors beyond the District's control, including a depressed real estate market due to general economic conditions in the County, the region, and the State. A pandemic, like the COVID-19 pandemic, may result in an economic recession or depression that causes a general market decline in property values therefore affecting the assessed value of property in the District. For more information on the impact of the COVID-19 pandemic, see "STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak." Events resulting in changing economic conditions may also alter the willingness or the ability of local taxpayers to pay *ad valorem* taxes levied to repay the District's general obligation bonds. The District cannot predict whether events that may result in changing economic conditions will occur or the extent that a change in economic conditions will impact assessed value of property in the District or the willingness or ability of local taxpayers to pay *ad valorem* taxes.

Aside from economic conditions, property values could be reduced by natural or manmade disasters. In recent years, portions of California, including the County and adjacent counties, have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures. Moreover, the District is located in a seismically active region. Active earthquake faults include the San Andreas Fault that runs throughout the County, the Palos Verdes fault that runs along the coast and through a small portion of the County, and other smaller faults including the Lower Elysian Park thrust, the Upper Elysian Park fault and Puente Hills blind thrust system. Furthermore, California has experienced severe drought conditions in recent years, but has most recently experienced periods of extreme precipitation. These and other extreme weather events are all effects of climate change. As greenhouse gas emissions continue to accumulate, climate change will intensify and increase the frequency of such extreme weather events. The District cannot predict the timing, extent, or severity of any potential natural or manmade disaster and its impact on property values in the District.

Appeals of Assessed Valuation; Blanket Reductions of Assessed Values. There are two basic types of property tax assessment appeals provided for under State law. The first type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs. Any base year appeal must be made within four years of the change of ownership or new construction date.

The second type of appeal, commonly referred to as a Proposition 8 appeal, can result if factors occur causing a decline in the market value of the property to a level below the property's then current taxable value (escalated base year value). Pursuant to State law, a property owner may apply for a Proposition 8 reduction of the property tax assessment for such owner's property by filing a written application with the appropriate county board of equalization or assessment appeals board. A property owner desiring a Proposition 8 reduction of the assessed value of such owner's property in any one year must submit an application to the county assessment appeals board (the "Appeals Board"). Following a review of the application by the county assessor's office, the county assessor may offer to the property owner the opportunity to stipulate to a reduced assessment, or may confirm the assessment. If no stipulation is agreed to, and the applicant elects to pursue the appeal, the matter is brought before the Appeals Board (or, in some cases, a hearing examiner) for a hearing and decision. The Appeals Board generally is required to determine the outcome of appeals within two years of each appeal's filing date. Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which the written application is filed. The assessed value increases to its pre-reduction level (such pre-reduction level escalated by the annual inflation rate of no more than 2%) following the year for which the reduction application is filed. However, the county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year and any intervening years as well. In practice, such a reduced assessment may and often does remain in effect beyond the year in which it is granted.

In addition, Article XIIIA of the State Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflationary rate, not to exceed a 2% increase for any given year, or may be reduced to reflect a reduction in the consumer price index or comparable local data. This measure is computed on a calendar year basis. According to representatives of the County assessor's office, the County has in the past, pursuant to Article XIIIA of the State Constitution, ordered blanket reductions of assessed property values and corresponding property tax bills on single family residential properties when the value of the property has declined below the current assessed value as calculated by the County.

No assurance can be given that property tax appeals and/or blanket reductions of assessed property values will not significantly reduce the assessed valuation of property within the District in the future.

Assessed Valuation by Jurisdiction. The following Table A-5 describes the percentage and value of the total assessed value of the property within the District's boundaries that resides in the various cities and unincorporated portions of the County for fiscal year 2022-23.

TABLE A-5
LOS ANGELES UNIFIED SCHOOL DISTRICT
Fiscal Year 2022-23 Assessed Valuation by Jurisdiction

Jurisdiction	Assessed Valuation in District	% of District	Assessed Valuation of Jurisdiction	% of Jurisdiction in District
City of Bell	$ 1,780,369,587	0.20%	$ 2,211,441,447	80.51%
City of Bell Gardens	69,512,525	0.01	2,274,461,607	3.06
City of Beverly Hills	202,055,134	0.02	42,734,220,528	0.47
City of Calabasas	735,556	0.00	9,915,137,132	0.01
City of Carson	17,682,639,317	2.01	19,660,564,597	89.94
City of Commerce	385,320,287	0.04	6,624,016,326	5.82
City of Cudahy	985,998,079	0.11	986,232,803	99.98
City of Culver City	60,186,158	0.01	15,561,988,828	0.39
City of Downey	663	0.00	14,317,719,833	0.00
City of Gardena	8,074,173,543	0.92	8,074,173,543	100.00
City of Hawthorne	864,936,384	0.10	10,073,968,075	8.59
City of Huntington Park	3,730,598,581	0.43	3,730,598,581	100.00
City of Inglewood	42,286,344	0.00	15,316,819,616	0.28
City of Lomita	2,931,538,879	0.33	2,931,538,879	100.00
City of Long Beach	422,658,068	0.05	71,174,746,288	0.59
City of Los Angeles	774,026,467,817	88.19	774,463,687,509	99.94
City of Lynwood	58,326,970	0.01	4,334,505,962	1.35
City of Maywood	1,264,984,016	0.14	1,264,984,016	100.00
City of Montebello	11,269,746	0.00	7,405,394,864	0.15
City of Monterey Park	287,080,040	0.03	9,260,167,533	3.10
City of Rancho Palos Verdes	1,503,299,661	0.17	15,603,612,987	9.63
City of Rolling Hills Estates	19,418,019	0.00	4,408,010,460	0.44
City of San Fernando	2,395,190,428	0.27	2,395,190,428	100.00
City of Santa Clarita	53,855	0.00	41,356,729,027	0.00
City of Santa Monica	1,088,088	0.00	46,509,915,848	0.00
City of South Gate	6,026,082,206	0.69	7,269,166,990	82.90
City of Torrance	61,233,838	0.01	36,292,789,170	0.17
City of Vernon	7,283,828,840	0.83	7,283,828,840	100.00
City of West Hollywood	15,985,983,055	1.82	15,985,983,055	100.00
Unincorporated Los Angeles County	31,474,725,169	3.59	130,367,507,513	24.14
Total District	$877,632,040,853	100.00%		
Los Angeles County	$877,632,040,853	100.00%	$1,894,097,540,559	46.34%

Source: California Municipal Statistics, Inc.

Assessed Valuation by Land Use. The following Table A-6 sets forth the assessed valuation by land use of property within the District in fiscal year 2022-23.

TABLE A-6
LOS ANGELES UNIFIED SCHOOL DISTRICT
Assessed Valuation and Parcels by Land Use
Fiscal Year 2022-23

	2022-23 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Commercial/Office Building	$142,230,233,633	16.77%	51,021	5.28%
Industrial	90,477,901,135	10.67	24,964	2.58
Recreational	2,547,382,140	0.30	1,111	0.11
Government/Social/Institutional	4,470,672,227	0.53	5,089	0.53
Miscellaneous	486,970,348	0.06	1,003	0.10
Subtotal Non-Residential	$240,213,159,483	28.32%	83,188	8.60%
Residential:				
Single Family Residence	$384,118,034,269	45.28%	578,339	59.82%
Condominium/Townhouse	76,262,236,017	8.99	137,520	14.22
Mobile Home Related	506,762,809	0.06	115	0.01
2-4 Residential Units	50,931,069,848	6.00	96,339	9.96
5+ Residential Units/Apartments	91,105,626,791	10.74	42,031	4.35
Miscellaneous Residential	52,203,900	0.01	315	0.03
Subtotal Residential	$602,975,933,634	71.08%	854,659	88.40%
Vacant Parcels	$5,134,427,200	0.61%	28,999	3.00%
Total	$848,323,520,317	100.00%	966,846	100.00%

(1) Local Secured Assessed Valuation, excluding tax-exempt property.

Source: California Municipal Statistics, Inc.

Assessed Valuation of Single-Family Homes. The following Table A-7 sets forth the distribution of single-family homes within the District within various assessed valuation ranges in fiscal year 2022-23.

TABLE A-7
LOS ANGELES UNIFIED SCHOOL DISTRICT
Assessed Valuations of Single Family Homes Per Parcel
Fiscal Year 2022-23

	No. of Parcels	2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single-Family Residential	578,339	$384,118,034,269	$664,175	$420,468

2022-23 Assessed Valuation	No. of Parcels[(1)]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $99,999	49,898	8.628%	8.628%	$ 3,206,021,164	0.835%	0.835%
$100,000 - $199,999	69,049	11.939	20.567	10,577,575,950	2.754	3.588
$200,000 - $299,999	86,826	15.013	35.580	21,599,196,262	5.623	9.211
$300,000 - $399,999	70,703	12.225	47.805	24,624,539,384	6.411	15.622
$400,000 - $499,999	59,129	10.224	58.029	26,543,379,279	6.910	22.532
$500,000 - $599,999	49,719	8.597	66.626	27,248,435,449	7.094	29.626
$600,000 - $699,999	39,941	6.906	73.532	25,874,743,791	6.736	36.362
$700,000 - $799,999	29,961	5.181	78.713	22,393,535,078	5.830	42.192
$800,000 - $899,999	22,104	3.822	82.535	18,730,674,766	4.876	47.068
$900,000 - $999,999	16,102	2.784	85.319	15,246,477,915	3.969	51.038
$1,000,000 - $1,099,999	11,288	1.952	87.271	11,817,265,446	3.076	54.114
$1,100,000 - $1,199,999	8,741	1.511	88.782	10,028,056,072	2.611	56.725
$1,200,000 - $1,299,999	7,306	1.263	90.045	9,118,727,142	2.374	59.099
$1,300,000 - $1,399,999	6,491	1.122	91.168	8,750,901,628	2.278	61.377
$1,400,000 - $1,499,999	5,357	0.926	92.094	7,754,638,844	2.019	63.396
$1,500,000 - $1,599,999	4,739	0.819	92.913	7,334,638,786	1.909	65.305
$1,600,000 - $1,699,999	4,058	0.702	93.615	6,685,649,046	1.741	67.046
$1,700,000 - $1,799,999	3,522	0.609	94.224	6,154,439,465	1.602	68.648
$1,800,000 - $1,899,999	3,174	0.549	94.773	5,866,326,154	1.527	70.175
$1,900,000 - $1,999,999	2,748	0.475	95.248	5,350,894,698	1.393	71.568
$2,000,000 - $2,099,999	2,276	0.394	95.641	4,660,125,483	1.213	72.781
$2,100,000 - $2,199,999	2,010	0.348	95.989	4,317,090,279	1.124	73.905
$2,200,000 - $2,299,999	1,748	0.302	96.291	3,929,832,848	1.023	74.928
$2,300,000 - $2,399,999	1,668	0.288	96.580	3,917,488,542	1.020	75.948
$2,400,000 - $2,499,999	1,427	0.247	96.826	3,493,218,445	0.909	76.858
$2,500,000 - $2,599,999	1,271	0.220	97.046	3,239,759,508	0.843	77.701
$2,600,000 - $2,699,999	1,218	0.211	97.257	3,223,248,734	0.839	78.540
$2,700,000 - $2,799,999	1,099	0.190	97.447	3,018,735,356	0.786	79.326
$2,800,000 - $2,899,999	1,032	0.178	97.625	2,941,708,605	0.766	80.092
$2,900,000 - $2,999,999	890	0.154	97.779	2,623,024,577	0.683	80.775
$3,000,000 and greater	12,844	2.221	100.000	73,847,685,573	19.225	100.000
Total	578,339	100.000%		$384,118,034,269	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple family units.

Source: California Municipal Statistics, Inc.

Largest Secured Taxpayers in the District. The following Table A-8 sets forth the twenty taxpayers with the greatest combined ownership of secured taxable property in the District on the fiscal year 2022-23 tax roll, and the secured assessed valuation of all property owned by those taxpayers in all taxing jurisdictions within the District.

TABLE A-8
LOS ANGELES UNIFIED SCHOOL DISTRICT
Largest Local Secured Taxpayers[(1)]
Fiscal Year 2022-23

	Property Owner	Primary Land Use	2022-23 Assessed Valuation	% of Total[(2)]
1.	Universal Studios LLC	Movie Studio	$ 2,701,431,131	0.32%
2.	Douglas Emmett LLC	Office Building	2,694,073,408	0.32
3.	Essex Portfolio LP	Apartments	2,358,854,107	0.28
4.	Rexford Industrial Realty LP	Industrial	1,535,566,702	0.18
5.	Century City Mall LLC	Shopping Center/Mall	1,112,961,754	0.13
6.	FSP South Flower Street	Office Building	984,033,481	0.12
7.	CJDB LLC	Shopping Center/Mall	948,049,199	0.11
8.	Greenland LA Metropolis	Residential/Retail	944,717,759	0.11
9.	Anheuser Busch Commercial	Industrial	884,416,862	0.10
10.	Rochelle H. Sterling	Apartments	880,314,539	0.10
11.	Hanjin International Corp.	Hotel	878,077,732	0.10
12.	Onni Wilshire Courtyard LLC	Office Building	810,563,773	0.10
13.	One Hundred Towers LLC	Office Building	701,264,997	0.08
14.	Trizec 333 LA LLC	Office Building	687,273,218	0.08
15.	Maguire Partners 355 S. Grand LLC	Office Building	642,741,850	0.08
16.	BRE HH Property Owner LLC	Office Building	637,804,909	0.08
17.	Olympic and Georgia Partners LLC	Hotel	612,072,446	0.07
18.	Tishman Speyer Archstone Smith	Apartments	611,707,343	0.07
19.	LA Live Properties LLC	Commercial	571,177,108	0.07
20.	Maguire Properties 555 W. Fifth	Office Building	563,507,944	0.07
			$21,760,610,262	2.57%

(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) Local Secured Assessed Valuation, excluding tax-exempt property and utility valuations: $848,323,520,317.

Source: California Municipal Statistics, Inc.

The more property (by assessed value) owned by a single taxpayer, the more tax collections are exposed to weakness, if any, in such taxpayer’s financial situation and ability or willingness to pay property taxes in a timely manner. Furthermore, assessments may be appealed by taxpayers seeking a reduction as a result of economic and other factors beyond the District’s control.

Tax Rates, Levies and Collections

General. Taxes are levied for each fiscal year on taxable real and personal property as of the preceding January 1. Real property that changes ownership or is newly constructed is revalued at the time the change occurs or the construction is completed. The current year property tax rate is applied to the reassessed value, and the taxes are then adjusted by a proration factor that reflects the portion of the remaining tax year for which taxes are due. The annual tax rate is based on the amount necessary to pay all obligations payable from *ad valorem* property taxes and the assessed value of taxable property in a given year. Economic and other factors beyond the District's control, such as a general market decline in land values, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes), pandemic, or the complete or partial destruction of taxable property caused by natural or manmade disaster such as earthquake, drought, flood, fire, toxic dumping, etc., could cause a reduction in the assessed value of taxable property within the District and necessitate a corresponding increase in the annual tax rate to be levied to pay the principal of and interest on the District's outstanding general obligation bonds.

For assessment and collection purposes, property is classified as either "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing property (real or personal) the taxes on which are a lien sufficient, in the opinion of the County Assessor, to secure payment of the taxes. Other property is listed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. A penalty of 10% attaches immediately to all delinquent payments. Properties on the secured roll with respect to which taxes are delinquent become tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of a penalty of 1.5% per month to the time of redemption, plus costs and a redemption fee. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then may be sold at public auction by the County Treasurer.

Property taxes on the unsecured roll are due in one payment on the January 1 lien date and become delinquent after August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes are unpaid at 5 p.m. on October 31, an additional penalty of 1.5% attaches to them on the first day of each month until paid. The County has four ways of collecting delinquent unsecured personal property taxes: (i) a civil action against the taxpayer; (ii) filing a judgment in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (iii) filing a certificate of delinquency for record in the County Recorder's office in order to obtain a lien on certain property of the taxpayer; and (iv) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Proposition 13 and its implementing legislation impose the function of property tax allocation on counties in the State and prescribe how levies on countywide property values are to be shared with local taxing entities within each county. The limitations in Proposition 13, however, do not apply to *ad valorem* property taxes or special assessments to pay the interest and redemption charges on indebtedness, like the District's general obligation bonds, approved by the voters.

The County levies a 1% *ad valorem* property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of "situs" growth in assessed value (new construction, change of ownership, inflation) prorated among the jurisdictions that serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas, which were developed to permit the levying of taxes for less than county-wide or less than city-wide special and school districts. In addition, the County levies and collects additional approved property taxes and assessments on behalf of any taxing agency within the County.

State Government Code Sections 29100 through 29107 provide the procedures that all counties must follow for calculating tax rates. The secured tax levy within the District consists of the District's share of the 1% general *ad valorem* property and unitary taxes assessed on a County-wide basis and amounts levied that are in excess of the 1% general *ad valorem* property taxes. These tax receipts are part of the District's operations. In addition, the secured tax levy also includes the amount for the District's share of special voter-approved *ad valorem* property taxes assessed on a District-wide basis, such as the *ad valorem* property taxes assessed for the District's general obligation bonds issued pursuant to the Authorizations and any related general obligation refunding bonds. *Ad valorem* property taxes levied for general obligation bonds are deposited with the County and may only be applied to pay the principal of, redemption premium, if any, and interest on the District's general obligation bonds and general obligation refunding bonds. The District does not receive such funds nor are they available to pay any of the District's operating expenses. In addition, the total secured tax levy includes special assessments, improvement bonds, supplemental taxes or other charges which have been assessed on property within the District. Since State law allows homeowners' exemptions (described above) and certain business exemptions from *ad valorem* property taxation, such exemptions are not included in the total secured tax levy. See also "– California Constitutional and Statutory Provisions Relating to *Ad Valorem* Property Taxes" above.

Further, State Education Code Section 15251 provides that all taxes levied with respect to general obligation bonds when collected will be paid into the county treasury of the county whose superintendent of schools has jurisdiction over the school district on behalf of which the tax was levied, to the credit of the debt service fund (or interest and sinking fund) of the school district, and will be used for the payment of the principal of and interest on the general obligation bonds and general obligation refunding bonds of the school district and for no other purpose. Accordingly, the County may not borrow or spend such amounts nor can the District receive such funds and use them for operating purposes.

Typical Tax Rate Area. The following Table A-9 shows *ad valorem* property tax rates for the last five fiscal years in a typical Tax Rate Area of the District (TRA 0067). TRA 0067 comprises approximately 30.22% of the total fiscal year 2022-23 assessed value of the District.

TABLE A-9
LOS ANGELES UNIFIED SCHOOL DISTRICT
Typical Tax Rates per $100 of Assessed Valuation
Fiscal Years 2018-19 through 2022-23

	2018-19	2019-20	2020-21	2021-22	2022-23
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Los Angeles Unified School District(1)	0.123226	0.125520	0.139929	0.113228	0.121072
Los Angeles Community College District(1)	0.046213	0.027175	0.040162	0.043759	0.024882
City of Los Angeles(1)	0.023107	0.018084	0.016538	0.014721	0.016066
Metropolitan Water District of Southern California(2)	0.003500	0.003500	0.003500	0.003500	0.003500
Total	1.196046%	1.174279%	1.200129%	1.175208%	1.165520%

(1) Tax rate relates to bonds authorized by voters subsequent to the approval of Proposition 13.
(2) Tax rate relates to bonds authorized by voters pursuant to a special election held in 1966 (prior to the approval of Proposition 13) in the service area of the Metropolitan Water District of Southern California.

Source: California Municipal Statistics, Inc.

Secured Tax Charges and Delinquencies. The following Table A-10A sets forth the real property tax charges and corresponding delinquencies for the District's general obligation bond debt service levy, with respect to the property located in the District, for fiscal years 2010-11 through 2021-22.

For reference and as an indication of comparative delinquency rates, Table A-10B sets forth the real property tax charges and corresponding delinquencies for the portion of the County's 1% general fund levy that is allocated to the District, with respect to property located in the District for fiscal years 2010-11 through 2021-22. The portion of the County's 1% general fund levy that is allocated to the District is not pledged to and does not secure the repayment of the District's general obligation bonds.

TABLE A-10
LOS ANGELES UNIFIED SCHOOL DISTRICT
Secured Tax Charges and Delinquencies
Fiscal Years 2010-11 through 2021-22

A. District General Obligation Bond Debt Service Levy

Fiscal Year	Secured Tax Charge[(1)]	Amount Delinquent June 30	Percentage Delinquent June 30
2010-11	$ 815,714,870.02	$22,578,439.40	2.77%
2011-12	747,023,111.92	18,104,366.85	2.42
2012-13	804,427,306.78	15,045,215.20	1.87
2013-14	707,334,806.26	11,937,445.89	1.69
2014-15	752,855,468.94	13,128,310.26	1.74
2015-16	711,852,286.31	10,350,374.48	1.45
2016-17	762,676,169.42	10,152,397.66	1.33
2017-18	765,484,783.08	11,238,395.43	1.47
2018-19	826,147,438.29	13,737,180.29	1.66
2019-20	903,922,222.21	25,782,448.86	2.85
2020-21	1,072,754,468.10	22,715,092.01	2.12
2021-22	904,728,597.58	16,272,122.21	1.80

B. 1% General Fund Apportionment Levy

Fiscal Year	Secured Tax Charge[(2)]	Amount Delinquent June 30	Percentage Delinquent June 30
2010-11	$ 864,272,671.14	$20,743,141.46	2.40%
2011-12	877,559,911.27	18,314,030.53	2.09
2012-13	902,226,492.99	16,221,577.19	1.80
2013-14	948,210,266.65	13,991,567.53	1.48
2014-15	1,005,565,868.63	14,501,753.32	1.44
2015-16	1,078,286,485.58	15,318,415.41	1.42
2016-17	1,142,718,955.32	13,595,654.87	1.19
2017-18	1,222,916,327.88	15,217,873.23	1.24
2018-19	1,311,715,583.78	17,950,532.81	1.37
2019-20	1,405,968,051.67	31,757,910.59	2.26
2020-21	1,499,191,370.12	25,590,654.61	1.71
2021-22	1,556,962,602.77	24,377,000.99	1.57

(1) District's general obligation bond debt service levy.
(2) 1% General Fund apportionment. Excludes redevelopment agency impounds.

Source: California Municipal Statistics, Inc.

Property tax delinquencies may be impacted by economic and other factors beyond the District's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including reduced consumer confidence, reduced real wages or reduced economic activity as a result of a pandemic or natural or manmade disaster, such as earthquake, drought, flood, fire, toxic dumping. It is not possible for the District to make any representation regarding the extent to which an economic recession or depression could impact the ability or willingness of property owners within the District to pay property taxes in the future. For more information on the impact of the COVID-19 pandemic, see APPENDIX A – "DISTRICT FINANCIAL INFORMATION AND REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION – STATE FUNDING OF SCHOOL DISTRICTS – Infectious Disease Outbreak." If delinquencies increase substantially as a result of events outside the control of the District, the County does have the authority to increase allowances for annual reserves in the tax levy to avoid fluctuating tax levies.

The County Does Not Participate in a Teeter Plan. Certain counties in the State operate under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the county. The County has not adopted the Teeter Plan, and consequently the Teeter Plan is not available to local taxing entities within the County, such as the District. The District's receipt of property taxes is therefore subject to delinquencies.

The District Participates in CSDTFA. The District is a member of the California Statewide Delinquent Tax Finance Authority ("CSDTFA"). CSDTFA is a joint exercise of powers agency formed for the purpose of purchasing delinquent *ad valorem* property taxes of its members in accordance with Section 6516.6 of the Government Code of the State of California. Historically, CSDTFA has from time to time purchased delinquent *ad valorem* property tax receivables related to the District's share of the 1% general *ad valorem* property tax levy (not the additional *ad valorem* property tax levy for debt service on the District's general obligation bonds) from the District. However, the District cannot predict whether CSDTFA will continue to make such purchases in the future. CSDTFA purchased the District's delinquent *ad valorem* tax receivables related to the 1% general *ad valorem* property tax levy attributable to fiscal year 2021-22 from the District at a purchase price equal to 110% of such receivables and is expected to purchase the District's delinquent *ad valorem* tax receivables related to the 1% general *ad valorem* property tax levy attributable to fiscal year 2022-23 from the District at a purchase price equal to 110% of such receivables. Any penalty charges collected with respect to such delinquencies will be retained by CSDTFA

DISTRICT FINANCIAL INFORMATION

District Financial Policies and Related Practices

General. The District has three key financial policies: a budget and finance policy (the "Budget and Finance Policy"), a debt management policy (the "Debt Management Policy") and an investment policy (the "Investment Policy").

Budget and Finance Policy. The District has adopted a Budget and Finance Policy pursuant to which the District creates and funds reserves for operating purposes (collectively, the "Operating Reserves") and liability management purposes (collectively, the "Liability Reserves"). The Budget and Finance Policy reflects reserve categories promulgated by the Government Accounting Standards Board ("GASB") and incorporates certain reserve categories established by the District. See "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves" herein.

Operating Reserves. The District uses the Operating Reserves to manage its budget for each fiscal year. A portion of the District's authorized appropriations are set aside in the Operating Reserves. The

District generally appropriates amounts from the General Fund based on the amount estimated in its budget. However, the District may appropriate funds from unspent balances within the Operating Reserves, if necessary. Accordingly, the District uses the Operating Reserves to ensure that appropriations reflect the District's actual General Fund expenditures. The current Operating Reserves include nonspendable reserves, restricted reserves, committed reserves, assigned reserves, and unassigned reserves, the latter of which includes the District's reserve for economic uncertainties (the "Reserve for Economic Uncertainties"). Pursuant to the California Code of Regulations, school districts with an ADA between 30,001 and 400,000 students, such as the District, must maintain a reserve for economic uncertainties of 2% of General Fund appropriations.

Pursuant to the Budget and Finance Policy, the District's total General Fund balance may not be less than an amount equal to 5% of total General Fund expenditures and net transfers out during a fiscal year (the "5% Minimum Reserve Threshold"). In addition, the Budget and Finance Policy requires the projected General Fund balance to satisfy the 5% Minimum Reserve Threshold in each of the two subsequent fiscal years which the District includes in its interim financial reports. In the event that the District's estimates indicate that the total General Fund balance will not satisfy the 5% Minimum Reserve Threshold in any of the current fiscal year or two subsequent fiscal years, the Budget and Finance Policy directs the District to develop and implement budget proposals to restore reserve balances to the 5% Minimum Reserve Threshold.

Based on the Fiscal Year 2023-24 Budget, the District's Operating Reserves are expected to satisfy both the 5% Minimum Reserve Threshold and the 2% statutory reserve requirement for fiscal years 2023-24, 2024-25 and 2025-26. Unlike the 5% Minimum Reserve Threshold, the 2% statutory reserve requirement is based on the unrestricted and unassigned ending fund balance (including the reserve for economic uncertainties) only and does not take into account the restricted, committed, or assigned ending fund balances. See "– District Budget – *Fiscal Year 2023-24 Budget*" and "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" herein.

Liability Reserves. Pursuant to the Budget and Finance Policy, the District must establish several Liability Reserves, including a self-insurance reserve, a workers' compensation reserve (the "Workers' Compensation Fund"), a health and welfare reserve (the "Health and Welfare Benefits Fund"), an other-post-employment benefits ("OPEB") reserve (the "OPEB Trust Fund"), and a pension (CalSTRS and CalPERS) reserve (the "Pension Reserve").

The amount required to be on deposit in the Workers' Compensation Fund is established with information from an independent actuary. The District determines the annual budget for workers' compensation by reviewing the amount necessary to fund its outstanding workers' compensation liability to the actuarially recommended level based on the central estimate approach and by additionally calculating the amount necessary for claims and operation of the Workers' Compensation Fund. The District uses the difference of the current fiscal year's central estimate versus that from the previous fiscal year to establish the amount necessary to fund projected liabilities. With respect to funding claims activity, the amount required to be on deposit in the Workers' Compensation Fund is based on the anticipated increase in claims cost in the current fiscal year versus the prior fiscal year. Such amount is generally higher than the amount recommended in the actuarial report. See "– Risk Management and Litigation" herein.

The District Board approved the creation of an irrevocable trust for its OPEB liability (the "OPEB Trust Fund") in May 2014. The Budget and Finance Policy directs the District, subject to approval by the District Board, to make annual contributions to the OPEB Trust Fund when the balance in the General Fund exceeds the 5% Minimum Reserve Threshold to the extent possible. In the event that the unrestricted portion of the General Fund is above 5% of the unrestricted revenues (after the annual

OPEB contribution has been determined), the Budget and Finance Policy directs the District to make an additional contribution from the assigned OPEB reserve to the OPEB Trust Fund. See "– Other Postemployment Benefits" herein. At the time of preparation of the Fiscal Year 2022-23 Estimated Actuals, the net position of the OPEB Trust Fund for fiscal year 2022-23 is estimated at approximately $628.8 million. This amount reflects a District fiscal year 2022-23 contribution of $141.0 million to the OPEB Trust Fund. However, after the preparation of the 2022-23 Estimated Actuals in connection with the approval of the Fiscal Year 2023-24 Budget, the fiscal year 2022-23 contribution was reduced by $107.7 million and the transfer of the remaining $33.3 million contribution was delayed until fiscal year 2023-24. Thus, although the District is designating the $33.3 million contribution as a fiscal year 2022-23 contribution for internal purposes, there was no transfer of funds to the OPEB Trust Fund in fiscal year 2022-23. As a result, there will be an estimated adjusted net position of the OPEB Trust Fund for fiscal year 2022-23 of $487.80 million as of June 30, 2023.

The Health and Welfare Benefits Fund is used to pay all health and welfare payments for active employees and retirees. The District determines funding of the Health and Welfare Benefits Fund based on the applicable health benefits agreement for each of the applicable years. See "– Employees and Labor Relations – *Negotiations Regarding Labor Contracts*" herein. At the time of preparation of the Fiscal Year 2022-23 Estimated Actuals, the net position of the Health and Welfare Benefits Fund for fiscal year 2022-23 is estimated at approximately $103.2 million.

Budgeting Practices. Beginning in fiscal year 2022-23, the District implemented new budgeting practices. As part of such new budgeting practices, the District prepares quarterly budget to actuals analysis for various departments to inform internal budget adjustments or reallocations that may occur throughout the fiscal year. Such new budgeting practices also include zero based budgeting that involves developing a new budget each fiscal year, as opposed to starting with the previous fiscal year's budget and making adjustments, in order to ensure that all expenses are justified for the new fiscal year. As part of the development of the Fiscal Year 2023-24 Budget, zero based budgeting was implemented in certain departments, including Information Technology Services, Procurement Services, Maintenance and Operations, and Federal and State Education Programs. The District plans to phase-in zero based budgeting to other departments over time.

Debt Management Policy. The Debt Management Policy establishes formal guidelines for the issuance and management of the District's debt and other financial obligations. The Debt Management Policy establishes targets and ceilings for certificates of participation ("COPs") and unhedged variable rate exposure and sets forth benchmark debt ratios that include both COPs and the District's general obligation bonds. The Debt Management Policy also requires the District to annually publish a comprehensive debt report that, among other things, provides information on tax rates related to the District's general obligation bonds and credit factors that reflect the District's ratings.

The Debt Management Policy is required to be reviewed annually. The current Debt Management Policy was approved by the District Board on June 13, 2023. The District is in compliance with the Debt Management Policy. The Debt Management Policy establishes a ceiling of 2.0% for the ratio of COPs gross annual debt service to District General Fund expenditures. The District Board may increase the target at the time a new debt issuance is proposed, but such authority is not intended to exceed the ceiling established in the Debt Management Policy. As of June 30, 2023, the maximum fiscal year COPs debt service was approximately 0.142% of the District General Fund expenditures during fiscal year 2022-23. As of August 1, 2023, prior to the execution and delivery of the Certificates, the District has outstanding COPs in the aggregate principal amount of approximately $97.9 million. The Debt Management Policy limits unhedged variable rate debt to $100 million and requires reporting of the debt ratios and benchmarks. The District currently has no variable interest rate exposure.

Investment Policy. The foremost objective of the District's Investment Policy is safety. In addition, the Investment Policy directs the District to invest public funds in a manner that will maximize the investment return on all of its funds with maximum security while meeting the daily cash flow demands of each portfolio of the District and conforming to all federal, State, and local statutes governing the investment of public funds. Further, the Investment Policy directs that all investments of the District be undertaken to ensure the preservation of capital in the overall portfolio. To attain this objective, the District may diversify its investments by investing funds among a variety of securities offering independent returns. In addition, the Investment Policy requires the District's investment portfolios remain sufficiently liquid to enable the District to meet its operating requirements and be structured to attain a maximum return commensurate with its investment risk constraints and the cash flow characteristics of each portfolio. The District is in compliance with the Investment Policy.

The District's operating funds and all of the debt service funds maintained for repayment of general obligation bonds are deposited in the County Treasury Pool in accordance with State law and managed pursuant to the County's Investment Policy, a copy of which can be found at http://ttc.lacounty.gov/. Such website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not make any representation as to the accuracy of the information provided therein. See APPENDIX F – "THE LOS ANGELES COUNTY TREASURY POOL." However, with the concurrence of the County's Treasurer and Tax Collector, the District may direct the investment of funds in certain of its operating funds and debt service funds so long as such direction complies with both the County's investment policy and the District's Investment Policy. In addition, the District can direct the investment of indentured funds held by third party trustees with regard to certain issuances of COPs pursuant to a prescribed list of permitted investments.

Significant Accounting Policies, System of Accounts and Audited Financial Statements

The CDE imposes by law uniform financial reporting and budgeting requirements for K-12 school districts. Financial transactions are accounted for in accordance with the California School Accounting Manual. The District uses fund accounting and maintains governmental funds, proprietary funds and fiduciary funds. The General Fund is the chief operating fund of the District. For a description of the other major funds of the District, see the description thereof contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022." Note 1 to such audited financial statements sets forth significant accounting policies that the District follows. Simpson & Simpson Certified Public Accountants ("Simpson"), Los Angeles, California, served as independent auditor to the District for its audited financial statements for fiscal year 2021-22. Simpson has not been requested to consent to the use or to the inclusion of its reports in this Official Statement, and it has not audited or reviewed this Official Statement. The District's audited financial statements for the fiscal year ended June 30, 2022 are included as Appendix B to this Official Statement. The complete audited financial statements of the District, including the notes thereto, are an integral part of this Official Statement.

Typically, the District is required to file its audited financial statements for the preceding fiscal year with the State Controller's Office, the CDE and the County Superintendent of Schools by December 15 of each year. During the last five years, the District timely filed its audited financial reports with the State Controller's Office, the CDE, and LACOE pursuant to the Education Code and any applicable legislation amending the filing deadline thereof by the respective deadlines therefor.

The audited financial statements for fiscal year 2021-22 include certain audit findings and questioned costs. With respect to the audited financial statements for fiscal year 2021-22, Simpson identified 17 audit findings and questioned costs totaling approximately $693 million. For detailed information regarding such findings and questioned costs, see Appendix B. Notably, in fiscal year 2021-22 – like fiscal year 2020-21 – the District did not meet the minimum threshold of General Fund spending on classroom teacher salaries and benefits in accordance with Education Code Section 41372. Under Education Code Section 41372, a unified school district, like the District, is required to spend a minimum of 55% of its General Fund resources on classroom salaries and benefits. In fiscal year 2021-22, the District spent approximately 46.85% of its General Fund resources on classroom salaries and benefits, which is approximately 8.15% or $691.1 million below such minimum threshold set forth in the Education Code. Such discrepancy is the result of the COVID-19 pandemic that caused the District to spend significant General Fund revenues on devices, internet connectivity, instructional software licenses, and other necessary expenses to support the return to campus and a safe in-person learning environment as well as expenses resulting from testing, tracing and vaccination efforts. On August 22, 2023, the District Board approved the submission of a waiver request to the County Superintendent with respect to fiscal year 2021-22. The District's waiver for a similar audit finding with respect to fiscal year 2020-21 was approved by the County Superintendent in October 2022.

Copies of the District's audited financial statements as well as budgets and interim financial reports may be obtained from the website of the District: **www.lausd.org**. The website is not incorporated herein by reference and the District, its counsel (including Bond Counsel and Disclosure Counsel), the Municipal Advisor, the Underwriters and their counsel do not make any representation as to the accuracy of the information provided therein.

Estimated Actuals

General. Under current law, a school district governing board must adopt and file with the county superintendent of schools a budget by July 1 in each fiscal year; in connection with the budget for the upcoming fiscal year, a school district must also provide estimates of its receipts and expenditures for the current fiscal year (commonly referred to as the estimated actuals). The California Department of Education imposes a uniform accounting format for school districts. The District is under the jurisdiction of the County of Los Angeles Superintendent of Schools.

Fiscal Year 2022-23 Estimated Actuals. The Fiscal Year 2022-23 Estimated Actuals (the "Fiscal Year 2022-23 Estimated Actuals") were approved by the District Board on June 20, 2023 in connection with the adoption of the Fiscal Year 2023-24 Budget. The Fiscal Year 2022-23 Estimated Actuals reflect a General Fund adjusted beginning balance of approximately $3.32 billion, total estimated revenues of $11.56 billion, total estimated expenditures of $9.73 billion, estimated other financing sources and uses of $24.79 million, and an estimated ending balance of $5.18 billion. The Fiscal Year 2022-23 Estimated Actuals indicate that the estimated General Fund ending balance of approximately $5.18 billion consists of approximately $238.78 million for the mandatory Reserve for Economic Uncertainties, $43.00 million of non-spendable revolving cash, stores, and prepaid expenditures, $1.84 billion of restricted ending balances, $2.19 billion of committed ending balances, $668.79 million of assigned ending balances and $193.71 million of undesignated and unassigned ending balances. In fiscal year 2022-23, the District was able to meet its financial commitments and its required ending balances, as set forth in the Budget and Finance Policy. See "– District Financial Policies and Related Practices" for more information on the Budget and Finance Policy.

District Budget

General School District Budget Process and Oversight. State law requires that each school district maintain a balanced budget in each fiscal year. The California Department of Education imposes a uniform budgeting and accounting format for school districts. Under current law, a school district governing board must adopt and file with the county superintendent of schools a budget by July 1 in each fiscal year. The District is under the jurisdiction of the County of Los Angeles Superintendent of Schools.

The county superintendent of schools must approve, conditionally approve, or disapprove the adopted budget for each school district by September 15 in accordance with the Education Code. The county superintendent of schools is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. The county superintendent of schools is also required to determine whether the adopted budget will allow the school district to meet its financial obligations during the fiscal year and is consistent with a financial plan that will enable the school district to satisfy its multiyear financial commitments. The Education Code directs the county superintendent of schools to disapprove any school district budget if it determines that the budget does not include expenditures necessary to implement an LCAP or an annual update to the LCAP. See "STATE FUNDING OF SCHOOL DISTRICTS – Local Control Funding Formula – *Local Control and Accountability Plan*" herein for more information about LCAP.

In the event that the county superintendent of schools conditionally approves or disapproves the school district's budget, the county superintendent of schools will submit to the governing board of the school district no later than September 15 of such year recommendations regarding revisions of the budget and the reasons for the recommendations, including, but not limited to, the amounts of any budget adjustments needed before the county superintendent of schools can approve that budget. In addition, school districts must make available for public review any revisions to revenues and expenditures that it has made to its budget to reflect the funding made available by the State Budget Act (defined herein) not later than 45 days after the enactment of the State Budget Act.

The governing board of the school district, together with the county superintendent of schools, must review and respond to the recommendations of the county superintendent of schools before October 8 at a regular meeting of the governing board of the school district. The county superintendent of schools will examine and approve or disapprove of the revised budget by November 8 of such year. If the county superintendent of schools disapproves a revised budget, the county superintendent of schools will call for the formation of a budget review committee. By December 31 of each year, every school district must have an adopted budget, or the county superintendent of schools may impose a budget and will report such school district to the State Legislature and the Department of Finance. In prior years, LACOE has granted a conditional approval to certain of the District's budgets pending, among other things, approval of the District's LCAP, information regarding collective bargaining and other budgetary considerations. However, in the last ten years, LACOE has not disapproved any budget submitted to it by the District. LACOE has not yet approved the Fiscal Year 2023-24 Budget. See "*– Fiscal Year 2023-24 Budget*" below.

Subsequent to approval, the county superintendent of schools will monitor each school district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the school district can meet its current or subsequent year financial obligations. If the county superintendent of schools determines that a school district cannot meet its current or the subsequent year's obligations, the county superintendent of schools will notify the school district's governing board, the Superintendent of Public Instruction and the president of the State board (or the president's designee) of the determination and take at least one of the following actions, and all actions that are necessary to ensure that the school district meets its financial obligations: (a) develop and impose, after also consulting with the Superintendent of Public Instruction and the school district's governing board, revisions to the budget that will enable the school district to meet its financial obligations in the current fiscal year, (b) stay or rescind any action inconsistent with the ability of the school district to meet its obligations for the current or subsequent fiscal year, (c) assist in developing, in consultation with the school district's governing board, a financial plan that will enable the school district to meet its future obligations, (d) assist in developing, in consultation with the school district's governing board, a budget for the subsequent fiscal year and (e) as necessary, appoint a fiscal advisor to perform the aforementioned duties. The county superintendent of schools will also make a report to the Superintendent of Public Instruction and the president of the State board or the president's designee about the financial condition of the school district and the remedial actions proposed by the county superintendent of schools. However, the county superintendent of schools may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the county superintendent of schools assumed authority.

Fiscal Stabilization Plan. While LACOE and the District will partner to implement actions necessary to stabilize and improve the financial condition of the District as and when needed, LACOE has not required nor has the District implemented a new fiscal stabilization plan since 2019 in light of the District's positive certification on its recent interim reports. In the event that the District's financial condition were to change in future fiscal years, LACOE may require the District to implement a fiscal stabilization plan to stabilize and improve the financial condition of the District.

Fiscal Year 2023-24 Budget. The Fiscal Year 2023-24 Budget was adopted by the District Board on June 20, 2023. The Fiscal Year 2023-24 Budget was developed with the assumptions contained in the Governor's May revision to the proposed fiscal year 2023-24 State Budget, which were revised in the 2023-24 State Budget.

The Fiscal Year 2023-24 Budget projects a General Fund beginning balance of approximately $5.18 billion, total budgeted revenues of $10.53 billion, total budgeted expenditures of $11.64 billion, budgeted other financing sources and uses of $2.82 million, and a budgeted ending balance of $4.07 billion. The Fiscal Year 2023-24 Budget projects that its budgeted General Fund ending balance of $4.07 billion is expected to consist of approximately $233.45 million for the mandatory Reserve for Economic Uncertainties, $43.00 million of non-spendable revolving cash, stores, and prepaid expenditures, $1.26 billion of restricted ending balances, $1.97 billion of committed ending balances, $451.87 million of assigned ending balances, and $113.70 million of undesignated and unassigned ending balances.

The Fiscal Year 2023-24 Budget includes certain assumptions and policies, including:

- a COLA of 8.22% for the LCFF;
- 8.22% statutory COLA for selected categorical programs outside of LCFF and Special Education;
- LCFF-funded ADA of 375,903.74 for non-charter schools, which is based on the average of 3 prior year's ADA, and 34,020.45 for Affiliated Charter Schools, which is based on projected fiscal year 2023-24 ADA; the percentage of ADA to enrollment is 90%;
- estimated unduplicated pupil count and three-year rolling average unduplicated pupil percentage of 325,422 and 85.93%, respectively, for non-charter schools (including County Program students) and 17,663 and 46.93%, respectively, for Affiliated Charter Schools;
- an LCFF allocation of $1.25 billion from the Education Protection Account (the "Education Protection Account") established by Proposition 30 (defined herein) to be spent for instruction;
- LCFF supplemental and concentration expenditure of $1.60 billion;
- State Special Education funding reflects increased base rate of $887 per ADA;

- lottery unrestricted rate per ADA is estimated at $170 per ADA and restricted rate per ADA is estimated at $67 per ADA;

- the District is estimated to receive approximately $1.8 billion in fiscal year 2022-23 from HR 1319 - Elementary and Secondary School Emergency Relief (ESSER) III, which is a one-time COVID-19 resource, and approximately $579.9 million in fiscal year 2022-23 from Expanded Learning Opportunities Program;

- the District anticipates receiving $68.9 million from HR 133 - Elementary and Secondary School Emergency Relief (ESSER) II and $881.6 million from HR 1319 - Elementary and Secondary School Emergency Relief (ESSER) III in fiscal year 2023-24, which the District anticipates using for schools, operations, and continuity of learning in fiscal year 2023-24;

- the District anticipates receiving $457.1 million from the Expanded Learning Opportunities Program (ELOP) in fiscal year 2023-24, which the District anticipates using, together with $456.4 million in ELOP funds carried over from fiscal year 2022-23, for expanded learning opportunities;

- a net enrollment decline of 8,453 from fiscal year 2022-23 for non-charter and Affiliated Charter Schools;

- an enrollment decrease of approximately 1,759 students for Fiscally Independent Charter Schools;

- certificated and classified salaries include bargaining unit agreements with SEIU Local 99, AALA (Unit J – Classified Managers), and UTLA;

- funding for employee health and medical benefits at the per participant rate set forth in the Health and Welfare Agreement (defined herein);

- a contribution to the OPEB Trust Fund of $211 million from all funds of the District for fiscal year 2023-24;

- a contribution rate for CalSTRS (defined herein) for fiscal year 2023-24 of 19.10%;

- an increase of 1.31% of the CalPERS (defined herein) employer contribution rate for fiscal year 2023-24 from 25.37% to 26.68%;

- a California consumer price index of 3.54% on other operating expenditures, except utilities which is projected to decline by 5.76% as a result of shifting from 24-hour HVAC to occupancy-based usage;

- ongoing and major maintenance resources of $310.6 million, which constitutes approximately 3% of the District's budgeted General Fund expenditures and other financing uses, excluding CALSTRS on-behalf payments made by the State and COVID-19 expenditures from certain one-time funds related to ESSER II and ESSER III;

- support to the cafeteria program and child development from the General Fund of $11.6 million and $1.5 million, respectively, in fiscal year 2023-24;

- a contribution from all funds of the District of $120.0 million to the Workers' Compensation Fund and inclusion of the total Workers' Compensation actuarially-determined funded liability of $463.2 million;

- inclusion of general obligation bonds and COPs (defined herein) proceeds, debt service and other interfund transfer expenditures and revenues in fiscal year 2023-24;

- a Reserve for Economic Uncertainties totaling $233.5 million, which reflects the statutory 2% budgeted expenditure requirement and other financing uses;

- inclusion of beginning balances in the General Fund and other funds for fiscal year 2023-24, reflecting the updated estimated ending balance as of June 30, 2023, which includes expenditures related to COVID-19;

- estimated ending balances for the General Fund and other funds for fiscal year 2023-24, which reflect the difference between the estimated revenue and expenditure levels for fiscal year 2023-24;

- commitment of portions of the General Fund ending balances to meet the 10% limitation on reserves (calculated based on assigned and unassigned balances) (see "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves" for more information);

- release of committed fund balance of $300 million originally committed to Student Equity Needs Index (SENI), as approved by the District Board on May 9, 2023. SENI, funded at $700 million, is intended to be funded with a combination of sources including, but not limited to, supplemental and concentration funds and the proposed equity multiplier;

- authority to transfer amounts, as necessary, to implement technical adjustments related to the Fiscal Year 2023-24 Budget;

- authority to implement new revenues for fiscal year 2023-24, if any, and increase budgeted appropriations accordingly; and

- a transfer from the Community Redevelopment Agency Fund to repay the General Fund in the amount of $30 million initially paid for the ongoing and major maintenance resources.

LACOE's Response to Fiscal Year 2023-24 Budget. LACOE must approve, conditionally approve, or disapprove the Fiscal Year 2023-24 Budget by September 15 in accordance with the Education Code, and has not yet provided its response to the District's Fiscal Year 2023-24 Budget.

Revisions to Fiscal Year 2023-24 Budget. The Fiscal Year 2023-24 Budget was developed with the assumptions contained in the Governor's May revision to the proposed fiscal year 2023-24 State Budget, which were revised in the 2023-24 State Budget. On August 22, 2023, the District Board approved revisions to the Fiscal Year 2023-24 Budget that reflect the enacted 2023-24 State Budget as well as other significant changes affecting the District's finances since the adoption of the Fiscal Year 2023-24 Budget, including impacts of completed labor negotiations. Significant approved revisions to the Fiscal Year 2023-24 Budget include:

- In June 2023, reopener negotiations concluded with CSEA with respect to employee bargaining Unit D – Technical and Business Services. As a result of such agreement, the District now budgets an increase in fiscal year 2023-24 expenditures of approximately $67.07 million (all funds), of which approximately $45.20 million relate to the District's General Fund. Of such amounts, approximately $37.14 million (all funds) of such expenditures ($23.78 million related to the District's General Fund) reflect expenditures accrued to fiscal year 2022-23 but are to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, contract negotiations concluded with LASPA with respect to employee bargaining Unit A – School Police. As a result of such agreement, the District now budgets an increase in fiscal year 2023-24 expenditures of approximately $7.27 million (all funds), of which approximately $6.60 million relate to the District's General Fund. Of such amounts, approximately $2.26 million (all funds) of such expenditures ($2.09 million related to the District's General Fund) reflect expenditures accrued to fiscal year 2022-23 but are to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, contract negotiations concluded with LASPMA with respect to employee bargaining Unit H – School Police Management. As a result of such agreement, the District now budgets an increase in fiscal year 2023-24 expenditures of approximately $1.98 million (all funds), of which approximately $1.96 million relate to the District's General Fund. Of such amounts, approximately $643,397 (all funds) of such expenditures ($637,352 related to the District's General Fund) reflect expenditures accrued to fiscal year 2022-23 but to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, contract negotiations concluded with "Trades" union with respect to employee bargaining Unit E. As a result of such agreement, the District now budgets an increase in fiscal year 2023-24 expenditures of approximately $70.23 million (all funds), of which approximately $65.95 million relate to the District's General Fund ($65.83 million of which relate to restricted funds in the District's General Fund). Of such amounts, approximately $34.58 million (all funds) of such expenditures ($32.58 million related to the District's General Fund) reflect expenditures accrued to fiscal year 2022-23 but are to be paid in fiscal year 2023-24. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- In June 2023, the District entered into a memorandum of understanding with SEIU and UTLA modifying the three-year tentative instructional calendar approved by the District Board on March 27, 2023, to a two-year instructional calendar (fiscal years 2023-24 and 2024-25). As a result of such agreement, the District now budgets an increase in fiscal year 2023-24 expenditures of approximately $93.15 million (all funds), of which approximately $85.70 million relate to the District's General Fund. For information regarding the negotiated terms of the agreement reached, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

- The 2023-24 State Budget provides approximately $300.00 million ongoing Proposition 98 State general fund resources to establish an Equity Multiplier as an add-on to the LCFF to accelerate gains in closing opportunity and outcome gaps. As a result, the District now budgets approximately $26.9 million of additional general fund revenue in fiscal year 2023-24 to be placed in assigned ending balance.

- The 2023-24 State Budget decreases or delays one-time Proposition 98 general fund support for the Arts, Music, and Instructional Materials Block Grant and the Learning Recovery Emergency

Block Grant. However, the reductions to these grants are lower compared to the reductions proposed in the Governor's May revision to the proposed fiscal year 2023-24 State Budget, which provides the District with amounts of approximately $114 million and $86 million, respectively, to be used as a budget balancing solution in fiscal year 2025-26 and help fund existing labor costs.

- Consistent with State law requirements, the amounts required to be budgeted for the District's Routine Restricted Maintenance Account (3% of General Fund expenditures) and Reserve for Economic Uncertainties (2% of General Fund appropriations for school districts, such as the District, with ADA between 30,001 and 400,000 students) are adjusted to reflect the revisions to the Fiscal Year 2023-24 Budget, which, as so adjusted, are budgeted at $314.72 million (originally budgeted at $310.55 million) and $236.23 million (originally budgeted at $233.45 million), respectfully.

The District continues to have a structural deficit whereby in-year expenditures exceed in-year revenues. Revenues continue to be impacted by declining enrollment and expenditures have not been reduced commensurately. As a result, the Fiscal Year 2023-24 Budget revisions include the use of one-time State funding as well as the draw down of one-time committed ending fund balances over the multi-year projections as balancing solutions. The draw down of one-time committed ending fund balances consist of (i) for fiscal year 2023-24, the draw down of $77 million committed unrestricted General Fund amounts previously designated to be contributed to the OPEB Trust Fund in fiscal year 2023-24 but released when restricted General Fund dollars and other District funds were allocated to contribute their respective shares to the District's $211 million fiscal year 2023-24 budgeted contribution to the OPEB Trust Fund (see "DISTRICT FINANCIAL INFORMATION – Other Postemployment Benefits"), and (ii) for fiscal year 2024-25, the draw down of $211 million committed unrestricted General Fund amounts previously designated to be contributed to the OPEB Trust Fund in fiscal year 2024-25. As a result of the Fiscal Year 2023-24 Budget revisions, the District's unrestricted/unassigned General Fund ending balance reserve percentage is estimated to drop from 4.44% in fiscal year 2022-23 (the same as originally projected at the time of preparation of the Fiscal Year 2023-24 Budget) to 2.21% in fiscal year 2025-26 (originally projected at 2.19% at the time of preparation of the Fiscal Year 2023-24 Budget). In the absence of further balancing solutions, the cost of agreements with bargaining units that have yet to settle or be reflected in the Fiscal Year 2023-24 Budget shall further lower the unrestricted/unassigned General Fund ending balances. Moreover, the uncertainty with the national and state economy brought about by the delayed tax receipts due to the postponement of federal and California tax filings until October 2023, interest rate hikes, and the prospect of a potential recession are risk factors that could affect the District's financial condition. For a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in the Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

District General Fund Budgets and Audited Actuals. The following Table A-11 sets forth the District's Final Adopted Budgets for the District General Fund, inclusive of regular and specially funded programs, for fiscal years 2019-20 through 2023-24 and the actual results for fiscal years 2019-20 through 2021-22 and the estimated actuals for fiscal year 2022-23. The budgeted beginning balance for each fiscal year reflects the estimated ending balance for the prior fiscal year based upon information as of the budget adoption date. Accordingly, the budgeted ending balance for a fiscal year and the subsequent budgeted beginning balance may differ from the actual ending balance and actual beginning balance.

TABLE A-11

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Budget for Fiscal Years 2019-20 through 2023-24
Audited Actuals for Fiscal Years 2019-20 through 2021-22 and Estimated Actuals for Fiscal Year 2022-23[(1)(2)(3)]
($ in millions)

	Final Adopted Budget 2019-20	Audited Actuals 2019-20	Revised Adopted Budget 2020-21[(4)]	Audited Actuals 2020-21	Final Adopted Budget 2021-22	Audited Actuals 2021-22	Final Adopted Budget 2022-23	Estimated Actuals 2022-23[(6)]	Final Adopted Budget 2023-24[(6) (7)]
Beginning Balance	$2,010.8	$2,216.9	$1,866.7	$2,049.5	$2,714.4	$2,855.3	$3,567.6	$3,324.1[(5)]	$5,179.3
Revenue									
State Apportionment	$4,364.8	$4,264.8	$4,122.2	$4,133.6	$4,357.5	$4,487.2	$4,573.8	$4,998.5	$5,080.1
Property Taxes	1,222.5	1,388.6	1,407.7	1,522.3	1,466.2	1,551.0	1,511.6	1,592.4	1,658.2
Total LCFF	5,587.4	5,653.4	5,529.9	5,655.9	5,823.7	6,038.2	6,085.4	6,590.9	6,738.3
Federal	767.8	631.1	1,576.6	1,674.4	4,446.0	1,850.5	2,823.3	2,138.7	1,840.5
Other State	873.5	1,137.0	963.1	1,223.8	1,374.3	1,748.8	1,717.9	2,649.8	1,678.0
Other Local	142.4	170.1	142.5	190.8	132.5	35.5	168.1	178.4	274.2
Total Revenue	$7,371.0	$7,591.6	$8,212.1	$8,745.0	$11,776.5	$9,672.9	$10,794.7	$11,557.8	$10,531.0
Total Beginning Balance and Revenue	$9,381.8	$9,808.5	$10,078.8	$10,794.5	$14,490.9	$12,528.2	$14,362.3	$14,882.0	$15,710.3
Expenditures									
Certificated Salaries	$3,008.7	$2,998.9	$3,252.1	$3,086.7	$3,411.4	$3,379.8	$3,772.5	$3,519.5	$3,730.4
Classified Salaries	986.1	1,077.6	1,073.5	1,159.8	1,107.2	1,257.2	1,260.8	1,338.4	1,434.0
Employee Benefits	2,172.6	2,300.9	2,169.1	2,151.4	2,437.6	2,370.1	2,798.4	2,784.8	2,820.2
Books and Supplies	698.5	267.0	1,001.9	621.3	1,638.0	479.4	2,793.8	597.1	1,893.1
Other Operating Expenses	862.0	975.0	893.4	1,067.8	1,076.5	1,726.4	1,045.9	1,430.5	1,718.5
Capital Outlay	101.4	128.1	81.5	95.7	54.3	94.9	17.9	70.3	53.6
Debt Service	0.5	0.3	0.4	0.1	0.3	5.7	0.1	4.8	4.8
Other Outgo	7.7	5.6	7.7	5.5	7.7	5.5	5.3	6.1	5.8
Transfers of Indirect Cost	(27.3)	(23.2)	(27.0)	(22.3)	(31.6)	(24.9)	(30.4)	(24.0)	(20.0)
Total Expenditures	$7,810.3	$7,730.3	$8,452.7	$8,166.0	$9,701.5	$9,294.1	$11,664.3	$9,727.5	$11,640.2
Excess (Deficiency) of Revenue Over (Under) Expenditures	(439.3)	(138.7)	(240.6)	579.0	2,075.0	378.9	(869.6)	1,830.3	(1,109.2)
Total Other Financing Sources (Uses)	(36.5)	(28.7)	286.6	226.8	(25.1)	94.2	4.6	24.8	2.8
Change in Fund Balance	(475.7)	(167.4)	46.0	805.8	2,049.9	473.0	(865.0)	1,855.1	(1,106.4)
Ending Balance	$1,535.1	$2,049.5	$1,912.7	$2,855.3	$4,764.3	$3,328.3	$2,702.6	$5,179.3	$4,072.9

TABLE A-11

LOS ANGELES UNIFIED SCHOOL DISTRICT
District General Fund Budget for Fiscal Years 2019-20 through 2023-24
Audited Actuals for Fiscal Years 2019-20 through 2021-22 and Estimated Actuals for Fiscal Year 2022-23[(1)(2)(3)]
(Continued)
($ in millions)

	Final Adopted Budget 2019-20	Audited Actuals 2019-20	Revised Adopted Budget 2020-21[(4)]	Audited Actuals 2020-21	Final Adopted Budget 2021-22	Audited Actuals 2021-22	Final Adopted Budget 2022-23	Estimated Actuals 2022-23[(6)]	Final Adopted Budget 2023-24[(6) (7)]
Fund Balance[(8)]									
Nonspendable	$ 27.6	$ 37.7	$ 27.3	$ 58.0	$ 37.7	$ 48.0	$ 46.6	$ 43.0	$ 43.0
Restricted	56.7	103.9	55.2	200.0	2,731.6	544.3	208.6	1,842.6	1,258.0
Committed	87.6	87.6	--	--	--	--	1,491.3	2,192.3	1,972.8
Assigned	618.0	1,248.9	568.2	1,064.1	592.1	1,596.0	351.6	668.8	451.9
Reserved for Economic Uncertainties	79.0	79.0	85.2	92.0	97.7	199.9	234.1	238.8	233.5
Undesignated/Unassigned	666.3	492.4	1,176.8	1,441.3	1,305.3	940.2	370.4	193.7	113.7
	$1,535.1	$2,049.5	$1,912.7	$2,855.3	$4,764.3	$3,328.3	$2,702.6	$5,179.3	$4,072.9

(1) Totals may not equal sum of component parts due to rounding.

(2) Includes the Regular Program and the Specially-Funded Programs.

(3) Amounts set forth in Table A-11 reflect the "Estimated Amounts" in the District's budget for the respective fiscal year rather than the "Authorized Amount." Pursuant to the Education Code, school districts may not spend more than Authorized Amount in the Final Adopted Budget as adjusted during the fiscal year.

(4) The District's original budget for fiscal year 2020-21 was adopted by the District Board on June 30, 2020. On August 25, 2020, the District Board adopted a revised budget for fiscal year 2020-21, which reflects the revised assumptions contained in the Governor's fiscal year 2020-21 State budget. Figures are based on the revised budget for fiscal year 2020-21.

(5) The District's fiscal year 2022-23 beginning fund balance is less than the District's fiscal year 2021-22 ending fund balance because the District anticipates a downward audit adjustment of approximately $4.2 million to the fiscal year 2021-22 general fund ending balance as a result of the late receipt of an election cost invoice applicable to fiscal year 2021-22.

(6) After the preparation of the 2022-23 Estimated Actuals in connection with the approval of the Fiscal Year 2023-24 Budget, the planned $141 million fiscal year 2022-23 contribution to the OPEB Trust Fund was reduced by $107.7 million and the transfer of the remaining $33.3 million contribution was delayed until fiscal year 2023-24.

(7) For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" below.

(8) The nonspendable, restricted, committed, assigned, reserved for economic uncertainties and undesignated/unassigned general fund balances in millions of dollars for fiscal years 2010-11 through 2017-18 are as follows: $10.4, 266.4, --, 147.0, 65.4, and 414.3, respectively, for fiscal year 2010-11; $11.2, 186.6, --, 465.3, 65.4 and 96.4, respectively, for fiscal year 2011-12; $18.5, 138.5, --, 370.4, 65.4 and --, respectively, for fiscal year 2012-13; $19.6, 192.9, --, 336.4, 65.4 and 85.9, respectively, for fiscal year 2013-14; $20.7, 126.5, --, 418.4, 65.4 and 188.8, respectively, for fiscal year 2014-15; $31.1, 182.8, 218.3, 558.7, 72.4 and 247.0, respectively, for fiscal year 2015-16; $23.5, 163.1, --, 783.9, 73.4, and 721.3, respectively, for fiscal year 2016-17; $27.6, 135.8, --, 1,057.4, 75.4, and 714.7, respectively, for fiscal year 2017-18; and $27.3, 114.6, 174.6, 916.1, 75.6, and 908.6, respectively, for fiscal year 2018-19.

Sources: Los Angeles Unified School District's Final Adopted Budgets for fiscal years 2019-20 through 2023-24; Audited Annual Financial Report for fiscal years 2019-20 through 2021-22.

Historical Review of District General Fund Actual Revenues and Expenditures. The following Table A-12 sets forth the District's total revenues, total expenditures and the difference reflected in the actual results for fiscal years 1999-00 through 2022-22 and in the estimated actuals for fiscal year 2022-23.

TABLE A-12

LOS ANGELES UNIFIED SCHOOL DISTRICT
Historical Review of District General Fund Audited Revenues and Expenditures for Fiscal Years 1999-00 through 2021-22 and Estimated Actuals for Fiscal Year 2022-23
($ in millions)

Fiscal Year	Total Revenues(1)	Total Expenditures(2)	Difference
1999-00	$ 5,076.21	$ 5,124.65	$ (48.44)
2000-01	5,686.88	5,680.87	6.01
2001-02	5,782.00	5,931.96	(149.96)
2002-03	6,090.76	6,094.08	(3.32)
2003-04	5,881.69	6,136.75	(255.06)
2004-05	6,461.93	6,436.35	25.58
2005-06	6,572.70	6,487.75	84.95
2006-07	6,994.08	6,733.36	260.72
2007-08	6,954.29	6,992.29	(38.00)
2008-09	6,764.50	6,671.80	92.70
2009-10	6,302.12	6,389.17	(87.05)
2010-11	6,428.93	6,193.37	235.56
2011-12	5,919.59	5,998.31	(78.72)
2012-13	5,722.96	5,955.05	(232.09)
2013-14	5,896.35	5,788.82	107.53
2014-15	6,452.84	6,333.28	119.56
2015-16	7,213.53	6,723.15	490.38
2016-17	7,292.27	6,837.31	454.96
2017-18	7,308.08	7,062.45	245.63
2018-19	7,788.71	7,582.63	206.08
2019-20	7,613.72	7,781.09	(167.37)
2020-21	9,010.00	8,204.19	805.82
2021-22	9,719.50	9,308.46	411.04
2022-23(3)	11,598.83	9,743.98	1,854.85

(1) Includes Other Financing Sources.
(2) Includes Other Financing Uses.
(3) Estimated.

Sources: Audited Annual Financial Report for fiscal years 1999-00 through 2021-22; Fiscal Year 2023-24 Budget for fiscal year 2022-23.

District Interim Financial Reports. A State law adopted in 1991 (known as "A.B. 1200") imposed financial reporting requirements on school districts and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200 and the Education Code (Section 42100 *et. seq.*), each school district is required to file two interim certifications with the county superintendent of schools (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The county superintendent of schools reviews the certification and issues either a positive, negative or qualified certification. In the past five fiscal years, the District has received a qualified certification for its first and second interim reports for fiscal year 2018-19 and its first interim report for fiscal year 2021-22.

A positive certification is assigned to any school district that, based on then current projections, will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that, based on then current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that, based on then current projections, may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years. A certification may be revised to a negative or qualified certification by the county superintendent of schools, as appropriate. A school district that receives a qualified or negative certification for its second interim report must provide to the county superintendent of schools, the State Controller and the Superintendent no later than June 1, financial statement projections of the school district's fund and cash balances through June 30 for the period ending April 30. Any school district that receives a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax and revenue anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the school district, unless the county superintendent of schools determines that the school district's repayment of indebtedness is probable.

For school districts under fiscal distress, the county superintendent of schools is authorized to take a number of actions to ensure that the school district meets its financial obligations, including budget revisions. However, the county superintendent of schools is not authorized to approve any diversion of revenue from *ad valorem* property taxes levied to pay debt service on district general obligation bonds. A school district that becomes insolvent may, upon the approval of a fiscal plan by the county superintendent of schools, request an emergency appropriation from the State, in which case the county superintendent of schools, the Superintendent of Public Instruction and the president of the State board or the president's designee will appoint a trustee to serve the school district until it has adequate fiscal systems and controls in place. The acceptance by a school district of an emergency apportionment exceeding 200% of the reserve recommended for that school district constitutes an agreement that the county superintendent of schools will assume control of the school district in order to ensure the school district's return to fiscal solvency.

In the event the State elects to provide an emergency apportionment to a school district, such apportionment will constitute an advance payment of apportionments owed to the school district from the State School Fund and the Education Protection Account. The emergency apportionment may be accomplished in two ways. First, a school district may participate in a two-part financing in which the school district receives an interim loan from the State general fund, with the agreement that the school district will subsequently enter into a lease financing with the California Infrastructure and Economic Development Bank for purposes of financing the emergency apportionment, including repaying such amounts advanced to the State general fund. State law provides that so long as bonds from such lease financing are outstanding, the recipient school district (via its administrator) cannot file for bankruptcy. As an alternative, a school district may receive an emergency apportionment from the State general fund that must be repaid in 20 years. Each year, the Superintendent of Public Instruction will withhold from the apportionments to be made to the school district from the State School Fund and the Education Protection Account an amount equal to the emergency apportionment repayment that becomes due that year. The determination as to whether the emergency apportionment will take the form of a lease financing or an emergency apportionment from the State general fund will be based upon the availability of funds within the State general fund.

Employees and Labor Relations

General. The District has twelve bargaining units with existing contracts. The largest bargaining unit among the District's employees is United Teachers Los Angeles ("UTLA"), which is comprised of, among other employees, teachers, counselors, advisers, nurses, psychologists, and social workers. In addition, certain employees are not represented by a formal bargaining unit (the "District Represented Employees"). The following Table A-13 sets forth the number of members of each bargaining unit as of July 18, 2023, and the expiration dates of the existing or successor labor agreements with each of the District's employee bargaining units.

TABLE A-13

LOS ANGELES UNIFIED SCHOOL DISTRICT
Employee Bargaining Units and Contract Expiration Dates
As of July 18, 2023

Employee Bargaining Unit	Members	Contract Expiration Date (June 30)
Associated Administrators of Los Angeles ("AALA") (Certificated)	2,964	2023[2]
Unit A (School Police)	233	2025
Unit B (Instructional Aides)	12,306	2024
Unit C (Operations – Support Services)	8,142	2024
Unit D (Office – Technical and Business Services)	4,539	2023[2]
Unit E (Skilled Crafts)	1,360	2025
Unit F (Teacher Assistants)	1,819	2024
Unit G (Playground Aides)	6,317	2024
Unit H (Sergeants and Lieutenants)	50	2025
Unit J (Classified Management)	384	2025
Unit S (Classified Supervisors)	3,172	2023[2]
United Teachers Los Angeles	34,772	2025
District Represented Employees[1]	548	N/A[1]

(1) District-represented employees include employees that are not represented by a union due to their designation as management, confidential or unrepresented employees. Does not include unrepresented seasonal employees.
(2) Each bargaining unit with an expired contract is operating under the terms of the expired contract until a new contract is negotiated and agreed upon.

Source: Los Angeles Unified School District Office of Labor Relations.

Negotiations Regarding Labor Contracts. UTLA and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "UTLA Agreement"). For fiscal year 2022-23, the UTLA Agreement provides for a 3% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023. For fiscal year 2023-24, the UTLA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024. For fiscal year 2024-25, the UTLA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. In addition, the UTLA Agreement (a) provides for certain on schedule salary increases for certain employee groups, including special and early education teachers, nurses and table employees, (b) provides for academic class size reduction in certain schools, (c) for adjustments in staffing ratios for counselors, pupil services and attendance counselors (PSA) and psychiatric social workers (PSW), (d) provides for additional funding for certain community schools, (e) for additional community school coach positions, and (f) includes differential pay increases for certain positions and programs. There are no reopeners provided for in the UTLA Agreement. The financial impacts of the UTLA Agreement are incorporated as expenditures in the Fiscal Year 2023-24 Budget.

SEIU Local 99 (Units B, C, F and G) and the District reached a one-year agreement for fiscal year 2020-21, and a three-year agreement for fiscal years 2021-22 through 2023-24 (collectively, the "SEIU Agreements"). Under the SEIU Agreements, (a) based on the salary table effective July 1, 2021, all SEIU bargaining unit members will receive a 6% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables; (b) based on the salary table effective July 1, 2022, all SEIU bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables; (c) based on the salary table effective July 1, 2023, all SEIU bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables, and (d) based on the salary table effective January 1, 2024, there will be a $2.00 per hour on-schedule wage increase applied to all pay scale groups and levels of the base salary table. In addition, the SEIU Agreements (a) provide for the funding an Education and Professional Development Fund in the amount of $3 million, (b) effective January 1, 2024, make employees assigned 4 hours per day or 80 hours per month, with respect to Units F and G, eligible (along with eligible dependents) to enroll in certain low cost health insurance plans or receive a cash amount if the employee opts out, and (c) include certain pay differentials and one-time pay increases. There are no reopeners provided for in the SEIU Agreements. The financial impacts of the SEIU Agreements are incorporated as expenditures in the Fiscal Year 2023-24 Budget.

AALA (Certificated Administrators) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "AALA (Certificated Administrators) Agreement") with on schedule salary increases to be applied to the AALA (Certificated Administrators) master salary table comparable to the increases provided to UTLA in the UTLA Agreement. There are no reopeners provided for in the AALA (Certificated Administrators) Agreement. As a result of such agreement, the District anticipates an increase in fiscal year 2023-24 expenditures of approximately $87.07 million (all funds), of which approximately $81.10 million relate to the District's general fund. Of such amounts, approximately $25.07 million (all funds) of such expenditures ($23.36 million related to the District's general fund) reflect expenditures attributable to fiscal year 2022-23 and are to be paid in fiscal year 2023-24. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. It is expected that the additional expenditures associated with the AALA (Certificated Administrators) Agreement will be reflected in the District's first interim report expected to be presented to the District Board in December, 2023.

CSEA (Unit D – Technical and Business Services) and the District have a three-year agreement for fiscal years 2020-21 through 2022-23 (the "CSEA Agreement"). The CSEA Agreement provided for a reopener for three articles – wages and salaries, vacation, and telecommuting – in fiscal year 2022-23, and CSEA requested reopener negotiations. In June 2023, the reopener negotiations concluded. For fiscal year 2021-22, the reopener agreement provides for a 1% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2021. This 1% is in addition to the 5% previously applied under the CSEA Agreement to all pay scale groups and levels of the base salary table for fiscal year 2021-22, for a total of 6%. For fiscal year 2022-23, the reopener agreement provides for a 7% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023. The agreement also included one-time retention and appreciation bonuses. Due to the timing of such agreement, the financial impacts of the reopener agreement are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to*

Fiscal Year 2023-24 Budget" above. CSEA and the District have commenced negotiations for a three-year successor agreement for fiscal years 2022-23 through 2024-25.

Teamsters (Unit S – Classified Supervisors) and the District reached a three-year agreement for fiscal years 2021-22 through 2023-24 (the "Teamsters Agreement"). Under the Teamsters Agreement (a) based on the salary table effective July 1, 2021, all Teamsters bargaining unit members will receive a 1% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables (which is in addition to the 5% increase previously agreed to and applied); (b) based on the salary table effective July 1, 2022, all Teamsters bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables; (c) based on the salary table effective July 1, 2023, all Teamsters bargaining unit members will receive a 7% on-schedule wage increase applied to all pay scale groups and levels of the base salary tables, and (d) based on the salary table effective January 1, 2024, there will be a $2.00 per hour on-schedule wage increase applied to all pay scale groups and levels of the base salary table. As a result of such agreement, the District anticipates an increase in fiscal year 2023-24 expenditures of approximately $90.43 million (all funds), of which approximately $61.51 million relate to the District's general fund. Of such amounts, approximately $31.61 million (all funds) of such expenditures ($21.38 million related to the District's general fund) reflect expenditures attributable to fiscal year 2022-23 and are to be paid in fiscal year 2023-24. Due to the timing of such agreement, the financial impacts of the agreement are not incorporated into the Fiscal Year 2023-24 Budget. It is expected that the additional expenditures associated with the Teamsters Agreement will be reflected in the District's first interim report expected to be presented to the District Board in December, 2023.

LASPA (Unit A – School Police) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "LASPA Agreement"). The LASPA Agreement provides, with respect to sworn officers, (a) for fiscal year 2022-23, a 3% retroactive on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% retroactive on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023; (b) for fiscal year 2023-24, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024; and (c) for fiscal year 2024-25, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. The LASPA Agreement provides, with respect to school safety officers, (a) for fiscal year 2022-23, a 7% retroactive on schedule wage increase applied to the base salary tables effective July 1, 2022; (b) for fiscal year 2023-24, a 7% on schedule wage increase applied to the base salary tables effective July 1, 2023; and (b) for a Step 1 an increase to $22.53 effective January 1, 2024, with the subsequent Steps applied accordingly. The classification of school safety officer is not included in the on-schedule fiscal year 2024-25 wage increase as the additional increase is being provided on January 1, 2024. There are no reopeners provided for in the LASPA Agreement. The financial impacts of the LASPA Agreement are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. LASPA and the District are currently in dispute over LASPA's assertion that they are entitled to a $1.00 per hour increase for fiscal year 2019-20.

LASPMA (Unit H – School Police Management) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "LASPMA Agreement"). For fiscal year 2022-23, the LASPMA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023. For fiscal year 2023-24, the LASPMA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024. For fiscal year 2024-25, the LASPMA Agreement provides for a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024 and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. There are no reopeners provided for in the LASPMA Agreement. The financial impacts of the LASPMA Agreement are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above.

"Trades" (Unit E) and the District reached agreements for fiscal years 2020-21 and 2021-22 and for fiscal years 2022-23 through 2024-25 (the "Trades Agreements"). With respect to fiscal years 2020-21 and 2021-22, the Trades Agreements provide for a 5% on schedule retroactive wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2021. The Trades Agreements also provide for (a) one-time payments to certain employees that were employed during fiscal years 2020-21 and 2021-22 and did not receive an increase to their base salary in the fiscal year 2019-20 reopener, and (b) retention and appreciation bonuses for fiscal year 2021-22. With respect to fiscal years 2022-23 through 2024-25, the Trades Agreements provide (a) for fiscal year 2022-23, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023; (b) for fiscal year 2023-24, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024; and (c) for fiscal year 2024-25, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. There are no reopeners provided for in the Trades Agreements. During the term of the Trades Agreements for fiscal years 2022-23 through 2024-25, the District and Trades have agreed to reopen on two items – health and welfare and deferred compensation, but have not begun negotiations. The financial impacts of the Trades Agreements are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts (other than agreed upon reopeners to be negotiated) were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above.

AALA (Unit J – Classified Managers) and the District reached a three-year agreement for fiscal years 2022-23 through 2024-25 (the "AALA Agreement"). The AALA Agreement provides (a) for fiscal year 2022-23, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2022, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2023; (b) for fiscal year 2023-24, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2023, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2024; and (c) for fiscal year 2024-25, a 3% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective July 1, 2024, and a 4% on schedule wage increase applied to all pay scale groups and levels of the base salary tables effective January 1, 2025. There are no reopeners provided for in the AALA Agreement. The financial impacts of the AALA Agreement are incorporated as expenditures in the Fiscal Year 2023-24 Budget.

Employees that are classified as "District-represented" are not a formal bargaining unit. The District Board has not yet approved any changes to compensation to District-represented employees. Therefore, no financial impacts are incorporated into the Fiscal Year 2023-24 Budget.

The District entered into a memorandum of understanding with SEIU and UTLA modifying the three-year tentative instructional calendar approved by the District Board on March 27, 2023, to a two-year instructional calendar (fiscal years 2023-24 and 2024-25). The memorandum of understanding maintains a three-week (15 days) winter break, provides for three additional instructional days to make up for lost instructional days in March 2023, and provides for instruction, enrichment, nutrition and child supervision through a voluntary winter recess academy in each such fiscal year. The financial impacts of the memorandum of understanding are not incorporated into the Fiscal Year 2023-24 Budget. Such impacts were incorporated as expenditures in revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023. For information regarding the expected impacts to the Fiscal Year 2023-24 Budget, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above.

Health and Welfare Agreement. The District initially entered into a three-year agreement with all of its bargaining units regarding health and welfare benefits for calendar years 2018 through 2020, which was extended through December 31, 2021 (the "Prior Health and Welfare Agreement"). In August 2022, the District and its bargaining units agreed to a new health and welfare benefits agreement (the "Health and Welfare Agreement") for calendar years 2022 and 2023. The Health and Welfare Agreement provides over $1.1 billion annually for health and welfare benefits and provides resources for health care coverage to continue in the same manner for current employees and retirees. Pursuant to the Health and Welfare Agreement, the District's per-participant contribution in 2022 remained consistent with 2021 levels, but the per-participant contribution in 2023 increased. While the Fiscal Year 2023-24 Budget includes health and welfare benefit costs in accordance with the Health and Welfare Agreement, it does not include assumptions regarding any potential increases in health and welfare benefit costs following the expiration of the Health and Welfare Agreement. Under both the Prior Health and Welfare Agreement and the Health and Welfare Agreement, any amounts in excess of $100 million in the health care reserves in the current calendar year will, at the District's discretion, be transferred to the District's General Fund or used to offset the District's contribution levels for future years. In accordance with the Prior Health and Welfare Agreement, the District transferred $227 million to the District's General Fund in February 2021. As of June 30, 2022 and June 30, 2023, the District had $64.6 million and $53.7 million (estimated), respectively, in health care reserves. Given the current balance of the District's health care reserves, it is not expected that such balance will sufficiently exceed $100 million in order to warrant a transfer to the District's General Fund at the close of calendar year 2023. Nonetheless, the District continues to revise and refine its financial projections as additional information becomes available.

Reduction in Force and Release Notices. In general, pursuant to Sections 44949 and 44951 of the Education Code, the District must give written notice to a certificated employee no later than March 15 if such certificated employee is to be released or reassigned for the ensuing school year. Similarly, pursuant to Section 45117 of the Education Code, the District must give written notice to a classified employee no later than March 15 if such classified employee is to be laid off for the ensuing school year. Further, pursuant to Sections 44955.5 and 45117(d) of the Education Code (as applicable), the District Board has the authority to terminate the services of certificated and classified employees between the period commencing five days after the enactment of the annual State Budget Act and August 15 of the fiscal year to which the State Budget Act applies if the District's LCFF apportionment per unit of ADA has not increased by at least 2% for such fiscal year.

In order to provide flexibility in the event budget reductions are necessary in a given fiscal year, the District Board may approve the use of Reduction in Force and Release Notices for a portion of its certificated and classified employees. On February 7, 2023, the District Board authorized Reduction in

Force and Release Notices to be sent no later than March 15, 2023 for all certificated contract level management, senior management employees of the classified service with expiring contracts, all non-permanent and selected permanent certificated administrators, supervisory employees, confidential employees and all non-school based administrators in specified positions and at least 45 days prior to June 30, 2023 to senior management employees of the classified service with expiring contracts informing them that they may be released or reassigned for fiscal year 2023-24, and authorizing staff to send subsequent notices by June 30, 2023, to employees who were sent notices on March 15, 2023 and have been identified for actual release. While notices of release and reassignment were sent to certain certificated and classified personnel in 2023, no layoffs of certificated or classified personnel are expected to occur for fiscal year 2023-24.

Retirement Systems

General. The District currently participates in CalSTRS, CalPERS and PARS (defined herein). The amounts of the District's contributions to CalSTRS, CalPERS and PARS are subject to, among other things, modifications to or approvals of collective bargaining agreements and any changes in actuarial assumptions used by CalSTRS, CalPERS and PARS.

The information set forth below regarding CalSTRS and CalPERS and their respective actuarial valuations and comprehensive annual financial reports has been obtained from publicly available sources and has not been independently verified by the District and is not guaranteed as to the accuracy or completeness thereof by or to be construed as a representation by the District. Furthermore, the summary data below should not be read as current or definitive, as recent gains or losses on investments made by the retirement systems generally may have changed the unfunded actuarial accrued liabilities stated below.

The following Table A-14 sets forth the District's aggregate contributions to CalSTRS, CalPERS and PARS, inclusive of employee contributions to CalPERS paid by the District, for fiscal years 2019-20 through 2022-23 and the budgeted contribution for fiscal year 2023-24 and these contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. See Table A-15 "Annual Regular CalSTRS Contributions," Table A-17 "Annual CalPERS Regular Contributions" and Table A-20 "Annual PARS Contribution." See also the District's financial statements for fiscal year 2021-22 contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

TABLE A-14

LOS ANGELES UNIFIED SCHOOL DISTRICT
Aggregate Employer Contributions to CalSTRS, CalPERS and PARS
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	District Contributions[(1)]	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	$755.33	7.35%
2020-21	762.30	7.06
2021-22	869.20	7.12
2022-23[(2)]	1,067.82	8.39
2023-24[(3)]	1,174.30	7.83

(1) Reflects data for all District Funds, including the District's General Fund. Excludes on-behalf payments from the State to CalSTRS and CalPERS.
(2) Estimated.
(3) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2021-22; Fiscal Year 2023-24 Budget for fiscal years 2022-23 and 2023-24; and the District for the percentage of Total Governmental Funds Expenditures.

California State Teachers' Retirement System. CalSTRS is a defined benefit plan that covers all full-time certificated District employees and some classified District employees, which are District employees employed in a position that does not require a teaching credential from the State. Benefit provisions are established by State legislation in accordance with the State Teachers' Retirement Law. CalSTRS is operated on a Statewide basis and, based on publicly available information, has substantial unfunded liabilities. Additional funding of CalSTRS by the State and the inclusion of adjustments to such State contributions based on consumer price changes were provided for in 1979 Statutes, Chapter 282. Copies of the CalSTRS' comprehensive annual financial report may be obtained from CalSTRS, P.O. Box 15275, Sacramento, California 95851-0275. The information presented in these reports is not incorporated by reference in this Official Statement.

Member benefits are determined pursuant to the Education Code and are generally based on a member's age, final compensation and years of credited service. Members are 100% vested in retirement benefits after five years of credited service and are eligible for "normal" retirement at age 60 and for early retirement at age 55 or at age 50 with 30 years of credited service. The normal retirement benefit is 2% of final compensation (as defined in the Education Code) for each year of credited service (up to 2.4% of final compensation for members retiring after age 60), and members who retire on or after January 1, 2011 with 30 or more years of service by December 31, 2010 receive monthly bonus payments of up to $400 per month. Members hired on or after January 1, 2013 who retire at age 62 are eligible for a benefit equal to 2% of final compensation for each year of credited service (up to 2.4% of final compensation for members retiring after age 62). Benefits include a 2% cost of living increase (computed on a simple, non-compounded, basis based on the initial allowance) on each September 1 following the first anniversary of the effective date of the benefit. See "*– California Public Employees' Pension Reform Act of 2013*" herein and Note 9 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

Funding; Contributions. The CalSTRS defined benefit plan (the "DB Plan") is funded through a combination of investment earnings and statutorily set contributions from members of CalSTRS, the participating employers (including the District) and the State. Prior to fiscal year 2014-15, the statutorily-set rate did not vary annually to adjust for funding shortfalls or actuarial surpluses. As a result, the combined employer, employee and State contributions to the DB Plan were not sufficient to pay actuarially required amounts. To address the shortfall, Assembly Bill 1469 ("AB 1469"), signed into law by the Governor as part of the State budget for fiscal year 2014-15, increased member, employer and State contributions as part of a plan to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014.

Pursuant to AB 1469, since fiscal year 2021-22, the State Teachers' Retirement Board is authorized to modify the percentages paid by employers and employees to eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations and subject to certain limitations. The State Teachers' Retirement Board may not increase the employer contribution rate by more than 1% in any fiscal year up to a maximum contribution rate of 20.25%. The State Teachers' Retirement Board may also adjust the State's contribution rate by a maximum of 0.5% from year to year, based on the funding status of the CalSTRS actuarially determined unfunded liability. A decrease in investment earnings may result in increased employer contribution rates in order to timely eliminate by June 30, 2046, CalSTRS' unfunded liability for service credited to members of the CalSTRS defined benefit program before July 1, 2014, based upon actuarial recommendations. The District cannot predict the impact of State, national, and international events on investment earnings and contribution rates or the amount the District will be required to pay for pension related costs in future fiscal years.

The State is not an employer (with certain limited exceptions) in any of the CalSTRS programs but contributes to the DB Plan and a supplemental benefits maintenance account pursuant to provisions of the Education Code. For fiscal year 2022-23, the State contributed 8.328% of members' annual earnings to the DB Plan and an additional 2.5% of member earnings into the CalSTRS supplemental benefit maintenance account, which is used to maintain the purchasing power of benefits. The State's contribution rate for fiscal year 2023-24 will remain at 8.328% of members' annual earnings to the DB Plan and an additional payment of 2.5% of member earnings into the CalSTRS supplemental benefit maintenance account.

The District's employer contribution rate for fiscal year 2022-23 was 19.10% of covered payroll. The District's employer contribution rate for fiscal year 2023-24 will remain at 19.10% of covered payroll. The District's employer contribution rate is inclusive of the employer base contribution of 8.25% of payroll provided by the Education Code.

The employee contribution rate for CalSTRS members first hired on or before December 31, 2012 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 60 members) was 10.25% for fiscal years 2016-17 through 2022-23 and will remain at 10.25% for fiscal year 2023-24. The employee contribution rate for CalSTRS members first hired on or after January 1, 2013 to perform CalSTRS creditable activities (i.e., CalSTRS 2% at 62 members) was 9.205% for fiscal years 2016-17 and 2017-18, 10.205% for fiscal years 2018-19 through 2022-23, and will remain at 10.205% for fiscal year 2023-24.

The following Table A-15 sets forth the District's regular annual contributions to CalSTRS for fiscal years 2019-20 through 2022-23 and the budgeted contribution for fiscal year 2023-24 and such contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. The District has always paid all required CalSTRS annual contributions. As of June 30, 2023, 37,714 (estimated) District employees were members of CalSTRS.

TABLE A-15

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual Regular CalSTRS Contributions
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	CalSTRS Employer Rate	District Contributions[1]	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	17.10%	$509.0	4.95%
2020-21	16.15	497.7	4.61
2021-22	16.92	563.9	4.62
2022-23[2]	19.10	673.3	5.29
2023-24[3]	19.10	728.3	4.86

(1) Reflects data for all District Funds, including the District's General Fund. Excludes on-behalf payments from the State to CalSTRS.
(2) Estimated.
(3) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2021-22; Fiscal Year 2023-24 Budget for fiscal years 2022-23 and 2023-24; and the District for the percentage of Total Governmental Funds Expenditures.

Actuarial Valuation. The State Teachers' Retirement Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the DB Plan. CalSTRS actuarial consultant (the "Actuarial Consultant") determines the actuarial value of the DB Plan's assets by using a one-third smoothed recognition method of the difference between the actual market value of assets to the expected actuarial value of assets. Accordingly, the actuarial value of assets will not reflect the entire impact of certain investment gains or losses on an actuarial basis as of the date of the valuation or legislation enacted subsequent to the date of the valuation.

The actuarial valuation for the entire CalSTRS defined benefit program as of June 30, 2022 (the "2022 CalSTRS Actuarial Valuation") showed an estimated unfunded actuarial liability of $88.6 billion, a decrease of approximately $1.2 billion from the June 30, 2021 valuation. Such estimated unfunded actuarial liability was projected to increase in the June 30, 2021 valuation, which projected an unfunded actuarial liability of $89.8 billion as of June 30, 2022. The actual unfunded actuarial liability as of June 30, 2022 represents a net actuarial gain of approximately $1.3 billion. Such net actuarial gain is due primarily to member salary increases being more than assumed and market value returns (estimated at negative 2.4%) being less than assumed (7.0%). The funded ratios of the actuarial value of valuation assets over the actuarial accrued liabilities as of June 30, 2022 and June 30, 2021, based on the actuarial assumptions, were approximately 74.4% and 73.0%, respectively. According to the 2022 CalSTRS Actuarial Valuation, the funded ratio increased by 1.4% during the past year. As described in the 2022 CalSTRS Actuarial Valuation, the increase in the funded ratio is primarily due to the recognition of deferred investment gains from prior fiscal years that were used to offset the reported negative 2.4% return on investments on the market value of assets for fiscal year 2021-22, which is CalSTRS' first negative return on investments since fiscal year 2008-09. Other factors contributing to such increase include the additional State contributions made in the prior fiscal years and contributions to pay down the unfunded actuarial liability under the State Teachers' Retirement Board's valuation policy. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates or the amount the District will be required to pay for pension related costs. Accordingly, there can be no assurances that the District's required contributions to CalSTRS will not increase in the future, subject to the limitations of AB 1469.

The following are certain of the actuarial assumptions set forth in the 2022 CalSTRS Actuarial Valuation: measurement of accruing costs by the "Entry Age Normal Actuarial Cost Method," an assumed 7.00% investment rate of return for measurements subsequent to June 30, 2016, 3.00% interest on member accounts, 3.50% projected wage growth, and 2.75% projected inflation and demographic assumptions relating to mortality rates, length of service, rates of disability, rates of withdrawal, probability of refund, and merit salary increases. Future estimates of the actuarial unfunded liability may change due to market performance, legislative actions and other experience that may differ from the actuarial assumptions used for the CalSTRS valuation. The 2022 CalSTRS Actuarial Valuation also assumes that all members hired on or after January 1, 2013 are subject to the provisions of PEPRA (as defined herein). See "− *California Public Employees' Pension Reform Act of 2013*" below for a discussion of the pension reform measure signed by the Governor in September 2012 expected to help reduce future pension obligations of public employers with respect to employees hired on or after January 1, 2013.

The CalSTRS Comprehensive Annual Financial Report for fiscal year 2021-22 (the "2021-22 CalSTRS CAFR") states that during fiscal year 2021-22, CalSTRS included 38,528 covered employees of the District in its State Teachers' Retirement Program and 3,485 covered employees of the District in its tax-deferred defined contribution plans under Sections 403(b) and 457 of the Internal Revenue Code (the "Pension2 Program"). Accordingly, covered employees of the District represented approximately 7.60% and 11.80% of covered employees in the State Teachers' Retirement Program and Pension2 Program, respectively.

The UAAL and funded status of the CalSTRS pension fund as of June 30 of fiscal years ended June 30, 2018 through June 30, 2022 are set forth in the following Table A-16. The fair market value of the CalSTRS pension fund as of June 30, 2021 and June 30, 2022 was approximately $271.95 billion and $260.29 billion, respectively, based on total system assets less amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account Reserve. The individual funding progress for the District and the District's proportionate share of CalSTRS' net pension liability is set forth in the District's audited financial statements. See "– *Pension Accounting and Financial Reporting Standards*" herein and APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

TABLE A-16

Actuarial Value of CalSTRS Defined Benefit Program
Valuation Dates June 30, 2018 through June 30, 2022
($ in billions)

Valuation Date (June 30)	Actuarial Obligation	Actuarial Value of Assets[(1)]	Market Value of Assets	Unfunded Actuarial Obligation	Funded Ratio (Actuarial Value)	Funded Ratio (Fair Market Value)
2018	$297.603	$190.451	$211.367	$107.2	64.0%	65.7%
2019	310.719	205.016	225.466	105.7	66.0	67.0
2020	322.127	216.252	233.253	105.9	67.1	66.5
2021	332.082	242.363	292.980	89.7	73.0	81.9
2022	346.089	257.537	283.340	88.6	74.4	75.2

(1) Actuarial Value of Assets does not include amounts allocable to the CalSTRS Supplemental Benefits Maintenance Account Reserve which was approximately $15.76 billion as of June 30, 2018, $17.38 billion as of June 30, 2019, $19.13 billion as of June 30, 2020, $21.03 billion as of June 30, 2021, and $23.05 billion as of June 30, 2022.

Sources: California State Teachers' Retirement System Defined Benefit Program Actuarial Valuations as of June 30, 2018 through June 30, 2022.

District Proportionate Share. As of June 30, 2021, the District's proportionate share of CalSTRS' net pension liability was approximately $2.7 billion, based on a discount rate of 7.10%. The net pension liability was measured as of June 30, 2021, 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 fiscal year 2020-21 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, 2021, the District's proportionate rate was 5.568%. The District's proportionate share of the CalSTRS net pension liability was projected to be approximately $355.9 million if the discount rate was increased to 8.1% and approximately $5.2 billion if the discount rate was decreased to 6.1%. See Note 9(b) of the District's financial statements in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

California Public Employees' Retirement System. CalPERS is a defined benefit plan that covers classified personnel who work four or more hours per day. CalPERS is operated on a Statewide basis and, based on publicly available information, has significant unfunded liabilities. CalPERS issues a comprehensive annual financial report and actuarial valuations that include financial statements and required supplementary information. Copies of the CalPERS CAFR and actuarial valuations may be obtained from the CalPERS Financial Services Division, P.O. Box 942703, Sacramento, California 94229-2703. The information set forth therein is not incorporated by reference in this Official Statement. Benefit provisions are established by State legislation in accordance with the Public Employees' Retirement Law and are generally based on a member's age, final compensation, and years of credited service. For a description of member benefits for both the Safety Plan and Miscellaneous Plan of the District administered by CalPERS, see Note 9(a) set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

Funding; Contributions. All qualifying classified employees of K-12 school districts in the State are members in CalPERS. All school districts contributing to CalPERS participate in the same plan and share the same contribution rate in each year. However, unlike contributions to CalSTRS, which incrementally increase at statutorily set rates, school districts' contributions to CalPERS fluctuate each year and include a normal cost component and a component equal to an amortized amount of the unfunded liability of CalPERS. Accordingly, the District cannot provide any assurances that the District's required contributions to CalPERS in future years will not significantly vary from any current projected levels of contributions to CalPERS.

CalPERS is funded by employee contributions and investment earnings, with the balance of the funding provided by employer contributions. School districts' contributions decrease when investment earnings rise and increase when investment earnings decline. As a result, declines in investment earnings may result in substantial increases in school district contributions. The District cannot make any predictions as to the effect of State, national or international events on investment earnings and school district contributions. Participating employees enrolled in CalPERS prior to January 1, 2013 contribute 7.00% of their respective salaries, while participating employees enrolled after January 1, 2013 contribute the higher of fifty percent of normal costs of benefits or an actuarially determined rate of 8.00% in fiscal year 2022-23, which will remain at 8.00% in fiscal year 2023-24. School districts are required to contribute to CalPERS at an actuarially determined rate, which was originally 20.733% and 22.68% of eligible salary expenditures for fiscal years 2019-20 and 2020-21, respectively. However, the employer contribution rate for fiscal year 2019-20 was reduced to 19.721% as a result of the State's buydown of employer contribution rates in fiscal year 2019-20. Similarly, the fiscal year 2020-21 State budget allocated funding to buy down employer contribution rates in fiscal years 2020-21 and 2021-22 to approximately 20.70% and 22.91%, respectively. The actuarially determined rate for employer contributions was 25.37% for fiscal year 2022-23 and is 26.68% for fiscal year 2023-24. For a description of employer and member contribution rates, see Note 9(a) set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

The following Table A-17 sets forth the District's employer contribution rates, regular annual contributions, inclusive of employee contributions paid by the District to CalPERS for fiscal years 2019-20 through 2022-23 and the budgeted contribution for fiscal year 2023-24 and such contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. The District has always paid all required CalPERS annual contributions. As of June 30, 2023, 29,775 (estimated) District employees were members of CalPERS.

TABLE A-17

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual CalPERS Regular Contributions
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	CalPERS Employer Rate (Miscellaneous)	CalPERS Employer Rate (Safety)	District Contributions(1)	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	19.721%	43.059%	$239.1	2.33%
2020-21	20.700	47.268	257.3	2.38
2021-22	22.910	48.900	298.4	2.44
2022-23(2)	25.370	50.130	388.7	3.05
2023-24(3)	26.680	53.680	436.9	2.91

(1) Reflects data for all District Funds, including the District's General Fund.
(2) Estimated.
(3) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2021-22; District Second Interim Report for Fiscal Year 2022-23, Fiscal Year 2023-24 Budget and District Budget Services and Financial Planning Division Financial Guide No. 1, dated May 19, 2023 for fiscal years 2022-23 and 2023-24; and the District for the percentage of Total Governmental Funds Expenditures.

Actuarial Valuation. Since the June 30, 2015 valuation, CalPERS has employed an amortization and smoothing policy that apportions all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a five-year period. In contrast, the previous policy spread investment returns over a 15-year period with experience gains and losses spread over a rolling 30-year period. The amounts of the pension/award benefit obligation or UAAL will vary from time to time depending upon actuarial assumptions, and actual rates of return on investments, salary scales, and levels of contribution. See Table A-18 – "Actuarial Value of Schools Portion of CalPERS – Historical Funding Status" herein.

The CalPERS Schools Pool Actuarial Valuation as of June 30, 2022 (the "2022 CalPERS Schools Pool Actuarial Valuation"), which has not been released in full, was presented in summary form to the CalPERS Board on April 17, 2023. Such summary reported an actuarial accrued liability of approximately $117.0 billion with the market value of assets at approximately $79.4 billion, and a funded status of approximately 67.9%. From June 30, 2021 to June 30, 2022, the funded status of the CalPERS Schools Pool decreased by approximately 10.4%, and the unfunded accrued liability increased by approximately $13.6 billion, largely due to the difference between the expected and actual rate of return on investments.

CalPERS reported a negative 7.50% (before recognition of administrative expenses) return on investments for fiscal year 2021-22, which is CalPERS' first negative return on investments since fiscal year 2008-09. The negative 7.50% return on investments was less than the assumed annual rate of return on investments of 6.80%. Such negative return generated an actuarial investment loss of approximately $12.40 billion, which will be amortized over 20 years with a five-year phase in, increasing the component of the expected employer contribution rate related to the unfunded liability contribution in fiscal year

2023-24 by 1.69% of payroll. Due to the five-year phase in, the component of the employer contribution rate related to the unfunded liability contribution will increase each year until it reaches an estimated 7.60% of payroll in fiscal year 2027-28. CalPERS, however, does not currently project that the total expected employer contribution rate will increase by 7.60% over the next five years, because the employer contribution rate consists of other components, which are affected by investment and non-investment factors, that are currently expected to offset, to some extent, the impact of the five-year phase in. Persistent negative returns on investments may result in increased employer contribution rates above the current level of expected increases reflected in the 2022 CalPERS Schools Pool Actuarial Valuation. The District cannot predict the impact of State, national, and international events on investment returns and employer contribution rates. Accordingly, there can be no assurances that the District's required contributions to CalPERS will not significantly increase in the future.

The 2022 CalPERS Schools Pool Actuarial Valuation as summarized assumes, among other things, 2.30% inflation and payroll growth of 2.80% compounded annually. The 2022 CalPERS Schools Pool Actuarial Valuation as summarized reflects a discount rate of 6.80% compounded annually (net of administrative expenses) as of June 30, 2022. The CalPERS Board adopted new demographic assumptions on November 17, 2021, including a reduction in the discount rate from 7.00% as of June 30, 2020 to 6.80% as of June 30, 2021, a reduction in the inflation assumption from 2.50% as of June 30, 2020 to 2.30% as of June 30, 2021, and an increase in payroll growth from 2.75% as of June 30, 2020 to 2.80% as of June 30, 2021. Such assumption changes result in increases in both the normal cost and unfunded liabilities contributions to be paid in the future. The actuarial funding method used in the 2022 CalPERS Schools Pool Actuarial Valuation is the "Entry Age Normal Cost Method." The UAAL and funded status of the Schools portion of CalPERS as of June 30 of fiscal years ended June 30, 2018 through June 30, 2022 are set forth in the following Table A-18.

TABLE A-18

Actuarial Value of Schools Portion of CalPERS
Historical Funding Status
Valuation Dates June 30, 2018 through June 30, 2022
($ in millions)

Valuation Date (June 30)	Actuarial Accrued Liabilities	Market Value of Assets (MVA)	Funded Status (MVA)	Unfunded Liabilities/ (Surplus) (MVA)	Projected Payroll for Determining Contributions	Unfunded Liability/ (Surplus) as a % of Payroll
2018	$92,071	$64,846	70.4%	$27,225	$14,234	191.3%
2019	99,528	68,177	68.5	31,351	14,844	211.2
2020	104,062	71,400	68.6	32,662	15,295	213.6
2021	110,507	86,519	78.3	23,988	15,181	158.0
2022	116,982	79,386	67.9	37,596	16,731	224.7

Source: CalPERS Schools Pool Actuarial Valuation as of June 30, 2022.

District Proportionate Share. As of June 30, 2022, the District reported a net pension liability of $1.6 billion for its proportionate share of the net pension liability of the Miscellaneous Plan. The net pension liability of the Miscellaneous Plan was measured by CalPERS as of June 30, 2021, and the total pension liability for the Miscellaneous Plan used to calculate the net pension liability was determined by CalPERS pursuant to an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on the fiscal year 2020-21 employer contributions calculated by CalPERS. As of June 30, 2022, the District's proportion of the CalPERS net pension liability was approximately 7.85%. See "*– Pension Accounting and Financial Reporting Standards*" herein and Note 9(a) to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

Safety Plan Actuarial Valuation; Net Pension Liability. The CalPERS Safety Plan of the Los Angeles Unified School District (Employer # 3614620780) Annual Valuation Report as of June 30, 2021 uses the "Entry Age Normal Cost Method" as the actuarial funding method and assumes, among other things, a 6.8% investment rate of return (net of administrative expenses), projected annual salary increases based on category, entry age, and duration of service, projected inflation of 2.30% and projected payroll growth of 2.80%. The UAAL and funded status of the District's Safety Plan, which is an individual component of CalPERS, as of June 30 of fiscal years ended June 30, 2017 through June 30, 2021, are set forth in the following Table A-19. As of June 30, 2021, the District's net pension liability under the CalPERS Safety plan was $117.8 million.

TABLE A-19

CalPERS Actuarial Value of LAUSD Safety Plan[(1)]
Historical Funding Status
Valuation Dates June 30, 2017 through June 30, 2021
($ in millions)

Valuation Date (June 30)	Accrued Liability	Market Value of Assets[(2)]	Unfunded Liability	Funded Ratio	Annual Covered Payroll
2017	$387.4	$279.7	$107.7	72.2%	$32.5
2018	414.6	301.3	113.3	72.7	32.2
2019	438.7	320.7	118.0	73.1	33.7
2020	459.1	335.9	123.2	73.2	33.3
2021	479.3	412.9	66.4	86.1	26.2

(1) Reflects information relating to the District's Safety Plan and does not include information relating to the Miscellaneous Plan. Actuarial information relating to the historical funding status of the District's Miscellaneous Plan is not available from CalPERS as a separate report but is incorporated in the combined schools portion of CalPERS' pension fund as set forth in Table A-18 above.
(2) CalPERS no longer uses an actuarial value of assets and only uses the market value of assets.

Source: CalPERS Safety Plan of the Los Angeles Unified School District (Employer # 3614620780) Annual Valuation Report as of June 30, 2021.

Public Agency Retirement System. On July 1, 1992, the District joined the Public Agency Retirement System ("PARS"), a multiple-employer retirement trust. This defined contribution plan covers the District's part-time, seasonal, temporary and other employees not otherwise covered by CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax. Benefit provisions and other requirements are established by District management based on agreements with various bargaining units. The District is unable to predict the amount of the contributions which the District may be required to make to PARS in the future. Accordingly, there can be no assurances that the District's required contributions to PARS will not significantly increase in the future above current levels. The District has always paid all required PARS annual contributions.

The following Table A-20 sets forth the District's annual contributions to PARS for fiscal years 2019-20 through 2022-23 and the budgeted annual contribution to PARS for fiscal year 2023-24, and the contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. As of June 30, 2023, 11,897 (estimated) active District employees were members of PARS.

TABLE A-20

LOS ANGELES UNIFIED SCHOOL DISTRICT
Annual PARS Contribution
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	District Contributions(1)(2)	District Contribution as Percentage of Total Governmental Funds Expenditures
2019-20	$7.2	0.07%
2020-21	7.3	0.07
2021-22	6.9	0.06
2022-23(3)	5.8	0.05
2023-24(4)	9.1	0.06

(1) Reflects payments to PARS for pension costs associated with the District's regular and specially funded programs.
(2) Includes amounts related to prior years' PARS contributions.
(3) Estimated.
(4) Budgeted in Fiscal Year 2023-24 Budget. Amounts do not reflect labor agreements not reflected in the Fiscal Year 2023-24 Budget. For significant revisions to the Fiscal Year 2023-24 Budget approved by the District Board on August 22, 2023, see "– District Budget – *Revisions to Fiscal Year 2023-24 Budget*" above. In addition, for a discussion of pending labor agreements not reflected in the Fiscal Year 2023-24 Budget and not included in Fiscal Year 2023-24 Budget revisions approved by the District Board on August 22, 2023, see "– Employee and Labor Relations – *Negotiations Regarding Labor Contracts*" above.

Sources: Audited Annual Financial Report for fiscal years 2019-20 through 2021-22; Fiscal Year 2023-24 Budget for fiscal years 2022-23 and 2023-24; and the District for the percentage of Total Governmental Funds Expenditures.

California Public Employees' Pension Reform Act of 2013. In September 2012, the Governor approved Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 ("PEPRA"). Among other things, PEPRA establishes new retirement formulas for employees hired on or after January 1, 2013 ("PEPRA Employees") and prohibits public employers from offering defined benefit pension plans to PEPRA Employees that exceed the benefits provided thereunder. PEPRA increases the retirement age for new State, school, city and local agency employees depending on job function and limits the annual CalPERS and CalSTRS pension benefit payouts. PEPRA applies to all public employers except the University of California, charter cities and charter counties. However, PEPRA is applicable to those entities which contract with CalPERS.

PEPRA mandates equal sharing of normal costs between a contracting agency or school employer and their employees and that employers not pay any of the required employee contribution. However, PEPRA limits the contribution to an amount not in excess of 8% of pay for local miscellaneous or school members, not more than 12% of pay for local police officers, local firefighters, and county peace officers, and not more than 11% of pay for all local safety members. PEPRA requires employers to complete a good faith bargaining process as required by law prior to implementing changes regarding the contribution requirements. The contribution requirements of PEPRA went into effect on January 1, 2018. See "*– California State Teachers' Retirement System*" and "*– California Public Employees' Retirement System*" herein.

In addition, PEPRA amends existing laws to redefine final compensation for purposes of pension benefits for PEPRA Employees. Further, PEPRA permits certain public employers who have offered a lower defined benefit retirement plan before January 1, 2013 to continue to offer such plan to PEPRA Employees. However, if a public employer adopts a new defined benefit plan on or after January 1, 2013, such plan will be subject to PEPRA requirements unless, among other things, its retirement system's chief actuary and retirement board certify that the new plan is not riskier or costlier to the public employer than the defined benefit formula required under PEPRA.

Pension Accounting and Financial Reporting Standards. In 2012, the Governmental Accounting Standards Board issued Governmental Accounting Standards Board Statement No. 68 – "Accounting And Financial Reporting For Pensions" ("GASB 68"), which revises and establishes new financial reporting requirements for most public employers, such as the District, that provide pension benefits to their employees. GASB 68, among other things, requires public employers providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability and provides greater guidance on measuring the annual costs of pension benefits, including thorough guidelines on projecting benefit payments, use of discount rates and use of the "entry age" actuarial cost allocation method. GASB 68 also enhances accountability and transparency through revised and new note disclosures and required supplementary information. GASB 68 became effective for the financial statements of plan employers, including the District's financial statements, commencing the fiscal year ended June 30, 2015.

Pursuant to GASB 68, CalSTRS and CalPERS will use a new blended rate that reflects a long-term rate of return on plan assets, which reflects a pension fund's long-term investment strategy, and a high-quality, non-taxable municipal bond index rate, to account for the potential need to borrow funds to pay pension benefits after net assets have been fully depleted. CalSTRS has cautioned that use of the new, blended discount rate may cause the financial statements of plans, such as CalSTRS, to reflect an increased unfunded liability.

Other Postemployment Benefits

General. In addition to employee health care costs, the District provides post-employment health care benefits ("OPEB") in accordance with collective bargaining agreements and the health benefits agreement. The District's OPEB consists of post-employment benefits for health, prescription drug, dental, and vision coverage for retirees and their dependents. As of June 30, 2022, there were approximately 58,886 active employees who meet the eligibility requirements for OPEB benefits, 39,111 inactive employees or beneficiaries currently receiving benefits, and 221 inactive employees entitled to but not yet receiving benefits, for a total of 98,218 current and former employees entitled to receive benefits under the District's OPEB plan. Historically, the District has funded these benefits on a pay-as-you-go basis, paying an amount in each fiscal year equal to the benefits distributed or disbursed in that fiscal year. Beginning in fiscal year 2013-14, the District's policy, subject to District Board approval, is to prefund a portion of its OPEB costs for employees, retirees and their beneficiaries by allocating funds for the express purpose of funding future other postemployment benefit costs to the extent possible. See "–District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein. The District Board approved the creation of the OPEB Trust Fund in May 2014. As of June 30, 2023, the District has contributed approximately $339 million to the OPEB Trust Fund, inclusive of the District's contributions of $60 million in July 2014, $30 million in September 2014, $45 million in September 2015, $6 million in March 2016, $78 million in October 2016, and $120 million in October 2017. The District did not contribute to the OPEB Trust Fund in fiscal years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23. At the time of preparation of the Fiscal Year 2022-23 Estimated Actuals, it was expected that the District would contribute $141.0 million to the OPEB Trust Fund. However, after the preparation of the 2022-23 Estimated Actuals in connection with the approval of the Fiscal Year 2023-24

Budget, the fiscal year 2022-23 contribution was reduced by $107.7 million and the transfer of the remaining $33.3 million contribution was delayed until fiscal year 2023-24. Thus, although the District is designating the $33.3 million contribution as a fiscal year 2022-23 contribution for internal purposes, there was no transfer of funds to the OPEB Trust Fund in fiscal year 2022-23. Based on the Fiscal Year 2023-24 Budget, the District has budgeted to contribute $244.3 million from all funds of the District (not just the General Fund) to the OPEB Trust Fund in fiscal year 2023-24, $33.3 million of which the District is designating for internal purposes as a fiscal year 2022-23 contribution. In the June 2023 Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2022 measurement date for fiscal year 2022-23 (the "2022 Actuarial Valuation"), Aon Hewitt indicated that based on the District's current funding policy, projected cash flows, and the assumed asset return, the assets in the OPEB Trust Fund are projected to be depleted in fiscal year 2035-36 if such assets were drawn upon to pay benefits as they come due without the District funding such benefits on a pay-as-you-go basis.

The following Table A-21 sets forth the District's funding of other postemployment benefits for fiscal years 2019-20 through 2022-23, the budgeted contribution for fiscal year 2023-24, and the contributions as a percentage of the District's Total Governmental Funds expenditures for fiscal years 2019-20 through 2023-24. In addition, Table A-21 sets forth the District's contribution to the OPEB Trust for fiscal years 2019-20 through 2023-24.

TABLE A-21

LOS ANGELES UNIFIED SCHOOL DISTRICT
Expenditures for Other Postemployment Benefits
Fiscal Years 2019-20 through 2023-24
($ in millions)

Fiscal Year	Pay-as-You-Go Amount	OPEB Trust Fund Contribution[3]	Total Amount	Expenditure as Percentage of Total Governmental Funds Expenditures
2019-20	$221.2	$0.0	$221.2	2.15%
2020-21	231.2	0.0	231.2	2.14
2021-22	231.1	0.0	231.1	1.89
2022-23[1]	235.9	0.0[4]	235.9	1.85
2023-24[2]	198.0	244.3[5]	442.3	2.95

(1) Estimated.
(2) Budgeted.
(3) As of June 30, 2023, the District has contributed approximately $339 million to the OPEB Trust Fund, inclusive of the District's contributions of $60 million in July 2014, $30 million in September 2014, $45 million in September 2015, $6 million in March 2016, $78 million in October 2016, and $120 million in October 2017.
(4) At the time of preparation of the Fiscal Year 2022-23 Estimated Actuals, the net position of the OPEB Trust Fund for fiscal year 2022-23 is estimated at approximately $628.8 million. This amount reflects a District fiscal year 2022-23 contribution of $141.0 million to the OPEB Trust Fund. However, after the preparation of the 2022-23 Estimated Actuals in connection with the approval of the Fiscal Year 2023-24 Budget, the fiscal year 2022-23 contribution was reduced by $107.7 million and the transfer of the remaining $33.3 million contribution was delayed until fiscal year 2023-24. Thus, although the District is designating the $33.3 million contribution as a fiscal year 2022-23 contribution for internal purposes, there was no transfer of funds to the OPEB Trust Fund in fiscal year 2022-23. As a result, there will be an estimated adjusted net position of the OPEB Trust Fund for fiscal year 2022-23 of $487.80 million as of June 30, 2023.
(5) The $244.3 million includes $33.3 million the District, for internal purposes, is designating as a fiscal year 2022-23 contribution.

Sources: Audited Annual Financial Reports for fiscal years 2019-20 through 2021-22; Fiscal Year 2023-24 Budget for fiscal years 2022-23 and 2023-24; and the District for the percentage of Total Governmental Funds Expenditures.

Postemployment Benefits Other Than Pensions Accounting and Financial Reporting Standards. In June 2015, the GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions ("GASB 75"), which revised and established new accounting and financial reporting requirements for state and local governments, such as the District, that offer OPEB to employees. Pursuant to GASB 75, net OPEB liabilities are required to be recognized in the financial statements for such state and local governments. In addition, GASB 75 provides additional guidance with respect to recognizing and measuring liabilities, deferred outflows and inflows of resources, and expense/expenditures. GASB 75 directs the use of "entry age normal" as the actuarial cost allocation method to be used and the various procedures, assumptions and discount rates to be used in connection with the calculation of liabilities. In connection therewith, states and local governments that do not pre-fund their respective OPEB obligations may report increased liabilities. GASB 75, among other things, requires additional note disclosures and the presentation of required supplementary information in financial statements. GASB 75 was implemented in the District's audited financial statements beginning in fiscal year 2017-18.

The District's net OPEB liability takes into consideration the adoption of GASB 75, under which the District is required to recognize in full its total net OPEB liability rather than on an incremental basis. Over the past few years, the District has taken steps to (i) reduce its OPEB liability through a more cost-effective healthcare plan and (ii) pre-fund its OPEB liability by making deposits from time to time to an irrevocable trust when its reserves exceed the 5% Minimum Reserve Threshold, subject to District Board approval.

Changes in Net OPEB Liability. The District's net OPEB liability has fluctuated over time based on a variety of factors, including changes in healthcare plans and actuarial assumptions and the funded status of the OPEB Trust. In the 2022 Actuarial Valuation, the District's actuary, Aon Hewitt, points out that a byproduct of the GASB 75 standards is the potential for increased volatility of results from year to year, which the District has experienced since the implementation of GASB 75. In January 2019, the District implemented a less costly healthcare plan, the Anthem Preferred PPO (50 state Medicare Advantage Plan) (the "Anthem PPO"), which replaced the United HealthCare Group Medicare Advantage Plan and the Anthem Blue Cross Medicare (EPO) plan. The implementation of the Anthem PPO together with certain updated actuarial assumptions resulted in a significant reduction in the District's net OPEB liability from $14.97 billion as of June 30, 2018 (prior to the Anthem PPO implementation) to $11.18 billion as of June 30, 2019 (after the Anthem PPO implementation) to $8.58 billion as of June 30, 2020 (based on further revised actuarial assumptions). However, the District's net OPEB liability as of June 30, 2021 increased to $11.06 billion and then decreased to $10.19 billion as of June 30, 2022 based on certain changes in actuarial assumptions described in more detail below. See "*– 2021 Actuarial Valuation*" below for more information. As of June 30, 2023, the District's net OPEB liability has further decreased to $8.48 billion also based on certain changes in actuarial assumptions described in more detail below. See "*– 2022 Actuarial Valuation*" below for more information.

2021 Actuarial Valuation. The District's net OPEB liability decreased by nearly $1 billion from $11.06 billion as of June 30, 2021 to $10.19 billion as of June 30, 2022. According to the March 2022 Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2021 measurement date for fiscal year 2021-22 (the "2021 Actuarial Valuation"), such decrease in net OPEB liability is primarily due to the healthcare experience gain reflected in the 2021 Actuarial Valuation as there were no other significant adjustments in actuarial assumptions from the Actuarial Valuation Report Postretirement Health Benefits as of the June 30, 2020 measurement date for fiscal year 2020-21 (the "2020 Actuarial Valuation"), prepared for the District by Aon Hewitt. The 2021 Actuarial Valuation reflects updated financial information for fiscal year 2021-22 and is based on the census data, actuarial assumptions, and plan provisions used in the 2020 Actuarial Valuation with the following changes:

- Assets: $542,828,439 as of June 30, 2021 measurement date
- Municipal Bond Rate: 2.16% as of June 30, 2021, based on the *Bond Buyer* General Obligation Bond 20-Bond Municipal Bond Index
- Expected Long-Term Return on Assets: 7.00% as of June 30, 2021, based on District's revised expectations for certain asset allocations
- Discount Rate: 2.20% as of June 30, 2021, after reassessment based on updated assets and municipal bond rate as of June 30, 2021

2022 Actuarial Valuation. The District's net OPEB liability decreased by approximately $1.70 billion from $10.19 billion as of June 30, 2022 to $8.48 billion as of June 30, 2023. According to the 2022 Actuarial Valuation, the 150-basis point increase in the discount rate from the 2021 Actuarial Valuation has a considerable impact in the 2022 Actuarial Valuation, decreasing the value of liabilities by more than 20%. As explained in the 2022 Actuarial Valuation, such impact, which is somewhat offset by low asset returns as of the measurement date, decreases the net OPEB liability and the OPEB expense for fiscal year 2022-23. The 2022 Actuarial Valuation reflects updated financial information for fiscal year 2022-23 and is based on the census data, actuarial assumptions, and plan provisions used in the 2021 Actuarial Valuation with the following changes:

- Assets: $469,939,493 as of June 30, 2022 measurement date
- Municipal Bond Rate: 3.54% as of June 30, 2022, based on the *Bond Buyer* General Obligation Bond 20-Bond Municipal Bond Index
- Contributions: Additional contribution of $211 million to OPEB Trust scheduled to be made for fiscal years ending 2023, 2024 and 2025. The District currently budgets to contribute $244.3 million in fiscal year 2023-24, $33.3 million of which the District, for internal purposes, will designate as a fiscal year 2022-23 contribution.
- Expected Long-Term Return on Assets: 6.10% as of June 30, 2022, based on District's revised expectations for certain asset allocations
- Discount Rate: 3.70% as of June 30, 2022, after reassessment based on updated assets and municipal bond rate as of June 30, 2022

The following Table A-22 shows the impact of the changes to the actuarial assumptions in the 2022 Actuarial Valuation on the District's Net OPEB Liability for the fiscal year ending June 30, 2023 compared to fiscal year June 30, 2022 that was based on the 2021 Actuarial Valuation.

TABLE A-22

LOS ANGELES UNIFIED SCHOOL DISTRICT
NET OPEB LIABILITY
As of June 30, 2022 and June 30, 2023
($ in billions)

	Fiscal Year Ending June 30, 2022	Fiscal Year Ending June 30, 2023
(1) OPEB Liability		
(a) Retired Participants and Beneficiaries Receiving payment	$ 3.019	$2.755
(b) Active Participants	7.710	6.197
(c) Total	10.729	8.952
(2) Plan Fiduciary Net Position	0.543	0.470
(3) Net OPEB Liability	10.186	8.482
(4) Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	5.06%	5.25%
(5) Deferred Outflow of Resources for Contributions Made After Measurement Date	$0.231	-

Source: 2022 Actuarial Valuation.

The District cannot predict the impact future changes in healthcare plans and actuarial assumptions and the funded status of the OPEB Trust will have on the District's net OPEB liability.

For more information on the District's OPEB plan, OPEB liability and related assumptions for fiscal year ended June 30, 2022, see Note 9 to the audited financial statements of the District contained in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022" attached hereto.

Risk Management and Litigation

General. The District maintains various excess property, casualty and fidelity insurance programs, which are self-insured, with varying self-insured retentions. The District's excess property coverage is provided currently through its membership in the Public Entity Property Insurance Program ("PEPIP"), an insurance pool comprised of certain cities, counties and school districts. The District maintains excess property insurance on all District facilities under a combination of self-insurance retentions and varying sublimits through the excess insurance policies of PEPIP. The current self-insured retention for fire loss damage for excess property coverage is $2,500,000 per occurrence and the aggregate policy limit is $500 million. The District maintains what it considers to be adequate reserves to cover losses within the self-insurance retention. District General Fund resources are used to pay for property loss insurance and uninsured repairs for property damage. In addition to the above excess property policies, the District purchases a separate boiler and machinery policy with $100 million in occurrence limits and a Fidelity crime coverage with $15 million in occurrence limits.

Excess property insurance is maintained through a combination of excess policies with an occurrence limit of $500 million. General liability insurance currently provides $30 million coverage above a $5 million self-insurance retention. The District expects to be reimbursed for settlements from its insurance carriers. The District maintains reserves at the level recommended by an independent actuarial analysis, which it believes are adequate to cover losses within the self-insured retention.

Prior to fiscal year 2013-14, the District's liability coverage generally included coverage for sexual misconduct and molestation. Liability coverage beginning in fiscal year 2013-14 does not include this coverage because the District has determined that it is not available at reasonable rates from any insurance provider. In March 2014, the District Board approved a joint powers authority agreement by and between the District and the Los Angeles Trust Children's Health Inc. to establish the Los Angeles Unified School District Risk Management Authority (the "Risk Management Authority") which became effective July 1, 2014. The Risk Management Authority allows the District to purchase reinsurance for excess liability coverage for incidents such as sexual misconduct and molestation. The Risk Management Authority was capitalized by the District and provides an insurance program for the District and the Los Angeles Trust Children's Health Inc. The Risk Management Authority allows the District to purchase reinsurance for excess liability coverage which is not presently available to self-insured public agencies such as the District. See "– Sexual Misconduct Cases" herein.

The District believes that the amounts currently reserved for potential liabilities attributable to claims of wrongful death, catastrophic injury and sexual misconduct are adequate. See "– Wrongful Death Cases," "– Catastrophic Injury Cases" and "– Sexual Misconduct Cases" herein. The District will increase the expenditures projected in its budget and interim financial reports if necessary and only to the extent that the District's liabilities exceed the amount budgeted for self-insurance or current excess liability coverage. The District expects that such an increase will occur if claims relating to wrongful death, catastrophic injury or sexual misconduct by former and suspended District employees exceed the amount reserved for settlements and monetary damages to date. Such liabilities could decrease the District's net position as of June 30, 2023 from the amount set forth in the District's financial statements for fiscal year 2021-22. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

Liabilities for loss and loss adjustment expenses under each of the District's insurance programs include 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. The District believes that, given the inherent variability in any such estimates, the aggregate liabilities are within a reasonable range of adequacy. Individual reserves are continually monitored and reviewed, and, as settlements are made or reserves adjusted, differences are reflected in current operations. See APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

Workers' Compensation. The District is self-insured for its Workers' Compensation Program. A separate fund is used to account for amounts set aside to pay claims incurred and related expenditures under the Workers' Compensation Program. The amount to be deposited in the Workers' Compensation Fund is established with information from an independent actuary. The District maintains at a minimum the actuarially required deposit in its Workers' Compensation Fund in accordance with its policy. See "– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein. The District's "Actuarial Study of Workers' Compensation Program" as of December 31, 2021, recommended a minimum funding level of approximately $122.5 million for fiscal year 2022-23. As of June 30, 2023, the total revenues in the District's Workers' Compensation Fund (operating revenues and nonoperating revenues) was $150.0 million (estimated), which does not reflect the estimate for the year-end accounting adjustment of $13.7 million to recognize the unrealized loss for the District's cash deposited in the County Treasury Pool.

Additionally, the District's actuarially determined total liability for the Workers' Compensation Program is fully funded. The District's most recent "Actuarial Study of Workers' Compensation Program" as of December 31, 2022 reflected total expected losses of approximately $334.6 million (at a

4.0% interest rate) as of June 30, 2023 plus an additional amount of approximately $24.6 million in estimated outstanding unallocated loss adjustment expenses (at a 4.0% interest rate) to create a total liability of approximately $359.2 million as of June 30, 2023. The District has approximately $661.0 million (estimated) in cash available in the Workers' Compensation Fund as of June 30, 2023, which exceeds the amount necessary to fund the District's actuarially determined liability.

The "Actuarial Study of Workers' Compensation Program" as of December 31, 2022, recommends a minimum funding level of approximately $110.7 million for fiscal year 2023-24 and approximately $106.8 million for fiscal year 2024-25. The following Table A-23 sets forth the actuary's recommended minimum funding levels for workers' compensation set forth in the actuarial report as of December 31, 2020, December 31, 2021 and the most recent actuarial report covering the period as of December 31, 2022.

TABLE A-23

LOS ANGELES UNIFIED SCHOOL DISTRICT
Recommended Minimum Funding Levels
Workers' Compensation
Fiscal Years 2021-22 through 2025-26
($ in millions)

Fiscal Year	Present Value of Projected Ultimate Losses (Discounted at 3.5% Unless Otherwise Noted)	Budgeted Expenses for Claims Handling and Administration	Recommended Minimum Funding Level
2021-22	$102.20[(1)]	$17.57	$119.77
2022-23	104.64[(1)]	17.83	122.47
2023-24	92.31	18.40	110.71
2024-25	87.82	19.00	106.82
2025-26	88.51	19.60	108.11

(1) Discounted at 1.5%

Source: Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2020 for fiscal year 2021-22; Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2021 for fiscal years 2022-23; Los Angeles Unified School District Actuarial Study of Workers' Compensation Program as of December 31, 2022 for fiscal years 2023-24 thru 2025-26.

The following Table A-24 sets forth information on changes in the Workers Compensation Program's liabilities from fiscal years 2018-19 through 2022-23. The District uses separate funds to account for amounts set aside to pay claims incurred and related expenditures under the respective insurance programs. See "– District Financial Policies and Related Practices – *Budget and Finance Policy* – Liability Reserves" herein and Note 10 in the audited financial statements for fiscal year 2021-22 set forth in APPENDIX B – "AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022."

TABLE A-24

LOS ANGELES UNIFIED SCHOOL DISTRICT
Workers' Compensation Claims Paid
Fiscal Years 2018-19 through 2022-23
($ in millions)

Fiscal Year	Liability: Beginning of fiscal year	Current Year Claims and Changes in Estimates	Claims Paid	Liability: End of fiscal year
2018-19	$455.4	$85.1	$(97.9)	$442.7
2019-20	442.7	124.5	(87.2)	480.0
2020-21	480.0	3.1	(79.4)	403.6
2021-22	403.6	52.4	(72.6)	383.5
2022-23(1)	383.5	55.5	(79.8)	359.1

(1) Estimated.

Sources: Audited Annual Financial Report for fiscal years 2018-19 through 2021-22; Fiscal Year 2023-24 Budget for fiscal year 2022-23.

Pollution Legal Liability Policy. The District purchased a pollution legal liability ("PLL") policy through Allied World National Assurance Company with coverage of $10.0 million per incident and $10.0 million in aggregate, effective May 1, 2023 to May 1, 2026.

Owner-Controlled Insurance Program. The District has arranged for its construction projects to be insured under its owner-controlled insurance program ("OCIP"). An OCIP is a single insurance program that insures the District, the District Board, all enrolled contractors, and enrolled subcontractors, and other designated parties for work performed at project sites. The District pays the insurance premiums for the OCIP coverages and requires each eligible bidder to exclude from its bid price the cost of insurance coverage. The exclusion of the cost of insurance premiums from each bid is intended to result in lower overall bids for projects, which would in turn lower the contract award amount and general obligation bond and other funds spent. In addition, the District may be able to pay a lower overall insurance cost than a single contractor because of the economies of scale gained by the purchase of an OCIP.

Litigation Regarding Insurance Providers. In September 2015, the District filed a lawsuit entitled *Los Angeles Unified School District v. ACE et al.* (the "Miramonte Coverage Action"), in Los Angeles County Superior Court seeking more than $200 million in damages from twenty-seven of the District's current and former insurance providers who failed to fund the defense and reimburse the District for settlement amounts paid by the District in connection with claims by hundreds of students and parents alleging that negligent hiring, supervision, and retention of former teachers Mark Berndt and Martin Springer at Miramonte Elementary School resulted in sexual abuse of the students. In April 2017, the District filed a second lawsuit in Los Angeles County Superior Court entitled *Los Angeles Unified School District vs. AIU Insurance Company, et. al.* (the "Telfair Coverage Action"), seeking more than $40 million in damages from eight of the District's current and former insurance providers in connection with the lawsuits filed against the District alleging that negligence of its employees in hiring, retaining, and supervising Paul Chapel resulted in sexual abuse of approximately twenty students at Telfair Elementary School. In August 2017, the District filed a third lawsuit in Los Angeles County Superior Court entitled *Los Angeles Unified School District v. Allied World et al.* (the "De La Torre Coverage Action"), seeking more than $60 million in damages from seven of the District's current and former insurance providers who failed to fund the defense and reimburse the District for settlement amounts paid by the District in connection with claims by over twenty students and their parents alleging that negligent hiring, supervision, and retention of former teacher Robert Pimentel at De La Torre Elementary School resulted in sexual abuse of the students. The District has not been reimbursed by any of the defendants for amounts expended in conjunction with resolving the underlying sexual abuse litigation described in this section. While no insurer agreed to pay any of the District's defense costs before the coverage actions were filed, rulings obtained in the Miramonte Coverage Action have forced AIG to reimburse the District for over $21 million in defense costs. Further, the District has alleged that the insurance providers have not only breached their respective insurance obligations owed to the District in connection with underlying litigation, but also breached the implied covenant of good faith and fair dealing. The District and the insurers continue to discuss terms for a mediation of all three coverage cases. In 2021, following a bench trial, the court found that the insurer breached its duty to indemnify the District under one insurance policy at issue in the Miramonte Coverage Action for its settlements of the underlying claims. The District is considering its options with respect to additional motion practice and appellate review.

On November 4, 2020, the District filed two new lawsuits against its insurers, *LAUSD v. Starr Indemnity & Liability Co., et al.* and *LAUSD v. Ins. Co. of the State of Pennsylvania, et al.*, in which it is seeking more than $25 million and $8 million, respectively, in settlement reimbursements plus defense costs relating to underlying litigation involving the alleged abuse of multiple students at Franklin High School and Cahuenga High School. The District cannot predict the final outcome of or remedy imposed by any court with respect to these complaints or the amounts, if any, by which any of the insurance providers will reimburse the District for settlements and defense costs in the underlying litigation matters. In 2021, the District moved for summary adjudication to establish that the Insurance Company of State of Pennsylvania (an AIG Co.) had breached its duty to defend the District under a 2002-2003 insurance policy, which the court denied. The District is considering its options with respect to additional motion practice and appellate review.

On September 29, 2022, the District filed a new lawsuit against its insurers, *LAUSD v. Everest National Insurance Company, et al.*, in which it is seeking more than $11 million in settlement reimbursements plus defense costs relating to underlying litigation involving the alleged abuse of multiple students at El Sereno Elementary School. One insurer has reimbursed some, but not all, of the District's defense costs in connection with the underlying litigation. The District cannot predict the final outcome of or remedy imposed by any court with respect to this complaint or the amount, if any, by which any of the insurance providers will reimburse the District for settlements and defense costs in the underlying litigation.

Wrongful Death Cases. In August 2020, the mother of a Normandie Avenue Elementary School student filed a lawsuit seeking unspecified damages in excess of $1,000,000 against the District for the alleged wrongful death of her son on December 26, 2019, after he died from injuries sustained while at a District employee's home, during the employee's non-working hours and when school was out for winter break. The death was later ruled a homicide and the employee was subsequently criminally convicted. A jury trial in the matter commenced on July 31, 2023, in the Van Nuys Courthouse of the Los Angeles Superior Court and on August 10th the jury found the District 90% at fault and awarded plaintiff $30 million. The District will be filing post-trial motions to vacate the jury verdict and, if unsuccessful, it will pursue an appeal on a number of grounds the District believes to have strong merit. Should the District's post-trial motions and appeals be unsuccessful, thus obligating the District to pay its share of the judgment ($27 million), the District's expected share will be $5 million (self-insured retention amount) and the balance of the judgment would be expected to be covered by the District's reinsurers through the Risk Management Authority.

In September 2022, a Helen Bernstein High School student was found deceased in a school bathroom after normal school hours from a Fentanyl drug overdose. The deceased student's friend was found in the courtyard of the school, and survived after a hospital stay. On December 12, 2022, the deceased student's mother filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for negligence and wrongful death. Trial is set for June 10, 2024.

In April 2016, a Palms Middle School student experienced sudden cardiac arrest during physical education class and died. On July 21, 2017, the father of the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for wrongful death. The case was tried to a jury in April 2023, resulting in a $15 million verdict. On August 11, 2023, the District filed a Notice of Appeal.

Catastrophic Injury Cases. In May 2017, a Van Nuys High School student suffered cardiac arrest during her first period class. On April 12, 2018, the parents of the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for alleged traumatic brain injury. Plaintiffs contend that District employees failed to properly evaluate the student's condition and failed to communicate to the school nurse that the student was unresponsive and not breathing. Plaintiffs further allege that defibrillation was not performed timely and effectively, and that there was a delay in performing cardiopulmonary resuscitation. Trial is set to begin on August 21, 2023.

In January 2020, a non-verbal special education student claims to have sustained injury on a District special education campus when he allegedly pulled a soccer goal post net, causing himself and the goal to fall, hitting him on the head. The student underwent emergency cervical spine surgery as a result of the incident, and his medical bills/costs known to date exceed $1,000,000. On January 11, 2022, the court appointed conservator for the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages. The matter is scheduled for trial on October 26, 2023.

In February 2017, a Marvin Avenue Elementary School student claims to have fallen and struck her head at the school. On November 22, 2017, the mother of the student filed a complaint in the Los Angeles Superior Court against the District, seeking unspecified damages for traumatic brain injury. Plaintiff alleges the District failed to provide the requisite medical care and failed to contact emergency medical personnel in a timely manner. Trial is set to begin on November 13, 2023.

COVID-19 Distance Learning Lawsuits. On September 24, 2020, a class action lawsuit was filed on behalf of nine named plaintiffs in Los Angeles County Superior Court asserting that the District's instructional plan in response to the COVID-19 pandemic has denied plaintiffs' children their basic education rights under the California Constitution. The complaint alleges that the District's distance learning approach is inadequate in that it has allegedly reduced instructional and professional development time, eliminated student assessments, failed to provide adequate access to technology, and failed to reengage students who did not participate in online learning in the spring of 2020 after the closure of school facilities due to the COVID-19 pandemic. The operative first amended complaint asserts various causes of action for injunctive and declaratory relief, including claims for alleged violations of statutory and Constitutional rights and claims of discrimination and disparate treatment. On April 9, 2021, the District's motion to strike certain allegations in the complaint with respect to individualized education program services was granted, but its demurrer to the first amended complaint was overruled. After plaintiffs filed a second amended complaint, the District filed another demurrer. On August 16, 2021, the Court sustained the District's demurrer with leave to amend. The Court further struck plaintiffs' claims seeking retrospective injunctive relief on a class wide basis. Plaintiffs were given 20 days to file an amended complaint. In September 2021, the Court dismissed the action in its entirety, with prejudice, and entered judgment in favor of the defendants, including the District. Plaintiffs subsequently filed a notice of appeal with the Court of Appeal of California, Second Appellate District. On August 11, 2023, the Court of Appeal heard oral arguments on plaintiffs' challenge. A decision from the Court of Appeal is pending.

COVID-19 Employee Vaccinations Lawsuit. Since the Fall of 2021, the District has been named in at least seventeen different lawsuits challenging the District's COVID-19 vaccination mandate, filed by current and former employees and job applicants, asserting various causes of action for wrongful termination, employment discrimination, and violations of Constitutional rights, among others theories of recovery. While certain of the lawsuits have been filed on behalf of a single named plaintiff, others are filed on behalf of groups of plaintiffs ranging from 6 to 154. The earliest filed of such actions, *Health Freedom Defense Fund v. Carvalho, et al.*, is presently on appeal before the Ninth Circuit Court of Appeals, following the U.S. District Court for the Central District of California's grant of the District's motion for judgment on the pleadings in September 2022. Oral arguments are set to be heard on September 14, 2023.

In general, the District believes it has strong defenses to these employee vaccination mandate lawsuits, and anticipates that most will result in defense verdicts. Nevertheless, given the inherent uncertainty of litigation and the different factual scenarios presented in each of them, the District faces potential exposure to claims for damages, including lost wages, a claim in at least one case for emotional distress damages, claims for punitive damages, and perhaps most significantly, exposure to potential awards of prevailing party attorneys' fees, which in some employment cases, can reach seven figures. The damages sought in these lawsuits vary significantly, particularly depending on the number of plaintiffs involved, the causes of action asserted, and remedies sought. As such, the District cannot predict the total damages that might be recovered in the event that it does not prevail in one or more of the lawsuits.

COVID-19 Student Vaccination Lawsuit. On October 13, 2021, two non-profit organizations purporting to represent groups of parents of children attending District schools filed a petition for writ of mandate and request for immediate stay with respect to the District's COVID-19 vaccination requirements for students. The petition alleges that the District lacked the authority to mandate students to be vaccinated for COVID-19, and seeks writs and orders vacating and setting site the District's mandate, and enjoining the enforcement thereof. On April 15, 2022, the Superior Court heard and granted the District's demurrer to several of the claims in the plaintiffs' first amended complaint, but permitted the plaintiffs to provide additional pleading of facts to support their complaint. The District subsequently filed a demurrer in response to the plaintiffs' second amended complaint. In light of the July 5, 2022 Superior Court order in a similar student vaccination lawsuit that invalidated the mandate as preempted by State law, which was issued after the District's demurrer in this case, plaintiffs' counsel filed a motion for summary adjudication citing the July 5, 2022 order. Thereafter, the District filed additional demurrers to dismiss the matter as moot and is awaiting hearing on its motions.

Sexual Misconduct Cases. The District is occasionally subject to claims relating to the sexual misconduct of District personnel and other students. There are currently threatened and pending claims against the District brought on behalf of minor students as a result of alleged sexual misconduct by District personnel. The District is in various stages of litigation relating to such pending claims and cannot predict the outcome and effects of such claims or provide any assurances that such claims will not be successful. The damages requested by the plaintiffs in the various pending sexual misconduct cases are substantial, but vary significantly, in multiple instances there are demands for several million dollars. However, the District cannot predict any final award of damages or settlement amounts. The District also cannot predict the damages sought by any threatened litigation.

Miramonte. In the *Miramonte* sexual abuse litigation, involving Mark Berndt (who in 2013 pleaded no contest to 23 felony counts of lewd acts on children and was sentenced to 25 years in prison), in which there have previously been approximately $185 million in settlements with more than 200 plaintiffs, there are now nine active cases remaining with 46 plaintiffs. Of the nine active cases, the earliest trial date is scheduled for September 25, 2023.

George Washington Carver Middle School. Since May 2022, eight separate complaints have been filed by former George Washington Carver Middle School students alleging negligence, and negligent hiring retention and supervision against the District arising from childhood sexual abuse former teacher, Norbert Stuart Volk, at different time periods from the late 1960s to the early 1980s. Discovery is ongoing and the District is evaluating its next steps for responding to these lawsuits, particularly in light of the fact that key witnesses, including Mr. Volk, appear to be deceased.

Assembly Bill 218 and Related Claims. Pursuant to Assembly Bill 218 ("AB 218"), which became effective on January 1, 2020, certain changes were made to the claim prerequisites and the applicable statute of limitations periods for claims of childhood sexual assault, including claims against public entities like the District. AB 218 has impacted the District's liability exposure because it (1) extended the statute of limitations periods for claims of childhood sexual assault, (2) did away altogether with the Tort Claims Act's presentation requirements for claims involving childhood sexual assault under which many claims were found to be late, and (3) revived certain claims for which applicable statute of limitations periods have otherwise already expired (if brought within three years of January 1, 2020). Pursuant to AB 218, a plaintiff now has twenty-two years from the age of majority or five years after the plaintiff discovered or reasonably should have discovered psychological injury or illness occurring after the age of majority caused by the alleged childhood sexual assault to bring an action, with certain actions being barred from commencement after the plaintiff's fortieth birthday. With respect to claims that otherwise would have been barred as of January 1, 2020, AB 218 revived such claims for a period of three years, which period expired on December 31, 2022.

The District is currently defending approximately 130 lawsuits arising from AB 218, relating to allegations of misconduct by current and former employees. The District has resolved approximately 15 AB 218 claims to date. Since the District is in the early stages of litigating many of the pending AB 218 claims, the District cannot fully predict the extent of its liability in such cases, whether the plaintiffs will prevail, and if so, how a final court decision or settlement agreement with respect to each such lawsuit may affect the financial status, policies or operations of the District, as the nature of the court's remedy and the responses thereto are unknown at the present time. Nonetheless, the District currently estimates its liability for the existing claims arising from AB 218 will likely exceed $200 million, including amounts owed as a result of resolved AB 218 claims. While the District has set aside a corresponding amount in its liability self-insurance fund to pay existing claims arising under AB 218 as well as other, unrelated claims based on an independent third-party actuarial analysis, the District's total liability arising from existing AB 218 claims could exceed its current estimate and the amount available in its liability self-insurance fund. Further, the District may finance or refinance certain judgements arising from AB 218 claims. While the District may be able to access insurance coverage for a portion of some of the AB 218 claims, the District is not currently able to determine what amount of the total liability may be covered by prior insurance policies or existing insurance policies for excess coverage. Additionally, under AB 218, individuals who were over the age of 26 and under 40 on December 31, 2022, will still be able to timely file a lawsuit until they turn 40, and the District is unable to estimate the potential liability associated with this group of potential claimants. However, the District does not expect its liability for claims arising from AB 218 to adversely affect the ability of the District to pay the Lease Payments due under the Lease Agreement as and when due.

Within the District, the treatment of child abuse and related reporting has evolved significantly over the past several decades. Prior to 1981, District employees did not have child abuse and neglect reporting obligations under California law, and there was limited, if any, training provided to District employees. Since 1981, California law mandates District employees to report suspected child abuse or neglect. The District's policies on such reporting have evolved and improved since then consistent with changes to California law. The District currently maintains (a) policies regarding child abuse and neglect reporting, sexual harassment (student-to-student, adult-to-student, and student-to-adult), social media for employees and associated persons, responsible use of technology, and ethics, (b) a code of conduct with students, and (c) protocols and procedures for reporting and investigating allegations of employee misconduct. The District also offers a variety of online and in-person training courses and resources to District employees. Currently, all District employees are subject to background checks prior to employment and are required to complete yearly child abuse training. For further reference, certain of the District's policies, protocols, training materials are made available online at the District's website. The District regularly reviews its policies, procedures and protocols with respect to these topics and updates them periodically to address evolving circumstances.

Litigation Regarding September 2022 Cyberattack. Three separate lawsuits have been filed against the District relating to the 2022 cyberattack on the District. The cases have been deemed related, with the matter of *M.M., et al. v. Los Angeles Unified School District*, Case No. 22STCV37822, serving as the lead case. The three lawsuits, filed on behalf of named individuals and purported classes of individuals whose personal information was allegedly posted to the dark web as a result of the cyberattack, have been deemed complex, and plaintiffs' counsel will be filing a single consolidated complaint against the District therein. As the pleadings in the litigation have not yet been finalized, the District is evaluating its options for responding, including the viability of responsive motions. For more information related to the cyberattack, see "DISTRICT GENERAL INFORMATION – Cybersecurity."

District Debt

General Obligation Bonds. From July 1997 through March 2003, the District issued the entire amount of $2,400,000,000 general obligation bonds authorized pursuant to Proposition BB approved by voters on April 8, 1997 (the "Proposition BB Authorization"). From May 2003 to May 2010, the District issued the entire amount of $3,350,000,000 general obligation bonds pursuant to Measure K approved by voters on November 5, 2002 (the "Measure K Authorization"). From September 2004 through October 2021, the District issued the entire amount of $3,870,000,000 general obligation bonds pursuant to Measure R approved by voters on March 2, 2004 (the "Measure R Authorization"). From February 2006 through October 2021, the District issued the entire amount of $3,985,000,000 general obligation bonds pursuant to Measure Y approved by voters on November 8, 2005 (the "Measure Y Authorization").

A $7,000,000,000 general obligation bond authorization was approved by voters on November 4, 2008 (the "Measure Q Authorization"). The District has issued $3,750,955,000 of aggregate principal amount of Measure Q general obligation bonds, leaving $3,249,045,000 aggregate principal amount available under the Measure Q Authorization. A $7,000,000,000 general obligation bond authorization was approved by the voters on November 3, 2020 (the "Measure RR Authorization"). The District has issued $700,000,000 aggregate principal amount of Measure RR general obligation bonds, leaving $6,300,000,000 aggregate principal amount available under the Measure RR Authorization.

Under the District's general obligation bond program, approximately 23,600 new school construction, rehabilitation, modernization and replacement projects, which are intended to upgrade facilities and improve the learning environment for students, have been completed. In addition, 1,067 projects valued at approximately $7.2 billion are currently underway, including 817 projects valued at nearly $2.7 billion in pre-construction, and 250 projects valued at nearly $4.5 billion under construction.

Pursuant to Section 1(b)(3) of Article XIIIA of the State Constitution, Chapters 1 and 1.5 of Part 10 of Division 1 of Title 1 of the State Education Code, as amended, and other applicable law (collectively, the "Act"), the District Board has appointed the LAUSD School Construction Bond Citizens' Oversight Committee (the "Citizens' Bond Oversight Committee"). The Citizens' Bond Oversight Committee is composed of 15 members representing numerous community groups and operates to inform the public concerning the spending of Measure K, Measure R, Measure Y, Measure Q, and Measure RR Authorization bond funds authorized by the Act. The Citizens' Bond Oversight Committee regularly reviews the potential bond projects and budgets and provides non-binding advice to the District Board on how to allocate and reallocate scarce bond proceeds in order to ensure the completion of viable projects and to avoid non-completion of projects once commenced. The Citizens' Bond Oversight Committee also informs the public concerning the spending of funds attributable to the Proposition BB Authorization, although Proposition BB was approved under statutes other than the Act. The Citizens' Bond Oversight Committee meets monthly in order to review all matters including, among other things, changes in budget, scope and schedules that relate to the District's general obligation bonds and the projects proposed to be funded therefrom. In addition, the Citizens' Bond Oversight Committee makes recommendations to the District Board regarding such matters. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Proposition 39" herein. The District's Office of the Inspector General conducts audits on a selected number of the construction management firms on an annual basis to ensure that funds from the School Upgrade Program (SUP) and other legacy bond programs are spent in compliance with the Act and the District's policies relating thereto. The District's outside auditor, Simpson & Simpson, currently prepares the required bond audits regarding the expenditures of general obligation bond proceeds.

The members of the District's Citizens' Bond Oversight Committee and the community groups represented by such members are set forth in Table A-25 below.

TABLE A-25

LOS ANGELES UNIFIED SCHOOL DISTRICT
Citizens' Bond Oversight Committee
(As of July 1, 2023)

Member	Community Group Represented
Margaret Fuentes, Chair	LAUSD Student Parent
D. Michael Hamner, Vice-Chair	American Institute of Architects
Samantha Rowles, Secretary	LAUSD Student Parent
Robert Campbell, Executive Member	Los Angeles County Auditor-Controller's Office
Scott Pansky, Executive Member	Los Angeles Area Chamber of Commerce
Neelura Bell	California Charter School Association
Jeffrey Fischbach	California Tax Reform Association
Chris Hannan	Los Angeles County Federation of Labor AFL-CIO
Patrick MacFarlane	Early Education Coalition
Jennifer McDowell	Los Angeles City Mayor's Office
Brian Mello	Associated General Contractors of California
Clarence Monteclaro	Tenth District Parent Teacher Student Association
William O. Ross IV	Thirty-First District Parent Teacher Student Association
Dolores Sobalvarro	American Association of Retired Persons
Chad Boggio	Los Angeles County Federation of Labor AFL-CIO (Alternate)
Connie Yee	Los Angeles County Auditor-Controller's Office (Alternate)
(Vacant)	Los Angeles City Controller's Office

The following Table A-26, Table A-27, Table A-28, Table A-29, Table A-30 and Table A-31 set forth the outstanding series of general obligation bonds and the amount outstanding as of August 1, 2023, under the Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR Authorizations, respectively. For more information on the District's anticipated issuance of additional general obligation bonds or general obligation refunding bonds during fiscal year 2023-24, see "Future Financings – *General Obligation Bonds*" below.

TABLE A-26

LOS ANGELES UNIFIED SCHOOL DISTRICT
Proposition BB (Election of 1997) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of August 1, 2023	Date of Issue
2015 Refunding Bonds, Series A[1]	326,045	51,055	May 28, 2015
2016 Refunding Bonds, Series A[1]	202,420	88,535	April 5, 2016
2017 Refunding Bonds, Series A[1]	139,265	69,015	May 25, 2017
2021 Refunding Bonds, Series A[1]	25,785	25,290	April 29, 2021
TOTAL	$693,515	$233,895	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Proposition BB Authorization are not counted against the Proposition BB Authorization of $2.4 billion.

Source: Los Angeles Unified School District.

TABLE A-27

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure K (Election of 2002) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of August 1, 2023	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 200,000	$ 200,000	October 15, 2009
2014 Refunding Bonds, Series B[1]	323,170	44,175	June 26, 2014
2016 Refunding Bonds, Series B[1]	227,535	224,920	September 15, 2016
2017 Refunding Bonds, Series A[1]	941,565	629,645	May 25, 2017
2019 Refunding Bonds, Series A[1]	153,285	118,625	May 29, 2019
2020 Refunding Bonds, Series A[1]	112,350	107,445	October 6, 2020
2021 Refunding Bonds, Series B[1]	48,855	47,015	November 10, 2021
TOTAL	$2,006,760	$1,371,825	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure K Authorization, are not counted against the Measure K Authorization of $3.35 billion.

Source: Los Angeles Unified School District.

TABLE A-28

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure R (Election of 2004) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of August 1, 2023	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 363,005	$ 363,005	October 15, 2009
Series RY Bonds (2010) (Federally Taxable Build America Bonds)	477,630	477,630	March 4, 2010
2014 Refunding Bonds, Series C[(1)]	948,795	570,170	June 26, 2014
2016 Refunding Bonds, Series A[(1)]	56,475	29,265	April 5, 2016
2016 Refunding Bonds, Series B[(1)]	176,455	176,455	September 15, 2016
2019 Refunding Bonds, Series A[(1)]	349,350	263,255	May 29, 2019
Series RYQ Bonds (2020)	36,000	28,070	April 30, 2020
2020 Refunding Bonds, Series A[(1)]	113,150	102,125	October 6, 2020
Series RYRR (2021)	123,990	103,830	November 10, 2021
TOTAL	$2,644,850	$2,113,805	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure R Authorization, are not counted against the Measure R Authorization of $3.87 billion.

Source: Los Angeles Unified School District.

TABLE A-29

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure Y (Election of 2005) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of August 1, 2023	Date of Issue
Series KRY Bonds (2009) (Federally Taxable Build America Bonds)	$ 806,795	$ 806,795	October 15, 2009
Series H Bonds (2009) (Qualified School Construction Bonds)	318,800	318,800[(2)]	October 15, 2009
Series RY Bonds (2010) (Federally Taxable Build America Bonds)	772,955	772,955	March 4, 2010
Series J Bonds (2010) (Qualified School Construction Bonds)	290,195	290,195[(3)]	May 6, 2010
2014 Refunding Bonds, Series D[(1)]	153,385	65,490	June 26, 2014
2016 Refunding Bonds, Series A[(1)]	92,465	50,385	April 5, 2016
2016 Refunding Bonds, Series B[(1)]	96,865	96,865	September 15, 2016
Series M-1 Bonds (2018)	117,005	101,735	March 8, 2018
2019 Refunding Bonds, Series A[(1)]	91,970	71,220	May 29, 2019
Series RYQ Bonds (2020)	182,000	141,905	April 30, 2020
2020 Refunding Bonds, Series A[(1)]	76,500	74,215	October 6, 2020
Series RYRR (2021)	70,150	58,745	November 10, 2021
TOTAL	$3,069,085	$2,849,305	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure Y Authorization, are not counted against Measure Y Authorization of $3.985 billion.

(2) Includes the set-aside deposits totaling $69.760 million for fiscal years 2019-20 and 2020-21.

(3) Includes the set-aside deposits totaling $85.110 million for fiscal years 2018-19 through 2020-21.

Source: Los Angeles Unified School District.

TABLE A-30

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure Q (Election of 2008) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of August 1, 2023	Date of Issue
Series A Bonds (2016)	$ 648,955	$ 320,505	April 5, 2016
Series B-1 Bonds (2018)	1,085,440	949,510	March 8, 2018
Series RYQ Bonds (2020)	724,940	565,240	April 30, 2020
Series C Bonds (2020)	1,057,060	855,585	November 10, 2020
2021 Refunding Bonds, Series A[(1)]	164,095	160,360	April 29, 2021
Series QRR (2022)	100,000	95,060	November 22, 2022
TOTAL	$3,780,490	$2,946,260	

(1) Refunding bonds issued to refund general obligation bonds, which were issued pursuant to the Measure Q Authorization, are not counted against Measure Q Authorization of $7.00 billion.

Source: Los Angeles Unified School District.

TABLE A-31

LOS ANGELES UNIFIED SCHOOL DISTRICT
Measure RR (Election of 2020) Bonds
($ in thousands)

Bond Issue	Aggregate Principal Amount	Outstanding Amount as of August 1, 2023	Date of Issue
Series RYRR (2021)	$300,000	$251,220	November 10, 2021
Series QRR (2022)	400,000	348,955	November 22, 2022
TOTAL	$700,000	$600,175	

Source: Los Angeles Unified School District.

Certificates of Participation. As of August 1, 2023, prior to the execution and delivery of the Certificates, the District has outstanding lease obligations in the form of COPs in the aggregate principal amount of approximately $97.9 million. The District estimates that the aggregate payment of principal and interest evidenced by its existing COPs, prior to the execution and delivery of the Certificates, will be approximately $112.9 million until the final maturity thereof. The District's existing lease obligations are not subject to acceleration in the event of a default thereof. The following Table A-32 sets forth the District's lease obligations paid from the District General Fund with respect to its outstanding COPs as of August 1, 2023, prior to the execution and delivery of the Certificates. See " – Future Financings – *Lease Financings*" for more information.

TABLE A-32

LOS ANGELES UNIFIED SCHOOL DISTRICT
Certificates of Participation Lease Obligations Debt Service Schedule[(1)]
(as of August 1, 2023)
($ in thousands)

Fiscal Year Ending (June 30)	Paid From General Fund[(2)(3)]
2024	$13,771
2025	13,770
2026	13,759
2027	13,759
2028	13,763
2029	13,752
2030	12,004
2031	12,002
2032	1,595
2033	1,590
2034	1,586
2035	1,578
Total[(3)]	$112,928

(1) The lease payments reflect the net obligations of the District due to the defeasance of certain COPs.
(2) The District expects to pay all or a portion of the final debt service payments evidenced by such series of COPs from funds on deposit in the related debt service reserve fund.
(3) Total may not equal sum of component parts due to rounding.

Source: Los Angeles Unified School District.

Limitations Related to Receipt of Federal Funds. On March 1, 2013, then-President Barack Obama signed an executive order (the "Sequestration Executive Order") to reduce budgetary authority in certain accounts subject to sequester in accordance with the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012. Pursuant to the Sequestration Executive Order, budget authority for all accounts in the domestic mandatory spending category including, among others, accounts for the payments to issuers of "Direct Pay Bonds," which includes the District's outstanding Series KRY Bonds (2009) (Federally Taxable Build America Bonds) (the "Series KRY Bonds (2009)") and Series RY Bonds (2010) (Federally Taxable Build America Bonds) (the "Series RY Bonds (2010)") and Series J (Qualified School Construction Bonds) (the "Series J Bonds"). Direct Pay Bonds are issued as taxable bonds and provide credits to the District from the federal government pursuant to Section 54AA(d) and 54AA(g) of the Code.

Pursuant to the Bipartisan Budget Act of 2013, enacted in December 2013, the District's Direct Pay Bonds are subject to the full amount of sequestration budget cuts and will have their planned federal payments reduced until the federal fiscal year ending September 30, 2023. The federal subsidy for the Direct Pay Bonds for the federal fiscal year ended September 30, 2023 was reduced by 5.7%, and the U.S. Treasury Department has announced a decrease in subsidy amounts by 5.7% through federal fiscal year ending 2030. During the federal fiscal year ended September 30, 2023, the sequester resulted in a reduction in the aggregate amount of approximately $4.2 million with respect to the refundable credits for the Series KRY Bonds (2009), Series RY Bonds (2010) and Series J Bonds.

Congress can terminate, extend or otherwise modify reductions in federal subsidy payments on Direct Pay Bonds due to sequestration at any time. The Consolidated Appropriations Act of 2023, enacted in December 2022, prevented the sequestration provisions from being triggered in January 2023, and such provisions are not expected to be triggered in January 2024 based on existing legislation, but such provisions are expected to be triggered in January 2025 absent further legislation. Accordingly, the District cannot predict what action, if any, that Congress may take with respect to the federal subsidy and its impact on the District's Direct Pay Bonds in future federal fiscal years. However, the District's Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds are payable from and secured by *ad valorem* property taxes which are to be assessed in amounts sufficient to pay principal of and interest on the Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds when due. The County has levied and will continue to levy *ad valorem* property taxes in an amount sufficient to pay principal of and interest on the Series KRY Bonds (2009), Series RY Bonds (2010), and Series J Bonds when due regardless of the amount of federal subsidy.

Overlapping Debt Obligations

Set forth in Table A-33 on the following page is the report prepared by California Municipal Statistics Inc. on July 13, 2023, which provides information with respect to direct and overlapping debt within the District as of August 1, 2023 (the "Overlapping Debt Report"). The Overlapping Debt Report is included for general information purposes only. The District has not reviewed the Overlapping Debt Report for completeness or accuracy and makes no representations in connection therewith. The Overlapping Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

The first column in Table A-33 names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the District in whole or in part. Column 2 shows the percentage of each overlapping agency's assessed value located within the boundaries of the District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in

Table A-33) produces the amount shown in column 3, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the District.

TABLE A-33
LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Direct and Overlapping Bonded Debt
As of July 13, 2023

2022-23 Assessed Valuation: $877,632,040,853

	% Applicable	Debt 8/1/23
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:		
Metropolitan Water District	23.977%	$ 4,607,181
Los Angeles Community College District	81.887	3,549,195,486
Pasadena Area Community College District	0.001	447
Los Angeles Unified School District	100.000	10,115,265,000
City of Los Angeles	99.944	1,039,097,779
Other Cities	Various	19,157,360
City Community Facilities Districts	100.000	82,800,000
Other City and Special District 1915 Act Bonds	0.006-100.000	20,139,235
TOTAL GROSS DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$14,830,262,488
Less: Los Angeles Unified School District General Obligation Bonds, Election of 2005, Series J (2010) Qualified School Construction Bonds and Election of 2005, Series H (2009) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Asides for Repayment		299,495,000[(1)]
TOTAL NET DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$14,530,767,488
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Los Angeles County General Fund Obligations	46.335%	$1,194,989,511
Los Angeles County Superintendent of Schools Certificates of Participation	46.335	1,323,930
Pasadena Area Community College District Certificates of Participation	0.001	288
Los Angeles Unified School District Certificates of Participation	100.000	97,870,000[(2)]
City of Los Angeles General Fund Obligations	99.944	1,286,317,633
Other City General Fund and Pension Obligation Bonds	Various	473,545,491
Los Angeles County Sanitation District Nos. 1,2,4,5,8,9,16 & 23 Authorities	Various	1,080,896
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,055,127,749
Less: City supported obligations		193,367
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		$3,054,934,382
OVERLAPPING TAX INCREMENT DEBT:		
City of Los Angeles Redevelopment Agency (Successor Agency)	100.000%	$272,495,000
Other Redevelopment Agencies (Successor Agency)	Various	206,683,126
TOTAL OVERLAPPING TAX INCREMENT DEBT		$479,178,126
GROSS COMBINED TOTAL DEBT		$18,364,568,363[(3)]
NET COMBINED TOTAL DEBT		$18,064,879,996

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($10,115,265,000)	1.15%
Net Direct Debt ($9,815,770,000)	1.12%
Total Gross Overlapping Tax and Assessment Debt	1.69%
Total Net Overlapping Tax and Assessment Debt	1.66%
Gross Combined Direct Debt ($10,213,135,000)	1.16%
Net Combined Direct Debt ($9,913,640,000)	1.13%
Gross Combined Total Debt	2.09%
Net Combined Total Debt	2.06%

Ratios to Redevelopment Incremental Valuation ($87,195,118,137):

Total Overlapping Tax Increment Debt	0.55%

(1) Set aside amount through fiscal year 2022-23.
(2) Excludes the Certificates.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Future Financings

General Obligation Bonds. The District may not issue general obligation bonds without voter approval and may not issue general obligation bonds in an amount greater than its bonding capacity. The District may not issue general obligation bonds under the Measure Q Authorization, or the Measure RR Authorization, as applicable, if the tax rate levied to meet the debt service requirements under the related Authorization for general obligation bonds is projected to exceed $60 per year per $100,000 of taxable property in accordance with Article XIIIA of the State Constitution. See "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the State Constitution" and "– Proposition 39" herein.

Pursuant to the Education Code, the District's bonding capacity for general obligation bonds may not exceed 2.5% of taxable property valuation in the District as shown by the last equalized assessment roll of the County. The taxable property valuation in the District for fiscal year 2022-23 is approximately $877.63 billion, which results in a total current bonding capacity of approximately $21.94 billion. The District's available capacity for the issuance of new general obligation bonds is approximately $11.70 billion (taking into account current outstanding debt). The fiscal year 2022-23 assessed valuation of property within the District's boundaries of approximately $877.63 billion reflects an increase of 7.24% from fiscal year 2021-22. See "STATE FUNDING OF SCHOOL DISTRICTS – Local Property Taxation" and "CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the State Constitution" herein.

The District has $3,249,045,000 authorized and unissued general obligation bond authorization remaining under the Measure Q Authorization. The District has $6,300,000,000 authorized and unissued general obligation bond authorization remaining under the Measure RR Authorization. The District Board has authorized the issuance of, and anticipates issuing, approximately $850 million in additional general obligation bonds in calendar year 2023 under the Measure Q Authorization and the Measure RR Authorization. The District Board has authorized the issuance of up to $1.5 billion in additional general obligation refunding bonds, but the District's issuance of additional general obligation refunding bonds in fiscal year 2023-24 is likely to be significantly less than such amount and will depend on market conditions.

As provided in the text of each of the ballots of Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR the District Board does not guarantee that the respective bonds authorized and issued under the Proposition BB, Measure K, Measure R, Measure Y, Measure Q, and Measure RR Authorizations will provide sufficient funds to allow completion of all potential projects listed in connection with said measures.

Lease Financings. The District may finance capital projects through the execution and delivery of certificates of participation or other obligations secured by general fund lease payments from time to time. In particular, the District may utilize lease financing, from time to time, to fund projects that are not eligible to be funded with general obligation bond proceeds, that are not authorized to be funded under existing general obligation bond measures, or for which there is not sufficient general obligation bond authorization to fund. Although the breadth of projects of such types is much larger, the District has identified projects of such types in the estimated amounts of $500 million and $150 million that it may consider to lease finance in 2025-26 through 2026-27 and in 2027-28, respectively. See also "– District Financial Policies and Related Practices – *Debt Management Policy*" herein. For more information on the Certificates, see the forepart of this Official Statement.

Tax and Revenue Anticipation Notes. The District did not issue tax and revenue anticipation notes in fiscal year 2022-23 and does not expect to issue tax and revenue anticipation notes in fiscal year 2023-24. However, the District may issue tax and revenue anticipation notes in future fiscal years depending on State and federal funding.

CALIFORNIA CONSTITUTIONAL AND STATUTORY PROVISIONS RELATING TO *AD VALOREM* PROPERTY TAXES, DISTRICT REVENUES AND APPROPRIATIONS

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues there shall first be set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. California school districts receive a significant portion of their funding from State appropriations. As a result, decreases as well as increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the State Constitution

On June 6, 1978, California voters approved Proposition 13 (“Proposition 13”), which added Article XIIIA to the State Constitution (“Article XIIIA”). On June 3, 1986, California voters approved Proposition 46 (“Proposition 46”) which amended Article XIIIA to permit local governments and school districts to increase the *ad valorem* property tax rate above 1% if two-thirds of those voting in a local election approve the issuance of such bonds and the proceeds of such bonds are used to acquire or improve real property.

The provisions of Article XIIIA were subsequently modified pursuant to Proposition 39, which was approved by California voters on November 7, 2000. See “– Proposition 39” below. Article XIIIA defines full cash value to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under “full cash value,” or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year or reduced in the event of declining property value caused by substantial damage, destruction or other factors including a general economic downturn. Subsequent amendments further limit the amount of any *ad valorem* tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on bonded indebtedness approved by the requisite percentage of voters voting on the proposition.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any *ad valorem* property tax (except to pay voter-approved indebtedness). The 1% *ad valorem* property tax is automatically levied by the County and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1989.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the up to 2% annual inflationary adjustment of the 1% tax base are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years. Separate *ad valorem* property taxes to pay voter approved indebtedness such as general obligation bonds are levied by the

County on behalf of the local agencies. Article XIIIA effectively prohibits the levying of any other *ad valorem* property tax above the Proposition 13 limit except for taxes to support such indebtedness.

The full cash value of taxable property under Article XIIIA represents the maximum taxable value for property. Accordingly, the fair market value for a given property may not be the equivalent of the full cash value under Article XIIIA. During periods in which the real estate market within the District evidences an upward trend, the fair market value for a given property, which has not been reappraised due to a change in ownership, may exceed the full cash value of such property. During periods in which the real estate market demonstrates a downward trend, the fair market value of a given property may be less than the full cash value of such property and the property owner may apply for a "decline in value" reassessment pursuant to Proposition 8. Reassessments pursuant to Proposition 8, if approved by the Office of the County Assessor, lower valuations of properties (where no change in ownership has occurred) if the current value of such property is lower than the full cash value of record of the property. The value of a property reassessed as a result of a decline in value may change, but in no case may its full cash value exceed its fair market value. When and if the fair market value of a property which has received a downward reassessment pursuant to Proposition 8 increases above its Proposition 13 factored base year value, the Office of the County Assessor will enroll such property at its Proposition 13 factored base year value.

Article XIIIB of the State Constitution

An initiative to amend the State Constitution entitled "Limitation of Government Appropriations" was approved on September 6, 1979 thereby adding Article XIIIB to the State Constitution ("Article XIIIB"). In June 1990, Article XIIIB was amended by the voters through their approval of Proposition 111. Under Article XIIIB, the State and each local governmental entity have an annual "appropriations limit" and are not permitted to spend certain moneys that are called "appropriations subject to limitation" (consisting of tax revenues, State subventions and certain other funds) in an amount higher than the appropriations limit. Article XIIIB does not affect the appropriations of moneys that are excluded from the definition of "appropriations subject to limitation," including debt service on indebtedness existing or authorized as of January 1, 1979, or bonded indebtedness subsequently approved by the voters. In general terms, the appropriations limit is to be based on certain 1978-79 expenditures and is to be adjusted annually to reflect changes in costs of living and changes in population, and adjusted where applicable for transfer of financial responsibility of providing services to or from another unit of government. Among other provisions of Article XIIIB, if these entities' revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. However, in the event that a school district's revenues exceed its spending limit, the district may, in any fiscal year, increase its appropriations limit to equal its spending by borrowing appropriations limit from the State, provided the State has sufficient excess appropriations limit in such year. See "STATE FUNDING OF SCHOOL DISTRICTS" herein.

The 2023-24 State Budget projects that the State will be below its appropriations limit (also referred to as the Gann Limit) for fiscal year 2023-24. The District Board has not yet adopted the annual appropriation limit for fiscal year 2023-24. For fiscal year 2022-23, the District Board adopted an annual appropriation limit of approximately $3.7 billion. The limitation applies only to proceeds of taxes and therefore does not apply to service fees and charges, investment earnings on non-proceeds of taxes, fines, and revenue from the sale of property and taxes received from the State and federal governments that are tied to special programs.

Article XIIIC and Article XIIID of the State Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including community college districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as community college districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges. Article XIIID explicitly provides that nothing in Article XIIIC or XIIID shall be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development; however, it is not clear whether the initiative power is therefore unavailable to repeal or reduce developer and mitigation fees imposed by the District. Proposition 218 does not affect the *ad valorem* property taxes to be levied to pay debt service on the District's general obligation bonds.

Proposition 98

On November 8, 1988, State voters approved Proposition 98, a combined initiative, constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the

“Accountability Act”). The Accountability Act changed State funding of public education below the university level, and the operation of the State’s Appropriations Limit, primarily by guaranteeing State funding for K-12 school districts and community college districts (collectively, “K-14 districts”).

Under Proposition 98 (as modified by Proposition 111, which was enacted on June 5, 1990), K-14 districts are guaranteed the greater of (i) in general, a fixed percent of the State general fund’s revenues (“Test 1”), (ii) the amount appropriated to K-14 districts in the prior year, adjusted for changes in the cost of living (measured as in Article XIIIB by reference to State per capita personal income) and enrollment (“Test 2”), or (iii) a third test, which would replace Test 2 in any year when the percentage growth in per capita State general fund revenues from the prior year plus 0.05% is less than the percentage growth in State per capita personal income (“Test 3”). Under Test 3, schools would receive the amount appropriated in the prior year adjusted for changes in enrollment and per capita State general fund revenues, plus an additional small adjustment factor. If Test 3 is used in any year, the difference between Test 3 and Test 2 would become a “credit” to schools which would be the basis of payments in future years when per capita State general fund revenue growth exceeds per capita personal income growth. Legislation adopted prior to the end of fiscal year 1988-89 that implemented Proposition 98, determined the K-14 districts’ funding guarantee under Test 1 to be 40.3% of the State general fund tax revenues, based on 1986-87 appropriations. However, that percentage has been adjusted to 34.559% to account for a subsequent redirection of local property taxes whereby a greater proportion of education funding now comes from local property taxes.

Proposition 98 permits the State Legislature, by a two-thirds vote of both houses of the State Legislature and with the Governor’s concurrence, to suspend the K-14 districts’ minimum funding formula for a one-year period. In the fall of 1989, the State Legislature and the Governor utilized this provision to avoid having 40.3% of revenues generated by a special supplemental sales tax enacted for earthquake relief go to K-14 districts. In the fall of 2004, the State Legislature and the Governor agreed to suspend the K-14 districts’ minimum funding formula set forth pursuant to Proposition 98 in order to address a projected shortfall during fiscal year 2004-05. Proposition 98 also contains provisions transferring certain State tax revenues in excess of the Article XIIIB limit to K-14 districts.

The 2023-24 State Budget projects the Proposition 98 guarantee to fall under Test 1 for fiscal years 2021-22, 2022-23, and 2023-24, resulting in funding estimates of $110.6 billion in fiscal year 2021-22, $107.4 billion in fiscal year 2022-23, and $108.3 billion in fiscal year 2023-24. For more information on the Proposition 98 funding under the 2023-24 State Budget, see “STATE FUNDING OF SCHOOL DISTRICTS – State Budget Act –*2023-24 State Budget*” herein.

Proposition 39

Proposition 39, which was approved by California voters in November 2000 (“Proposition 39”), provides an alternative method for passage of school facilities bond measures by lowering the constitutional voting requirement from two-thirds to 55% of voters and allows property taxes to exceed the current 1% limit in order to repay such bonds. The lower 55% vote requirement would apply only to bond issues to be used for construction, rehabilitation, or equipping of school facilities or the acquisition of real property for school facilities. The State Legislature enacted additional legislation which placed certain limitations on this lowered threshold, requiring that (i) two-thirds of the governing board of a school district approve placing a bond issue on the ballot, (ii) the bond proposal be included on the ballot of a Statewide or primary election, a regularly scheduled local election, or a Statewide special election (rather than a school district election held at any time during the year), (iii) the tax rate levied as a result of any single election not exceed $25 for a community college district, $60 for a unified school district, or $30 for an elementary school or high school district per $100,000 of taxable property value, and (iv) the governing board of the school district appoint a citizen’s oversight committee to inform the public concerning the spending of the bond proceeds. In addition, the school board of the applicable district is required to perform an annual, independent financial and performance audit until all bond funds have been spent to ensure that the funds have been used only for the projects listed in the measure. The District's Measure K, Measure R, Measure Y, Measure Q, and Measure RR bond programs were authorized pursuant to Proposition 39. See "DISTRICT FINANCIAL INFORMATION – District Debt – *General Obligation Bonds*" herein. The District is in full compliance with all Proposition 39 requirements.

Proposition 1A

Proposition 1A, which was approved by California voters in November 2004 ("Proposition 1A"), provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provided, however, that beginning in fiscal year 2008-09, the State could shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses of the State Legislature and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the vehicle license fee rate below 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. The State's ability to initiate future exchanges and shifts of funds will be limited by Proposition 22. See "– Proposition 22" below.

Proposition 22

Proposition 22, which was approved by California voters in November 2010, prohibits the State, even during a period of severe fiscal hardship, from delaying the distribution of tax revenues for transportation, redevelopment, or local government projects and services and prohibits fuel tax revenues from being loaned for cash-flow or budget balancing purposes to the State general fund or any other State fund. Due to the prohibition with respect to State's ability to take, reallocate, and borrow money raised by local governments for local purposes, Proposition 22 supersedes certain provisions of Proposition 1A of 2004. See "– Proposition 1A" herein. In addition, Proposition 22 generally eliminated the State's authority to temporarily shift property taxes from cities, counties, and special districts to schools, temporarily increased school and community college district's share of property tax revenues, prohibited the State from borrowing or redirecting redevelopment property tax revenues or requiring increased pass-through payments thereof, and prohibited the State from reallocating vehicle license fee revenues to pay for State-imposed mandates. In addition, Proposition 22 requires a two-thirds vote of each house of the State Legislature and a public hearing process to be conducted in order to change the amount of fuel excise tax revenues shared with cities and counties. The LAO stated that Proposition 22 would prohibit the State from enacting new laws that require redevelopment agencies to shift funds to schools or other agencies. However, the California Supreme Court, in *California Redevelopment Association v. Matosantos*, held that the dissolution provisions set forth in Assembly Bill No. 26 of the First Extraordinary Session (2011) were constitutional and permitted the State to allocate revenues that would have been directed to the redevelopment agencies to make pass-through payments (*i.e.*, payments that such entities would have received under prior law) to local agencies and to successor agencies for retirement of the debts and certain administrative costs of the redevelopment agencies.

Proposition 22 prohibits the State from borrowing sales taxes or excise taxes on motor vehicle fuels or changing the allocations of those taxes among local government except pursuant to specified procedures involving public notices and hearings. In addition, Proposition 22 requires that the State apply the formula setting forth the allocation of State fuel tax revenues to local agencies revert to the formula in effect on June 30, 2009. The LAO stated that Proposition 22 would require the State to adopt alternative actions to address its fiscal and policy objectives, particularly with respect to short-term cash flow needs. The District does not believe that the adoption of Proposition 22 will have a significant impact on their respective revenues and expenditures.

Proposition 30

Proposition 30, which was approved by voters in the State in November 2012 ("Proposition 30") authorized the State to temporarily increase the maximum marginal personal income tax rates for individuals, heads of households and joint filers above 9.3% by creating three additional tax brackets of 10.3%, 11.3% and 12.3%. The tax increases set forth in Proposition 30 were in effect from tax year 2012 to tax year 2018. In addition, Proposition 30 temporarily increased the State's sales and use tax rate by 0.25% from 2013 to 2016.

Pursuant to Proposition 30, the State included revenues from the temporary tax increases in the general fund calculation of the Proposition 98 minimum guarantee for education spending. The State deposited a portion of the new general fund revenues into an Education Protection Account established to support funding for schools and community colleges. The remainder of the new general fund revenues was available to help the State balance its budget through fiscal year 2017-18. However, the allocation of such revenues to particular programs was subject to the discretion of the Governor and the State Legislature.

In addition, Proposition 30 amended the State Constitution to address certain provisions relating to the realignment of State program responsibilities to local governments. Proposition 30 required the State to continue to provide tax revenues that were redirected in calendar year 2011 (or equivalent funds) to local governments to pay for transferred program responsibilities. Further, Proposition 30 permanently excluded sales tax revenues that are redirected to local governments from the calculation of the Proposition 98 minimum guarantee for schools and community colleges.

The Proposition 30 sales and use tax increases expired at the end of the 2016 tax year. Under Proposition 30, the personal income tax increases were set to expire at the end of the 2018 tax year. However, the voters approved on November 8, 2016 the California Tax Extension to Fund Education and Healthcare Initiative ("Proposition 55"), which extended by twelve years the temporary personal income tax increases on incomes over $250,000 that was first enacted by Proposition 30. Revenues from the tax increase will be allocated to school districts and community colleges in the State.

Proposition 2

General. Proposition 2, which included certain constitutional amendments to the State Rainy Day Fund and, upon its approval, triggered the implementation of certain provisions which could limit the amount of reserves that may be maintained by a school district, was approved by the voters in the November 2014 election.

State Rainy Day Fund. The Proposition 2 constitutional amendments related to the State Rainy Day Fund (i) require deposits into the State Rainy Day Fund whenever capital gains revenues rise to more than 8% of general fund tax revenues; (ii) set the maximum size of the State Rainy Day Fund at 10% of general fund revenues; (iii) for the next 15 years, require half of each year's deposit to be used for supplemental payments to pay down the budgetary debts or other long-term liabilities and, thereafter, require at least half of each year's deposit to be saved and the remainder used for supplemental debt payments or savings; (iv) allow the withdrawal of funds only for a disaster or if spending remains at or below the highest level of spending from the past three years; (v) require the State to provide a multiyear budget forecast; and (vi) create a Proposition 98 reserve (the "Public School System Stabilization Account") to set aside funds in good years to minimize future cuts and smooth school spending. The State may deposit amounts into such account only after it has paid all amounts owing to school districts relating to the Proposition 98 maintenance factor for fiscal years prior to fiscal year 2014-15. The State, in addition, may not transfer funds to the Public School System Stabilization Account unless the State is in a Test 1 year under Proposition 98 or in any year in which a maintenance factor is created. For more information on limitations on school district reserves and the District's commitment of funds in fiscal years 2022-23 and 2023-24, see "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves."

SB 858. Senate Bill 858 ("SB 858") became effective upon the passage of Proposition 2. SB 858 includes provisions which could limit the amount of reserves that may be maintained by a school district in certain circumstances. Under SB 858, in any fiscal year immediately following a fiscal year in which the State has made a transfer into the Public School System Stabilization Account, any adopted or revised budget by a school district would need to contain a combined unassigned and assigned ending fund balance that (a) for school districts with an ADA of less than 400,000, is not more than two times the amount of the reserve for economic uncertainties mandated by the Education Code, or (b) for school districts with an ADA that is more than 400,000, is not more than three times the amount of the reserve for economic uncertainties mandated by the Education Code. In certain cases, the county superintendent of schools may grant a school district a waiver from this limitation on reserves for up to two consecutive years within a three-year period if there are certain extraordinary fiscal circumstances.

SB 751. Senate Bill 751 ("SB 751"), enacted on October 11, 2017, alters the reserve requirements imposed by SB 858. Under SB 751, in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total general fund revenues appropriated for school districts and allocated local proceeds of taxes for that fiscal year, a school district budget that is adopted or revised cannot have an assigned or unassigned ending fund balance that exceeds 10% of those funds. SB 751 excludes from the requirements of those provisions basic aid school districts (also known as community funded districts) and small school districts having fewer than 2,501 units of average daily attendance.

The District, which has an ADA between 30,001 and 400,000 students, is required to maintain a reserve for economic uncertainty in an amount equal to 2.00% of its general fund expenditures and other financing uses. The District's assigned and unassigned ending General Fund balance for fiscal year 2023-24 does not exceed 10% of the total General Fund expenditures and other financing uses. Thus, the District complies with the limitations on reserves. For more information on limitations on school district reserves and the District's commitment of funds in fiscal year 2023-24, see "STATE FUNDING OF SCHOOL DISTRICTS – Limitations on School District Reserves."

State School Facilities Bonds

General. The District applies for apportionments from State bond initiatives and historically has received funding from such State bond initiatives. No assurances can be given that the District will continue to apply for apportionments from current or future State bond initiatives or that the District will continue to receive funding from State bond initiatives for which it applies.

Proposition 47. The Class Size Reduction Kindergarten – University Public Education Facilities Bond Act of 2002 appeared on the November 5, 2002 ballot as Proposition 47 ("Proposition 47") and was approved by State voters. Proposition 47 authorized the sale and issuance of $13.05 billion in general obligation bonds by the State to fund construction and renovation of K-12 school facilities ($11.4 billion) and higher education facilities ($1.65 billion). Proposition 47 includes $6.35 billion for acquisition of land and new construction of K-12 school facilities. Of this amount, $2.9 billion is set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002. The balance of $3.45 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. To be eligible for bond proceeds under Proposition 47, K-12 school districts are required to pay 50% of the costs for land acquisition and new construction with local revenues. In addition, Proposition 47 provided that up to $100 million of the $3.45 billion would be allocated for charter school facilities. Proposition 47 provides up to $3.3 billion for reconstruction or modernization of existing K-12 school facilities. Of this amount, $1.9 billion will be set aside to fund backlog projects for which school districts submitted applications to the State on or prior to February 1, 2002 and the balance of $1.4 billion would be used to fund projects for which school districts submitted applications to the State after February 1, 2002. K-12 school districts will be required to pay 40% of the costs for reconstruction or modernization with local revenues. Proposition 47 provides a total of $1.7 billion to K-12 school districts which are considered critically overcrowded, specifically to schools that have a large number of pupils relative to the size of the school site. In addition, $50 million will be available to fund joint-use projects. Proposition 47 also includes $1.65 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in the State's public higher education systems. As of July 1, 2023, the District has received approximately $949.88 million in funds attributable to Proposition 47.

Proposition 55 (2004). The Kindergarten-University Public Education Facilities Bond Act of 2004 appeared on the March 2, 2004 ballot as Proposition 55 ("Proposition 55 (2004)") and was approved by State voters. Proposition 55 (2004) authorizes the sale and issuance of $12.3 billion in general obligation bonds by the State to fund construction and renovation of public K-12 school facilities ($10 billion) and public higher education facilities ($2.3 billion). Proposition 55 (2004) includes $5.26 billion for the acquisition of land and construction of new school buildings. Under Proposition 55 (2004), a school district is required to provide a 50% matching share for new construction or a 60% matching share for modernization projects with local resources unless it qualifies for state hardship funding. Proposition 55 (2004) also allocates up to $300 million of new construction funds for charter school facilities.

Proposition 55 (2004) makes $2.25 billion available for the reconstruction or modernization of existing public school facilities. School districts would be required to pay 40% of project costs from local resources. Proposition 55 (2004) directs a total of $2.44 billion to school districts with schools which are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 55 (2004) also makes a total of $50 million available to fund joint-use projects. Proposition 55 (2004) includes $2.3 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. The measure allocates $690 million to the University of California and California State University and $920 million to community colleges in the State. The Governor and the State Legislature select specific projects to be funded by the bond proceeds. As of July 1, 2023, the District has received approximately $2.31 billion in funds attributable to Proposition 55 (2004).

Proposition 1D. The Kindergarten-University Public Education Facilities Bond Act of 2006 was approved by State voters at the November 7, 2006 ballot as Proposition 1D ("Proposition 1D"). Proposition 1D authorizes the sale and issuance of $10.4 billion in general obligation bonds by the State to fund construction and renovation of public K-12 school facilities ($7.3 billion) and public higher education facilities ($3.1 billion). Proceeds of bonds issued by the State under Proposition 1D are required to be deposited in the 2006 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. Proposition 1D includes $1.9 billion for land acquisition and construction of new school buildings. Under Proposition 1D, a school district is required to pay for 50% of costs with local resources unless it qualifies for state hardship funding. Proposition 1D also allocates $500 million for charter school facilities.

Proposition 1D makes $3.3 billion available for the reconstruction or modernization of existing public school facilities. Districts would be required to pay 40% of project costs from local resources. Proposition 1D directs a total of $1.0 billion to school districts with schools that are considered critically overcrowded. These funds would go to schools that have a large number of pupils relative to the size of the school site. Proposition 1D also makes a total of $29 million available to fund joint-use projects. Proposition 1D includes $3.1 billion to construct new buildings and related infrastructure, alter existing buildings and purchase equipment for use in these buildings for the State's public higher education systems. Pursuant to Proposition 1D, the Governor and the State Legislature select specific projects to be funded by the bond proceeds. As of July 1, 2023, the District has received approximately $819.50 million in funds attributable to Proposition 1D.

Proposition 51. The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 was approved by State voters at the November 8, 2016 ballot as Proposition 51 ("Proposition 51"). Proposition 51 authorizes the sale and issuance of $9 billion in general obligation bonds by the State to fund new construction of school facilities ($3 billion), school facilities for charter schools ($500 million), modernization of school facilities ($3 billion), facilities for career technical education programs ($500 million), and acquisition, construction, renovation, and equipping of community college facilities ($2 billion). Proceeds of bonds issued by the State for K-12 under Proposition 51 are required to be deposited in the 2016 State School Facilities Fund established in the State Treasury under the Greene Act and allocated by the State Allocation Board. As of July 1, 2023, the District has received approximately $351.82 million in funds attributable to Proposition 51.

Future Initiatives

The foregoing described amendments to the State Constitution and propositions were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted that further affect District revenues or the District's ability to expend revenues.

REGIONAL ECONOMIC AND DEMOGRAPHIC INFORMATION

The District is located in the City of Los Angeles and portions of the County of Los Angeles. The following economic and demographic information pertains to the City of Los Angeles (the "City") and the County of Los Angeles (the "County"). The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors.

The Lease Payments will be payable from any source of legally available funds of the District. The obligation of the District to make the Lease Payments does not constitute an indebtedness of the County or the City.

Population

The following Table A-34 sets forth the estimates of the population of the City, the County and the State in calendar years 2019 through 2023.

TABLE A-34

POPULATION ESTIMATES
2019 through 2023

Year (as of January 1)	City of Los Angeles	County of Los Angeles	State of California
2019	3,986,031	10,163,139	39,605,361
2020	3,975,234	10,135,614	39,648,938
2021	3,853,323	9,931,338	39,303,157
2022	3,819,538	9,861,224	39,185,605
2023	3,766,109	9,761,210	38,940,231

Source: Department of Finance Demographic Research Unit.

Income

The following Table A-35 sets forth the median household income for the City, the County, the State and the United States for calendar years 2017 through 2021.

TABLE A-35

MEDIAN HOUSEHOLD INCOME[(1)]
2017 through 2021

Year	City of Los Angeles	County of Los Angeles	State of California	United States
2017	$60,197	$65,006	$71,513	$61,423
2018	62,474	68,093	75,277	61,937
2019	67,418	72,797	80,440	65,712
2020	65,290	71,358	78,672	64,994
2021	70,372	77,456	84,907	69,717

(1) Estimated. In inflation-adjusted dollars.

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

The following Table A-36 sets forth the distribution of income by certain income groupings per household for the City, the County, the State and the United States for calendar year 2021.

TABLE A-36

INCOME GROUPINGS 2021[1]
(Percent of Households)

Income Per Household	City of Los Angeles	County of Los Angeles	State of California	United States
$24,999 & Under	20.7%	17.7%	14.8%	17.4%
$25,000-49,999	17.3	16.2	15.2	19.1
$50,000 & Over	62.1	66.2	70.0	63.6

(1) Estimated. In inflation-adjusted dollars. Data may not add up due to rounding.

Source: U.S. Census Bureau – Economic Characteristics – American Community Survey.

Employment

The District is within the Los Angeles-Long Beach Primary Metropolitan Statistical Area Labor Market (Los Angeles County). The following Table A-37 sets forth wage and salary employment in the County from calendar years 2018 through 2022.

TABLE A-37

LABOR FORCE AND EMPLOYMENT IN THE COUNTY OF LOS ANGELES[1]
2018 through 2022

	2018	2019	2020	2021	2022
Civilian Labor Force	5,121,300	5,153,100	4,968,900	4,994,100	4,984,800
Employment	4,885,300	4,926,100	4,355,900	4,548,900	4,739,900
Unemployment	235,900	227,000	613,000	445,200	244,900
Unemployment Rate	4.6%	4.4%	12.3%	8.9%	4.9%
Wage and Salary Employment					
Farm	4,600	4,400	4,400	4,600	4,900
Mining and Logging	1,900	1,900	1,700	1,600	1,600
Construction	146,300	149,800	146,500	149,800	150,900
Manufacturing	342,600	340,700	315,100	311,700	321,800
Trade, Transportation and Utilities	851,400	851,000	788,000	817,600	837,400
Information	214,700	215,300	191,000	213,200	235,000
Financial Activities	223,200	223,600	212,600	210,800	215,900
Professional and Business Services	632,300	647,000	599,800	629,500	668,900
Educational and Health Services	817,900	839,900	820,300	839,600	873,600
Leisure and Hospitality	536,500	547,200	393,500	429,300	511,300
Other Services	158,800	158,400	128,700	134,100	153,500
Government	590,600	586,900	570,200	558,200	568,500
Total[1]	4,520,700	4,566,100	4,171,700	4,300,000	4,543,400

(1) Totals may not equal sum of component parts due to rounding.

Source: California Employment Development Department, Labor Market Information Division.

The following Table A-38 sets forth taxable sales in the County for the calendar years 2019 through 2023.

TABLE A-38

COUNTY OF LOS ANGELES
TAXABLE TRANSACTIONS[1]
2019 through 2023
($ in thousands)

Type of Business	2019	2020	2021	2022	2023[2]
Motor Vehicle and Parts Dealers	$ 18,954,470	$ 18,534,326	$ 23,555,049	$ 25,236,081	$ 39,328
Home Furnishings and Appliance Stores	7,308,501	6,608,482	8,177,309	7,682,325	295,477
Building Materials and Garden Equipment and Supplies Dealers	8,698,495	9,556,946	10,450,185	10,997,781	147,059
Food and Beverage Stores	7,255,360	7,650,294	7,861,401	8,137,012	7,610
Gasoline Stations	12,491,790	8,132,307	12,405,237	16,114,153	14,991
Clothing and Clothing Accessories Stores	12,536,982	9,498,705	13,957,944	14,388,631	554,355
General Merchandise Stores	12,910,844	12,263,784	14,541,309	15,072,717	269,708
Food Services and Drinking Places	25,097,944	17,006,158	23,577,050	27,861,821	14,049
Other Retail Group	17,190,290	24,164,972	24,407,441	24,618,548	2,470,207
Total Retail and Food Services	$122,444,678	$113,415,974	$138,932,925	$150,109,069	$3,812,783
All Other Outlets	$ 49,868,925	$ 44,322,010	$53,340,253	$62,671,752	$4,853,581
TOTAL ALL OUTLETS	$172,313,603	$157,737,984	$192,273,178	$212,780,821	$8,666,364

(1) Totals may not equal sum of component parts due to rounding.
(2) Values reflect the first quarter of 2023.

Source: California Department of Tax and Fee Administration, Taxable Sales in California.

Leading County Employers

The economic base of the County is diverse with no one sector being dominant. Some of the leading activities include government (including education), business/professional management services (including engineering), health services (including training and research), tourism, distribution, and entertainment. The following Table A-39 sets forth the major employers in the County as of August 22, 2022.

TABLE A-39

COUNTY OF LOS ANGELES
MAJOR EMPLOYERS[1]
2022

Employer	Product/Service	Employees
Los Angeles County	Government	100,729
Los Angeles Unified School District	Education	73,805
U.S. Government – Federal Executive Board	Government	50,000
University of California, Los Angeles	Education	48,743
Kaiser Permanente Southern California	Nonprofit health plan	40,303
City of Los Angeles	Government	33,562
State of California	Government	32,300
University of Southern California	Private university	22,735
Northrop Grumman Corp.	Systems and products in aerospace, electronics and information systems	18,000
Cedars-Sinai	Health system	16,659
Target Corp.	Retailer	15,888
Allied Universal	Provider of security services and technology solutions	15,326
Providence	Health care	14,935
Ralphs/Food 4 Less (Kroger Co. division)	Grocery retailer	14,000
Walmart Inc.	Retailer	14,000
Walt Disney Co.	Media and entertainment	12,200
Boeing Co.	Aerospace and defense, commercial jetliners, space and security systems	12,005
Long Beach Unified School District	Education	12,000
Los Angeles County Metropolitan Transportation Authority	Transportation	11,700
UPS	Logistics, transportation and freight	11,643
Los Angeles Community College District	Education	11,618
Home Depot	Home improvement retailer	11,200
Los Angeles Department of Water & Power	Energy	11,000
NBCUniversal	Media and entertainment	11,000
AT&T Inc.	Telecommunications, DirecTV, cable, satellite and television provider	10,500
Albertsons Cos.	Retail grocer	10,406
California Institute of Technology	Private university, operator of Jet Propulsion Laboratory	8,830
Cal State Long Beach	Education	8,477
Edison International	Electric utility, energy services	7,672
City of Hope	Treatment and research center for cancer, diabetes and other life-threatening diseases	7,404
ABM Industries Inc.	Facility services, energy solutions, commercial cleaning, maintenance and repair	7,400
FedEx Corp.	Shipping and logistics	6,750
Children's Hospital Los Angeles	Nonprofit freestanding children's hospital	6,644
City of Long Beach	Government	6,300
Dignity Health	Health care	6,263
Costco Wholesale	Membership chain of warehouse stores	6,002
Space Exploration Technologies Corp.	Rockets and spacecraft	6,000
Raytheon Intelligence and Space	Advanced sensors, training, cyber and software solutions	5,707
Amgen Inc.	Biotechnology	5,578
SoCalGas	Natural gas utility	5,200

[1] This information was provided by representatives of the employers themselves and annual budget reports. Government agencies and companies are ranked by the current number of full-time employees in the County. Several organizations and companies may have qualified for this list, but failed to submit information or do not break out local employment data.

Source: "Public-Sector Employers" and "Private Sector Employers," Los Angeles Business Journal, August 22, 2022.

Construction

The following Table A-40 sets forth the valuation of permits for new residential buildings and the number of new single-family and multi-family dwelling units in the City for the years 2018 through 2022.

TABLE A-40

CITY OF LOS ANGELES
PERMIT VALUATIONS AND UNITS OF CONSTRUCTION(1)
2018 through 2022
($ in thousands)

Year	New Residential Valuation	New Single Family Dwelling Units	New Multi-Family Dwelling Units	Total New Units
2018	$4,655,644	2,792	13,915	16,707
2019	$3,726,652	2,623	11,291	13,914
2020	3,235,640	1,887	10,448	12,335
2021	3,013,650	2,469	11,667	14,136
2022(2)	3,783,606	3,042	13,049	16,091

(1) Total may not equal sum of component parts due to rounding.
(2) Values reflect August of 2022.

Source: California Homebuilding Foundation | Construction Industry Research Board.

The following Table A-41 sets forth the lending activity, home prices and sales, recorded notices of default, unsold new housing and vacancy rates of properties within the County from 2018 through 2022.

TABLE A-41

COUNTY OF LOS ANGELES
REAL ESTATE AND CONSTRUCTION INDICATORS
2018 through 2022

Indicator	2018	2019	2020	2021	2022(3)
Construction Lending(1)	$20,419	$14,193	$9,247	$11,038	$5,583
Residential Purchase Lending(1)	$48,203	$56,480	$72,996	$96,872	$38,879
New & Existing Median Home Prices	$598,387	$614,080	$674,964	$777,767	$844,008(2)
New & Existing Home Sales	75,086	73,548	71,479	90,259	38,471
Notices of Default Recorded	9,726	9,821	4,858	3,566	3,434
Office Market Vacancy Rates(2)	14.4%	13.9%	14.9%	18.5%	19.5%
Industrial Market Vacancy Rates(2)	1.4%	1.2%	1.8%	1.2%	0.9%

(1) Dollars in millions.
(2) Average of quarterly data.
(3) Values reflect second quarter of 2022.

Source: Real Estate Research Council of Southern California – Second Quarter 2022 (2018-2022).

The following Table A-42 sets forth information with respect to building permits and building valuations in the County from 2018 through 2022.

TABLE A-42

COUNTY OF LOS ANGELES
BUILDING PERMITS AND VALUATIONS[1]
2018 through 2022

	2018	2019	2020	2021	2022[2]
Residential Building Permits (Units)					
New Residential Permits					
Single Family	6,070	5,738	6,198	7,327	8,301
Multi-Family	17,152	15,884	14,056	16,718	18,912
Total Residential Building Permits	23,222	21,622	20,254	24,045	27,213
Building Valuations ($ in millions)					
Residential Building Valuations					
Single Family	$2,277	$1,967	$1,874	$2,086	$2,180
Multi-Family	3,223	2,961	2,790	3,027	3,524
Alterations and Additions	1,941	1,626	1,014	908	1,423
Residential Building Valuations Subtotal	$7,441	$6,554	$5,678	$6,021	$7,127
Non-Residential Building Valuations					
New Industrial Buildings	$ 101	$ 64	$ 32	$ 28	$ 25
Office Buildings	500	475	242	162	69
Store & Other Mercantile	817	1,338	897	170	879
Hotels and Motels	203	203	232	53	40
Industrial Buildings	101	64	32	28	25
Alterations and Additions	2,796	3,404	1,241	946	2,417
Amusement and Recreation	853	32	2	38	3
Parking Garages	320	231	103	0	80
Service Stations and Repair Garages	2	1	72	1	6
Other	1,102	840	691	466	661
Non-Residential Building Valuations Subtotal	$6,694	$6,590	$3,513	$1,863	$4,184
Total Building Valuations	$14,135	$13,144	$9,191	$7,884	$11,311

(1) Totals may not equal sum of component parts due to rounding.
(2) Values reflect August 2022.

Sources: California Homebuilding Foundation | Construction Industry Research Board.

GLOSSARY OF CERTAIN TERMS AND ABBREVIATIONS

The following are definitions and abbreviations of certain terms used in this Appendix A.

"AALA" means the Associated Administrators of Los Angeles, which represents the middle managers in the District.

"ADA" means average daily attendance, a measure of pupil attendance used as the basis for providing revenue to school districts and as a measure of unit costs. ADA includes only in-seat attendance.

"CAFR" means comprehensive annual financial report.

"CalPERS" means the California Public Employees' Retirement System, a defined benefit plan which covers classified personnel who work four or more hours per day.

"CalSTRS" means the California State Teachers' Retirement System, a defined benefit plan which covers all full-time certificated and some classified District employees.

"CARES Act" means Coronavirus Aid, Relief and Economic Security Act.

"CDE" means the California Department of Education.

"COLA" means cost-of-living adjustments, which is used in determining the District's funding from the State.

"Common Core" means Common Core State Standards.

"COPS" means certificates of participation.

"COVID-19" means Coronavirus Disease 2019.

"CSEA" means California School Employees Association.

"EL" means English learners, a classification for students.

"FRPM" means free or reduced-price meal.

"GASB" means the Governmental Accounting Standards Board, an operating entity of the Financial Accounting Foundation establish to set standards of financial accounting and reporting for state and local governmental entities.

"ISMP" means the Information Security Management Program.

"LACOE" means the Los Angeles County Office of Education.

"LAO" means the Legislative Analyst's Office of the State of California.

"LASPA" means the Los Angeles Sheriff's Professional Association.

"LASPMA" means the Los Angeles School Police Management Association.

"LCAP" means the Local Control and Accountability Plan.

"LCFF" means the Local Control Funding Formula.

"LEA" means local education agency as defined under the NCLB Act.

"LI" means students classified as foster youth.

"OCIP" means owner controlled insurance program.

"OPEB" means Other Post-Employment Benefits.

"PARS" means the Public Agency Retirement System, a defined contribution plan which covers the District's part-time, seasonal, temporary and other employees not otherwise covered by CalPERS or CalSTRS, but whose salaries would otherwise be subject to Social Security tax.

"PEPIP" means the Public Entity Property Insurance Program, an insurance pool comprised of certain cities, counties and school districts.

"PEPRA" means the California Public Employees' Pension Reform Act of 2013.

"PERB" means the Public Employee Relations Board.

"PLL" means pollution legal liability.

"SEIU" means Service Employees International Union.

"SUP" means School Upgrade Program.

"UAAL" means unfunded actuarial accrued liability.

"UTLA" means the United Teachers Los Angeles, which is the collective bargaining unit representing teachers and support service personnel of the District.

APPENDIX B

AUDITED ANNUAL FINANCIAL REPORT OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2022

LAUSD UNIFIED




Audited Annual

FINANCIAL REPORT

For Fiscal Year Ended June 30, 2022

2021-22

Los Angeles, California

LOS ANGELES UNIFIED SCHOOL DISTRICT
LOS ANGELES, CALIFORNIA

AUDITED ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

MR. ALBERTO M. CARVALHO
SUPERINTENDENT OF SCHOOLS
(EFFECTIVE FEBRUARY 14, 2022)

MR. PEDRO SALCIDO
DEPUTY SUPERINTENDENT OF SCHOOLS
(EFFECTIVE NOVEMBER 16, 2022)

MS. MEGAN K. REILLY
INTERIM SUPERINTENDENT OF SCHOOLS
(JULY 1, 2021- FEBRUARY 13, 2022)
DEPUTY SUPERINTENDENT OF SCHOOLS
(EFFECTIVE FEBRUARY 14, 2022- OCTOBER 21,2022)

MR. DAVID D. HART
CHIEF BUSINESS OFFICER

MR. V. LUIS BUENDIA
DEPUTY CHIEF BUSINESS OFFICER

MS. JOY MAYOR
CONTROLLER

PREPARED BY
ACCOUNTING AND DISBURSEMENTS DIVISION

333 S. BEAUDRY AVENUE
LOS ANGELES, CALIFORNIA 90017

LOS ANGELES UNIFIED SCHOOL DISTRICT

Audited Annual Financial Report

Year Ended June 30, 2022

Table of Contents

LOS ANGELES UNIFIED SCHOOL DISTRICT

Audited Annual Financial Report

Year Ended June 30, 2022

Table of Contents

Table of Contents

OTHER INDEPENDENT AUDITOR REPORTS

LOS ANGELES UNIFIED

READY FOR THE WORLD

LAUSD

UNIFIED

INTRODUCTORY SECTION

LOS ANGELES UNIFIED SCHOOL DISTRICT

December 14, 2022

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

Dear Board Members:

The Audited Annual Financial Report of the Los Angeles Unified School District (District), for the fiscal year ended June 30, 2022, 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 2021-22 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, 2022, the District operated 436 elementary schools, 78 middle/junior high schools, 87 senior high schools, 53 options schools, 28 multi-level schools, 13 special education schools, 66 magnet schools and 255 magnet centers, 18 primary school centers, 1 community adult school, 7 regional occupational centers, 2 skills centers, 87 early education centers, 4 infant centers, and 89 California State Preschools. The District is governed by a seven-member Board of Education elected by voters within the District to serve alternating five-year terms. These terms were extended to five years for members elected in 2015 and thereafter. As of June 30, 2022, the District employed 36,385 certificated, 30,333 classified, and 11,806 unclassified employees. Enrollment as of September 2021 was 430,322 students in K-12 schools, 25,208 students in adult schools and centers, and 5,510 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 UCLA Anderson December 2022 Forecast provides a recession and a non-recession scenario. Whether the U.S. economy continues to grow or enters a mild and brief recession will depend on the Federal Reserve's monetary policy in the months to come. In a non-recession scenario, the national economy in 2023 is projected to have slow growth in the first quarter, almost non-existent growth in the second quarter, and with recovery happening in the last two quarters. On the other hand, a recession scenario will bring the economy in 2023 to shrink at an annual rate of 2% to 3% in both the second and third quarters, and flat in the fourth quarter. Under both scenarios, there is an economic recovery anticipated in 2024. For California, monetary actions taken by the Federal Reserve is seen to have a milder impact on the state's economy. Strength in high-income sectors which include logistics, technology, and health care partly explains the state's continued economic growth.

Also, in both economic scenarios presented by the UCLA Anderson Forecast, inflation is likely to ease up at about the same rate through mid-2023 as supply chain issues are anticipated to improve swiftly. The table below shows the US monthly inflation rates for 2019 through 2022.

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

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

A November 2022 report from the Legislative Analyst's Office (LAO) projects a state budget shortfall of $25 billion in 2023-24 due to lower revenue estimates than projected at the 2022-23 Enacted State Budget. The lower revenue projections are due to an increased risk of an economic downturn brought about by rising inflation. However, LAO does not yet assume a recession in its fiscal analysis; a recession may result in further reductions to revenues.

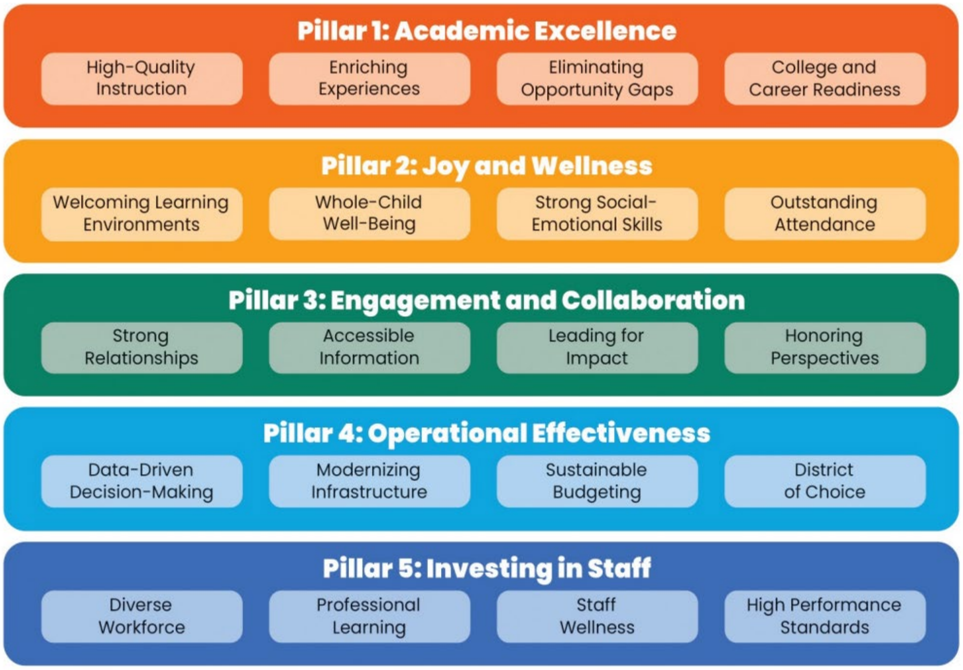
Proposition 98, which establishes the minimum funding guarantee for schools and community colleges, is estimated at $108.2 billion for 2023-24, which is $2.2 billion below the $110.4 billion established for the 2022-23 Enacted State Budget. Despite the decline in Proposition 98, LAO anticipates that key adjustments would allow $7.6 billion to be available for increases to existing programs in the new year. These key adjustments include backing out one-time costs, withdrawal from the Proposition 98 Reserve (Public School System Stabilization Account), and expenditure reductions to align with student attendance. The available funding in Proposition 98 is expected to cover COLA of up to 8.38% in 2023-24.

The UCLA Anderson's Forecast in its September 2022 report also examines the impact of California's recent declines in population on its economy. The report notes that migration out of the state, coupled with a lack of international immigration and lower birth rates, have resulted in a historic reversal of California's annual population gains. This is also evident in the District, the state's largest school district, where enrollment continue to decline due to lower birth rates in Los Angeles County, rising housing and other living costs in Southern California, the lingering impacts of the pandemic, and school-age children attending independent charter schools rather than District schools or moving outside of District's boundaries. To address the trend in enrollment decline, the District created a new unit called Strategic Enrollment and Program Planning Office. Also, the 2022-23 Enacted State Budget included measures intended to mitigate the fiscal impact of lower enrollment and attendance decline. However, substantial funding increases from the state do not permanently resolve the financial impact to the District due to declining enrollment.

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 2021-22, the Statement of Activities shows that the District's Total Net Position improved by $1.6 billion during the year. The Unrestricted Net Position, improved by $1.0 billion from a negative $16.36 billion to a negative $15.36 billion. The negative Unrestricted Net Position is largely the result of our other postemployment (OPEB) liability and pension liabilities for various retirement plans. The noted improvement is primarily attributable to the receipt of COVID-19 funding and various cost savings.

In fiscal year 2021-22, the District continued to receive one-time monies for COVID-19 that funded certain District's operations, including programs targeted towards learning recovery. For fiscal year ended June 30, 2022, the District spent over $2.0 billion on COVID-19 related expenses.

Another highlight in this year's AAFR is the adoption of Government Accounting Standard Board (GASB) Statement No. 87, Leases, which is the new lease accounting standard that better meet the information needs of financial statement users by improving accounting and financial reporting for leases by government entities.

Audit Results

There were 10 federal programs and 29 state compliance requirements that were audited. The examination resulted in 17 audit findings with a total *questioned costs* of $693 million. The audit findings and questioned costs are dominated by one particular matter. The District did not meet the minimum threshold of spending General Fund resources on classroom teacher salaries and benefits per EC Section 41372. The District's percentage spent is 46.85%; the minimum threshold is 55%. The discrepancy is due to the significant amount of dollars spent on expenditures other than classroom teacher salaries and benefits deemed necessary to allow for a return to campus and a safe in-person learning environment. Accordingly, due to the significant increase in COVID-19 expenditures (which are part of the denominator in the formula), our ratio of teacher compensation to total spend is lower than would have otherwise been true. Examples of these expenditures include purchases of devices, internet connectivity, instruction software licenses, and other necessary expenses to support the return of campus for in-person learning and expenses resulting from testing, tracing and vaccination efforts. The District shall engage with the Los Angeles County of Education (LACOE) to seek a waiver, which is allowed under Education Code Section 41372. In 2020-21, the District had the same finding; LACOE approved the waiver which exempted the District from any corrective action.

Other findings include Independent Study Program, Immunization and Unduplicated Pupil Count. The common finding is the lack of supporting documents for some of the samples tested. As an effect, the District is disallowed to claim for a particular revenue resulting from average daily attendance generated by the sampled students.

The District is fully committed to be compliant with all pertinent Federal and State guidelines. There is a continued focus to resolve remaining audit findings, improve our internal controls and recordkeeping process, and ensure that compliance with State and Federal program requirements are fully met. In addition, the District is advocating some changes in the legislature to be able to adapt in this ever-changing environment.

Acknowledgments

Our efforts cannot be deemed complete nor successful without the active involvement of our schools and program staffs whose meaningful contribution we now acknowledge and express our sincere gratitude.

Respectfully submitted,

Alberto M. Carvalho
Superintendent of Schools

Prepared by:

Joy Mayor
Controller

V. Luis Buendia
Deputy Chief Business Officer, Finance

David D. Hart
Chief Business Officer

BOARD OF EDUCATION

Kelly Gonez, President
Board District 6

Dr. George J. McKenna III Board District 1	Dr. Rocio Rivas Board District 2	Scott Schmerelson Board District 3
Nick Melvoin Board District 4	Jackie Goldberg Board District 5	Tanya Ortiz Franklin Board District 7

PRINCIPAL SCHOOL DISTRICT OFFICIALS

Alberto M. Carvalho
Superintendent of Schools
(Effective February 14, 2022)

Pedro Salcido
Deputy Superintendent of Business Services and Operations
(Effective November 16, 2022)

Megan K. Reilly
Interim Superintendent of Schools
(July 1, 2021 - February 13,2022)
Deputy Superintendent
(Effective February 14, 2022 - October 21, 2022)

David D. Hart
Chief Business Officer

V. Luis Buendia
Deputy Chief Business Officer

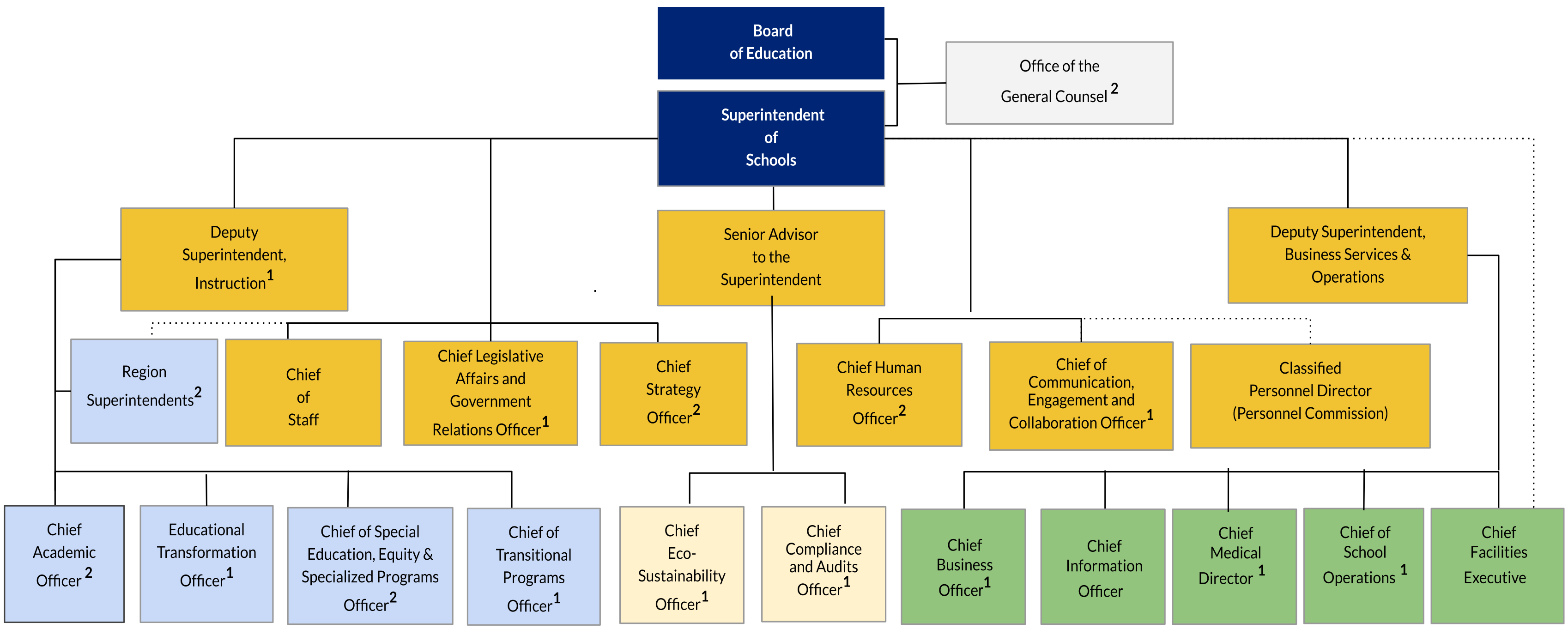
Joy Mayor
Controller

LOCAL DISTRICT OFFICIALS

as of December 14, 2022

	Regional Superintendent	Administrator of Instruction	Administrator of Operations	Administrator of Parent & Community Engagement
North:	Dr. David Baca	Alma Flores Sandra Gephart Fontana Dr. Margaret Kim	Debra Bryant Jose Razo	Patrizia Puccio
South:	Michael Romero	Alma Kimura John K. Vladovic	Peter Hastings	Leticia Estrada de Carreon
East:	Jose Huerta	Susana Gutierrez Cristina Munoz Dr. Lourdes Ramirez-Ortiz Andre Spicer	Titus Campos Gilberto Martinez	Elsa Tinoco-Enciso Megan Guerrero
West:	Dr. Adaina Brown	Dr. Karen Mercado L. Remon Corley	Dr. Douglas Meza	Robin Willis

LAUSD UNIFIED 2022-2023 Organizational Chart



[1] New Position
[2] Reorganized Position

FINANCIAL SECTION

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

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, 2022, 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, 2022, 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) and 1(r) to the basic financial statements, on July 1, 2021, the District adopted the new accounting and disclosure requirements of Governmental Accounting Standards Board Statement No. 87, *Leases*. The beginning net position as of July 1, 2021, has been restated. 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 142, 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 14, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
December 14, 2022

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, 2022.

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 $8.2 billion (deficit net position). The negative net position is primarily comprised of an unrestricted $15.4 billion deficit, which includes net pension liabilities for various retirement plans totaling $4.3 billion and net other postemployment benefits (OPEB) liability totaling $10.2 billion.
- The District's total net position increased by $1.6 billion from the prior year.
- Long term liabilities decreased by $0.02 billion primarily due to the principal repayments of General Obligation (GO) Bonds and Certificates of Participation (COPs) during fiscal year 2021-22.
- As of the close of the 2022 fiscal year, the District's governmental funds reported combined ending fund balances of $6.5 billion, an increase of $0.3 billion from the fiscal year ended June 30, 2021.
- At the end of the current fiscal year, assigned and unassigned fund balances for the General Fund, including reserve for economic uncertainties, was $2.7 billion, or 29.4% 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 16-18 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into 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 22 individual governmental funds. In the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances, separate columns are presented for General Fund, District Bonds Fund, Bond Interest and Redemption Fund, and all other funds. Individual account data for all other nonmajor governmental funds are provided in the form of *combining statements* elsewhere in this report.

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

The governmental fund financial statements can be found on pages 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 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 $8.2 billion at the close of the most recent year.

The District's net position reflects its investments in capital assets ($3.6 billion) (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's restricted net position ($3.6 billion) represents resources that are subject to external restrictions on how they may be used. The majority of this pertains to capital projects funds, primarily the County School Facilities Bonds Fund and Bond Interest and Redemption Fund. The remaining negative balance in unrestricted net position (-$15.4 billion) resulted primarily from the net pension liability for various retirement plans totaling $4.3 billion and the net OPEB liability totaling $10.2 billion.

At the end of the 2022 fiscal year, the District is able to report positive balances in all categories of net position except for unrestricted net position.

The $0.3 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 decreased by $0.02 billion primarily due to principal repayment of General Obligation Bonds and the refunding of Certificates of Participation.

(Continued)

Summary Statements of Net Position (in thousands)

As of June 30, 2022 and 2021:

	Governmental Activities	
	2022	**Restated 2021**
Current Assets	$ 8,993,699	$ 8,557,740
Capital Assets, net	15,380,283	15,037,507
Total Assets	24,373,982	23,595,247
Deferred Outflows of Resources	3,723,083	4,203,087
Current Liabilities	1,547,470	1,483,315
Long-term Liabilities	12,638,389	12,660,236
Net Pension Liability	4,311,675	7,935,187
Net Other Postemployment Benefits Liability	10,186,225	11,062,961
Total Liabilities	28,683,759	33,141,699
Deferred Inflows of Resources	7,572,724	4,416,829
Net Position:		
Net investment in capital assets	3,614,823	4,791,391
Restricted for:		
Debt service	1,073,923	1,094,376
Program activities	2,528,420	711,574
Unrestricted	(15,376,584)	(16,357,535)
Total Net Position	$ (8,159,418)	$ (9,760,194)

Summary Statements of Activities (in thousands)

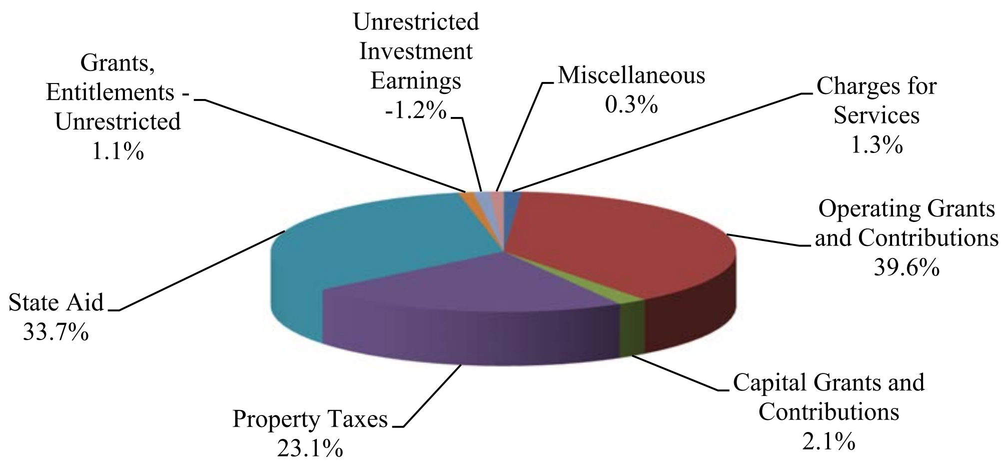
Year ended June 30, 2022 and 2021:

	Governmental Activities 2022	Governmental Activities Restated 2021
Revenues:		
Program Revenues:		
Charges for services	$ 157,424	$ 134,532
Operating grants and contributions	4,917,729	3,163,258
Capital grants and contributions	261,523	160,183
Total Program Revenues	5,336,676	3,457,973
General Revenues:		
Property taxes levied for general purposes	1,854,404	1,840,504
Property taxes levied for debt service	967,767	1,149,309
Property taxes levied for community redevelopment	48,947	49,455
State aid not restricted to specific purpose	4,183,846	3,815,566
Grants, entitlements, and contributions not restricted to specific programs	134,647	188,864
Unrestricted investment earnings	(144,178)	9,253
Miscellaneous	43,249	37,775
Total General Revenues	7,088,682	7,090,726
Total Revenues	12,425,358	10,548,699
Expenses:		
Instruction	$ 4,714,575	4,692,148
Support Services:		
Support services – students	1,134,663	605,902
Support services – instructional staff	844,210	745,931
Support services – general administration	151,426	122,422
Support services – school administration	614,633	543,716
Support services – business	443,287	401,658
Operation and maintenance of plant services	898,224	866,231
Student transportation services	169,703	149,066
Data processing services	108,031	77,363
Operation of non-instructional services	612,394	475,967
Facilities acquisition and construction services	140,579	144,969
Other uses	5,553	5,541
Interest expense	396,253	411,255
Depreciation – unallocated	591,051	585,644
Total Expenses	10,824,582	9,827,813
Changes in Net Position	1,600,776	720,886
Net Position – Beginning of Year	(9,760,194)	(10,481,080)
Net Position – End of Year	$ (8,159,418)	$ (9,760,194)

At the end of the current fiscal year, the District's net position increased by $1.6 billion from the prior year primarily due to the receipt of COVID-19 funding and cost savings on operating expenses due to a delayed school reopening for safety reasons.

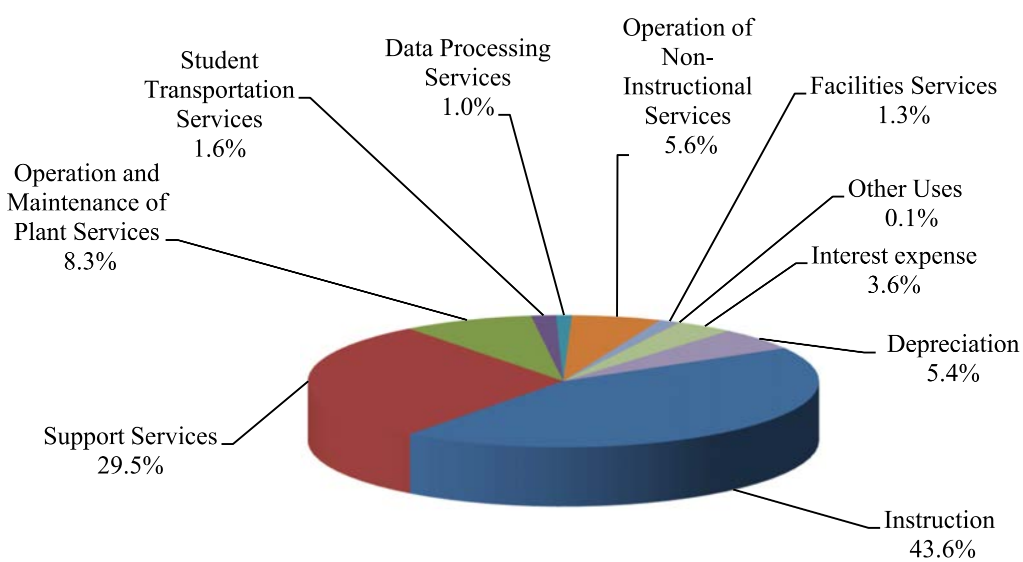
The following graph shows that state aid, property taxes, and operating grants and contributions are the main revenue sources of the District.

Revenues by Source
Year Ended June 30, 2022



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

Expenses
Year Ended June 30, 2022



Financial Analysis of the Governmental Funds

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

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of $6.5 billion, an increase of $0.3 billion in comparison with the prior year. Approximately 82.7% of this total combined ending fund balance consists of the assigned fund balance totaling $1.6 billion (24.9%) and nonspendable and restricted fund balances totaling $3.8 billion (57.8%), which can only be spent for specific purposes because of laws and regulations or grantor restrictions. The remaining $1.1 billion (17.3%) of this total combined ending fund balance constitutes reserved for economic uncertainties fund balance totaling $0.2 billion (3.1%), and unassigned fund balance totaling $0.9 billion (14.2%), 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 2022 fiscal year, the unassigned fund balance of the General Fund was $0.9 billion, while the total fund balance is $3.3 billion. The fund balance of the District's General Fund increased by $0.5 billion during the current fiscal year. This is primarily attributable to the transfer of COVID-19 testing and vaccination costs to the unassigned/unrestricted General Fund program pending reimbursement from the Federal Emergency Management Agency.

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

			Other Governmental Funds			
	District Bonds	Bond Interest and Redemption	Special Revenue	Debt Service	Other Capital Projects	Total
Fund Balance, June 30, 2022:						
Nonspendable						
Revolving cash and imprest funds	$ 516	$ —	$ 17	$ —	$ —	$ 17
Inventories	—	—	18,632	—	—	18,632
Prepaids	—	—	44	—	6	50
Restricted	1,314,621	1,174,108	208,561	13,382	435,508	657,451
Assigned	—	—	6,354	—	12,403	18,757
Unassigned	—	—	(15,374)	—	—	(15,374)
Total	1,315,137	1,174,108	218,234	13,382	447,917	679,533
Fund Balance, July 1, 2021	1,556,954	1,224,323	172,080	16,448	420,274	608,802
Increase (decrease) in fund balance	$ (241,817)	$ (50,215)	$ 46,154	$ (3,066)	$ 27,643	$ 70,731

The fund balance decreased during the current year for the District Bonds due to the issuance of new General Obligation Bonds offset by increase in spending for school modernization projects and renovation. The decrease of $0.05 billion in Bond Interest and Redemption was attributable to an adjustment of $42.0 million to the fair market cash value pooled with the County of Los Angeles. Special Revenue increased primarily due to the Cafeteria Fund in which overall revenues is higher due to schools being back in session for the year.

The increase of $0.03 billion for the Other Capital Projects is primarily due to spending on projects in the Capital Facilities Fund combined with project cost transfers out to other funds. Debt Service decreased primarily due to release of debt service funds of $3.1 million to pay for COPs 2012A.

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

At the end of the year, the District's proprietary funds have an unrestricted net position of $0.3 billion. The net decrease of $0.03 billion in the current year is primarily attributed to an adjustment totaling $0.04 billion to the fair market cash value pooled with the County of Los Angeles.

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 the development of the budgeted data through the State-mandated first and second interim financial reports, and at year end, utilizing the actual revenue and expenditure data.

Modified Final Budget vs. Original Final Budget

The District's Original Final Budget is based on assumptions from the State's May Revision Budget, while the Modified Final Budget is based not only on the State's Enacted Budget, but also on all other known State budgetary changes and changes to the District's priority of program implementations and/or planned expenditures since the Original Final Budget. Differences between the 2021-22 General Fund Original Final Budget and the Modified Final Budget resulted in a lower budgeted ending balance of $2.4 billion from $4.8 billion. Adjustments to the Original Final Budget included an increase in beginning balance of $0.1 billion, a decrease in budgeted revenues and financing sources of $1.3 billion, and an increase in budgeted expenditures and other financing uses of $1.2 billion.

The increase in beginning balance of $0.1 billion was to reflect the actual ending balance as of June 30, 2021, as opposed to the estimated June 30, 2021 ending balance. The net decrease in budgeted revenues and other financing sources of $1.3 billion was mostly due to a lower recognition of ESSER III of $2.0 billion, an increase in LCFF revenue of $0.2 billion, and a receipt of $0.2 billion for Expanded Learning Opportunities Program.

The increase in estimated expenditures and other financing uses of $1.2 billion was mostly attributable to the program implementation of COVID-related federal and state funds and of Expanded Learning Opportunities Program.

Actual vs. Modified Final Budget

The beginning balance almost remained the same on both the Actual and the 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 $1.7 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 decreases in expenditures were mainly in Certificated Salaries ($0.9 billion), Books and Supplies ($0.4 billion), and Employee Benefits ($0.2 billion).

Differences between the Actual and Modified Final Budget resulted in a higher ending balance by $0.9 billion, to $3.3 billion from $2.4 billion.

Capital Assets and Debt Administration

Capital assets. The District's investment in capital assets for its governmental activities as of June 30, 2022 amounts to $15.4 billion (net of accumulated depreciation), 2.28% increase from the prior year. The investment in capital assets includes sites, improvement of sites, buildings and improvements, equipment, construction in progress, and lease 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, various Americans with Disabilities Act (ADA) improvement at school sites, school-based clinic and wellness center projects, and the recognition of lease assets under GASB 87.

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

	Governmental Activities	
	2022	**Restated 2021**
Sites	$ 3,100,671	$ 3,100,360
Improvement of sites	334,963	313,870
Buildings and improvements	9,306,858	9,432,012
Equipment	395,607	430,531
Construction in progress	2,185,368	1,760,659
Lease Assets	56,816	75
Total	$ 15,380,283	$ 15,037,507

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

Debt Administration

Long-term obligations. At the end of the current fiscal year, the District had total long-term obligations of $27.1 billion. Of this amount, $11.6 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 decreased by $4.5 billion (14.3%) during the current fiscal year. The decrease was primarily due to the ending balances of Net Pension Liability and Other Postemployment Benefits dropped significantly as a result of strong investment market in 2020-21.

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

	Governmental Activities	
	2022	Restated 2021
General Obligation (GO) Bonds	$ 11,612,001	$ 11,768,846
Certificates of Participation (COPs)	127,611	139,517
Lease Obligations	57,374	75
Liability for Compensated Absences	86,722	108,286
Liability for Other Employee Benefits	29,594	33,671
Self-insurance Claims	725,087	609,841
Net Pension Liability	4,311,675	7,935,187
Other Postemployment Benefits (OPEB)	10,186,225	11,062,961
Total	$ 27,136,289	$ 31,658,384

Long-Term Credit Ratings

Below are the District's long-term credit ratings as of June 30, 2022 from the rating agencies that carry ratings on all or some of the District's outstanding GO bonds and COPs:

1. Moody's Investors Service (Moody's) rated the District's GO bonds and COPs "Aa3" and "A2", respectively, with a Stable Outlook. In addition, Moody's assigned a "A1" issuer credit rating to the District. (See Footnote 17 Subsequent Events for an update to this rating.)
2. Fitch Ratings (Fitch) rated the District's GO bonds as "AA+" with a Stable Outlook and provided an Issuer Default Rating of "A-" with a Stable Outlook. (See Footnote 17 Subsequent Events for an update to this rating.)
3. Standard & Poor's (S&P) rated the District's GO bonds and COPs as "A+" and "A", respectively, with a Stable Outlook.
4. Kroll Bond Rating Agency (KBRA) rated the District's GO bonds as "AAA" with a Stable Outlook.

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

State statutes limit the issuance of general obligation bond debt by a unified school district if the outstanding general obligation bonds are more than 2.5% of its total taxable property. The debt limitation for the District as of June 30, 2022 is $20.5 billion, which is in excess of the District's outstanding general obligation bond debt.

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

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. This report is available on the District's website, under the Office of the Chief Financial Officer homepage (https://achieve.lausd.net/Page/1679). Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief 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, 2022

(in thousands)

	Governmental Activities
Assets:	
Cash in county treasury, in banks, and on hand	$ 7,638,945
Cash held by trustee	238,189
Investments	14,079
Property taxes receivable	124,465
Accounts receivable, net	816,458
Accrued interest receivable	17,870
Lease Receivable	13,719
Prepaids	68,871
Inventories	51,613
Accounts receivable, non current	4,598
Other assets	4,892
Capital assets:	
Sites	3,100,671
Improvement of sites	877,373
Buildings and improvements	17,399,352
Equipment	2,574,996
Construction in progress	2,185,368
Lease Assets	62,006
Less accumulated depreciation	(10,819,483)
Total Capital Assets, Net of Depreciation	15,380,283
Total Assets	24,373,982
Deferred Outflows of Resources	3,723,083
Liabilities:	
Vouchers and accounts payable	416,316
Contracts payable	116,821
Accrued payroll	434,673
Accrued interest	266,295
Other payables	218,030
Unearned revenue	95,335
Long-term liabilities:	
Portion due within one year	1,047,205
Portion due after one year	11,591,184
Net pension liability	4,311,675
Net other post-employment liability	10,186,225
Total Liabilities	28,683,759
Deferred Inflows of Resources	7,572,724
Net Position:	
Net investment in capital assets	3,614,823
Restricted for:	
Debt service	1,073,923
Program activities	2,528,420
Unrestricted	(15,376,584)
Total Net Position	$ (8,159,418)

See accompanying notes to basic financial statements.

LOS ANGELES UNIFIED SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022
(in thousands)

Functions/programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 4,714,575	$ 17,171	$ 2,536,982	$ —	$ (2,160,422)
Support services – students	1,134,663	1,363	491,303	—	(641,997)
Support services – instructional staff	844,210	368	517,042	—	(326,800)
Support services – general administration	151,426	—	2,141	—	(149,285)
Support services – school administration	614,633	—	234,947	—	(379,686)
Support services – business	443,287	12,790	331,883	—	(98,614)
Operation and maintenance of plant services	898,224	31,657	146,370	—	(720,197)
Student transportation services	169,703	—	4,985	—	(164,718)
Data processing services	108,031	—	2,914	—	(105,117)
Operation of non-instructional services	612,394	1,524	681,556	—	70,686
Facilities acquisition and construction services*	140,579	92,551	(32,158)	211,206	131,020
Other Uses	5,553	—	82	—	(5,471)
Interest expense	396,253	—	(318)	50,317	(346,254)
Depreciation – unallocated**	591,051	—	—	—	(591,051)
Total Governmental Activities	$ 10,824,582	$ 157,424	$ 4,917,729	$ 261,523	$ (5,487,906)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					1,854,404
Property taxes, levied for debt service					967,767
Property taxes, levied for community redevelopment					48,947
State aid not restricted to specific purpose					4,183,846
Grants, entitlements, and contributions not restricted to specific programs					134,647
Unrestricted investment earnings					(144,178)
Miscellaneous					43,249
Total General Revenues					7,088,682
Change in Net Position					1,600,776
Net Position – Beginning of Year, Restated					(9,760,194)
Net Position – End of Year					$ (8,159,418)

* 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, 2022
(in thousands)

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Total Governmental
Assets:					
Cash in county treasury, in banks, and on hand	$ 3,611,655	$ 1,471,226	$ 977,126	$ 589,266	$ 6,649,273
Cash held by trustee	—	—	225,245	12,944	238,189
Investments	—	—	—	14,079	14,079
Taxes receivable	—	—	124,465	—	124,465
Accounts receivable – net	668,244	—	—	106,923	775,167
Accrued interest receivable	9,181	4,492	—	1,637	15,310
Lease receivable	13,543	—	—	177	13,720
Prepaids	12,159	101	—	50	12,310
Inventories	32,981	—	—	18,632	51,613
Other assets	—	—	—	118	118
Total Assets	4,347,763	1,475,819	1,326,836	743,826	7,894,244
Deferred Outflows of Resources	—	—	—	—	—
Total Assets and Deferred Outflows of Resources	$ 4,347,763	$ 1,475,819	$ 1,326,836	$ 743,826	$ 7,894,244
Liabilities and Fund Balances:					
Vouchers and accounts payable	$ 355,185	$ 38,057	$ —	$ 17,614	$ 410,856
Contracts payable	5,267	106,367	—	5,183	116,817
Accrued payroll	401,967	10,956	—	25,338	438,261
Other payables	149,468	5,302	—	14,657	169,427
Unearned revenue	94,010	—	—	1,325	95,335
Total Liabilities	1,005,897	160,682	—	64,117	1,230,696
Deferred Inflows of Resources:					
Property taxes	—	—	124,465	—	124,465
Lease	13,543	—	—	176	13,719
Build America Bond Subsidy	—	—	28,263	—	28,263
Total Deferred Inflows of Resources	13,543	—	152,728	176	166,447
Fund Balances:					
Nonspendable	48,022	516	—	18,699	67,237
Restricted	544,332	1,314,621	1,174,108	—	3,033,061
Restricted, reported in:					
Special revenue funds	—	—	—	208,561	208,561
Debt service funds	—	—	—	13,382	13,382
Capital projects funds	—	—	—	435,508	435,508
Assigned	1,595,952	—	—	—	1,595,952
Assigned, reported in:					
Special revenue funds	—	—	—	6,354	6,354
Capital projects funds	—	—	—	12,403	12,403
Unassigned:					
Reserved for economic uncertainties	199,860	—	—	—	199,860
Special revenue funds	—	—	—	(15,374)	(15,374)
Unassigned	940,157	—	—	—	940,157
Total Fund Balances	3,328,323	1,315,137	1,174,108	679,533	6,497,101
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,347,763	$ 1,475,819	$ 1,326,836	$ 743,826	$ 7,894,244

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, 2022
(in thousands)

Total Fund Balances – Governmental Funds	$ 6,497,101
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 $26,199,766 and the accumulated depreciation is $10,819,483.	15,380,283
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.	124,465
Federal subsidies for debt service expenditures are recognized in the governmental funds only when the corresponding interest expenditure is recognized.	28,263
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.	4,599
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.	292,077
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(12,175,730)
Deferred outflow/inflow of resources – refunding charges are not reported in the governmental funds.	31,526
Proportionate share of net pension liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(5,990,818)
Net other postemployment benefits liability and related deferred inflow/outflow of resources are not reported in the governmental funds.	(12,351,184)
Total Net Position – Governmental Activities	$ (8,159,418)

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, 2022

(in thousands)

	General	District Bonds	Bond Interest and Redemption	Other Governmental	Total Governmental
Revenues:					
Local Control Funding Formula sources	$ 6,038,208	$ —	$ —	$ —	$ 6,038,208
Federal revenues	1,850,505	—	69,549	495,665	2,415,719
Other state revenues	1,748,758	—	3,000	526,144	2,277,902
Other local revenues	35,453	(49,525)	914,131	187,408	1,087,467
Total Revenues	9,672,924	(49,525)	986,680	1,209,217	11,819,296
Expenditures:					
Current:					
Certificated salaries	3,379,760	—	—	103,505	3,483,265
Classified salaries	1,257,171	37,818	—	199,211	1,494,200
Employee benefits	2,370,118	24,594	—	192,856	2,587,568
Books and supplies	479,423	676	—	259,753	739,852
Services and other operating expenditures	1,726,403	28,501	—	21,100	1,776,004
Capital outlay	94,855	739,926	—	143,503	978,284
Debt service – principal	4,629	3	591,120	10,260	606,012
Debt service – bond issuance cost	—	—	992	—	992
Debt service – bond, COPs, and capital leases interest	1,074	—	528,804	6,122	536,000
Other outgo	5,479	—	—	75	5,554
Transfers of indirect costs – interfund	(24,855)	—	—	24,854	(1)
Total Expenditures	9,294,057	831,518	1,120,916	961,239	12,207,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	378,867	(881,043)	(134,236)	247,978	(388,434)
Other Financing Sources (Uses):					
Transfers in	46,574	245,539	—	16,641	308,754
Transfers out	(14,404)	(100,462)	—	(193,888)	(308,754)
Payment to refunded bond escrow agent	—	—	(48,675)	—	(48,675)
Premium on bonds issued	—	—	83,841	—	83,841
Leases	61,997	9	—	—	62,006
Proceeds from refunding bonds	—	—	48,855	—	48,855
Proceeds from sale of bonds	—	494,140	—	—	494,140
Total Other Financing Sources (Uses)	94,167	639,226	84,021	(177,247)	640,167
Net Changes in Fund Balances	473,034	(241,817)	(50,215)	70,731	251,733
Fund Balances, July 1, 2021	2,855,289	1,556,954	1,224,323	608,802	6,245,368
Fund Balances, June 30, 2022	$ 3,328,323	$ 1,315,137	$ 1,174,108	$ 679,533	$ 6,497,101

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, 2022

(in thousands)

Net Changes in Fund Balances – Governmental Funds	$	251,733
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.		342,776
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.		49,760
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.		56,228
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.		12,191
In the statement of activities, compensated absences and other retirement benefits are measured by the amounts the employees earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		25,358
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.		1,396
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		(26,632)
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.		(13,306)
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.		19,241
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.		662,598
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.		219,433
Change in Net Position of Governmental Activities	$	1,600,776

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, 2022
(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	**Final**	**Actual**	**(Unfavorable)**
Revenues:				
Local Control Funding Formula sources	$ 5,823,672	$ 6,024,709	$ 6,038,208	$ 13,499
Federal revenues	4,445,969	2,621,169	1,850,505	(770,664)
Other state revenues	1,374,318	1,570,817	1,748,758	177,941
Other local revenues	132,517	162,045	35,453	(126,592)
Total Revenues	11,776,476	10,378,740	9,672,924	(705,816)
Expenditures:				
Current:				
Certificated salaries	3,411,409	4,289,990	3,379,760	910,230
Classified salaries	1,107,195	1,294,586	1,257,171	37,415
Employee benefits	2,437,603	2,594,290	2,370,118	224,172
Books and supplies	1,638,002	890,277	479,423	410,854
Services and other operating expenditures	1,076,550	1,788,492	1,726,403	62,089
Capital outlay	54,322	102,202	94,855	7,347
Debt service – principal	313	5,091	4,629	462
Debt service – bond, COPs, and capital leases interest	12	3,462	1,074	2,388
Other outgo	7,653	7,653	5,479	2,174
Transfers of indirect costs – interfund	(31,567)	(24,462)	(24,855)	393
Total Expenditures	9,701,492	10,951,581	9,294,057	1,657,524
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,074,984	(572,841)	378,867	951,708
Other Financing Sources (Uses):				
Transfers in	30,025	56,924	46,574	(10,350)
Transfers out	(55,101)	(32,954)	(14,404)	18,550
Leases	—	61,997	61,997	—
Total Other Financing (Uses)	(25,076)	85,967	94,167	8,200
Net Changes in Fund Balances	2,049,908	(486,874)	473,034	959,908
Fund Balances, July 1, 2021	2,714,365	2,855,289	2,855,289	—
Fund Balances, June 30, 2022	$ 4,764,273	$ 2,368,415	$ 3,328,323	$ 959,908

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, 2022

(in thousands)

Assets:	
Cash in county treasury, in banks, and on hand	$ 989,671
Accounts receivable – net	41,291
Accrued interest and dividends receivable	2,559
Prepaids	56,561
Other assets	4,774
Total Assets	1,094,856
Deferred Outflows of Resources	4,037
Liabilities:	
Current:	
Vouchers and accounts payable	5,459
Accrued payroll	1,194
Other payables	47,691
Estimated liability for self-insurance claims	358,021
Total Current Liabilities	412,365
Noncurrent:	
Estimated liability for self-insurance claims	367,066
Net other postemployment benefits liability	12,011
Net pension liability	7,231
Total Noncurrent Liabilities	386,308
Total Liabilities	798,673
Deferred Inflows of Resources	8,143
Total Net Position – Unrestricted	$ 292,077

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, 2022
(In thousands)

Operating Revenues:	
In-District premiums	$ 1,381,310
Others	3,095
Total Operating Revenues	1,384,405
Operating Expenses:	
Certificated salaries	86
Classified salaries	5,606
Employee benefits	1,760
Supplies	315
Premiums and claims expenses	1,352,007
Claims administration	16,416
Other contracted services	1,296
Total Operating Expenses	1,377,486
Operating Income	6,919
Nonoperating Revenues (Expenses):	
Investment income	(33,506)
Miscellaneous expense	(46)
Total Nonoperating Revenues	(33,552)
Income before Transfers	(26,633)
Changes in Net Position	(26,633)
Total Net Position, July 1, 2021	318,710
Total Net Position, June 30, 2022	$ 292,077

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, 2022
(in thousands)

Cash Flows from Operating Activities:	
Cash payments to employees for services	$ (9,645)
Cash payments for goods and services	(1,262,984)
Receipts from assessment to other funds	1,381,310
Receipts from other operating revenue	3,095
Net Cash Provided by Operating Activities	111,776
Cash Flows from Investing Activities:	
Earnings on investments	(34,046)
Cash Used by Investing Activities	(34,046)
Net Increase in Cash and Cash Equivalents	77,730
Cash and Cash Equivalents, July 1	911,941
Cash and Cash Equivalents, June 30	$ 989,671
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$ 6,919
Adjustments to reconcile operating income to net cash provided by operating activities:	
Net decrease in pension and other postemployment benefits expense from actuarial valuation	(1,501)
Change in Assets: Decrease (Increase)	
Accounts receivable	(8,611)
Prepaids	(2,494)
Other assets	456
Change in Liabilities: Increase (Decrease)	
Vouchers and accounts payable	(4,722)
Accrued payroll	(693)
Other payables	7,177
Estimated liability for self-insurance claims – current	131,088
Estimated liability for self-insurance claims – noncurrent	(15,843)
Total Adjustments	104,857
Net Cash Provided by Operating Activities	$ 111,776

See accompanying notes to basic financial statements.

(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.

(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 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.

(Continued)

(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 2021-22:

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

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

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 2021-22.

Capital Projects Funds – Capital Projects Funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for the acquisition or construction of major capital facilities and equipment other than those financed by the General and Special Revenue Funds. The District maintains the following nonmajor Capital Projects Funds: Building, Capital Facilities Account, State School Building Lease Purchase, County School Facilities Bonds, Special Reserve – Community Redevelopment Agency, Special Reserve, Special Reserve – FEMA – Earthquake, and Special Reserve – FEMA – Hazard Mitigation. The District Bonds Fund (BB Bonds, Measure K, Measure R, Measure Y, Measure Q, and Measure RR) is reported separately as a major fund in fiscal year 2021-22.

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. 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.

 (Continued)

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, 2022, there were no balances on due to/from other funds.

(i) Inventories

Inventories consist of expendable materials and supplies held for consumption, which are valued at cost, using the average-cost method. Inventories are recorded as expenditures when shipped to schools and offices. 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.

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

(k) Contracts Payable

Contracts payable includes only the portion applicable to work completed and unpaid as of June 30, 2022.

(l) Compensated Absences

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

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

(m) Pensions

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

(n) Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective-interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as expense in the period incurred. Gains and losses on refunding related to bonds redeemed by proceeds from the issuance of new bonds are reported as either deferred inflows of resources or deferred outflows of resources and are amortized as an adjustment to interest expense using the effective-interest method over the shorter of the life of the new bonds or the remaining term of the bonds refunded. Lease liability is reported as long-term obligations in the government-wide financial statements, see note 13 "Leases" for details.

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 2021-22, the District received $1.6 billion of local property taxes, $1.1 billion of EPA, and $3.3 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 2021-22, the LCFF is funded at target for the District. Funding is calculated based on data reported by each LEA including pupil attendance, local revenue, and other demographic factors, in accordance with the LCFF. Allocations are made through the Principal Apportionment system.

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

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

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

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

(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. 87, Leases. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The adoption of this standard requires the restatement of the June 30, 2021, net position in the governmental activities, see note 1 (r).

GASB Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" has been evaluated and has no impact on the District's financial reporting or notes.

GASB Statement No. 91 "Conduit Debt Obligation" has been evaluated and has no impact on the District's financial reporting or notes.

GASB Statement No. 93, "Replacement of Interbank Offered Rates" has been evaluated and has no impact on the District's financial reporting and notes.

GASB Statement No. 97," Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" has been evaluated and has no impact on the District's financial reporting or notes.

(r) Restatements

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

Net position at beginning of year, as previously reported	$	(9,760,121)
Restatement –		
Recognition of GASB 87		(73)
Net position at beginning of year, as restated	$	(9,760,194)

(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 2021-22.

(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 $12,175,730 difference are as follows (in thousands):

Bonds payable	$ (11,612,001)
Certificates of Participation (COPs)	(127,611)
Lease obligations	(57,374)
Liability for compensated absences	(83,859)
Liability for other employee benefits	(27,679)
Accrued interest	(266,295)
Other	(911)
Adjustment to reduce *total fund balances – governmental funds* to arrive at *net position – governmental activities*	$ (12,175,730)

(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 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 $342,776 difference are as follows (in thousands):

Capital related expenditures	$	978,211
Cost of the capital assets sold		(53)
Depreciation expense		(635,382)
Net adjustment to decrease net changes in *total* fund balances – governmental funds to arrive at changes in net position – governmental activities	$	342,776

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 $49,760 difference are as follows (in thousands):

Debt issued or incurred:		
General Obligation (GO) Bonds	$	(542,995)
Lease Obligations		(61,932)
Principal repayments:		
GO Bonds		591,120
COPs		10,260
Lease Obligations		4,632
Payments to escrow agent for refunding:		
Refunding GO Bonds		48,675
Net adjustment to increase net changes in *total* fund balances – governmental funds to arrive at changes in net position – governmental activities	$	49,760

(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 $1,228.0 million.

(5) Cash and Investments

Cash and investments as of June 30, 2022, are classified in the accompanying basic financial statements as follows (in thousands):

Statement of net position:	
Cash	$ 7,638,945
Investments	14,079
Cash held by trustee	238,189
Total cash and investments	$ 7,891,213

Cash and investments as of June 30, 2022, consist of the following (in thousands):

Cash on hand (cafeteria change funds)	$ 26
Deposits with financial institutions and Los Angeles County Pool	7,877,108
Investments	14,079
Total cash and investments	$ 7,891,213

Deposits with financial institutions include: (1) cash in the Los Angeles County Pooled Surplus Investment Fund ($7,597.6 million); (2) cash held by fiscal agents or trustees ($238.2 million); (3) cash deposited with various other financial institutions for imprest funds of schools and offices ($10.1 million); and cash in the Student Activity Special Revenue Fund ($31.2 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. As of June 30, 2022, the District recorded a total of $328 million of unrealized loss to reflect investments at its fair value.

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

	Authorized Investment Type	Maximum Maturity	Maximum Total Par Value	Maximum Par Value per Issuer
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

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, 2022, 60.12% of district funds in the County PSI Fund does not exceed one year. The weighted Average Days to Maturity of its portfolio was 933 days.

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

Concentration of credit risk means the risk of loss attributed to the magnitude of an investment in a single issuer. For District funds in the County pool, the County's investment policy has concentration limits that provide sufficient diversification. As of June 30, 2022, 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.

(Continued)

(6) Accounts Receivable, net

Receivables by Fund at June 30, 2022, consist of the following (in thousands):

	General	Other Governmental	Internal Service Funds	Total
Accrued grants and entitlements	$ 606,340	$ 77,545	$ —	$ 683,885
Other	61,904	29,378	41,291	132,573
Total Accounts Receivable, Net	$ 668,244	$ 106,923	$ 41,291	$ 816,458

(7) Capital Assets

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

	Restated Balance, June 30, 2021	Increases	Decreases	Balance, June 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Sites	$ 3,100,360	$ 311	$ —	$ 3,100,671
Construction in progress	1,760,659	901,177	(476,468)	2,185,368
Total capital assets, not being depreciated	4,861,019	901,488	(476,468)	5,286,039
Capital assets, being depreciated:				
Improvement of sites	826,805	50,568	—	877,373
Buildings and improvements	17,016,892	382,460	—	17,399,352
Equipment	2,528,635	58,232	(11,871)	2,574,996
Lease Assets *	75	61,931	—	62,006
Total capital assets, being depreciated	20,372,407	553,191	(11,871)	20,913,727
Less accumulated depreciation for:				
Improvement of sites	(512,935)	(29,475)	—	(542,410)
Buildings and improvements	(7,584,880)	(507,614)	—	(8,092,494)
Equipment	(2,098,104)	(93,103)	11,818	(2,179,389)
Lease Assets*	—	(5,190)	—	(5,190)
Total accumulated depreciation	(10,195,919)	(635,382)	11,818	(10,819,483)
Total capital assets, being depreciated, net	10,176,488	(82,191)	(53)	10,094,244
Governmental activities capital assets, net	$ 15,037,507	$ 819,297	$ (476,521)	$ 15,380,283

*New category for the District's lease assets, and related accumulated amortization, have been added due to the implementation of GASB 87.

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

Governmental activities:		
Facilities Acquisition and construction	$	591,051
Instruction		17,943
Operation and maintenance of plant services		11,663
Student transportation services		6,066
Data processing services		2,728
Support services - business		2,756
Operation of noninstructional services		1,445
Support services - instructional staff		1,034
Support services - school administration		444
Support services - students		127
Support services - general administration		125
Total depreciation expense – governmental activities	$	635,382

(8) Deferred Outflows and Inflows of Resources

District's deferred outflows and inflows of resources as of June 30, 2022, are comprised of the following (in thousands):

	Deferred Outflows	Deferred Inflows
Debt refunding charges	$ 63,031	$ 31,504
Lease - GASB 87	–	13,719
Pension contributions subsequent to measurement date	862,326	–
OPEB contributions subsequent to measurement date	231,063	–
Difference in contribution	20,479	113,700
Unamortized differences between projected and actual earnings on plan investments	336,002	3,053,266
Unamortized differences between expected and actual experience	54,953	1,953,998
Unamortized differences arising from changes of assumptions	1,855,185	2,186,180
Unamortized differences arising from change in proportion of net pension liability	236,622	171,984
Unamortized differences arising from change in proportion of deferred outflow	63,422	–
Unamortized differences arising from change in proportion of deferred inflow	–	48,373
Total	$ 3,723,083	$ 7,572,724

(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, 2022, is summarized in the following table (in thousands):

CalPERS – Safety Plan	$	63,446
CalPERS – Miscellaneous Plan		1,596,877
CalSTRS		2,651,352
Total	$	4,311,675

(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, 2022, are summarized as follows:

	Safety	
Hiring date	Prior to January 1, 2013	On or after January 1, 2013
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	48.900%	48.900%

Employees Covered

At June 30, 2022, the following employees were covered by the benefit terms for the Safety Plan:

	Safety
Inactive employees or beneficiaries currently receiving the benefits	401
Inactive employees entitled to, but not yet receiving benefits	278
Active employees	233
Total	912

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, 2022, the contributions to the Safety Plan amounted to $12.2 million.

Net Pension Liability

The District's net pension liability for the Safety Plan of $63.4 million at June 30, 2022, 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, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, 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, 2020, actuarial valuations were determined using the following actuarial assumptions:

	Safety
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table [1]	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increases, mortality and retirement dates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Change in Benefit Terms

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

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

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

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

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

[a] An expected inflation of 2.00% used for this period.

[b] An expected inflation of 2.92% used for this period.

Changes in the Net Pension Liability

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

	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2021	$ 454,721	$ 336,896	$ 117,825
Changes recognized for the measurement period:			
Service cost	10,479	–	10,479
Interest on the total pension liability	32,058	–	32,058
Differences between expected and actual experience	(2,306)	–	(2,306)
Contributions from the employer	–	14,984	(14,984)
Contributions from employees	–	2,936	(2,936)
Net investment income	–	77,027	(77,027)
Benefit payments, including refunds of employee contributions	(18,587)	(18,587)	–
Administrative expense	–	(337)	337
Net changes	21,644	76,023	(54,379)
Balance at June 30, 2022	$ 476,365	$ 412,919	$ 63,446

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, 2021. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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

	Safety		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's net pension liability	$ 131,030	$ 63,446	$ 8,117

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, 2022, the District recognized pension expense $3.5 million for the Safety Plan. As of June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to pensions (Safety Plan) as follows (in thousands):

	Safety	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of assumptions	$ —	$ 1,731
Differences between expected and actual experience	274	2,520
Net difference between projected and actual earnings on pension plan investments	—	38,481
District contributions subsequent to the measurement date	12,215	—
Total	$ 12,489	$ 42,732

The amounts above are net of outflows and inflows recognized in the 2021-22 measurement period expense.

The $12.2 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net 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):

	Safety
Year ended June 30	Deferred Outflows (Inflows) of Resources
2023	$ (12,574)
2024	(9,509)
2025	(9,771)
2026	(10,604)

Payable to the Pension Plan

The District's contribution for all members to the Safety Plan for the fiscal year ended June 30, 2022, 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, 2022.

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, 2022, are summarized as follows:

	Miscellaneous	
Hiring date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50	52
Monthly benefit, as a % of eligible compensation	1.10%	1.00%
Required employee contribution rates	7.00%	7.00%
Required employer contribution rates	22.910%	22.910%

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, 2022, the contributions to the Miscellaneous Plan amounted to $286.2 million.

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

At June 30, 2022, the District reported a net pension liability of $1.6 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, 2021, 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, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on the 2020-21 fiscal year employer contributions calculated by CalPERS. At June 30, 2021, the District's proportion rate was 7.853070%.

For the year ended June 30, 2022, the District recognized pension expense of $133.1 million for the Miscellaneous Plan. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions (Miscellaneous Plan) from the following sources (in thousands):

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 48,631	$ 3,764
Difference between projected and actual earnings on pension plan investments	81,976	694,304
Change in NPL proportion	6,499	33,279
Change in proportion of deferred outflow	3,511	—
Change in proportion of deferred inflow	—	5,942
Difference in contribution	7,767	36,469
District contributions subsequent to the measurement date	286,190	—
Total	$ 434,574	$ 773,758

The $286.2 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):

	Miscellaneous
Year ended June 30	Deferred Outflows (Inflows) of Resources
2022	$ (143,274)
2023	(163,666)
2024	(147,993)
2025	(170,441)

Actuarial Methods and Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry-Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%
Mortality rate table [(1)]	Derived using CalPERS' membership data for all funds
Post retirement benefit increase	The lesser of contract COLA or 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

All other actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement dates. The Experience Study report can be obtained at CalPERS website under Forms and Publications.

Change of Assumptions

There was no change of assumptions.

Discount Rate

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

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

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

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

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

[a] An expected inflation of 2.00% used for this period.

[b] An expected inflation of 2.92% used for this period.

Differences between expected and actual experience and changes in assumptions are amortized over a closed period equal to the average remaining service life of plan members, which is seven years as of June 30, 2021. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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

	Miscellaneous		
	1.00% Decrease (6.15%)	Current Discount Rate (7.15%)	1.00% Increase (8.15%)
District's proportionate share of the net pension liability	$ 2,692,559	$ 1,596,877	$ 687,226

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, 2022, 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, 2022.

(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.

The Plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalSTRS	
Hiring date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age: Minimum	50-55 (30 years of service credit)	55 (5 years of service credit)
Monthly benefit, as a % of eligible compensation	1.1% - 2.4%	1.16% - 2.4%
Required employee contribution rates	10.25%	10.205%
Required employer contribution rates	16.92%	16.92%

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 2021-22 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, 2022, the contributions to the CalSTRS' TRF amounted to $563.9 million.

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

At June 30, 2022, the District reported a net pension liability of $2.7 billion for its proportionate share of the CalSTRS net pension liability. The net pension liability was measured as of June 30, 2021, 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 2020-21 fiscal year employer contributions calculated by CalSTRS with consideration given to separately financed and irregular employer contributions relative to the projected contributions of all participating employer and nonemployer contributing entities. At June 30, 2021, the District's proportion rate was 5.568%.

For the year ended June 30, 2022, the District recognized pension expense of $517.9 million. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

	CalSTRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 6,048	$ 266,498
Difference between projected and actual earnings	242,324	2,251,329
Change of assumption	342,673	—
Change in NPL proportion	230,123	138,705
Change in proportion of deferred outflow	59,911	—
Change in proportion of deferred inflow	—	42,431
Difference in contribution	12,712	77,231
District contributions subsequent to the measurement date	563,921	—
Total	$ 1,457,712	$ 2,776,194

The $563.9 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, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension expense as follows:

	CalSTRS
Year ended June 30	Deferred Outflows (Inflows) of Resources
2023	$ (444,100)
2024	(361,527)
2025	(495,117)
2026	(553,189)

(Continued)

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, 2020, and rolling forward the total pension liability to June 30, 2021. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation date	June 30, 2020
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, 2021, are summarized in the following table:

Asset Class	CalSTRS Assumed Asset Allocation	CalSTRS 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)
	100.00 %	

* 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, 2021. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

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

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

	CalSTRS 1.00% Decrease (6.10%)	CalSTRS Current Discount Rate (7.10%)	CalSTRS 1.00% Increase (8.10%)
District's proportionate share of the net pension liability	$ 5,158,084	$ 2,651,352	$ 355,851

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, 2022, 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, 2022.

(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, 2022, there are 51,707 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, 2022, the District recognized pension expense of $6.9 million. The District does not have any forfeited amounts.

The District's contributions for all members for the fiscal years ended June 30, 2022, 2021, and 2020 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.

d. Those hired from June 1, 1992, through February 28, 2007, must have at least 80 years combined total of qualifying service and age. For those employees that have a break in service, this must include 10 consecutive years immediately prior to retirement.

e. Those hired from March 1, 2007, through March 31, 2009, must have at least 80 years combined total of qualifying service and age. In addition, the employee must have 15 consecutive years of qualifying service immediately prior to retirement.

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

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

h. Associated Administrators of Los Angeles (AALA) Certificated employees, Service Employees International Union (SEIU) hired on or after July 1, 2018, and California School Employees Association (CSEA) members hired on or after September 1, 2018, must have at least 87 years combined total of qualifying service and age. In addition, the employee must have a minimum of 30 consecutive years of qualifying service immediately prior to retirement.

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

To receive retiree health care benefits, an individual must:

a. Be eligible for active health care benefits at the date of retirement.

b. Retire in accordance with the eligibility rules of the applicable retirement system (CalSTRS or CalPERS).

c. Receive a monthly pension payment from the state retirement system (CalSTRS or CalPERS).

d. Comply with the Medicare requirements of the District plans. Lack of Medicare does not impact dental or vision coverage.

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

Employees Covered

As of June 30, 2022, actuarial valuation, the following current and former employees were covered by the benefit terms under the District's OPEB Plan:

Active employees	58,886
Inactive employees or beneficiaries currently receiving benefits	39,111
Inactive employees entitled to, but not yet receiving benefits	221
Total	98,218

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 2021-22, the District contributed a total of $231.1 million to the OPEB Plan.

Net OPEB Liability

The District's net OPEB liability of $10.2 billion at June 30, 2022, 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, 2021, actuarial valuation report (dated March 2022). The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation date	July 1, 2021
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal Cost
Discount rate	2.20%
Payroll growth	2.75% per annum
Salary increases	2000-2019 CalPERS Experience Study
Investment rate of return	7.00%
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[1]	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%

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

Changes of Assumptions

During the measurement period ended June 30, 2021, the following assumptions were changed from the prior valuation:

1. Discount rate was changed from 2.30% as of 7/1/2020 to 2.20% as of 7/1/2021.
2. Healthcare Cost Trends – details of the rates are shown above.
3. Mortality improvement was updated from scale MP-2019 to scale MP-2021.
4. Turnover rates, retirement rates, disability and salary scale were updated per the most recent CalPERS experience study and CalSTRS valuation.
5. Expected claims were updated to reflect actual 2021 and 2022 premium rates.
6. Participation assumption was updated from 100% to 95% to better reflect anticipated experience.

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 2.2% (rounded down to 10 basis points) as of July 1, 2021, which reflects the assumed asset return until asset depletion and municipal bond rates thereafter. The municipal bond rate is based on the Bond Buyer General Obligation 20-Bond Municipal Bond Index and the rate was 2.16% as of July 1, 2021.

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

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

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

[a] An expected inflation of 2.00% used for this period.

[b] An expected inflation of 2.92% used for this period.

Changes in the OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-b)
Beginning Balance, June 30, 2021 (Based on 06/30/2020 Measurement Date)	$ 11,488,950	$ 425,989	$ 11,062,961
Changes recognized for the fiscal year			
Service cost	437,026	—	437,026
Interest on the total OPEB liability	271,654	—	271,654
Changes of assumptions	(93,876)	—	(93,876)
Differences between expected and actual experience	(1,143,508)	—	(1,143,508)
Benefit payments	(231,192)	(231,192)	—
Contributions – employer	—	231,192	(231,192)
Net investment income	—	117,080	(117,080)
Other expenses – administrative expense	—	(240)	240
Net changes	(759,896)	116,840	(876,736)
Ending Balance, June 30, 2022 (Based on 06/30/2021 Measurement Date)	$ 10,729,054	$ 542,829	$ 10,186,225

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, 2022 (in thousands):

	1.00% Decrease (1.20%)	Current Discount Rate (2.20%)	1.00% Increase (3.20%)
Net OPEB liability	$ 12,065,352	$ 10,186,225	$ 8,674,930

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, 2022 (in thousands):

	1.00% Decrease	Trend Rate	1.00% Increase
Net OPEB liability	$ 8,358,936	$ 10,186,225	$ 12,589,684

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

For the fiscal year ended June 30, 2022, the District recognized a decrease in OPEB expense of $220.2 million. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual earnings on OPEB plan investments	$ 11,702	$ 69,152
Changes of assumptions	1,512,512	2,184,449
Difference between expected and actual experience	—	1,681,216
District contributions subsequent to the measurement date	231,063	—
Total	$ 1,755,277	$ 3,934,817

The table below lists the amortization bases included in the deferred outflows/inflows as of June 30, 2022 (in thousands):

Date		Period		Balance		Annual
Established	Type of Base	Original	Remaining	Original	Remaining	Amortization
6/30/2021	Liability (gain)/loss	7.78	6.78	$ (1,143,508)	$ (996,527)	$ (146,981)
6/30/2021	Asset (gain)/loss	5.00	4.00	(86,000)	(68,800)	(17,200)
6/30/2021	Assumptions	7.78	6.78	(93,876)	(81,809)	(12,066)
6/30/2020	Asset (gain)/loss	5.00	3.00	16,664	9,998	3,333
6/30/2020	Assumptions	7.16	5.16	2,098,757	1,512,512	293,122
6/30/2019	Liability (gain)/loss	7.25	4.25	(1,167,998)	(684,689)	(161,103)
6/30/2019	Asset (gain)/loss	5.00	2.00	4,258	1,703	852
6/30/2019	Assumptions	7.25	4.25	(1,965,158)	(1,151,989)	(271,056)
6/30/2018	Asset (gain)/loss	5.00	1.00	(1,759)	(352)	(352)
6/30/2018	Assumptions	7.33	3.33	(580,167)	(263,568)	(79,150)
6/30/2017	Asset (gain)/loss	5.00	—	(7,587)	—	(1,517)
6/30/2017	Assumptions	7.50	2.50	(2,061,247)	(687,082)	(274,833)
	Total charges				$ (2,410,603)	$ (666,951)

The $231.1 million reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 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):

Year ended June 30	Deferred Outflows (Inflows) of Resources
2023	$ (665,433)
2024	(665,082)
2025	(528,517)
2026	(341,403)
2027	26,036
Thereafter	(236,204)

(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, 2022.

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.

As of June 30, 2022, the discount rate increased to 2.5% from 1.0% as of June 30, 2021. The amount of the total claims liabilities recorded for health and welfare, workers' compensation, and liability self-insurance was $725.1 million. Changes in the reported liabilities since July 1, 2020, are summarized as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2021-2022				
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
Total	$ 609,841	$ 477,118	$ (361,872)	$ 725,087
2020-2021				
Health and welfare benefits	$ 19,924	$ 238,175	$ (237,055)	$ 21,044
Workers' compensation self-insurance	479,992	3,069	(79,416)	403,645
Liability self-insurance	170,680	26,231	(11,759)	185,152
Total	$ 670,596	$ 267,475	$ (328,230)	$ 609,841

(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, 2022, are as follows (in thousands):

COP Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2022	Interest Rates to Maturity Min	Interest Rates to Maturity Max	Final Maturity
2012A Refunding Headquarters Building Projects	6/12/2012	$ 87,845	$ 25,555	3.750	5.000	2031
2012B Refunding Headquarters Building Projects	6/12/2012	72,345	68,830	3.000	5.000	2031
2020A Refunding	10/27/2020	28,390	26,325	2.250	5.000	2034
			$ 120,710 *			

* The total amount shown above excludes net unamortized premium of $6.9 million.

(12) Long-Term Obligations

The following is a summary of changes in long-term obligations for the year ended June 30, 2022 (in thousands):

	Restated Balance July 1, 2021	Additions	Deductions	Other Changes**	Balance, June 30, 2022	Due Within One Year	Interest Expense
General Obligation Bonds*	$ 11,768,846	$ 542,995	$ 637,490	$ (62,350)	$ 11,612,001	$ 664,627	$ 388,987
Certificates of Participation (Note 11)*	139,517	–	10,260	(1,646)	127,611	12,134	4,423
Lease obligations ***	75	61,931	4,632	–	57,374	3,915	1,074
Liability for compensated absences	108,286	90,670	112,234	–	86,722	5,184	–
Liability for other employee benefits	33,671	–	4,077	–	29,594	3,324	–
Self-Insurance claims (Note 10)	609,841	477,118	361,872	–	725,087	358,021	–
Total	$ 12,660,236	$ 1,172,714	$ 1,130,565	$ (63,996)	$ 12,638,389	$ 1,047,205	$ 394,484

* The amounts shown above include unamortized premiums and discounts.

** Premium on bonds and premium and discount amortization.

*** Due to adoption of GASB No. 87, the beginning balance is restated. Refer to Note 1 (q) for further details.

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

Year Ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Certificates of Participation Principal	Certificates of Participation Interest	Total Principal	Total Interest
2023	$ 532,750	$ 521,326	$ 10,700	$ 5,598	$ 543,450	$ 526,924
2024	566,060	494,549	10,485	5,075	576,545	499,624
2025	574,705	466,330	10,410	4,561	585,115	470,891
2026	878,845	434,765	11,140	4,031	889,985	438,796
2027	915,075	410,062	11,680	3,472	926,755	413,534
2028-2032	2,987,660	1,491,898	61,750	8,382	3,049,410	1,500,280
2033-2037	2,628,935	620,296	4,545	208	2,633,480	620,504
2038-2042	1,060,290	240,258	—	—	1,060,290	240,258
2043-2047	625,740	43,587	—	—	625,740	43,587
	$ 10,770,060	$ 4,723,071	$ 120,710	$ 31,327	$ 10,890,770	$ 4,754,398

The General Obligation (GO) Bonds outstanding balance as of June 30, 2022, consists of the following (in thousands):

Bond Issue	Sale Date	Original Principal Amount	Outstanding June 30, 2022		Interest Rates to Maturity Min	Max	Final Maturity
KRY (2009-BAB) [(a)]	10/15/2009	$ 1,369,800	$ 1,369,800		5.750%	5.750%	2034
Election of 2005, H (2009)	10/15/2009	318,800	318,800		1.540	1.540	2025
RY (2010-BAB) [(a)]	3/4/2010	1,250,585	1,250,585		6.758	6.758	2034
Election of 2005, J-1 (2010) [(c)]	5/6/2010	190,195	190,195	(b)	5.981	5.981	2027
Election of 2005, J-2 (2010) [(c)]	5/6/2010	100,000	100,000	(b)	5.720	5.720	2027
2011A-1 Refunding	11/1/2011	206,735	27,435		5.000	5.000	2023
2012A Refunding	5/8/2012	156,000	17,090		2.000	5.000	2022
2014A Refunding	6/26/2014	196,850	20,480		5.000	5.000	2022
2014B Refunding	6/26/2014	323,170	100,155		5.000	5.000	2026
2014C Refunding	6/26/2014	948,795	713,850		3.000	5.000	2031
2014D Refunding	6/26/2014	153,385	95,430		5.000	5.000	2030
2015A Refunding	5/28/2015	326,045	164,550		5.000	5.000	2025
Election of 2008, A (2016)	4/5/2016	648,955	359,570		3.500	5.000	2040
2016A Refunding	4/5/2016	577,400	238,230		5.000	5.000	2030
2016B Refunding	9/15/2016	500,855	498,240		2.000	5.000	2032
2017A Refunding	5/25/2017	1,080,830	1,031,175		2.000	5.000	2027
Election of 2005, Series M-1 (2018)	3/8/2018	117,005	108,220		3.000	5.250	2042
Election of 2008, Series B-1 (2018)	3/8/2018	1,085,440	1,007,820		4.000	5.250	2042
2019A Refunding	5/29/2019	594,605	516,045		3.000	5.000	2034
Series RYQ (2020)	4/30/2020	942,940	784,650		4.000	5.000	2044
2020A Refunding	10/6/2020	302,000	291,455		3.000	5.000	2033
Measure Q, Series C (2020)	11/10/2020	1,057,060	893,005		3.000	5.000	2045
2021A Refunding	4/29/2021	196,310	192,000		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	48,855		0.408	1.888	2028
			$ 10,770,060	*			

* The total amount shown above excludes unamortized premium and discount of $841.9 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 $225.2 million representing $111.2 million for Election of 2005, H (2009) (Tax Credit Bonds) and $114.0 million for Election of 2005, J-1 and J-2 (2010) (Federally Taxable Direct Subsidy Bonds).

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

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

The arbitrage payable balance reflects amounts due to the United States Treasury in order to comply with Internal Revenue Code Section 148(f). When the District issues tax-exempt debt, Internal Revenue Service (IRS) regulations limit the yield that the District can earn on the bond proceeds. If the District earns an amount in excess of the bond yield and does not qualify for a spending exception, the District must remit the excess earnings to the United States Treasury. Payments equal to 90% of the calculated excess earnings are due on each fifth anniversary of a bond's issuance date. When a bond issue is retired, all of the remaining excess earnings must be remitted. As of June 30, 2022, 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 2022, approximately 93% of compensated absences has been paid by the General Fund and 7% by the District Bonds Fund.

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

(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 indirect 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 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.

(Continued)

The District as Lessee

The District, as a lessee, has entered into lease agreements involving building spaces, parking lots, antenna spaces, and computer equipment. A total initial lease liability was recorded in the amount of $62.0 million. As of June 30, 2022, the total value of the lease liability was $57.4 million. As of June 30, 2022, the total value of the right-to-use asset was recorded at a cost of $62.0 million with accumulated amortization of $5.2 million.

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

Year Ending June 30	Principal	Interest	Total
2023	$ 3,915	$ 1,043	$ 4,958
2024	3,197	1,012	4,209
2025	3,177	980	4,157
2026	947	957	1,904
2027	394	949	1,343
2028 - 2032	2,233	4,612	6,845
2033 - 2037	2,503	4,366	6,869
2038 - 2042	2,776	4,094	6,870
2043 - 2047	3,078	3,791	6,869
2048 - 2052	3,414	3,456	6,870
2053 - 2057	3,786	3,084	6,870
2058 - 2062	4,198	2,671	6,869
2063 - 2067	4,655	2,214	6,869
2068 - 2072	5,163	1,707	6,870
2073 - 2077	5,725	1,144	6,869
2077 - 2082	6,349	521	6,870
2083 - 2084	1,864	25	1,889
	$ 57,374	$ 36,626	$ 94,000

The District as Lessor

The District, as a lessor, has entered into lease agreements involving building spaces, office spaces, and parking lots. A total initial lease receivable was recorded in the amount of $15.0 million. The District recognized the total of $1.2 million in lease revenue and $0.3 million in interest revenue during the fiscal year 2021-2022. Also, the District has a deferred inflow of resources associated with leases that will be recognized over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $13.7 million.

(14) 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, 2022, were as follows (in thousands):

From	To	Purpose	Amount
General Fund	Adult Education Fund	Transfer of balance	$ 36
General Fund	Child Development Fund	Transfer of balance	877
General Fund	Building Fund – Measure R	Reimbursement of capital expenditures	175
General Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	51
General Fund	Capital Services Fund	Debt Service	13,265
Adult Education Fund	General Fund	Reimbursment of expenditures	22
Building Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	7
Building Fund – Measure R	General Fund	Reimbursement of capital expenditures	1,380
Building Fund – Measure R	Building Fund – Measure K	Reimbursement of capital expenditures	4,891
Building Fund – Measure R	Building Fund – Measure Y	Reimbursement of capital expenditures	222
Building Fund – Measure R	Building Fund – Measure Q	Reimbursement of capital expenditures	56,962
Building Fund – Measure R	County School Facilities - Prop 47	Reimbursement of capital expenditures	64
Building Fund – Measure R	Special Reserve Fund	Reimbursement of capital expenditures	82
Building Fund – Bond Proceeds	Building Fund – Measure R	Reimbursement of capital expenditures	61
Building Fund – Bond Proceeds	Building Fund – Measure Q	Reimbursement of capital expenditures	1,925
Building Fund – Bond Proceeds	County School Facilities - Prop 47	Reimbursement of capital expenditures	2
Building Fund – Measure K	Building Fund – Measure R	Reimbursement of capital expenditures	446
Building Fund – Measure K	Building Fund – Measure Y	Reimbursement of capital expenditures	10
Building Fund – Measure K	Building Fund – Measure Q	Reimbursement of capital expenditures	52
Building Fund – Measure K	County School Facilities - Prop 47	Reimbursement of capital expenditures	76
Building Fund – Measure RR	Building Fund – Measure R	Reimbursement of capital expenditures	125
Building Fund – Measure RR	Building Fund – Measure Q	Reimbursement of capital expenditures	3,061
Building Fund – Measure Y	General Fund	Reimbursement of capital expenditures	99
Building Fund – Measure Y	Building Fund – Measure R	Reimbursement of capital expenditures	235
Building Fund – Measure Y	Building Fund – Measure K	Reimbursement of capital expenditures	90
Building Fund – Measure Y	Building Fund – Measure Q	Reimbursement of capital expenditures	27,992
Building Fund – Measure Y	County School Facilities - Prop 47	Reimbursement of capital expenditures	370
Building Fund – Measure Q	General Fund	Reimbursement of capital expenditures	72
Building Fund – Measure Q	Building Fund – Measure R	Reimbursement of capital expenditures	575
Building Fund – Measure Q	Building Fund – Measure K	Reimbursement of capital expenditures	24
Building Fund – Measure Q	Building Fund – Measure Y	Reimbursement of capital expenditures	24
Building Fund – Measure Q	Special Reserve Fund	Reimbursement of capital expenditures	1,622
Capital Facilities Fund	Building Fund – Measure R	Reimbursement of capital expenditures	150
Capital Facilities Fund	Building Fund – Measure K	Reimbursement of capital expenditures	81
Capital Facilities Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	6
Capital Facilities Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	54,064
Capital Facilities Fund	Special Reserve Fund	Reimbursement of capital expenditures	4
County School Facilities - Prop 47	Building Fund – Measure R	Reimbursement of capital expenditures	4,354
County School Facilities - Prop 47	Building Fund – Measure K	Reimbursement of capital expenditures	18,034
County School Facilities - Prop 47	Building Fund – Measure Y	Reimbursement of capital expenditures	1,593
County School Facilities - Prop 47	Building Fund – Measure Q	Reimbursement of capital expenditures	56,607
County School Facilities - Prop 47	Capital Facilities Fund	Reimbursement of capital expenditures	244
Special Reserve Fund – CRA	General Fund	Reimbursement of capital expenditures	45,000
Special Reserve Fund	Building Fund – Measure R	Reimbursement of capital expenditures	452
Special Reserve Fund	Building Bond Proceeds	Reimbursement of capital expenditures	5
Special Reserve Fund	Building Fund – Measure Y	Reimbursement of capital expenditures	786
Special Reserve Fund	Building Fund – Measure Q	Reimbursement of capital expenditures	12,479
Total			$ 308,754

(15) Fund Equity

The following is a summary of non-spendable, restricted, assigned, and unassigned fund balances at June 30, 2022 (in thousands):

	General	District Bonds	Bond Interest and Redemption	Other Governmental
Nonspendable:				
Revolving cash and imprest funds	$ 2,882	$ 415	$ —	$ 17
Inventories	32,981	—	—	18,632
Prepaids	12,159	101	—	50
Total Nonspendable Balances	48,022	516	—	18,699
Restricted for:				
Child Nutrition: School Programs	—	—	—	118,195
Child Development: Corona Virus Response	—	—	—	5,874
FEMA Public Assistance Funds	3	—	—	2,252
A-G Completition Improvement Grant	34,450	—	—	—
Educator Effectiveness	110,889	—	—	—
Special Education	52,696	—	—	—
Classified Employee Professional Development Block Grant	3,049	—	—	—
State School Facilities Projects	—	—	—	183,548
State School Building Lease	—	—	—	5,734
Capital Facilities	—	—	—	67,414
Child Nutrition: Kitchen Infrastructure	15,310	—	—	—
Debt Service Reserve	—	—	1,174,108	—
District Bonds	—	1,314,621	—	—
Expanded Learning Opportunities Program	232,414	—	—	—
Expanded Learning Opportunities Grant	21,904	—	—	—
Other Federal	6,177	—	—	—
Other Local	17,909	—	—	—
Other State	49,531	—	—	—
Adult Education	—	—	—	39,904
Special Reserve - Others	—	—	—	69,896
Student Activity Funds	—	—	—	44,588
Tax Override	—	—	—	404
Special Reserve - Community Redelopment Agency	—	—	—	106,664
Capital Services	—	—	—	12,978
Total Restricted Balances	544,332	1,314,621	1,174,108	657,451
Assigned to:				
Assigned to subsequent year expenditures	1,595,952	—	—	18,757
Unassigned:				
Reserved for economic uncertainties	199,860	—	—	—
Unassigned	940,157	—	—	(15,374)
Total Fund Balances	$ 3,328,323	$ 1,315,137	$ 1,174,108	$ 679,533

Non-spendable 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.

(16) Contingencies and Commitments

(a) General

The District, as well as current and former Board Members and employees to whom the District has defense and indemnification responsibilities under the Government Code, has been named as defendants in numerous lawsuits, administrative proceedings and arbitrations. These seek, among other things, to require the District to cease its Covid mitigating measures (e.g., vaccine mandate, masking, testing, etc.), to reinstate terminated, demoted, suspended, and laid-off employees, to remedy alleged noncompliance regarding special education services/schools, and to change existing instructional programs, pupil integration methods, and employment and administration procedures. In 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 2021-2022 the District entered into approximately 53 contracts with a combined value of $663.9 million. The durations of the contracts range from 180 days to five years.

(17) Subsequent Events

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 $73,730,000 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 3.094% 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. 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 September 3, 2022, the District became aware of a cyberattack on its information technology assets and proactively suspended network traffic in and out of its data centers. In response to such incident, the District swiftly activated its incident response protocol and commenced an investigation with support from outside cybersecurity teams and in coordination with local and federal law enforcement authorities. The District has identified, contained, and remediated the ransomware, and it has not found evidence of additional malware related to the cyberattack or any other persistent malicious activity on its network or systems. The District has implemented several additional protective measures to reduce the likelihood of a similar incident occurring in the future, and has established an Independent Information Technology Task Force comprised of cybersecurity experts from private and public sectors to develop a set of recommendations to further strengthen the District's cybersecurity. The District did not pay a ransom, and threat actor posted approximately 500 gigabytes of data it stole from the District to its "leak site" on the dark web, which the District is in the process of reviewing. As the District's investigation and response is ongoing, the financial impact of the ransomware attack is still undetermined.

In November 2022, Fitch Ratings upgraded the District's GO bonds rating to "AAA" from "AA+", and its issuer default rating to "A" from "A-".

In November 2022, Moody’s revised its outlook from stable to positive and affirmed its “Aa3” rating on the District’s outstanding GO bonds. Moody’s affirmed the District’s issuer default rating of “A1” and “A2” rating on its outstanding certificates of participation (COPs).

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.

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, 2022
(Dollar amounts in thousands)
(unaudited)

	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Total OPEB Liability					
Service cost	$ 634,089	$ 523,203	$ 380,844	$ 291,399	$ 437,026
Interest on the total OPEB liability	490,582	561,040	460,486	330,177	271,654
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)
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)	(231,192)
Net change in total OPEB liability	(1,201,339)	(3,643,990)	(2,578,867)	2,499,167	(759,896)
Total OPEB liability – beginning	16,413,979	15,212,640	11,568,650	8,989,783	11,488,950
Total OPEB liability – ending (a)	$ 15,212,640	$ 11,568,650	$ 8,989,783	$ 11,488,950	$ 10,729,054
Plan fiduciary net position					
Contributions – employer	$ 342,763	$ 425,521	$ 287,040	$ 221,166	$ 231,192
Net investment income	20,995	23,893	23,970	14,563	117,080
Benefit payments	(264,763)	(305,521)	(287,040)	(221,166)	(231,192)
Administrative expense	(103)	(172)	(190)	(205)	(240)
Net change in plan fiduciary net position	98,892	143,721	23,780	14,358	116,840
Plan fiduciary net position – beginning	145,238	244,130	387,851	411,631	425,989
Plan fiduciary net position – ending (b)	244,130	387,851	411,631	425,989	542,829
Net OPEB liability – ending (a) - (b)	$ 14,968,510	$ 11,180,799	$ 8,578,152	$ 11,062,961	$ 10,186,225
Plan fiduciary net position as a percentage of the total OPEB liability	1.60%	3.35%	4.58%	3.71%	5.06%
Covered – employee payroll	$ 3,905,000	$ 3,728,000	$ 4,062,000	$ 4,174,000	$ 4,192,000
Net OPEB liability as percentage of covered – employee payroll	383.32%	299.91%	211.18%	265.04%	242.99%

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

Schedule of Contributions
For the Year Ended June 30, 2022

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, 2022
(Dollar amounts in thousands)
(unaudited)

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

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

See accompanying independent auditor’s report.

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	$ 8,861	$ 10,331	$ 10,073	$ 10,054	$ 11,066	$ 10,479
	25,394	26,815	27,428	28,862	30,547	32,058
	11,191	(1,831)	(2,039)	(1,660)	536	(2,306)
	—	23,771	(11,622)	—	—	—
	—	—	—	—	211	—
	(13,653)	(14,041)	(15,498)	(16,060)	(17,165)	(18,587)
	31,793	45,045	8,342	21,196	25,195	21,644
	323,150	354,943	399,988	408,330	429,526	454,721
	$ 354,943	$ 399,988	$ 408,330	$ 429,526	$ 454,721	$ 476,365
	$ 8,701	$ 9,711	$ 10,746	$ 12,751	$ 14,619	$ 14,984
	3,064	3,352	3,291	3,505	3,348	2,936
	1,196	28,500	22,418	19,647	15,665	76,690
	(13,653)	(14,041)	(15,498)	(16,060)	(17,165)	(18,587)
	(3)	(15)	(176)	(307)	(164)	—
	(695)	27,507	20,781	19,536	16,303	76,023
	253,464	252,769	280,276	301,057	320,593	336,896
	252,769	280,276	301,057	320,593	336,896	412,919
	$ 102,174	$ 119,712	$ 107,273	$ 108,933	$ 117,825	$ 63,446
	71.21%	70.07%	73.73%	74.64%	74.09%	86.68%
	$ 31,786	$ 33,239	$ 33,381	$ 33,097	$ 34,582	$ 29,289
	321.45%	360.16%	321.36%	329.14%	340.72%	216.62%

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, 2022
(Dollar amounts in thousands)
(unaudited)

	2014-2015	2015-2016	2016-2017	2017-2018
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 employment	Varies by entry age and service	Varies by entry age and service
Payroll growth	3.0%	3.0%	3.0%	3.0%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation.	7.5%	7.5%	7.5%
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.	The probabilities of retirement are based on the 2014 CalPERS Experience Study.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 5 years of projected on-going mortality improvement using scale AA published by the Society of Actuaries. There is no margin for future mortality improvement beyond the valuation date.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.	Based on mortality rates from the most recent CalPERS Experience Study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of projected on-going mortality improvements using Scale BB published by the Society of Actuaries.

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

See accompanying independent auditor’s report.

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

6/30/2016	6/30/2017	6/30/2018	6/30/2019
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
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
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%
7.5%	7.25%	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.
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.

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, 2022

(Dollar amounts in thousands)

(unaudited)

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

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

2. Schedule of District Contributions

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

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
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	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.
Asset valuation method	Actuarial value of Assets	Market value of Assets	Market value of Assets
Inflation	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
Investment rate of return	7.50%	7.50%	7.50%
Retirement age	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.

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

See accompanying independent auditor’s report.

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
8.1507%	7.9678%	8.0858%	7.8905%	7.8531%
$ 1,945,775	$ 2,124,474	$ 2,356,549	$ 2,421,053	$ 1,596,877
$ 1,108,784	$ 1,116,870	$ 1,228,585	$ 1,221,081	$ 1,256,381
175.49%	190.22%	191.81%	198.27%	127.10%
71.87%	70.85%	70.05%	70.00%	80.97%

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
$ 166,342	$ 205,346	$ 224,546	$ 243,447	$ 286,190
166,342	205,346	224,546	243,447	286,190
$ —	$ —	$ —	$ —	$ —
1,116,870	1,228,585	1,221,081	1,256,381	1,449,675
14.89%	16.71%	18.39%	19.38%	19.74%

6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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 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%	2.75%	2.63%	2.50%	2.50%
Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service	Varies by entry age and duration of service
7.50%	7.15%	7.15%	7.15%	7.15%
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.	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.

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, 2022

(Dollar amounts in thousands)

(unaudited)

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

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

2. Schedule of District Contributions

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

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
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	30 years	32 years	31 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
Inflation	3.00%	3.00%	3.00%
Salary increases	3.75%	3.75%	3.75%
Investment rate of return	7.50%	7.50%	7.50%
Retirement age	Experience Tables	Experience Tables	Experience Tables
Mortality	RP-2000 Series Table	RP-2000 Series Table	RP-2000 Series Table

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

See accompanying independent auditor’s report.

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
5.3050%	5.1840%	5.3820%	5.4030%	5.5680%
$ 4,906,064	$ 4,764,511	$ 4,980,791	$ 5,396,309	$ 2,651,352
$ 2,865,305	$ 2,833,461	$ 3,052,549	$ 2,825,924	$ 3,093,726
171.22%	168.15%	163.17%	190.96%	85.70%
69.46%	70.99%	72.56%	71.82%	87.21%

2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
$ 407,198	$ 483,163	$ 508,985	$ 497,701	$ 563,921
407,198	483,163	508,985	497,701	563,921
$ —	$ —	$ —	$ —	$ —
2,833,461	3,052,549	2,825,924	3,093,726	3,385,125
14.37%	15.83%	18.01%	16.09%	16.66%

6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
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
30 years	29 years	28 years	27 years	26 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%
7.25%	7.10%	7.10%	7.10%	7.10%
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-2016) 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, 2022

(in thousands)

	Budget Original	Budget Final	Actual	Variance with Final Budget – Favorable (Unfavorable)
Revenues:				
Other local revenues	$ 6,517	$ 6,517	$ (49,525)	$ (56,042)
Total Revenues	6,517	6,517	(49,525)	(56,042)
Expenditures:				
Current:				
Classified salaries	120,374	144,267	37,818	106,449
Employee benefits	59,941	70,400	24,594	45,806
Books and supplies	1,332	17,163	676	16,487
Services and other operating expenditures	282	131,661	28,501	103,160
Capital outlay	1,009,778	967,266	739,926	227,340
Debt service – principal	—	3	3	—
Total Expenditures	1,191,707	1,330,760	831,518	499,242
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,185,190)	(1,324,243)	(881,043)	443,200
Other Financing Sources (Uses):				
Transfers in	—	245,539	245,539	—
Transfers out	—	(110,799)	(100,462)	10,337
Leases	—	—	9	9
Proceeds from sale of bonds	494,140	494,140	494,140	—
Total Other Financing Sources (Uses)	494,140	628,880	639,226	10,346
Net Changes in Fund Balances	(691,050)	(695,363)	(241,817)	453,546
Fund Balances, July 1, 2021	1,597,313	1,556,954	1,556,954	—
Fund Balances, June 30, 2022	$ 906,263	$ 861,591	$ 1,315,137	$ 453,546

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, 2022

(in thousands)

	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ 69,549	$ 69,549	$ —
Other state revenues	—	—	3,000	3,000
Other local revenues	1,073,264	1,073,264	914,131	(159,133)
Total Revenues	1,073,264	1,142,813	986,680	(156,133)
Expenditures:				
Debt service – principal	962,804	591,120	591,120	—
Debt service – bond issuance cost	—	992	992	—
Debt service – bond, COPs, and capital leases interest	1,115,783	528,804	528,804	—
Total Expenditures	2,078,587	1,120,916	1,120,916	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,005,323)	21,897	(134,236)	(156,133)
Other Financing Sources (Uses):				
Payment to refunded bond escrow agent	—	(48,675)	(48,675)	—
Premium on bonds issued	—	—	83,841	83,841
Proceed from Refunding Bonds	—	—	48,855	48,855
Total Other Financing Sources	—	(48,675)	84,021	132,696
Net Changes in Fund Balances	(1,005,323)	(26,778)	(50,215)	(23,437)
Fund Balances, July 1, 2021	978,853	1,224,323	1,224,323	—
Fund Balances, June 30, 2022	$ (26,470)	$ 1,197,545	$ 1,174,108	$ (23,437)

See accompanying independent auditor’s report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

The State School Building Lease – Purchase Fund is used to account for State apportionments received in accordance with State Education Code Sections 17700-17780. Projects are funded by the State subject to appropriation of funds in the State Budget 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2022
(in thousands)

	Special Revenue			
Assets:	Student Activity	Adult Education	Child Development	Cafeteria
Cash in county treasury, in banks, and on hand	$ 31,198	$ 26,746	$ 17,968	$ 74,814
Cash held by trustee	—	—	—	—
Investments	14,079	—	—	—
Accounts receivable – net	432	11,941	119	66,981
Accrued interest receivable	—	105	68	114
Lease receivable	—	17	—	—
Prepaids	—	—	—	44
Inventories	3,521	—	—	15,111
Other Assets	118	—	—	—
Total Assets	49,348	38,809	18,155	157,064
Deferred Outflows of Resources	—	—	—	—
Total Assets and Deferred Outflows of Resources	$ 49,348	$ 38,809	$ 18,155	$ 157,064
Liabilities and Fund Balances:				
Vouchers and accounts payable	$ —	$ 1,967	$ 2,606	$ 7,997
Contracts payable	—	3	75	—
Accrued payroll	—	4,330	7,447	13,413
Other payables	1,239	885	2,488	1,350
Unearned revenue	—	—	371	954
Total Liabilities	1,239	7,185	12,987	23,714
Deferred Inflows of Resources	—	17	—	—
Fund Balances:				
Nonspendable	3,521	17	—	15,155
Restricted	44,588	39,904	5,874	118,195
Assigned	—	6,354	—	—
Unassigned	—	(14,668)	(706)	—
Total Fund Balances	48,109	31,607	5,168	133,350
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 49,348	$ 38,809	$ 18,155	$ 157,064

See accompanying independent auditors' report.

	Debt Service		
Total	Tax Override	Capital Services	Total
$ 150,726	$ 403	$ 34	$ 437
—	—	12,944	12,944
14,079	—	—	—
79,473	—	—	—
287	1	—	1
17	—	—	—
44	—	—	—
18,632	—	—	—
118	—	—	—
263,376	404	12,978	13,382
—	—	—	—
$ 263,376	$ 404	$ 12,978	$ 13,382
$ 12,570	$ —	$ —	$ —
78	—	—	—
25,190	—	—	—
5,962	—	—	—
1,325	—	—	—
45,125	—	—	—
17	—	—	—
18,693	—	—	—
208,561	404	12,978	13,382
6,354	—	—	—
(15,374)	—	—	—
218,234	404	12,978	13,382
$ 263,376	$ 404	$ 12,978	$ 13,382

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds
Combining Balance Sheet (Continued)
June 30, 2022
(in thousands)

	Capital			
Assets:	Building	Capital Facilities Account	State School Building Lease – Purchase	County School Facilities Bonds
Cash in county treasury, in banks, and on hand	$ 10,419	$ 66,171	$ 11,777	$ 183,809
Cash held by trustee	—	—	—	—
Investments	—	—	—	—
Accounts receivable – net	—	11,950	—	—
Accrued interest receivable	29	139	34	542
Lease receivable	160	—	—	—
Prepaids	6	—	—	—
Inventories	—	—	—	—
Other Assets	—	—	—	—
Total Assets	10,614	78,260	11,811	184,351
Deferred Outflows of Resources	—	—	—	—
Total Assest and Deferred Outflows of Resources	$ 10,614	$ 78,260	$ 11,811	$ 184,351
Liabilities and Fund Balances:				
Vouchers and accounts payable	$ —	$ 4,652	$ 133	$ 106
Contracts payable	11	4,178	174	202
Accrued payroll	15	84	—	5
Other payables	372	1,932	5,770	490
Unearned revenue	—	—	—	—
Total Liabilities	398	10,846	6,077	803
Deferred Inflows of Resources	159	—	—	—
Fund Balances:				
Nonspendable	6	—	—	—
Restricted	—	67,414	5,734	183,548
Assigned	10,051	—	—	—
Unassigned	—	—	—	—
Total Fund Balances	10,057	67,414	5,734	183,548
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 10,614	$ 78,260	$ 11,811	$ 184,351

See accompanying independent auditors' report.

Projects					
Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
$ 92,597	$ 68,739	$ 2,453	$ 2,138	$ 438,103	$ 589,266
—	—	—	—	—	12,944
—	—	—	—	—	14,079
13,774	1,726	—	—	27,450	106,923
370	222	7	6	1,349	1,637
—	—	—	—	160	177
—	—	—	—	6	50
—	—	—	—	—	18,632
—	—	—	—	—	118
106,741	70,687	2,460	2,144	467,068	743,826
—	—	—	—	—	—
$ 106,741	$ 70,687	$ 2,460	$ 2,144	$ 467,068	$ 743,826
$ 1	$ 152	$ —	$ —	$ 5,044	$ 17,614
40	500	—	—	5,105	5,183
32	12	—	—	148	25,338
4	127	—	—	8,695	14,657
—	—	—	—	—	1,325
77	791	—	—	18,992	64,117
—	—	—	—	159	176
—	—	—	—	6	18,699
106,664	69,896	2,252	—	435,508	657,451
—	—	208	2,144	12,403	18,757
—	—	—	—	—	(15,374)
106,664	69,896	2,460	2,144	447,917	679,533
$ 106,741	$ 70,687	$ 2,460	$ 2,144	$ 467,068	$ 743,826

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

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

Year Ended June 30, 2022

(in thousands)

	Special Revenue				
	Student Activity	Adult Education	Child Development	Cafeteria	Total
Revenues:					
Federal revenues	$ —	$ 21,808	$ 9,362	$ 460,801	$ 491,971
Other state revenues	—	119,342	168,468	19,272	307,082
Other local revenues	33,270	204	476	(1,095)	32,855
Total Revenues	33,270	141,354	178,306	478,978	831,908
Expenditures:					
Current:					
Certificated salaries	—	55,033	48,454	18	103,505
Classified salaries	—	17,790	52,617	117,363	187,770
Employee benefits	—	33,107	57,927	101,157	192,191
Books and supplies	23,939	22,487	6,014	207,118	259,558
Services and other operating expenditures	5,796	12,941	4,115	(5,397)	17,455
Capital outlay	202	374	661	—	1,237
Debt service – principal	—	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—	—
Debt service – refunding bond issuance cost	—	—	—	—	—
Other outgo	—	75	—	—	75
Transfers of indirect costs – interfund	—	5,723	8,339	10,792	24,854
Total Expenditures	29,937	147,530	178,127	431,051	786,645
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,333	(6,176)	179	47,927	45,263
Other Financing Sources (Uses):					
Transfers in	—	36	877	—	913
Transfers out	—	(22)	—	—	(22)
Total Other Financing Sources (Uses)	—	14	877	—	891
Net Changes in Fund Balances	3,333	(6,162)	1,056	47,927	46,154
Fund Balances, July 1, 2021	44,776	37,769	4,112	85,423	172,080
Fund Balances, June 30, 2022	$ 48,109	$ 31,607	$ 5,168	$ 133,350	$ 218,234

See accompanying independent auditor's report.

Debt Service		
Tax Override	Capital Services	Total
$ —	$ —	$ —
—	—	—
(14)	65	51
(14)	65	51
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	—	—
—	10,260	10,260
—	6,122	6,122
—	—	—
—	—	—
—	—	—
—	16,382	16,382
(14)	(16,317)	(16,331)
—	13,265	13,265
	—	—
—	13,265	13,265
(14)	(3,052)	(3,066)
418	16,030	16,448
$ 404	$ 12,978	$ 13,382

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Nonmajor Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Continued)

Year Ended June 30, 2022

(in thousands)

	Capital			
	Building	**Capital Facilities Account**	**State School Building Lease – Purchase**	**County School Facilities Bonds**
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	218,630
Other local revenues	193	90,208	(433)	(6,990)
Total Revenues	193	90,208	(433)	211,640
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	273	637	2	1
Employee benefits	153	320	2	1
Books and supplies	—	3	1	—
Services and other operating expenditures	442	799	—	—
Capital outlay	18	69,168	—	36,991
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Debt service – refunding bond issuance cost	—	—	—	—
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	886	70,927	5	36,993
Excess (Deficiency) of Revenues Over (Under) Expenditures	(693)	19,281	(438)	174,647
Other Financing Sources (Uses):				
Transfers in	—	243	—	512
Transfers out	(7)	(54,305)	—	(80,832)
Total Other Financing Sources (Uses)	(7)	(54,062)	—	(80,320)
Net Changes in Fund Balances	(700)	(34,781)	(438)	94,327
Fund Balances, July 1, 2021	10,757	102,195	6,172	89,221
Fund Balances, June 30, 2022	$ 10,057	$ 67,414	$ 5,734	$ 183,548

See accompanying independent auditor’s report.

Projects					
Special Reserve – Community Redevelopment Agency	Special Reserve	Special Reserve – FEMA – Earthquake	Special Reserve – FEMA – Hazard Mitigation	Total	Total Nonmajor Governmental Funds
$ —	$ 3,694	$ —	$ —	$ 3,694	$ 495,665
—	432	—	—	219,062	526,144
45,720	25,973	(90)	(79)	154,502	187,408
45,720	30,099	(90)	(79)	377,258	1,209,217
—	—	—	—	—	103,505
234	10,294	—	—	11,441	199,211
114	75	—	—	665	192,856
—	191	—	—	195	259,753
17	2,387	—	—	3,645	21,100
14,487	21,570	32	—	142,266	143,503
—	—	—	—	—	10,260
—	—	—	—	—	6,122
—	—	—	—	—	—
—	—	—	—	—	75
—	—	—	—	—	24,854
14,852	34,517	32	—	158,212	961,239
30,868	(4,418)	(122)	(79)	219,046	247,978
—	1,708	—	—	2,463	16,641
(45,000)	(13,722)	—	—	(193,866)	(193,888)
(45,000)	(12,014)	—	—	(191,403)	(177,247)
(14,132)	(16,432)	(122)	(79)	27,643	70,731
120,796	86,328	2,582	2,223	420,274	608,802
$ 106,664	$ 69,896	$ 2,460	$ 2,144	$ 447,917	$ 679,533

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, 2022

(in thousands)

	Student Activity Special Revenue			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	27,768	27,768	33,270	5,502
Total Revenues	27,768	27,768	33,270	5,502
Expenditures:				
Current:				
Certificated salaries	—	—	—	—
Classified salaries	—	—	—	—
Employee benefits	—	—	—	—
Books and supplies	19,325	24,008	23,939	69
Services and other operating expenditures	5,230	5,830	5,796	34
Capital outlay	383	383	202	181
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	—	—	—	—
Total Expenditures	24,938	30,221	29,937	284
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,830	(2,453)	3,333	5,786
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	2,830	(2,453)	3,333	5,786
Fund Balances, July 1, 2021,	45,369	44,776	44,776	—
Fund Balances, June 30, 2022	$ 48,199	$ 42,323	$ 48,109	$ 5,786

See accompanying independent auditor’s report.

Adult Education				Child Development			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ 18,255	$ 37,520	$ 21,808	$ (15,712)	$ 4,729	$ 5,133	$ 9,362	$ 4,229
116,995	119,179	119,342	163	137,467	153,724	168,468	14,744
1,211	1,234	204	(1,030)	2,658	1,523	476	(1,047)
136,461	157,933	141,354	(16,579)	144,854	160,380	178,306	17,926
56,725	62,255	55,033	7,222	49,654	49,604	48,454	1,150
16,387	18,436	17,790	646	56,096	56,458	52,617	3,841
35,784	38,674	33,107	5,567	60,370	58,371	57,927	444
47,063	53,865	22,487	31,378	11,259	6,057	6,014	43
11,824	15,472	12,941	2,531	4,045	4,116	4,115	1
—	1,106	374	732	—	670	661	9
—	75	75	—	—	—	—	—
4,652	5,806	5,723	83	8,987	8,609	8,339	270
172,435	195,689	147,530	48,159	190,411	183,885	178,127	5,758
(35,974)	(37,756)	(6,176)	31,580	(45,557)	(23,505)	179	23,684
—	39	36	(3)	41,768	19,392	877	(18,515)
(25)	(36)	(22)	14	—	—	—	—
(25)	3	14	11	41,768	19,392	877	(18,515)
(35,999)	(37,753)	(6,162)	31,591	(3,789)	(4,113)	1,056	5,169
36,016	37,769	37,769	—	3,789	4,112	4,112	—
$ 17	$ 16	$ 31,607	$ 31,591	$ —	$ (1)	$ 5,168	$ 5,169

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Special Revenue Funds

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

Year Ended June 30, 2022

(in thousands)

	Cafeteria			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ 372,132	$ 489,483	$ 460,801	$ (28,682)
Other state revenues	31,484	19,857	19,272	(585)
Other local revenues	1,723	1,406	(1,095)	(2,501)
Total Revenues	405,339	510,746	478,978	(31,768)
Expenditures:				
Current:				
Certificated salaries	—	25	18	7
Classified salaries	112,161	118,550	117,363	1,187
Employee benefits	105,579	102,716	101,157	1,559
Books and supplies	160,951	254,106	207,118	46,988
Services and other operating expenditures	2,701	3,247	(5,397)	8,644
Capital outlay	—	236	—	236
Other outgo	—	—	—	—
Transfers of indirect costs – interfund	17,928	21,661	10,792	10,869
Total Expenditures	399,320	500,541	431,051	69,490
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,019	10,205	47,927	37,722
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	6,019	10,205	47,927	37,722
Fund Balances, July 1, 2021,	87,069	85,423	85,423	—
Fund Balances, June 30, 2022	$ 93,088	$ 95,628	$ 133,350	$ 37,722

See accompanying independent auditor’s report.

Total			
Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)
$ 395,116	$ 532,136	$ 491,971	$ (40,165)
285,946	292,760	307,082	14,322
33,360	31,931	32,855	924
714,422	856,827	831,908	(24,919)
106,379	111,884	103,505	8,379
184,644	193,444	187,770	5,674
201,733	199,761	192,191	7,570
238,598	338,036	259,558	78,478
23,800	28,665	17,455	11,210
383	2,395	1,237	1,158
—	75	75	—
31,567	36,076	24,854	11,222
787,104	910,336	786,645	123,691
(72,682)	(53,509)	45,263	98,772
41,768	19,431	913	(18,518)
(25)	(36)	(22)	14
41,743	19,395	891	(18,504)
(30,939)	(34,114)	46,154	80,268
172,243	172,080	172,080	—
$ 141,304	$ 137,966	$ 218,234	$ 80,268

(Continued)

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, 2022

(in thousands)

	Tax Override			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other local revenues	—	—	(14)	(14)
Total Revenues	—	—	(14)	(14)
Expenditures:				
Debt service – principal	—	—	—	—
Debt service – bond, COPs, and capital leases interest	—	—	—	—
Total Expenditures	—	—	—	—
Excess (Deficiency) of Revenues Over (Under) Expenditures	—	—	(14)	(14)
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Total Other Financing Sources	—	—	—	—
Net Changes in Fund Balances	—	—	(14)	(14)
Fund Balances, July 1, 2021	418	418	418	—
Fund Balances, June 30, 2022	$ 418	$ 418	$ 404	$ (14)

See accompanying independent auditor’s report.

Capital Services				Total			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
93	93	65	(28)	93	93	51	(42)
93	93	65	(28)	93	93	51	(42)
7,210	10,260	10,260	—	7,210	10,260	10,260	—
6,215	6,122	6,122	—	6,215	6,122	6,122	—
13,425	16,382	16,382	—	13,425	16,382	16,382	—
(13,332)	(16,289)	(16,317)	(28)	(13,332)	(16,289)	(16,331)	(42)
13,332	13,298	13,265	(33)	13,332	13,298	13,265	(33)
13,332	13,298	13,265	(33)	13,332	13,298	13,265	(33)
—	(2,991)	(3,052)	(61)	—	(2,991)	(3,066)	(75)
16,265	16,029	16,030	1	16,683	16,447	16,448	1
$ 16,265	$ 13,038	$ 12,978	$ (60)	$ 16,683	$ 13,456	$ 13,382	$ (74)

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, 2022

(in thousands)

	Building			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	—	—	—	—
Other local revenues	605	605	193	(412)
Total Revenues	605	605	193	(412)
Expenditures:				
Current:				
Classified salaries	345	412	273	139
Employee benefits	195	222	153	69
Books and supplies	—	—	—	—
Services and other operating expenditures	—	478	442	36
Capital outlay	144	31	18	13
Total Expenditures	684	1,143	886	257
Excess (Deficiency) of Revenues Over (Under) Expenditures	(79)	(538)	(693)	(155)
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	(7)	(7)	—
Total Other Financing Sources (Uses)	—	(7)	(7)	—
Net Changes in Fund Balances	(79)	(545)	(700)	(155)
Fund Balances, July 1, 2021	10,642	10,757	10,757	—
Fund Balances, June 30, 2022	$ 10,563	$ 10,212	$ 10,057	$ (155)

See accompanying independent auditor's report.

Capital Facilities Account				State School Building Lease – Purchase			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
—	—	—	—	—	—	—	—
70,300	70,300	90,208	19,908	—	—	(433)	(433)
70,300	70,300	90,208	19,908	—	—	(433)	(433)
584	757	637	120	—	2	2	—
285	384	320	64	—	2	2	—
78	80	3	77	—	5	1	4
31,478	875	799	76	—	1	—	1
109,023	70,047	69,168	879	195	170	—	170
141,448	72,143	70,927	1,216	195	180	5	175
(71,148)	(1,843)	19,281	21,124	(195)	(180)	(438)	(258)
—	243	243	—	—	—	—	—
—	(54,305)	(54,305)	—	—	—	—	—
—	(54,062)	(54,062)	—	—	—	—	—
(71,148)	(55,905)	(34,781)	21,124	(195)	(180)	(438)	(258)
124,738	102,195	102,195	—	6,188	6,172	6,172	—
$ 53,590	$ 46,290	$ 67,414	$ 21,124	$ 5,993	$ 5,992	$ 5,734	$ (258)

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Projects Funds

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

Year Ended June 30, 2022

(in thousands)

	County School Facilities Bonds			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ —	$ —	$ —	$ —
Other state revenues	140,868	170,554	218,630	48,076
Other local revenues	1,034	1,034	(6,990)	(8,024)
Total Revenues	141,902	171,588	211,640	40,052
Expenditures:				
Current:				
Classified salaries	—	795	1	794
Employee benefits	—	267	1	266
Books and supplies	—	—	—	—
Services and other operating expenditures	—	—	—	—
Capital outlay	110,293	37,069	36,991	78
Total Expenditures	110,293	38,131	36,993	1,138
Excess (Deficiency) of Revenues Over (Under) Expenditures	31,609	133,457	174,647	41,190
Other Financing Sources (Uses):				
Transfers in	—	512	512	—
Transfers out	—	(80,832)	(80,832)	—
Total Other Financing Sources (Uses)	—	(80,320)	(80,320)	—
Net Changes in Fund Balances	31,609	53,137	94,327	41,190
Fund Balances, July 1, 2021	121,749	89,221	89,221	—
Fund Balances, June 30, 2022	$ 153,358	$ 142,358	$ 183,548	$ 41,190

See accompanying independent auditors' report.

Special Reserve – Community Redevelopment Agency				Special Reserve			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ 2,938	$ 6,595	$ 3,694	$ (2,901)
—	—	—	—	1,571	2,032	432	(1,600)
49,370	49,370	45,720	(3,650)	14,713	18,147	25,973	7,826
49,370	49,370	45,720	(3,650)	19,222	26,774	30,099	3,325
230	266	234	32	—	10,385	10,294	91
97	132	114	18	—	183	75	108
195	196	—	196	—	648	191	457
123	52	17	35	—	15,025	2,387	12,638
2,108	14,502	14,487	15	20,397	21,968	21,570	398
2,753	15,148	14,852	296	20,397	48,209	34,517	13,692
46,617	34,222	30,868	(3,354)	(1,175)	(21,435)	(4,418)	17,017
—	—	—	—	—	1,708	1,708	—
(30,000)	(45,000)	(45,000)	—	—	(13,722)	(13,722)	—
(30,000)	(45,000)	(45,000)	—	—	(12,014)	(12,014)	—
16,617	(10,778)	(14,132)	(3,354)	(1,175)	(33,449)	(16,432)	17,017
113,801	120,796	120,796	—	78,056	86,328	86,328	—
$ 130,418	$ 110,018	$ 106,664	$ (3,354)	$ 76,881	$ 52,879	$ 69,896	$ 17,017

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Capital Projects Funds

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

Year Ended June 30, 2022

(in thousands)

	Special Reserve – FEMA – Earthquake			
	Budget			Variance with Final Budget – Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Federal revenues	$ 398	$ 398	$ —	$ (398)
Other state revenues	—	—	—	—
Other local revenues	—	—	(90)	(90)
Total Revenues	398	398	(90)	(488)
Expenditures:				
Current:				
Classified salaries	—	10	—	10
Employee benefits	—	5	—	5
Books and supplies	—	1	—	1
Services and other operating expenditures	—	22	—	22
Capital outlay	2,999	2,374	32	2,342
Total Expenditures	2,999	2,412	32	2,380
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,601)	(2,014)	(122)	1,892
Other Financing Sources (Uses):				
Transfers in	—	—	—	—
Transfers out	—	—	—	—
Total Other Financing Sources (Uses)	—	—	—	—
Net Changes in Fund Balances	(2,601)	(2,014)	(122)	1,892
Fund Balances, July 1, 2021	3,172	2,582	2,582	—
Fund Balances, June 30, 2022	$ 571	$ 568	$ 2,460	$ 1,892

See accompanying independent auditors' report.

Special Reserve – FEMA – Hazard Mitigation				Total			
Budget			Variance with Final Budget – Favorable	Budget			Variance with Final Budget – Favorable
Original	Final	Actual	(Unfavorable)	Original	Final	Actual	(Unfavorable)
$ —	$ —	$ —	$ —	$ 3,336	$ 6,993	$ 3,694	$ (3,299)
—	—	—	—	142,439	172,586	219,062	46,476
—	—	(79)	(79)	136,022	139,456	154,502	15,046
—	—	(79)	(79)	281,797	319,035	377,258	58,223
—	—	—	—	1,159	12,627	11,441	1,186
—	—	—	—	577	1,195	665	530
—	—	—	—	273	930	195	735
—	—	—	—	31,601	16,453	3,645	12,808
—	—	—	—	245,159	146,161	142,266	3,895
—	—	—	—	278,769	177,366	158,212	19,154
—	—	(79)	(79)	3,028	141,669	219,046	77,377
—	—	—	—	—	2,463	2,463	—
—	—	—	—	(30,000)	(193,866)	(193,866)	—
—	—	—	—	(30,000)	(191,403)	(191,403)	—
—	—	(79)	(79)	(26,972)	(49,734)	27,643	77,377
2,222	2,223	2,223	—	460,568	420,274	420,274	—
$ 2,222	$ 2,223	$ 2,144	$ (79)	$ 433,596	$ 370,540	$ 447,917	$ 77,377

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds

Combining Statement of Net Position

June 30, 2022

(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Assets:				
Cash in county treasury, in banks, and on hand	$ 85,883	$ 588,522	$ 315,266	$ 989,671
Accounts receivable – net	41,291	—	—	41,291
Accrued interest and dividends receivable	488	1,642	429	2,559
Prepaids	56,561	—	—	56,561
Other assets	4,774	—	—	4,774
Total Assets	188,997	590,164	315,695	1,094,856
Deferred Outflows of Resources	1,348	1,818	871	4,037
Liabilities:				
Current:				
Vouchers and accounts payable	137	4,164	1,158	5,459
Accrued payroll	492	300	402	1,194
Other payables	47,616	23	52	47,691
Estimated liability for self-insurance claims	23,307	99,720	234,994	358,021
Total Current Liabilities	71,552	104,207	236,606	412,365
Noncurrent:				
Estimated liability for self-insurance claims	—	283,730	83,336	367,066
Net other postemployment benefits liability	2,804	7,007	2,200	12,011
Net pension liability	1,593	4,518	1,120	7,231
Total Noncurrent Liabilities	4,397	295,255	86,656	386,308
Total Liabilities	75,949	399,462	323,262	798,673
Deferred Inflows of Resources	3,065	2,998	2,080	8,143
Total Net Position – Unrestricted	$ 111,331	$ 189,522	$ (8,776)	$ 292,077

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, 2022

(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Operating Revenues:				
In-District premiums	$ 1,071,612	$ 124,713	$ 184,985	$ 1,381,310
Others	3,095	—	—	3,095
Total Operating Revenues	1,074,707	124,713	184,985	1,384,405
Operating Expenses:				
Certificated salaries	—	—	86	86
Classified salaries	2,444	1,393	1,769	5,606
Employee benefits	754	460	546	1,760
Supplies	272	15	28	315
Premiums and claims expenses	1,117,121	52,406	182,480	1,352,007
Claims administration	3,181	12,901	334	16,416
Other contracted services	853	416	27	1,296
Total Operating Expenses	1,124,625	67,591	185,270	1,377,486
Operating Income (Loss)	(49,918)	57,122	(285)	6,919
Nonoperating Revenues (Expenses):				
Investment income	(2,616)	(21,671)	(9,219)	(33,506)
Miscellaneous expense	—	(46)	—	(46)
Total Nonoperating Revenues	(2,616)	(21,717)	(9,219)	(33,552)
Income (Loss) before Transfers	(52,534)	35,405	(9,504)	(26,633)
Changes in Net Position	(52,534)	35,405	(9,504)	(26,633)
Total Net Position, July 1, 2021	163,865	154,117	728	318,710
Total Net Position, June 30, 2022	$ 111,331	$ 189,522	$ (8,776)	$ 292,077

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Internal Service Funds
Combining Statement of Cash Flows
Year Ended June 30, 2022
(in thousands)

	Health and Welfare Benefits	Workers' Compensation Self-Insurance	Liability Self-Insurance	Total
Cash Flows from Operating Activities:				
Cash payments to employees for services	$ (4,604)	$ (2,162)	$ (2,879)	$ (9,645)
Cash payments for goods and services	(1,123,342)	(86,778)	(52,864)	(1,262,984)
Receipts from assessment to other funds	1,071,612	124,713	184,985	1,381,310
Other operating revenue	3,095	—	—	3,095
Cash Provided (Used) by Operating Activities	(53,239)	35,773	129,242	111,776
Cash Flows from Investing Activities:				
Earnings on investments	(2,558)	(22,133)	(9,355)	(34,046)
Net Cash Provided by Investing Activities	(2,558)	(22,133)	(9,355)	(34,046)
Net Increase (Decrease) in Cash and Cash Equivalents	(55,797)	13,640	119,887	77,730
Cash and Cash Equivalents, July 1	141,680	574,882	195,379	911,941
Cash and Cash Equivalents, June 30	$ 85,883	$ 588,522	$ 315,266	$ 989,671
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (49,918)	$ 57,122	$ (285)	$ 6,919
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	(669)	(379)	(453)	(1,501)
Change in Assets: Decrease (Increase)				
Accounts receivable	(8,611)	—	—	(8,611)
Prepaids	(2,494)	—	—	(2,494)
Other assets	456	—	—	456
Change in Liabilities: Increase (Decrease)				
Vouchers and accounts payable	(4,491)	(852)	621	(4,722)
Accrued payroll	(737)	71	(27)	(693)
Other payables	10,962	7	(3,792)	7,177
Estimated liability for self-insurance claims – current	2,263	(5,088)	133,913	131,088
Estimated liability for self-insurance claims – noncurrent	—	(15,108)	(735)	(15,843)
Total Adjustments	(3,321)	(21,349)	129,527	104,857
Net Cash Provided (Used) by Operating Activities	$ (53,239)	$ 35,773	$ 129,242	$ 111,776

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

LOS ANGELES UNIFIED SCHOOL DISTRICT

Assessed Value of Taxable Property
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Secured*	Unsecured*	Total Assessed Value	Total District Tax Rates	Increase (Decrease) Over Preceding Year		Total ADA**	Assessed Value per Unit of ADA
					Amount	Rate		
2012-2013	458,767,053	21,308,439	480,075,492	1.175606	10,980,267	2.34	534,345	898
2013-2014	482,043,584	21,634,336	503,677,920	1.146439	23,602,428	4.92	527,995	954
2014-2015	510,371,502	22,562,705	532,934,207	1.146881	29,256,287	5.81	516,229	1,032
2015-2016	546,807,059	23,362,405	570,169,464	1.129709	37,235,257	6.99	503,367	1,133
2016-2017	581,473,213	24,495,794	605,969,007	1.131096	35,799,543	6.28	491,856	1,232
2017-2018	619,162,082	25,342,665	644,504,747	1.122192	38,535,740	6.36	478,591	1,347
2018-2019	665,355,078	27,377,547	692,732,625	1.123226	48,227,878	7.48	454,010	1,526
2019-2020	710,954,606	28,442,486	739,397,092	1.125520	46,664,467	6.74	454,905 [acd]	1,625 [a]
2020-2021	759,004,740	28,679,271	787,684,011	1.139929	48,286,919	6.53	454,905 [bd]	1,732 [b]
2021-2022	790,822,215	27,581,052	818,403,267	1.113228	30,719,256	3.90	380,709	2,150

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

** Source: ADA – Average Daily Attendance, Annual Report

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

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

[c] Adjusted for fiscal year 2019-20 audit finding.

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

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Largest Local Secured Taxpayers (1)

Current Year and Nine Years Ago

(in thousands)

(Unaudited)

2022				2013			
Rank	Property Owner	Assessed Valuation	% of Total (2)	Rank	Property Owner	Assessed Valuation	% of Total (3)
1	Douglas Emmett LLC	$ 2,672,575	0.34%	1	Douglas Emmett Realty Funds	$ 2,324,436	0.51%
2	Universal Studios LLC	2,594,545	0.33%	2	Universal Studios LLC	1,404,383	0.31%
3	Essex Portfolio LP	2,329,789	0.29%	3	Anheuser Busch Inc.	864,022	0.19%
4	Rexford Industrial Realty LP	1,180,838	0.15%	4	One Hundred Towers LLC	594,498	0.13%
5	Century City Mall LLC	1,091,139	0.14%	5	Donald T. Sterling	587,974	0.13%
6	Greenland LA Metropolis	966,599	0.12%	6	LA Live Properties LLC	533,895	0.12%
7	FSP South Flower Street	964,739	0.12%	7	Paramount Pictures Corp.	513,058	0.11%
8	Rochelle H. Sterling	872,933	0.11%	8	Tishman Speyer Archstone Smith	504,859	0.11%
9	Hanjin International Corp.	867,475	0.11%	9	Duesenberg Investment Company	497,714	0.11%
10	Onni Wilshire Courtyard LLC	794,670	0.10%	10	BRE Properties Inc.	470,360	0.10%
11	Anheuser Busch Commercial	762,511	0.10%	11	Century City Mall LLC	468,777	0.10%
12	One Hundred Towers LLC	687,016	0.09%	12	Taubman Beverly Center	467,939	0.10%
13	Trizec 333 LA LLC	673,797	0.09%	13	Westfield Topanga Owner LP	452,160	0.10%
14	Maguire Partners 355 S. Grand LLC	630,139	0.08%	14	Casden Park La Brea LLC	447,005	0.10%
15	BRE HH Property Owner LLC	625,299	0.08%	15	Twentieth Century Fox Film Corp.	386,444	0.08%
16	Olympic and Georgia Partners LLC	601,431	0.08%	16	Trizec 333 LA LLC	383,700	0.08%
17	Tishman Speyer Archstone Smith	600,723	0.08%	17	Next Century Associates LLC	372,922	0.08%
18	LA Live Properties LLC	561,741	0.07%	18	1999 Stars LLC	357,311	0.08%
19	Maguire Properties 555 W. Fifth	552,469	0.07%	19	BP West Coast Products LLC	351,348	0.08%
20	CJDB LLC	542,997	0.07%	20	AP Properties Ltd	340,166	0.07%
		$ 20,573,426	**2.62%**			**$ 12,322,971**	**2.69%**

(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) 2021-22 Local Secured Assessed Valuation: $790,659,524,715.

(3) 2012-13 Local Secured Assessed Valuation: $458,585,111.

Source: California Municipal Statistics, Inc.

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)
(Unaudited)

Fiscal Year	Total Tax Levy	ERAF Funds [1]	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections [2]	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2012-2013	$ 1,731,129	$ 114,465	$ 1,798,032	97.42%	$ 132,847	$ 1,930,879	104.62%
2013-2014	1,652,164	26,846	1,684,486	100.33	29,409	1,713,895	102.08
2014-2015	1,779,935	35,339	1,798,657	99.08	38,226	1,836,883	101.19
2015-2016	1,799,477	171,532	1,959,111	99.40	31,529	1,990,640	101.00
2016-2017	1,904,567	232,966	2,107,292	98.59	25,977	2,133,269	99.80
2017-2018	1,985,501	255,167	2,184,304	97.48	49,404	2,233,708	99.69
2018-2019	2,134,918	234,519	2,347,069	99.06	61,128	2,408,197	101.64
2019-2020	2,305,773	216,281	2,467,267	97.83	40,975	2,508,242	99.45
2020-2021	2,564,883	256,204	2,756,243	97.70	66,318	2,822,561	100.05
2021-2022	2,440,344	246,520	2,588,512	96.34	78,480	2,666,992	99.26

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

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

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Organization Structure
Year Ended June 30, 2022
(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 FY2022.

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**
Kelly Gonez, President	6	December 11, 2027
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
Jackie Goldberg	5	December 16, 2024
Tanya Ortiz Franklin	7	December 16, 2024

Name	**Title**
Albert M. Carvalho	Superintendent of Schools
Pedro Salcido	Deputy Superintendent, Business Services and Operations
Kristen Murphy	Chief of Staff
Andres E. Chait	Chief of School Operations
Roberto Martinez	Associate Superintendent, School Climate, Culture and Safety
Frances Baez	Chief Academic Officer
Veronica Arreguin	Chief Strategy Officer
Anthony Aguilar	Chief of Special Education, Equity and Access
Mark Hovatter	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:

(As of October)	**2018-2019**	**2019-2020**	**2020-2021**	**2021-2022**
Elementary Schools	445	440	438	436
Middle/Junior High Schools	81	79	78	78
Senior High Schools	94	92	89	87
Options Schools	54	54	54	53
Special Education Schools	14	14	13	13
Magnet Schools	54	61	65	66
Magnet Centers	203	231	245	255
Community Adult Schools	2	1	1	1
Regional Occupational Centers	6	6	7	7
Skills Centers	3	4	2	2
Early Education Centers	86	86	87	87
Infant Centers	4	4	4	4
California State Preschools	90	88	89	89
Primary School Centers	19	19	18	18
Multi-level Schools	24	25	28	28
Total Schools and Centers	1,179	1,204	1,218	1,224
Independent Charter Schools	225	226	229	227

See accompanying independent auditor's report.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance

Year Ended June 30, 2022

	Second Period Report	Annual Report	Audited Second Period Report*	Audited Annual Report*
District				
Kindergarten-Grade 3	109,663.75	111,088.41	109,640.89	111,066.43
Grades 4-6	82,572.64	82,946.00	82,562.11	82,937.75
Grades 7-8	49,685.94	49,777.71	49,663.51	49,758.44
Grades 9-12	102,121.19	101,511.04	102,119.55	101,509.76
Total District	344,043.52	345,323.16	343,986.06	345,272.38
County				
Kindergarten-Grade 3	0.00	0.00	0.00	0.00
Grades 4-6	0.00	0.00	0.00	0.00
Grades 7-8	1.39	1.79	1.39	1.79
Grades 9-12	348.14	335.28	348.14	335.28
Total County	349.53	337.07	349.53	337.07
Affiliated Charter Schools				
Kindergarten-Grade 3	11,201.15	11,202.63	11,200.34	11,201.80
Grades 4-6	8,277.11	8,255.65	8,277.11	8,255.65
Grades 7-8	5,940.58	5,887.65	5,940.58	5,887.65
Grades 9-12	9,822.75	9,702.86	9,822.75	9,702.86
Total Affiliated Charter Schools	35,241.59	35,048.79	35,240.78	35,047.96
Total Average Daily Attendance	379,634.64	380,709.02	379,576.37	380,657.41

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)

	2012-2013	2013-2014	2014-2015	2015-2016
District:				
Kindergarten-Grade 3	168,489	168,252.87	163,499.69	158,998.06
Grades 4-6	118,173	114,524.59	112,259.91	111,544.08
Grades 7-8	74,049	71,438.68	68,537.63	65,595.68
Grades 9-12	144,618	133,466.36	131,352.82	127,103.24
Total District	505,329	487,682.50	475,650.05	463,241.06
County:				
Kindergarten-Grade 3		0.00	0.00	0.00
Grades 4-6	1	1.23	1.38	1.23
Grades 7-8	8	7.85	5.12	3.18
Grades 9-12	175	670.05	628.23	489.84
Total County	184	679.13	634.73	494.25
Affiliated Charter Schools:				
Kindergarten-Grade 3	13,827	16,012.86	15,913.38	15,866.33
Grades 4-6	9,369	10,393.49	10,505.83	10,545.58
Grades 7-8	5,636	5,758.33	6,070.36	6,000.47
Grades 9-12	—	7,468.47	7,454.27	7,219.75
Total Affiliated Charter Schools	28,832	39,633.15	39,943.84	39,632.13
Total Average Daily Attendance	534,345.00	527,994.78	516,228.62	503,367.44

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

[a] Adjustment was due to an FY2019-20 audit finding.

* The ADA presented in the schedule is the audited 2019-20 ADA, and the ADA for fiscal year 2020-21 was not collected per California Education Code section EC Section 2575(g)(2) based on the "hold harmless" provision stated in the Senate Bill 98 passed. As this schedule is not required by the Audit Guide and there is no clear guidance on the presentation, the District prepared the schedule according to our understand from historical guidance. During fiscal year 2020-21, CDE credited additional ADA to the District from 2 closed independent charter schools. The ADA for the 2 closed schools totaling 86.54 and 343.72 for K-3 and 9-12, respectively, are not included in the above table. In addition, audit findings from fiscal year 2020-21 of negative 3.44 ADA are not included in the above table.

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)

2016-2017	2017-2018	2018-2019	2019-2020	2020-2021 *	2021-2022
155,262.38	149,197.07	141,934.03	139,028.46 [(a)]	139,028.46	111,088.41
109,051.67	107,018.53	100,538.16	99,037.56	99,037.56	82,946.00
64,118.24	62,336.66	60,529.29	60,142.80	60,142.80	49,777.71
121,861.09	119,450.52	111,755.74	115,393.98	115,393.98	101,511.04
450,293.38	438,002.78	414,757.22	413,602.80	413,602.80	345,323.16
0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00
2.71	2.42	3.70	2.14	2.14	1.79
417.13	354.29	339.53	359.98	359.98	335.28
419.84	356.71	343.23	362.12	362.12	337.07
15,792.20	15,305.84	13,313.03	13,473.52	13,473.52	11,202.63
10,552.33	10,481.51	9,222.72	9,714.50	9,714.50	8,255.65
6,037.96	5,923.43	5,770.32	6,925.51	6,925.51	5,887.65
8,760.14	8,521.18	10,603.83	10,826.92	10,826.92	9,702.86
41,142.63	40,231.96	38,909.90	40,940.45	40,940.45	35,048.79
491,855.85	478,591.45	454,010.35	454,905.37	454,905.37	380,709.02

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

(a) Adjustment was due to an FY2019-20 audit finding.

* The ADA presented in the schedule is the audited 2019-20 ADA, and the ADA for fiscal year 2020-21 was not collected per California Education Code section EC Section 2575(g)(2) based on the "hold harmless" provision stated in the Senate Bill 98 passed. As this schedule is not required by the Audit Guide and there is no clear guidance on the presentation, the District prepared the schedule according to our understand from historical guidance. During fiscal year 2020-21, CDE credited additional ADA to the District from 2 closed independent charter schools. The ADA for the 2 closed schools totaling 86.54 and 343.72 for K-3 and 9-12, respectively, are not included in the above table. In addition, audit findings from fiscal year 2020-21 of negative 3.44 ADA are not included in the above table.

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, 2022

	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	377.49	376.63	377.49	376.63
3	Calabash Charter Academy	19 64733 6016240	269.88	270.19	269.88	270.19
4	Calvert Charter for Enriched Studies	19 64733 6016265	178.14	176.62	178.14	176.62
5	Canyon Charter Elementary School	19 64733 6016323	211.69	210.87	211.69	210.87
6	Carpenter Community Charter School	19 64733 6016356	543.80	541.04	543.40	540.62
7	Castlebay Lane Charter School	19 64733 6071435	366.21	366.04	366.21	366.04
8	Chatsworth Charter High School	19 64733 1931708	0.00	0.00	0.00	0.00
9	Colfax Charter Elementary School	19 64733 6016562	415.01	416.62	415.01	416.62
10	Community Magnet Charter Elementary School	19 64733 6094726	251.29	249.24	251.29	249.17
11	Dearborn Elementary Charter Academy	19 64733 6016729	302.54	301.95	302.54	301.95
12	Dixie Canyon Community Charter School	19 64733 6016778	428.43	426.86	428.43	426.86
13	Dr. Theodore T. Alexander Jr. Science Center	19 64733 0102491	345.95	346.62	345.95	346.62
14	El Oro Way Charter For Enriched Studies	19 64733 6016869	245.84	247.41	245.84	247.41
15	Emerson Community Charter School	19 64733 6057988	0.00	0.00	0.00	0.00
16	Enadia Way Technology Charter	19 64733 0117036	115.96	117.84	115.96	117.84
17	Encino Charter Elementary School	19 64733 6016935	347.48	345.62	347.48	345.62
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	171.38	173.26	171.38	173.26
22	Haynes Charter For Enriched Studies	19 64733 6017529	219.45	218.61	219.45	218.61
23	Hesby Oaks Leadership Charter	19 64733 0112060	178.94	177.88	178.94	177.88
24	Justice Street Academy Charter School	19 64733 6017693	222.18	223.26	222.18	223.26
25	Kenter Canyon Elementary Charter	19 64733 6017701	291.76	294.27	291.26	292.19
26	Knollwood Preparatory Academy	19 64733 6017743	222.51	223.03	222.51	223.03
27	Lockhurst Drive Charter Elementary	19 64733 6017891	281.86	280.87	281.86	280.87
28	Marquez Charter School	19 64733 6018063	184.03	183.84	184.03	183.84
29	Nestle Avenue Charter School	19 64733 6018287	242.53	242.81	242.53	242.81
30	Open Charter Magnet School	19 64733 6097927	241.78	240.41	241.78	240.41
31	Palisades Charter Elementary	19 64733 6018634	250.15	249.44	250.15	249.38
32	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
33	Plainview Academic Charter Academy	19 64733 6018725	165.80	168.02	165.80	168.02
34	Pomelo Community Charter School	19 64733 6018774	339.97	340.39	339.97	340.39
35	Reseda Charter High School	19 64733 1937226	0.00	0.00	0.00	0.00
36	Riverside Drive Charter School	19 64733 6018923	253.76	253.73	253.76	253.73
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	19 64733 6058150	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	345.17	345.98	345.17	345.98
39	Sherman Oaks Elementary Charter School	19 64733 6019186	318.96	317.54	318.96	317.54
40	Superior Street Elementary	19 64733 6019392	256.31	257.36	256.31	257.36
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	129.42	130.86	128.42	129.35
44	Topeka Charter School For Advanced Studies	19 64733 6019533	324.66	325.06	324.66	325.06
45	University High School Charter	19 64733 1938885	0.00	0.00	0.00	0.00
46	Van Gogh Charter School	19 64733 6019673	249.88	250.08	249.88	250.08
47	Welby Way Charter and Gifted/High-Ability Magnet Center Elementary School	19 64733 6019855	439.59	438.67	439.54	438.59
48	Westwood Charter Elementary School	19 64733 6019939	409.40	410.02	407.75	408.51
49	Wilbur Charter For Enriched Academics	19 64733 6019954	336.07	336.55	336.07	336.55
50	Woodlake Elementary Community Charter	19 64733 6020036	321.24	323.34	321.24	323.34
51	Woodland Hills Elementary Charter For Enriched Studies	19 64733 6020044	404.64	403.80	404.64	403.80
	Total Affiliated Charter Schools Average Daily Attendance		11,201.15	11,202.63	11,197.55	11,196.90

Note: Due to data entry error that occurred during the creation of the Annual reports, the Annual ADA of two schools are overstated as follows: Kenter Canyon - 3.35 units of ADA; Westwood Charter - 1.85 units of of ADA. Revised Annual ADA reports will be submitted when the Annual Corrected period reporting is made available.

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
609.22	606.49	609.22	606.49	1,293.57	1,287.09	1,293.57	1,287.09
181.54	181.72	181.54	181.72	0.00	0.00	0.00	0.00
106.69	105.93	106.69	105.93	0.00	0.00	0.00	0.00
91.92	91.52	91.92	91.52	0.00	0.00	0.00	0.00
116.99	116.60	116.99	116.60	0.00	0.00	0.00	0.00
249.04	248.57	249.04	248.57	0.00	0.00	0.00	0.00
199.52	200.49	199.52	200.49	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
162.42	162.11	162.42	162.11	0.00	0.00	0.00	0.00
141.63	140.17	141.63	140.17	0.00	0.00	0.00	0.00
131.72	131.85	131.72	131.85	0.00	0.00	0.00	0.00
164.09	163.38	164.09	163.38	0.00	0.00	0.00	0.00
146.28	146.62	146.28	146.62	0.00	0.00	0.00	0.00
135.53	136.49	135.53	136.49	0.00	0.00	0.00	0.00
157.38	155.31	157.38	155.31	279.26	276.69	279.26	276.69
72.54	73.51	72.48	73.47	0.00	0.00	0.00	0.00
146.57	146.21	146.57	146.21	0.00	0.00	0.00	0.00
478.28	475.19	478.28	475.19	987.38	979.25	987.38	979.25
606.22	599.42	606.22	599.42	1,227.56	1,212.98	1,227.56	1,212.98
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
73.40	73.37	73.40	73.37	0.00	0.00	0.00	0.00
110.40	109.65	110.40	109.65	0.00	0.00	0.00	0.00
159.36	158.61	159.36	158.61	115.78	114.49	115.78	114.49
94.31	95.50	94.31	95.50	0.00	0.00	0.00	0.00
142.18	145.20	142.12	143.93	0.00	0.00	0.00	0.00
96.78	97.52	96.78	97.52	0.00	0.00	0.00	0.00
146.41	147.51	146.41	147.51	0.00	0.00	0.00	0.00
124.56	123.63	124.56	123.63	0.00	0.00	0.00	0.00
103.69	103.03	103.69	103.03	0.00	0.00	0.00	0.00
123.60	122.18	123.60	122.18	0.00	0.00	0.00	0.00
126.66	126.20	126.66	126.20	0.00	0.00	0.00	0.00
517.21	515.48	517.21	515.48	1,111.70	1,103.44	1,111.70	1,103.44
71.91	72.62	71.91	72.62	0.00	0.00	0.00	0.00
176.64	176.66	176.43	176.53	0.00	0.00	0.00	0.00
53.26	52.94	53.26	52.94	48.20	48.11	48.20	48.11
113.84	113.65	113.84	113.65	0.00	0.00	0.00	0.00
415.54	409.88	415.54	409.88	877.13	865.60	877.13	865.60
142.11	142.59	142.11	142.59	0.00	0.00	0.00	0.00
171.55	172.44	171.55	172.44	0.00	0.00	0.00	0.00
138.99	139.37	138.99	139.37	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
49.73	50.06	49.50	49.83	0.00	0.00	0.00	0.00
160.86	159.82	160.86	159.82	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
117.43	118.46	117.43	118.46	0.00	0.00	0.00	0.00
260.18	259.12	260.01	258.82	0.00	0.00	0.00	0.00
204.30	203.69	204.00	203.48	0.00	0.00	0.00	0.00
147.72	148.74	147.72	148.74	0.00	0.00	0.00	0.00
162.26	161.40	162.26	161.40	0.00	0.00	0.00	0.00
174.65	174.75	174.65	174.75	0.00	0.00	0.00	0.00
8,277.11	8,255.65	8,276.08	8,253.47	5,940.58	5,887.65	5,940.58	5,887.65

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance – Affiliated Charter Schools (Continued)
Year Ended June 30, 2022

	Name of Affiliated Charter School	CDS Code	Grades 9-12 ADA Total Second Period Report	Grades 9-12 ADA Total Annual Report	Grades 9-12 ADA Classroom-based Second Period Report	Grades 9-12 ADA Classroom-based 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	1,482.59	1,455.98	1,482.59	1,455.98
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	2,507.73	2,476.05	2,507.73	2,476.05
21	Hamlin Charter Academy	19 64733 6017438	0.00	0.00	0.00	0.00
22	Haynes Charter For Enriched Studies	19 64733 6017529	0.00	0.00	0.00	0.00
23	Hesby Oaks Leadership Charter	19 64733 0112060	0.00	0.00	0.00	0.00
24	Justice Street Academy Charter School	19 64733 6017693	0.00	0.00	0.00	0.00
25	Kenter Canyon Elementary Charter	19 64733 6017701	0.00	0.00	0.00	0.00
26	Knollwood Preparatory Academy	19 64733 6017743	0.00	0.00	0.00	0.00
27	Lockhurst Drive Charter Elementary	19 64733 6017891	0.00	0.00	0.00	0.00
28	Marquez Charter School	19 64733 6018063	0.00	0.00	0.00	0.00
29	Nestle Avenue Charter School	19 64733 6018287	0.00	0.00	0.00	0.00
30	Open Charter Magnet School	19 64733 6097927	0.00	0.00	0.00	0.00
31	Palisades Charter Elementary	19 64733 6018634	0.00	0.00	0.00	0.00
32	Paul Revere Charter Middle	19 64733 6058267	0.00	0.00	0.00	0.00
33	Plainview Academic Charter Academy	19 64733 6018725	0.00	0.00	0.00	0.00
34	Pomelo Community Charter School	19 64733 6018774	0.00	0.00	0.00	0.00
35	Reseda Charter High School	19 64733 1937226	1,175.30	1,163.16	1,175.30	1,163.16
36	Riverside Drive Charter School	19 64733 6018923	0.00	0.00	0.00	0.00
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	19 64733 6058150	0.00	0.00	0.00	0.00
38	Serrania Avenue Charter School for Enriched Studies	19 64733 6019111	0.00	0.00	0.00	0.00
39	Sherman Oaks Elementary Charter School	19 64733 6019186	0.00	0.00	0.00	0.00
40	Superior Street Elementary	19 64733 6019392	0.00	0.00	0.00	0.00
41	Sylmar Charter High School	19 64733 1938554	1,385.80	1,371.29	1,385.80	1,371.29
42	Taft Charter High School	19 64733 1938612	1,993.53	1,974.17	1,993.53	1,974.17
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	1,277.80	1,262.21	1,277.80	1,262.21
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		9,822.75	9,702.86	9,822.75	9,702.86

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

Totals			
Total ADA		Classroom-based ADA	
Second Period Report	Annual Report	Second Period Report	Annual Report
1,902.79	1,893.58	1,902.79	1,893.58
559.03	558.35	559.03	558.35
376.57	376.12	376.57	376.12
270.06	268.14	270.06	268.14
328.68	327.47	328.68	327.47
792.84	789.61	792.44	789.19
565.73	566.53	565.73	566.53
1,482.59	1,455.98	1,482.59	1,455.98
577.43	578.73	577.43	578.73
392.92	389.41	392.92	389.34
434.26	433.80	434.26	433.80
592.52	590.24	592.52	590.24
492.23	493.24	492.23	493.24
381.37	383.90	381.37	383.90
436.64	432.00	436.64	432.00
188.50	191.35	188.44	191.31
494.05	491.83	494.05	491.83
1,465.66	1,454.44	1,465.66	1,454.44
1,833.78	1,812.40	1,833.78	1,812.40
2,507.73	2,476.05	2,507.73	2,476.05
244.78	246.63	244.78	246.63
329.85	328.26	329.85	328.26
454.08	450.98	454.08	450.98
316.49	318.76	316.49	318.76
433.94	439.47	433.38	436.12
319.29	320.55	319.29	320.55
428.27	428.38	428.27	428.38
308.59	307.47	308.59	307.47
346.22	345.84	346.22	345.84
365.38	362.59	365.38	362.59
376.81	375.64	376.81	375.58
1,628.91	1,618.92	1,628.91	1,618.92
237.71	240.64	237.71	240.64
516.61	517.05	516.40	516.92
1,276.76	1,264.21	1,276.76	1,264.21
367.60	367.38	367.60	367.38
1,292.67	1,275.48	1,292.67	1,275.48
487.28	488.57	487.28	488.57
490.51	489.98	490.51	489.98
395.30	396.73	395.30	396.73
1,385.80	1,371.29	1,385.80	1,371.29
1,993.53	1,974.17	1,993.53	1,974.17
179.15	180.92	177.92	179.18
485.52	484.88	485.52	484.88
1,277.80	1,262.21	1,277.80	1,262.21
367.31	368.54	367.31	368.54
699.77	697.79	699.55	697.41
613.70	613.71	611.75	611.99
483.79	485.29	483.79	485.29
483.50	484.74	483.50	484.74
579.29	578.55	579.29	578.55
35,241.59	35,048.79	35,236.96	35,040.88

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Instructional Time Offered

Year Ended June 30, 2022

Grade Level	1986-1987 Minutes Requirements	2021-22 Actual Minutes Offered	Number of Instructional Days Offered	Complied with Instructional Minutes and Days Provisions
Kindergarten	36,000	55,100	180	Yes
Grades 1 to 3	50,400	55,100	180	Yes
Grades 4 to 6 (1)	54,000	55,100	180	Yes
Grades 7 to 8 (2)	54,000	62,160 or 65,300	180	Yes
Grades 9 to 12	64,800	65,300	180	Yes

(1) Elementary schools only.

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

Notes:

1. All District schools, including the charter schools in this report, complied with the statutory instructional days and instructional minutes requirements
2. LAUSD received incentive funding for increasing instructional time pursuant to the Longer Year/Longer Instructional Day.

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis

Year Ended June 30, 2022

(in thousands)

	2022-2023 Budgeted	2021-2022 Actual	2020-2021 Actual	2019-2020 Actual	2018-2019 Actual
General Fund:					
Revenues	$ 10,794,654	$ 9,672,924	$ 8,744,994	$ 7,591,570	$ 7,732,610
Other Financing Sources	40,367	108,571	265,007	22,145	56,100
Total Revenues and Other Financing Sources	10,835,021	9,781,495	9,010,001	7,613,715	7,788,710
Expenditures	11,664,269	9,294,057	8,166,021	7,730,286	7,542,236
Other Financing Uses	35,719	14,404	38,165	50,805	40,397
Total Expenditures and Other Financing Uses	11,699,988	9,308,461	8,204,186	7,781,091	7,582,633
Change in Fund Balance	(864,967)	473,034	805,815	(167,376)	206,077
Beginning Fund Balance	3,567,607	2,855,289	2,049,474	2,216,850	2,010,773
Ending Fund Balance	$ 2,702,640	$ 3,328,323	$ 2,855,289	$ 2,049,474	$ 2,216,850
Available Reserves*	$ 604,530	$ 1,140,017	$ 1,533,263	$ 571,426	$ 984,235
Unassigned Reserve for Economic Uncertainties	$ 234,100	$ 199,860	$ 91,990	$ 79,000	$ 75,618
Unassigned Fund Balance	$ 370,430	$ 940,157	$ 1,441,273	$ 492,426	$ 908,617
Available Reserves as a Percentage of Total Expenditures and Other Financing Uses	5.17%	12.25%	18.69%	7.34%	12.98%
Total Long-Term Debt	$ 26,443,819	$ 27,136,289	$ 31,658,402	$ 28,402,060	$ 29,982,661
Average Daily Attendance (ADA) at P-2	424,434	449,937	455,356 [a]	454,848	451,551

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

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

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

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

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule to Reconcile the Annual Financial Budget Report (SACS)
with Audited Financial Statements
Year Ended June 30, 2022
(in thousands)

	General Fund	District Bonds	Other Governmental *
June 30, 2022 Unaudited Actual Financial Reports			
Fund Balances	$ 3,400,095	$ 1,352,452	$ 683,969
Adjustments:			
To adjust additional Local Control Funding Formula revenue	1,762	—	—
To record additional Medical Billing Option revenue	2,658	—	—
To adjust grant revenues for expenditures accruals	(5,368)		
To adjust expenditure accruals	(70,824)	(37,315)	(4,436)
June 30, 2022 Audited Financial Statement			
Fund Balances	$ 3,328,323	$ 1,315,137	$ 679,533

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

Adult Education Fund (Fund 110)	$ (3)
Capital Facilities Fund (Fund 250)	(4,169)
County School Facilities Fund (Fund 351)	(105)
Special Reserve - CRA (Fund 400)	(40)
Special Reserve (Fund 401)	(119)
Total Other Governmental Funds	$ (4,436)

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, 2022

(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
1	Alfred B Nobel Charter Middle School	1480	19 64733 6061543	x		Yes
2	Beckford Charter for Enriched Studies	1344	19 64733 6015986	x		Yes
3	Calabash Charter Academy	1345	19 64733 6016240	x		Yes
4	Calvert Charter for Enriched Studies	1585	19 64733 6016265	x		Yes
5	Canyon Charter Elementary	0226	19 64733 6016323	x		Yes
6	Carpenter Community Charter	1235	19 64733 6016356	x		Yes
7	Castlebay Lane Charter	1477	19 64733 6071435	x		Yes
8	Chatsworth Charter High	1581	19 64733 1931708	x		Yes
9	Colfax Charter Elementary	1041	19 64733 6016562	x		Yes
10	Community Magnet Charter Elementary	0957	19 64733 6094726	x		Yes
11	Dearborn Elementary Charter Academy	1481	19 64733 6016729	x		Yes
12	Dixie Canyon Community Charter	1469	19 64733 6016778	x		Yes
13	Dr. Theodore T. Alexander Jr Science Center	0604	19 64733 0102491	x		Yes
14	El Oro Way Charter For Enriched Studies	1466	19 64733 6016869	x		Yes
15	Emerson Community Charter	1688	19 64733 6057988	x		Yes
16	Enadia Way Technology Charter	1474	19 64733 0117036	x		Yes
17	Encino Charter Elementary	1471	19 64733 6016935	x		Yes
18	Gaspar de Portola Charter Middle	2074	19 64733 6061584	x		Yes
19	George Ellery Hale Charter Academy	1346	19 64733 6061477	x		Yes
20	Grover Cleveland Charter High	1571	19 64733 1931864	x		Yes
21	Hamlin Charter Academy	1472	19 64733 6017438	x		Yes
22	Haynes Charter For Enriched Studies	1470	19 64733 6017529	x		Yes
23	Hesby Oaks Leadership Charter	1468	19 64733 0112060	x		Yes
24	Justice Street Academy Charter	1487	19 64733 6017693	x		Yes
25	Kenter Canyon Elementary Charter	0227	19 64733 6017701	x		Yes
26	Knollwood Preparatory Academy	1486	19 64733 6017743	x		Yes
27	Lockhurst Drive Charter Elementary	1478	19 64733 6017891	x		Yes
28	Marquez Charter	0228	19 64733 6018063	x		Yes
29	Nestle Avenue Charter	1465	19 64733 6018287	x		Yes
30	Open Charter Magnet	0012	19 64733 6097927	x		Yes
31	Palisades Charter Elementary	0229	19 64733 6018634	x		Yes
32	Paul Revere Charter Middle	0225	19 64733 6058267	x		Yes
33	Plainview Academic Charter Academy	1435	19 64733 6018725	x		Yes
34	Pomelo Community Charter	1347	19 64733 6018774	x		Yes
35	Reseda Charter High	2005	19 64733 1937226	x		Yes
36	Riverside Drive Charter	1362	19 64733 6018923	x		Yes
37	Robert A. Millikan Affiliated Charter & Performing Arts Magnet Middle School	1473	19 64733 6058150	x		Yes
38	Serrania Avenue Charter School for Enriched Studies	1484	19 64733 6019111	x		Yes

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools
Year Ended June 30, 2022
(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
39	Sherman Oaks Elementary Charter	1348	19 64733 6019186	x		Yes
40	Superior Street Elementary	1476	19 64733 6019392	x		Yes
41	Sylmar Charter High School	1834	19 64733 1938554	x		Yes
42	Taft Charter High	1580	19 64733 1938612	x		Yes
43	Topanga Elementary Charter	0230	19 64733 6019525	x		Yes
44	Topeka Drive Charter for Advanced Studies	1475	19 64733 6019533	x		Yes
45	University High School Charter	2006	19 64733 1938885	x		Yes
46	Van Gogh Charter	1479	19 64733 6019673	x		Yes
47	Welby Way Charter Elementary Gifted Magnet	1349	19 64733 6019855	x		Yes
48	Westwood Charter Elementary	0031	19 64733 6019939	x		Yes
49	Wilbur Charter for Enriched Academics	1482	19 64733 6019954	x		Yes
50	Woodlake Elementary Community Charter	1483	19 64733 6020036	x		Yes
51	Woodland Hills Charter Elementary for Enriched Studies	1485	19 64733 6020044	x		Yes

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

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools

Year Ended June 30, 2022

(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
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

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

(Continued)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
39	Animo South Los Angeles Charter	0602	19 64733 0102434		x	No
40	Animo Venice Charter High	0648	19 64733 0106831		x	No
41	Animo Watts College Preparatory Academy	0783	19 64733 0111625		x	No
42	Animo Westside Charter Middle	1217	19 64733 0122499		x	No
43	APEX Academy	1459	19 64733 0117077		x	No
44	Ararat Charter	1156	19 64733 0121079		x	No
45	Arts In Action Community Charter	1218	19 64733 0123158		x	No
46	Arts in Action Community Middle School	1806	19 64733 0134205		x	No
47	Aspire Centennial College Preparatory Academy	1436	19 64733 0126797		x	No
48	Aspire Firestone Academy (PSC)	1214	19 64733 0122622		x	No
49	Aspire Gateway Academy Charter (PSC)	1213	19 64733 0122614		x	No
50	Aspire Inskeep Academy Charter (PSC)	1332	19 64733 0124800		x	No
51	Aspire Juanita Tate Academy Charter (PSC)	1331	19 64733 0124792		x	No
52	Aspire Junior Collegiate Academy	1551	19 64733 0114884		x	No
53	Aspire Pacific Academy	1230	19 64733 0122721		x	No
54	Aspire Slauson Academy Charter (PSC)	1330	19 64733 0124784		x	No
55	Aspire Titan Academy	1550	19 64733 0120477		x	No
56	Bert Corona Charter	0654	19 64733 0106872		x	No
57	Bert Corona Charter High	1724	19 64733 0132126		x	No
58	Birmingham Community Charter High	1119	19 64733 1931047		x	No
59	Bright Star Secondary Charter Academy	0826	19 64733 0112508		x	No
60	California Creative Learning Academy	0827	19 64733 0112235		x	No
61	California Creative Learning Academy Middle School	1960	19 64733 0137463		x	No
62	Camino Nuevo Charter Academy 2 (Kayne Siart)	1231	19 64733 0122861		x	No
63	Camino Nuevo Charter Academy 4 (Cisneros) (PSC)	1334	19 64733 0124826		x	No
64	Camino Nuevo Charter Academy (Burlington)	0293	19 64733 6117667		x	No
65	Camino Nuevo Elementary School 3 (Eisner) (PSC)	1212	19 64733 0122564		x	No
66	Camino Nuevo High 2 (Dalzell Lance)	1540	19 64733 0127910		x	No
67	CATCH Prep Charter High, Inc.	0570	19 64733 0101659		x	No
68	Center for Advanced Learning	0937	19 64733 0115139		x	No
69	Central City Value	0534	19 64733 0100800		x	No
70	CHAMPS - Charter HS of Arts-Multimedia & Performing	0712	19 64733 0108878		x	No
71	CHIME Institute's Schwarzenegger Community	0417	19 64733 6119531		x	No
72	*Citizens of the World Charter School East Valley*	2081	19 64733 0140749		x	No
73	Citizens of the World Charter School West Valley	2082	19 64733 0139832		x	No
74	Citizens of the World Charter School Hollywood	1200	19 64733 0122556		x	No
75	Citizens of the World Charter School Mar Vista (Gateway)	1414	19 64733 0126193		x	No
76	Citizens of the World Charter School Silver Lake	1413	19 64733 0126177		x	No
77	City Language Immersion Charter	1538	19 64733 0127886		x	No
78	Collegiate Charter High School of Los Angeles	1722	19 64733 0131821		x	No

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools

Year Ended June 30, 2022

(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
79	Crete Academy	1854	19 64733 0135616		x	No
80	Crown Preparatory Academy	1187	19 64733 0121848		x	No
81	Discovery Charter Preparatory School 2	0949	19 64733 0115253		x	No
82	Downtown Value	0448	19 64733 6119903		x	No
83	Ednovate - Brio College Prep	1843	19 64733 0135723		x	No
84	Ednovate - East College Prep	1702	19 64733 0132282		x	No
85	Ednovate - Esperanza College Prep	1842	19 64733 0135715		x	No
86	Ednovate - South LA College Prep	2087	19 64733 0140129		x	No
87	Ednovate - USC Hybrid High College Prep	1401	19 64733 0125864		x	No
88	El Camino Real Charter High	1314	19 64733 1932623		x	No
89	El Rio Community School	2080	19 64733 0140004		x	No
90	Equitas Academy 2	1402	19 64733 0126169		x	No
91	Equitas Academy 3 Charter	1669	19 64733 0129650		x	No
92	Equitas Academy 4	1785	19 64733 0133686		x	No
93	Equitas Academy 5	2040	19 64733 0139121		x	No
94	Equitas Academy 6	2030	19 64733 0138883		x	No
95	Equitas Academy Charter	1093	19 64733 0119982		x	No
96	Everest Value	1638	19 64733 0129858		x	No
97	Extera Public	1300	19 64733 0124198		x	No
98	Extera Public School No. 2	1562	19 64733 0128132		x	No
99	Fenton Avenue Charter	0030	19 64733 6017016		x	No
100	Fenton Charter Leadership Academy	1613	19 64733 0131722		x	No
101	Fenton Primary Center	0911	19 64733 0115048		x	No
102	Fenton STEM Academy: Elementary Center for Science Technology Engineering and Mathematics	1605	19 64733 0131466		x	No
103	Gabriella Charter	0713	19 64733 0108886		x	No
104	Gabriella Charter 2	1853	19 64733 0135509		x	No
105	Girls Athletic Leadership School Los Angeles	1791	19 64733 0133710		x	No
106	Global Education Academy	0934	19 64733 0114967		x	No
107	Global Education Academy 2	1641	19 64733 0129833		x	No
108	Goethe International Charter	1036	19 64733 0117978		x	No
109	Granada Hills Charter	0572	19 64733 1933746		x	No
110	High Tech LA	0537	19 64733 0100677		x	No
111	High Tech LA Middle	1929	19 64733 0137471		x	No
112	ICEF Innovation Los Angeles Charter	1037	19 64733 0117952		x	No
113	ICEF View Park Preparatory Elementary School	0190	19 64733 6117048		x	No
114	ICEF View Park Preparatory High School	0543	19 64733 0101196		x	No
115	ICEF View Park Preparatory Middle School	0506	19 64733 6121081		x	No
116	ICEF Vista Elementary Academy	1039	19 64733 0117937		x	No
117	ICEF Vista Middle Academy	0953	19 64733 0115287		x	No

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

(Continued)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
118	Ingenium Charter	1157	19 64733 0121137		x	No
119	Ingenium Charter Middle	1536	19 64733 0127985		x	No
120	Invictus Leadership Academy	2088	19 64733 0140111		x	No
121	ISANA Cardinal Academy	1285	19 64733 0123984		x	No
122	*ISANA Himalia Academy*	1858	19 77081 0135954		x	No
123	ISANA Nascent Academy	0716	19 64733 0108910		x	No
124	ISANA Octavia Academy	1232	19 64733 0122655		x	No
125	ISANA Palmati Academy	1246	19 64733 0123166		x	No
126	Ivy Academia	0619	19 64733 0106351		x	No
127	Ivy Bound Academy Math, Science, and Technology Charter Middle 2	1570	19 64733 0128389		x	No
128	Ivy Bound Academy of Math, Science, and Technology Charter Middle	0936	19 64733 0115113		x	No
129	James Jordan Middle	0734	19 64733 0109884		x	No
130	KIPP Academy of Innovation	1586	19 64733 0128512		x	No
131	KIPP Academy of Opportunity	0530	19 64733 0101444		x	No
132	KIPP Comienza Community Prep	1196	19 64733 0121707		x	No
133	KIPP Corazon Academy	1855	19 64733 0135517		x	No
134	KIPP Empower Academy	1195	19 64733 0121699		x	No
135	KIPP Endeavor College Preparatory Charter	1094	19 64733 0120014		x	No
136	KIPP Ignite Academy	1720	19 64733 0131771		x	No
137	KIPP Iluminar Academy	1508	19 64733 0127670		x	No
138	KIPP Los Angeles College Preparatory	0531	19 64733 0100867		x	No
139	KIPP Philosophers Academy	1378	19 64733 0125609		x	No
140	KIPP Promesa Prep	1721	19 64733 0131797		x	No
141	KIPP Pueblo Unido	2041	19 64733 0139071		x	No
142	KIPP Raices Academy	1010	19 64733 0117903		x	No
143	KIPP Scholar Academy	1377	19 64733 0125625		x	No
144	KIPP Sol Academy	1379	19 64733 0125641		x	No
145	KIPP Vida Preparatory Academy	1587	19 64733 0129460		x	No
146	Larchmont Charter	0717	19 64733 0108928		x	No
147	Learning by Design Charter	1959	19 64733 0137513		x	No
148	Libertas College Preparatory Charter	1711	19 64733 0131904		x	No
149	Los Angeles Academy of Arts and Enterprise Charter (LAAAE)	0675	19 64733 0110304		x	No
150	Los Angeles Leadership Academy	0461	19 64733 1996610		x	No
151	Los Angeles Leadership Primary Academy	1333	19 64733 0124818		x	No
152	Magnolia Science Academy 4	0986	19 64733 0117622		x	No
153	Magnolia Science Academy 6	988	19 64733 0117648		x	No
154	Magnolia Science Academy 7	989	19 64733 0117655		x	No
155	Magnolia Science Academy Bell (PSC)	1236	19 64733 0122747		x	No
156	Math and Science College Preparatory	1412	19 64733 0126136		x	No
157	Matrix for Success Academy	1961	19 64733 0137562		x	No

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

(Continued)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
158	Monsenor Oscar Romero Charter Middle	0931	19 64733 0114959		x	No
159	Montague Charter Academy for the Arts and Sciences	0115	19 64733 6018204		x	No
160	Multicultural Learning Center	0388	19 64733 6119044		x	No
161	N.E.W. Academy Canoga Park	0592	19 64733 0102483		x	No
162	N.E.W. Academy of Science and Arts	0521	19 64733 0100289		x	No
163	New Designs Charter	0601	19 64733 0102541		x	No
164	New Designs Charter School-Watts	1120	19 64733 0120071		x	No
165	New Heights Charter	0761	19 64733 0111211		x	No
166	New Horizons Charter Academy	1567	19 64733 0128371		x	No
167	New Los Angeles Charter	0998	19 64733 0117614		x	No
168	New Los Angeles Elementary School	1788	19 64733 0133702		x	No
169	New Millennium Secondary	1020	19 64733 0117911		x	No
170	New Village Girls Academy	0791	19 64733 0111484		x	No
171	Ocean Charter	0569	19 64733 0102335		x	No
172	Oscar De La Hoya Animo Charter High	0581	19 64733 0101675		x	No
173	Our Community Charter	0739	19 64733 0109934		x	No
174	Pacoima Charter Elementary	0583	19 64733 6018642		x	No
175	Palisades Charter High	0037	19 64733 1995836		x	No
176	Para Los Niños - Evelyn Thurman Gratts Primary (PSC)	1215	19 64733 0122630		x	No
177	Para Los Niños Charter	0475	19 64733 6120489		x	No
178	Para Los Niños Middle	1007	19 64733 0117846		x	No
179	Port of Los Angeles High	0542	19 64733 0107755		x	No
180	PREPA TEC - Los Angeles	1542	19 64733 0127936		x	No
181	~~Public Policy Charter~~	1703	19 64733 0131847		x	No
182	PUC CALS Charter Middle and Early College High School	0331	19 64733 0133298		x	No
183	PUC Community Charter Elementary	1657	19 64733 0129619		x	No
184	PUC Community Charter Middle and PUC Community Charter Early College High	0213	19 64733 6116750		x	No
185	PUC Early College Academy for Leaders and Scholars (ECALS) (PSC)	1354	19 64733 0124933		x	No
186	PUC Excel Charter Academy	0798	19 64733 0112201		x	No
187	PUC Inspire Charter Academy	1626	19 64733 0129593		x	No
188	PUC Lakeview Charter Academy	0603	19 64733 0102442		x	No
189	PUC Lakeview Charter High	1241	19 64733 0122606		x	No
190	PUC Milagro Charter	0600	19 64733 0102426		x	No
191	PUC Nueva Esperanza Charter Academy	1092	19 64733 0133280		x	No
192	PUC Triumph Charter Academy and PUC Triumph Charter High School	0797	19 64733 0133272		x	No
193	PUENTE Charter (ELA Site)	0473	19 64733 6120471		x	No
194	Renaissance Arts Academy	0579	19 64733 0101683		x	No
195	Resolute Academy Charter	1642	19 64733 0131870		x	No
196	Rise Kohyang Elementary	1927	19 64733 0136994		x	No

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

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Charter Schools

Year Ended June 30, 2022

(Unaudited)

	SCHOOL	STATE CHARTER NO.	CDS CODE	Affiliated	Fiscally Independent	Included in the District Audit
197	Rise Kohyang High School	1786	19 64733 0133868		x	No
198	Rise Kohyang Middle	1315	19 64733 0124222		x	No
199	Santa Monica Boulevard Community Charter	0446	19 64733 6019079		x	No
200	Scholarship Prep South Bay	2042	19 64733 0139097		x	No
201	Stella Elementary Charter Academy	1866	19 64733 0137604		x	No
202	Stella Middle Charter Academy	0535	19 64733 0100669		x	No
203	STEM Preparatory Elementary	1925	19 64733 0136986		x	No
204	Synergy Charter Academy	0636	19 64733 0106427		x	No
205	Synergy Kinetic Academy (PSC)	1014	19 64733 0117895		x	No
206	Synergy Quantum Academy (PSC)	1299	19 64733 0124560		x	No
207	TEACH Academy of Technologies	1206	19 64733 0122242		x	No
208	TEACH Preparatory Mildred S. Cunningham & Edith H. Morris Elementary School	2004	19 64733 0138305		x	No
209	TEACH Tech Charter High	1658	19 64733 0129627		x	No
210	The City	1710	19 64733 0134148		x	No
211	University Preparatory Value High	1723	19 64733 0132027		x	No
212	Valley Charter Elementary	1237	19 64733 0122754		x	No
213	Valley Charter Middle	1238	19 64733 0122838		x	No
214	Valley International Preparatory High	1926	19 64733 0137612		x	No
215	Valor Academy Elementary	1787	19 64733 0133694		x	No
216	Valor Academy High	1539	19 64733 0127894		x	No
217	Valor Academy Middle	1095	19 64733 0120022		x	No
218	Vaughn Next Century Learning Center (Mainland/MIT)	0016	19 64733 6019715		x	No
219	Village Charter Academy	1639	19 64733 0129866		x	No
220	Vista Charter Middle	1234	19 64733 0122739		x	No
221	Vista Horizon Global Academy	2043	19 64733 0139089		x	No
222	Vox Collegiate of Los Angeles	1917	19 64733 0137521		x	No
223	Wallis Annenberg High	0538	19 64733 0100750		x	No
224	Watts Learning Center	0131	19 64733 6114912		x	No
225	Watts Learning Center Charter Middle	1141	19 64733 0120527		x	No
226	WISH Academy High	1863	19 64733 0135632		x	No
227	WISH Community	1627	19 64733 0135921		x	No

NOTES:

♦ 2021-2022 New school in *Italics*

♦School Closed on 10/1/2021 in ~~strikethough~~

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

(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. Beginning 2013-14, the schedule no longer reflects different programs, only ADA by grade span. Hence, 2012-2013 reflects corresponding grade span.

(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.

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor or Pass-Through Entity ID Number	Passed Through to Subrecipients	Program Cluster Expenditures	Total Federal Expenditures
U.S. Department of Agriculture:					
Passed through California Department of Education:					
Child Nutrition School Programs Breakfast	10.553	PCA13525/PCA13526		$ 68,413,704	
Child Nutrition School Programs Lunch	10.555	PCA13523/PCA13524		176,591,983	
Donated Food Commodities	10.555	Not Applicable		24,699,745	
COVID-19 − Child Nutrition School Nutrition Program (SNP) Emergency Operational Costs Reimbursement (ECR)	10.555	PCA15637		13,296,080	
Child Nutrition Summer Food Services Program Operations	10.559	PCA13004		28,673,846	
Child Nutrition Summer Food Services Program Sponsor Administration	10.559	PCA13006		756,231	
Subtotal Expenditures – Child Nutrition Cluster					$ 312,431,589
Child Nutrition Child Care Food Program (CCFP) Claims	10.558	PCA13529			142,652,462
Child Nutrition CCFP – Cash in Lieu of Commodities	10.558	PCA13534			9,725,188
COVID-19 − Child Nutrition Child and Adult Care Food Program (CACFP) ECR	10.558	PCA15577			6,866,601
Subtotal Assistance Listing Number 10.558					159,244,251
Child Nutrition Team Nutrition Grants	10.574	PCA15332			3,893
COVID-19 Pandemic Electronic Benefit Transfer (EBT) Administrative Grant	10.649	PCA15644			5,814
Passed through California Department of Health Services:					
Forest Reserve	10.665	PCA10044		42,851	
Subtotal Expenditures – Forest Service Schools and Road Cluster					42,851
Subtotal Pass-Through Programs					471,728,398
Total U.S. Department of Agriculture					471,728,398
U.S. Department of Defense:					
Reserve Officer Training Corps Vitalization Act	12.unknown	Not Available			1,872,856
Startalk: Exploring Arabic Through Technology, Startalk - LAUSD	12.900	H98230-20-1-0282			39,063
Subtotal Direct Programs					1,911,919
Total U.S. Department of Defense					1,911,919
U.S. Department of Justice:					
Stop School Violence	16.839	BJA-2020-17312			421
Subtotal Direct Program					421
Total U.S. Department of Justice					421
U.S. Department of Labor:					
Passed through Employment Development Department:					
Employment Development Department Trade Act: Trade Adjustment Assistance (TAA)	17.245	Various			71,300
Passed through City of Los Angeles:					
Workforce Innovation and Opportunity Act (WIOA) − Worksource Educational Partnership – Adult	17.258	C-139486		90,279	
WIOA − Worksource Educational Partnership – Dislocated Workers	17.278	C-139486		71,974	
WIOA – T-1 Youth Source System	17.259	C-139186		1,065,391	
Passed through Para Los Ninos:					
WIOA – Youth	17.259	C-138577-L21		102,000	
Subtotal Expenditures – WIOA Cluster					1,329,644
Subtotal Pass-Through Programs					1,400,944
Total U.S. Department of Labor					1,400,944
U.S. Department of Transportation:					
Highway Planning and Construction: Active Transportation Program	20.205	ATPLNI-6508(001)		86,843	
Subtotal Expenditures − Highway Planning and Construction Cluster					86,843
Subtotal Direct Program					86,843
Total U.S. Department of Transportation					86,843
Federal Communications Commission:					
Emergency Connectivity Fund Program	32.009	Not Available			25,905,441
Subtotal Direct Program					25,905,441
Total Federal Communications Commission					25,905,441
National Science Foundation:					
USC − Math for America Los Angeles	47.076	Not Available			47,577
Subtotal Direct Program					47,577
Total National Science Foundation					47,577

(Continued)

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:					
Indian Education	84.060A	S060A200283			$ 115,847
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP):					
GEAR-UP 4 LA	84.334A	P334A190002	$ 296,404		2,835,617
GEAR-UP 4 LA	84.334A	P334A140118	351,707		653,253
GEAR-UP 4 LA	84.334A	P334A180080/ P334A180081	1,794,146		9,371,149
Subtotal Assistance Listing Number 84.334A			2,442,257		12,860,019
Subtotal Direct Programs					12,975,866
Passed through California Department of Education:					
WIOA – Adult Basic Ed/ELA	84.002A	PCA14508			8,656,731
WIOA – Ad Ed & Fam Lit/EL – Civics	84.002A	PCA14109			4,881,201
WIOA – Adult Secondary Ed	84.002A	PCA13978			3,718,752
Subtotal Assistance Listing Number 84.002A					17,256,684
Every Student Succeeds Act (ESSA), Title I Part A. Basic	84.010	PCA14329			331,331,656
ESSA, Title I Part A. Neglected	84.010	PCA14329			1,179,897
ESSA, Title I Part D. Delinquent	84.010	PCA14357			30,919
ESSA, Comprehensive Support & Improvement (CSI)	84.010	PCA15438			6,078,589
Subtotal Assistance Listing Number 84.010					338,621,061
Special Ed: Individual with Disabilities Education (IDEA) Local Assistance, Part B, Sec.611 Early Intervening Services	84.027	PCA10119		$ 13,167,398	
Special Ed: IDEA Basic Local Assistance Entitlement	84.027A	21-13379-64733-01		110,064,861	
Special Ed: IDEA Local Assistance, Private School ISPs	84.027	PCA10115		1,681,308	
Special Ed: IDEA Mental Health Allocation Plan	84.027A	21-15197-64733-01		6,530,287	
Special Ed: IDEA – Supporting Inclusive Practices, Part B – Sec 611	84.027A	20-13693-64733-01		83,799	
Special Ed: IDEA – Alternate Dispute Resolution, Part B – Sec 611	84.027A	PCA13007		69,986	
PreSchool Expansion – Staff Development	84.173A	PCA13431		26,402	
Special Ed: IDEA – Preschool Capacity Building, Part B – Sec 619 2020-21 Embedded Instruction	84.173A	PCA13839		9,504	
Special Ed: IDEA – Part B, Sec 619; Preschool Grants Early	84.173	PCA15639		1,225,210	
IDEA Preschool Expansion Grant	84.173	PCA13430		5,092,753	
Special Ed: IDEA – Part B, Sec 619; Preschool Grants Early Intervening Services	84.173	PCA10131		708,178	
Subtotal Expenditures – Special Education Cluster (IDEA)					138,659,686
Carl D. Perkins – Secondary Program, Sec131	84.048	PCA14894			6,001,808
Carl D. Perkins – Vocational and Technical Education, Sec 132	84.048	PCA14893			1,735,504
Subtotal Assistance Listing Number 84.048					7,737,312
Special Ed-Grants for Infants and Families: Early Intervention Funds – Part C	84.181	21-23761-64733-01			1,170,581
Education for Homeless Children & Youth	84.196A	PCA14332- S196A200005/ S196A210005			301,288
Twenty-first Century Learning Centers	84.287C	PCA14349	792,083		3,216,807
Twenty-first Century Learning Centers	84.287C	PCA14535	11,598,773		13,681,207
Twenty-first Century Learning Centers	84.287C	PCA14603			661,327
Twenty-first Century Learning Centers	84.287C	PCA14765			299,829
Subtotal Assistance Listing Number 84.287C			12,390,856		17,859,170
Title III, English Learner Student	84.365	PCA14346			8,948,874
Title III, Immigrant Student	84.365	PCA15146			507,829
Subtotal Assistance Listing Number 84.365					9,456,703
National Professional Development Grant, Project Royal	84.365Z	T365Z160249-17			65,295
Loyola Marymount University (LMU) Purposeful Engagement in Academic Rigor and Language Learning (PEARLL) Project	84.365Z	T365Z210143/ C#21079A			26,382
Subtotal Assistance Listing Number 84.365Z					91,677
ESSA Title II, Part A, Supporting Effective Instruction	84.367	PCA14341			26,505,402
School Improvement Grants	84.377	PCA15364			1,282,584
ESSA Title IV, Part A, Student Support and Academic Enrichment Grant Program	84.424A	PCA15396			28,219,261
COVID-19 ARP Act - Homeless Children and Youth (ARP-HCY) Program	84.425	PCA15564			310,076
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	PCA15547			693,055,774
COVID-19 Expanded Learning Opportunities (ELO) ESSER II Fund State Reserve	84.425D	PCA15618			54,212,664
COVID-19 ELO Grant GEER II	84.425D	PCA15619			3,177,200
COVID-19 ESSER Fund	84.425D	PCA15536			2,511,612
COVID 19 Coronavirus Aid, Relief, and Economic Security (CARES) Act ESSER Child Nutrition	84.425D	PCA15535			207,015
COVID-19 ESSER Fund California Community Schools Partnership Program	84.425D	PCA15537			4,586,594
COVID-19 Governor's Emergency Education Relief (GEER) Fund: Learning Loss Mitigation	84.425C	PCA15517			7,111,109
COVID-19 − Twenty-first Century Learning Centers Rate Increase Elementary and Secondary School Emergency Relief (ESSER III) State Reserve After School Programs	84.425U	PCA15651	163,883		492,444
COVID-19 American Rescue Plan Act (ARP Act) ESSER III Fund	84.425U	PCA15559			392,283,943
Subtotal Assistance Listing Number 84.425C/D/U			163,883		1,157,948,431

(Continued)

LOS ANGELES UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2022

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			$ 874,537
Title I – Migrant Ed – Summer	84.011	PCA14326			208,189
Title I – Migrant Ed – School Readiness	84.011	PCA14326			32,656
Subtotal Assistance Listing Number 84.011					1,115,382
Passed through California Department of Rehabilitation:					
Rehab − Transition Partnership Program/Trans Part-Greater LA	84.126A	PCA 10006_Agr No 30964,30987,31016,30970,30990			2,044,208
Passed through American Institute for Research:					
Air Credit Recovery	84.305A	R305A170152			209,681
Passed through Fresno County Superintendent of Schools:					
WestEd Federal Investing in Innovation and Improvement program i3 Grant	84.411B	S-00015607			13,058
Subtotal Pass-Through Programs					1,748,492,169
Total U.S. Department of Education					1,761,468,035
U.S. Department of Health and Human Services:					
CDCP-School Based HIV/STD Prevention	93.079	5NU87PS004357-02-00; 6NU87PS004357-03-01; 5NU87PS004357-03-00			455,922
Youth Risk Behavior Survey Participation	93.079	20-01116-64733			500
Subtotal Assistance Listing Number 93.079					456,422
Subtotal Direct Programs					456,422
Passed through Los Angeles County of Education:					
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), School Based COVID-19 Testing	93.323	C-21248-20:23			75,040,882
Passed through County of Los Angeles:					
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	PH-003967			1,017,138
Child Health Outreach Initiative − Whole Person Care	93.994	PH-002507-16			177,470
Passed through City of Los Angeles:					
County Youth Jobs Program – CalWorks	93.558	C-138853			13,999
Passed through Department of Social Services:					
California Department of Social Services Refugee Program Bureau	93.566	RSIG18CA			47,687
Passed through California Department of Education:					
General Child Care Center − Block Grant	93.575	PCA15136		$ 1,406,811	
COVID-19 CARES Act General Child Care and Development (CCTR)	93.575	PCA15549		118	
COVID-19 Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	PCA15555		3,537,336	
CCTR Programs administered by California Department of Social Services	93.575	PCA10163		99,736	
General Child Care Center − Mandatory & Matching Fund	93.596	PCA13609		3,059,873	
Subtotal Expenditures – Child Care Development Fund Cluster					8,103,874
Passed through Baldwin Park USD:					
Early Head Start	93.600	Not Applicable		289,157	
Subtotal Expenditures – Head Start Cluster					289,157
Passed through Los Angeles County Office of Education:					
ARRA − State Grants to Promote Health Information Technology	93.719	Not Available			842
Subtotal Pass-Through Programs					84,691,049
Total U.S. Department of Health & Human Services					85,147,471
Corporation for National and Community Service:					
Youth Service America Corporation	94.014	FAIN 19MK218080			3,601
Subtotal Direct Program					3,601
Total Corporation for National and Community Service					3,601
U.S. Department of Homeland Security:					
Passed through California Governors Office of Emergency Services:					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	PCA 10014			4,527
Disaster Grants-Public Assistance (Presidentially Declared Disasters) Tick Fire	97.036	5296FMCAP00000071			49,003
Disaster Grants-Public Assistance (Presidentially Declared Disasters) Getty Fire	97.036	5297FMCAP00000081			34,567
Subtotal Assistance Listing Number 97.036					88,097
Hazard Mitigation Grant Program	97.039	PCA10041			2,087
Hazard Mitigation Grant Program	97.039	DR4344-PJ0455/PJ0151			2,219,854
Subtotal Assistance Listing Number 97.039					2,221,941
Subtotal Pass-Through Programs					2,310,038
Total U.S. Department of Homeland Security					2,310,038
Total Expenditures of Federal Awards			$ 14,996,996	$ 460,943,644	$ 2,350,010,688

(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) $24,699,745 of donated food commodities received from the U.S. Department of Agriculture, passed-through California Department of Education, during the year ended June 30, 2022.

(5) Prior Period Expenditure Adjustment – COVID -19 Elementary and Secondary Emergency Relief (ESSER) Fund 84.425D and Governor's Emergency Education Relief (GEER) Fund 84.425C

On April 5, 2022, a Federal Emergency Management Agency (FEMA) Advisory was released indicating that FEMA assistance is available for measures implemented for schools' safe and continuous in-person operation in response to COVID-19. This includes school-located vaccination clinics, purchases of high-quality masks, personal protective equipment, and COVID-19 diagnostic and screen testing. The District availed of this funding opportunity to maximize available revenue streams. In doing so, the District made a funding swap of previously reported testing and vaccination expenditures in ESSER and GEER funds in fiscal year 2020-21 to the General Fund - Unrestricted. At the same time, allowable expenditures from General Fund - Unrestricted eligible expenditures were transferred to ESSER and GEER funding on a dollar-for-dollar basis. This allowed the District the ability to seek reimbursement from FEMA for the testing and vaccination expenditures that are now charged to General Fund-Unrestricted.

The costs transferred back to the ESSER and GEER funds are disclosed and included in the scope of the Single Audit in fiscal year 2021-22. The breakdown is as follows:

Assistance Listing No.	Grant Name	6/30/2021
84.425C	GEER	$ 4,453,910
84.425D	ESSER II	38,309,977
84.425D	ESSER I	184,000
		$ 42,947,887

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, 2022, 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 14, 2022.

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-2022-001 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-2022-002 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.

Simpson & Simpson

Los Angeles, California
December 14, 2022

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 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, 2022. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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-2022-001 through F-2022-005. 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 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 response and 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 and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2022-001, F-2022-002, and F-2022-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items F-2022-003 and F-2022-004 to be significant deficiencies.

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 response or 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.

Simpson & Simpson

Los Angeles, California
December 14, 2022

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 State Compliance

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 *2021-22 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, 2022.

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, 2022.

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 *2021-22 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 *2021-22 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 *2021-22 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 *2021-22 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:

2021-22 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other than Charter Schools:	
A. Attendance	Yes
B. Teacher Certification and Misassignments	Yes
C. Kindergarten Continuance	Yes
D. Independent Study	Yes
E. Continuation Education	Yes
F. Instructional Time	Yes
G. Instructional Materials	Yes
H. Ratio of Administrative Employees to Teachers	Yes
I. Classroom Teacher Salaries	Yes
J. Early Retirement Incentive	N/A (1)
K. GANN Limit Calculation	Yes

2021-22 K-12 Audit Guide Procedures	Procedures Performed
L. School Accountability Report Card	Yes
M. Juvenile Court Schools	N/A (2)
N. Middle or Early College High Schools	Yes
O. K-3 Grade Span Adjustment	Yes
P. Transportation Maintenance of Effort	Yes
Q. Apprenticeship: Related and Supplemental Instruction	Yes
R. Comprehensive School Safety Plan	Yes
S. District of Choice	N/A (3)
School Districts, County Offices of Education, and Charter Schools:	
T. California Clean Energy Jobs Act	Yes
U. After/Before School Education and Safety Program	Yes
V. Proper Expenditure of Education Protection Account Funds	Yes
W. Unduplicated Local Control Funding Formula Pupil Counts	Yes
X. Local Control and Accountability Plan	Yes
Y. Independent Study-Course Based	N/A (4)
Z. Immunizations	Yes
AZ. Educator Effectiveness	Yes
BZ. Expanded Learning Opportunity Grant (ELO-G)	Yes
CZ. Career Technical Education Incentive Grant	Yes
DZ. In Person Instruction Grant	Yes
Charter Schools:	
AA. Attendance	Yes
BB. Mode of Instruction	Yes
CC. Nonclassroom-Based Instruction/Independent Study	No (5)
DD. Determination of Funding for Nonclassroom-Based Instruction	No (5)
EE. Annual Instructional Minutes – Classroom Based	Yes
FF. Charter School Facility Grant Program	N/A (6)

(1) We did not perform any procedures related to the Early Retirement Incentive Program because the District did not offer early retirement incentive during the fiscal year.

(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 *2021-22 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-2022-001 through S-2022-012.

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 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 *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting.* Accordingly, this report is not suitable for any other purpose.

Simpson & Simpson

Los Angeles, California
December 14, 2022

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2022

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control deficiencies over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Noncompliance material to the financial statements?	No

Federal Awards

Internal control deficiencies over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes

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

Assistance Listing Number	Name of Federal Program	Opinion
	U.S. Department of Agriculture – Child Nutrition Cluster:	Unmodified
10.553	School Breakfast Program (SBP)	
10.555	National School Lunch Program (NSLP)	
10.559	Summer Food Service Program for Children (SFSP)	
10.558	U.S. Department of Agriculture – Child and Adult Care Food Program	Unmodified
32.009	Federal Communications Commission – Emergency Connectivity Fund Program	Unmodified
84.002A	U.S. Department of Education – Adult Education State Grant Program	Unmodified
84.010	U.S. Department of Education – Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	Unmodified
84.048	U.S. Department of Education – Career and Technical Education – Basic Grants to States (Perkins V)	Unmodified

Assistance Listing Number	Name of Federal Program	Opinion
84.367	U.S. Department of Education – Supporting Effective Instruction State Grants (Title II, Part A of the ESEA)	Unmodified
84.424A	U.S. Department of Education –Student Support and Academic Enrichment Program (Title IV, Part A of the ESEA)	Unmodified
84.425	**U.S. Department of Education – COVID-19 – Education Stabilization Fund:**	Unmodified
84.425C	Governor's Emergency Education Relief Fund	
84.425D	Elementary and Secondary School Emergency Relief Fund	
84.425U	American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)	
93.323	U.S. Department of Health and Human Services – COVID-19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC), School Based COVID-19 Testing	Unmodified

• Any audit findings disclosed which are required to be reported in accordance with 2 CFR 200.516(a):	Yes
• Dollar threshold used to distinguish between type A and type B programs:	$7,050,032
• Auditee qualified as low risk auditee	No

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2022

State Awards

Type of auditor’s report issued on compliance for state programs:	Unmodified

****

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

Finding – FS-2022-001 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 Federal and State revenues, we identified a total of (3) three grant programs from (3) three 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. Federal Emergency Management Agency (FEMA) – Hazard Mitigation Grant Program and Public Assistance Program
2. State Water Resources Control Board (SWRCB) – Drinking Water for Schools Grant Program
3. State Allocation Board (SAB) – School Facility Program (SFP)

Cause and Effect

The District's Facilities Department did not adhere to the District's control policies and procedures requiring departments to communicate to the District's Accounting Department – Capital Projects (ADCP) all grant related programs they manage. As a result, the ADCP was unable to provide the District's Facilities Department (Facilities) with the accounting and financial reporting criteria for reimbursement grants.

Due to Facilities' misconception of reimbursement grant accounting, they incorrectly recognized Federal and 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 2021 and should have been recognized and recorded as revenues at that time in accordance with accounting and financial reporting criteria for reimbursement grants. Further, we identified additional State revenues which were earned in Fiscal Year 2022 but was recognized and recorded as revenues in Fiscal Year 2023. The overall financial impact was overstatement of the District's revenues by $4.2 million for the year ended June 30, 2022.

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.

View of Responsible Officials and Corrective Action Plan

The Facilities Department concurs with the finding and recommendations regarding grant revenue recognition. The Facilities Department's corrective action plan is to work with the Accounting Department – Capital Projects to develop procedures, guidelines, and training material for the proper recognition of revenue for the grant programs managed by the Facilities Department. An annual training program will be developed for the management of Facilities Department grant programs with specific attention to grant revenue recognition.

Implementation Date: May 2023

Name: Chris Alejo
Title: Facilities Financial Operations Manager
Telephone: (213) 241-1000

Finding – FS-2022-002 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 800-40 Version 2 Creating a Patch and Vulnerability Management Program; Executive Summary:

- Timely patching of security issues is generally recognized as critical to maintaining the operational availability, confidentiality, and integrity of information technology (IT) systems.
- It is recommended that all organizations have a systematic, accountable, and documented process for managing exposure to vulnerabilities through the timely deployment of patches.

SAP Vulnerability

Condition

Our review of SAP vulnerability scan reports for the period of October 2021 through December 2021 revealed that 311 (three hundred and eleven) "Critical" severity level SAP related vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

ITD represented that the vulnerability management program is relatively newly implement and requires time to fully formalize into a matured process. It was also represented to us that as the SAP team was implementing the annual SAP HR Support Pack upgrade from October to December 2021, the team could not apply fixes to address vulnerabilities while HRSP implementation was in progress.

Information Technology Division (ITD) represented that these vulnerabilities were fully remediated by May 8, 2022.

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" severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

Over the past five years, the District's Systems Vulnerability Management program continues to mature as ITD has been proactively implementing tools and processes to strengthen the program. Below are few samples of actions taken in this regard:

1. The first Vulnerability Management Policy was issued and implemented in July 2022 that addresses the process of identifying and mitigating vulnerabilities in the following technology environments:

    a. Enterprise Infrastructure,
    b. Building Automation Systems, and
    c. Critical Information Systems.

2. ITD established a monthly operational process and procedures to monitor critical information systems' vulnerabilities using various tools.

3. A vulnerability tool, Onapsis, was procured and implemented specifically to monitor the SAP systems. In October 2021, the first Onapsis scan was performed in SAP production which revealed vulnerabilities that were not discovered previously.

All Critical vulnerabilities identified through Onapsis vulnerability tool are remediated and closed. The BASE team started addressing critical items from the vulnerability report since October 2021, closing some each month. Items requiring system updates were done in 2 phases. Phase 1 was completed on March 19, 2022, and phase 2 was completed on May 8, 2022. This was also the date when all critical vulnerabilities were remediated.

BASE Team has established a process and procedures to monitor SAP vulnerabilities monthly.

The Onapsis SAP Security Vulnerability monitoring tool was implemented and operational in September 2021. Vulnerability reports were being generated in October 2021. However, during this period, SAP team was implementing the annual SAP HR Support Pack upgrade from October to December 2021 and could not apply fixes to address vulnerabilities while HRSP implementation was in progress.

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

MiSiS Vulnerability

Condition

Our review of MiSiS vulnerability scan reports for the period of October 2021 through December 2021 revealed two (2) Critical Vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

ITD represented that the District's vulnerability management program is relatively newly implement and requires time to fully formalize into a matured process.

The lack of proactively managing and timely remediating vulnerabilities increases the risk of potential exploitation. In addition, timely addressing security patches and fixing configuration issues are essential to maintaining the availability, confidentiality, and integrity of mission critical financial reporting information systems.

Recommendation

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

View of Responsible Officials and Corrective Action Plan

The MiSiS team is working with the OS team to continuously monitor the operation system for any vulnerabilities. Our analysis of the June 22 report has found that there were 2 critical vulnerabilities. We are waiting for the patch that would resolve them.

The OS Team ETA ("Expected Time of Arrival") is the end of July 2022 for applying the patches in a lower environment. September 2022 is the target date to apply the patches to the Production environment.

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

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

CMS Vulnerability

Condition

Our review of CMS vulnerability scan reports for the period of October 2021 through December 2021 revealed three hundred and thirty-five (335) "Critical" severity level CMS related vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

ITD represented that the District's vulnerability management program is relatively newly implement and requires time to fully formalize into a matured process.

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" severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

CMS team is working with IT Security and Systems Support teams to get an Operating Systems Patching Cycle through the BMC tool to apply the fixes for critical items on the vulnerability report.

Updates pushed through BMC tool is being applied in Test and QA environments before Production.

The target date for Production implementation to remediate the CMS vulnerabilities is October 2022. The test system was recently upgraded and going through validations now.

95% of the 355 outstanding vulnerability items have been resolved by October 2022. A process is in place in which the application teams work collaboratively with IT Security and System Supports teams to perform scheduled patching and upgrades.

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

Welligent Vulnerability

Condition

Our review of Welligent vulnerability scan reports for the period of October 2021 through December 2021 revealed forty (40) "Critical" severity level Welligent vulnerabilities that remained outstanding or not remediated throughout this three (3) month period.

Cause and Effect

ITD represented that the District's vulnerability management program is relatively newly implement and requires time to fully formalize into a matured process.

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" severity level vulnerabilities should be remediated within 30 days of identification.

View of Responsible Officials and Corrective Action Plan

The Welligent servers identified on the observation report will be upgraded from OS Red Hat 7.6 to 7.9 on Sunday, July 3, 2022. We anticipate that all outstanding critical severities will be resolved after the upgrade.

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

Section III – Findings and Questioned Costs Relating to Federal Awards

Program Identification

Finding Reference Number:	**F-2022-001**
Federal Program Title, Awarding Agency, Pass-Through Entity, Assistance Listing Number, and Award Number:	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 (Material Weakness) 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 (Material Weakness)
Compliance Requirement:	Activities Allowed or Unallowed and Allowable Costs/Cost Principles
State Audit Guide Finding Code:	30000 and 50000

Criteria

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

(1) "Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

(i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;

(ii) Be incorporated into the official records of the non-Federal entity;

(iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities;

(iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;

(v) Comply with the established accounting policies and practices of the non-Federal entity;

(vi) [Reserved]

(vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity."

In accordance with LAUSD Policy Bulletin 2643.11 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.

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 2643.11.

Supporting Effective Instruction State Grants (Title II, Part A of the ESEA): In our sample of sixty (60) payroll expenditures, we noted that five (5) employees provided the signed Multi-Funded Time Reports; however, the hours reported on the Multi-Funded Time Reports did not support the hours recorded in SAP. For four (4) of the five (5) employees, the hours reported on the Multi-Funded Time Reports were less than the hours recorded in SAP, leading to an overstatement of program expenditures. For one (1) of the five (5) employees, the hours reported on the Muti-Funded Report were greater than the hours recorded in SAP, leading to an understatement of program expenditures. In addition, we noted that one (1) employee provided a signed Periodic Certification that was signed subsequent to our request.

Total exceptions for overstatement and understatement amounted to $4,906 and $683, respectively, of the $208,524 sampled from $14,281,515 of the total payroll expenditures. Total exceptions for untimely certifications amounted to $274.

Elementary and Secondary School Emergency Relief Fund: In our sample of sixty (60) payroll expenditures, we noted that three (3) employees provided the timesheets; however, the hours reported on the timesheets did not support the hours recorded in SAP. For one (1) of the three (3) employees, the hours reported on the timesheet were less than the hours recorded in SAP, leading to an overstatement of program expenditures. For two (2) of the three (3) employees, the hours reported on the timesheets were greater than the hours recorded in SAP, leading to an understatement of program expenditures. In addition, we noted that one (1) employee provided a signed Periodic Certification that was signed subsequent to our request.

Total exceptions for overstatement and understatement amounted to $820 and $350, respectively, of the $223,777 sampled from $487,522,973 of the total payroll expenditures. Total exceptions for untimely certifications amounted to $1,482.

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 the time reports/timesheets and the SAP data appear to be due to clerical errors and lack of sufficient review.

Questioned Costs

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

Supporting Effective Instruction State Grants (Title II, Part A of the ESEA) (Assistance Listing No. 84.367): $4,906 overstatement and $683 understatement due to unsupported hours charged.

Elementary and Secondary School Emergency Relief Fund (Assistance Listing No. 84.425D): $820 overstatement and $350 understatement due to unsupported hours charged.

There were no questioned costs due to untimely completed/signed Periodic Certifications because payroll costs incurred were allowable costs for the programs.

Repeat Finding

This finding is a repeat finding as indicated in the Status of Prior Audit Findings and Recommendation as finding number F-2021-001.

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.

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) Accounting Controls team will coordinate with the MyPLN team regarding the implementation of the annual Mandatory Time & Effort Training. This is a required 30-minute training of administrators, timekeepers, and supervisors with review questions at the end of the course, and requires a 100% correct answers before a certificate of completion will be issued.

Name: Timothy Rosnick
Title: Deputy Controller
Telephone: (213) 241 -7989

Program Identification

Finding Reference Number:	**F-2022-002**
Assistance Listing Number:	84.010
Federal Program Title:	Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education / California Department of Education
Award Number:	PCA Nos. 14329, 14357, and 15438
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.

Condition

We sampled a total of sixty (60) out of 66,263 students with leave codes in the school year 2020-21 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. Three (3) schools provided documentation for five (5) students that did not support the leave code entered into MiSiS:

Leave Code per MISIS	Leave Code per Supporting Documentation
L5 (Student transfers to a school outside California)	**L8** (Unknown)
L3 (Student transfers to a California public school outside LAUSD)	**L8** (Unknown)
L3 (Student transfers to a California public school outside LAUSD)	**L4** (California Private School)
L3 (Student transfers to a California public school outside LAUSD)	**L4** (California Private School)
L4 (Student transfers to a California private school)	**L3** (California Public School)

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.

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 Finding as finding number F-2021-005.

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.

View of Responsible Officials and Corrective Action Plan

Pupil Services and Attendance will continue to provide policy guidance:

1. Provide ongoing reminders every other month through the Schoology communication platform regarding accurate enrollment, withdrawal codes and the MYPLN Essential Tips training to support with the withdrawal process, codes, and documentation.
2. Pupil Services and Attendance will continue to post resource tools such as the Certify Rules (this automated data validation tool allows users to efficiently identify data errors or omissions to improve the quality of student data in MiSiS) to support accurate enrollment and withdrawal procedures.
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 enrollment and withdrawal codes during school year 2023-24.
4. Pupil Services and Attendance will communicate with Office of Organizational Excellence to support in messaging the availability of the MYPLN training to support with the withdrawal process, codes, and documentation.
5. 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.

Name: Elsy Rosado
Title: Director, Pupil Services and Attendance
Telephone: (213) 241-3844

Program Identification

Finding Reference Number:	**F-2022-003**
Federal Program Title, Awarding Agency, Pass-Through Entity, Assistance Listing Number, and Award Number:	Child Nutrition Cluster, U.S. Department of Agriculture, Passed through the California Department of Education, AL Nos. 10.553, 10.555, and 10.559, PCA Nos. 13523, 13524, 13525, 13526, 15637, 13004, and 13006. (Significant Deficiency) 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. (Significant Deficiency)
Compliance Requirement:	Special Tests and Provisions
State Audit Guide Finding Code:	30000 and 50000

Criteria

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

Per 7 CFR 226.10 (c), "Claims for Reimbursement shall report information in accordance with the financial management system established by the State agency, and in sufficient detail to justify the reimbursement claimed… In submitting a Claim for Reimbursement, each institution shall certify that the claim is correct and that records are available to support that claim."

Condition

Child Nutrition Cluster (CNC) (AL Nos. 10.553, 10.555, and 10.559)

During the procedures performed over meals claimed under the Child Nutrition Cluster programs during the fiscal year 2022, we noted that the monthly meal counts recorded in the District's Cafeteria Management System (CMS) were not fully supported by underlying documentation (e.g., meal count sheets). We sampled 20 out of 711 schools in August 2021, 20 out of 697 schools in November 2021, and 20 out of 696 schools in February 2022. We then validated that the meal counts recorded in the CMS for Breakfast and Lunch were supported by either meal count sheets used at the school sites or by the point-of-sale (POS) system data. Based on our procedures, we noted the following:

1. Of the 20 schools sampled in August 2021, we noted variances in four (4) schools between the CMS count and the meal count sheets for Breakfast. Breakfast meal counts were under-claimed by 46, based on a total sample of 23,497 meals tested, from a total reported population of 1,961,194 meals.
2. Of the 20 schools sampled in November 2021, we noted variances in four (4) schools between the CMS count and the meal count sheets for Breakfast. Breakfast counts were over/(under) claimed by 29 and (1), respectively, based on a total sample of 25,432 meals tested, from a total reported population of 2,508,853 meals.
3. Of the 20 schools sampled in February 2022, we noted variances in four (4) schools between the CMS count and the meal count sheets for Breakfast. Breakfast counts were over/(under) claimed by 9 and (44), respectively, based on a total sample of 19,882 meals tested from a total reported population of 2,575,622 meals.

Child And Adult Care Food Program (CACFP) (AL No. 10.558)

During the procedures performed over meals claimed under the Child and Adult Care Food Program during the fiscal year 2022, we noted that the monthly meal counts recorded in the District's Cafeteria Management System (CMS) were not fully supported by underlying documentation (e.g., meal count sheet). We sampled 8 out of 680 schools in September 2021, 9 out of 680 schools in November 2021, and 8 out of 684 schools in February 2022. We then validated that the meal counts recorded in the CMS for Snack and Supper were supported by either meal count sheets used at the school sites or by POS system data. Based on our procedures, we noted the following:

1. Of the 8 schools sampled in September 2021, we noted a variance in one (1) school between the CMS count and the meal count sheets for Supper. Supper meal counts were under-claimed by 10, based on a sample of 12,269 meals tested, from a total reported population of 4,513,335 meals.
2. Of the 8 schools sampled in February 2022, we noted variances in four (4) schools between the CMS count and the meal count sheets for both Snack and Supper. Snack counts were over-claimed by 20, based on a total sample of 4,609 meals tested from a total reported population of 1,183,533 meals. Supper counts were over/(under) claimed by 27 and (21), respectively, based on a total sample of 14,854 meals tested from a total reported population of 3,686,216 meals.

Our samples were statistically valid samples.

Cause and Effect

The condition appears to be caused by human error while manually counting the paper meal count sheets.

Inaccurate claims of meal counts could lead to questioned costs.

Questioned Costs

Federal regulation 2 CFR 200.516 (a)(3) requires the auditor to report questioned costs when likely questioned costs exceed $25,000.

Child Nutrition Cluster (CNC) (AL Nos. 10.553, 10.555, and 10.559)

Overclaimed - $95; Underclaimed – $(230)

Child And Adult Care Food Program (CACFP) (AL No. 10.558)

Overclaimed - $126; Underclaimed – $(122)

The following are the total over/(under) claimed per meal type and per program:

Program	Meal Type	Meal Claimed		Amount Billed	
		Over	Under	Over	(Under)
CNC	Breakfast	38	(91)	$ 95	$ (230)
	Total CNC	38	(91)	$ 95	$ (230)
CACFP	Snack	20	-	$ 20	$ -
CACFP	Supper	27	(31)	106	(122)
	Total CACFP	47	(31)	$ 126	$ (122)

Repeat Finding

This finding is a repeat finding as indicated in the Status of Prior Audit Finding as finding number F-2021-007.

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.

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

For the 2021-22 school year, the Food Services Division used federal waivers to support students and families by providing meals under multiple programs. Starting August 2021, COVID concerns resulted in the district discontinuing breakfast in the classroom. USDA waivers permitted the distribution of breakfast and supper meals to students as they left campus for consumption at home. As the school year progressed, the after-school supper program was reinstated for a small group of students at some schools, and this group of students was given a breakfast to take home. Additionally, we distributed weekend meals comprising of supper and snacks. Lastly, the district requested Food Services to serve a morning snack (at the District's expense) for hungry students. The snacks were tracked manually for reimbursement from ESSER funds by the district.

Each meal service required a different form to count meals and multiple sheets for the same meal period depending on how the meal bags were distributed (exit gate vs. classroom). The managers had many forms that had to be put together and summed up to come up with the reimbursable counts. Manually compiling and uploading the information is the reason for the variances. Each time there was a change in the operation, the Food Service team had to create a new training module for the change in operation, which created additional forms leading to the errors seen in the audit review. We want to state respectfully that our error rate for meal counts was 0.4% which, given the multiple food distribution channels to support students, is understandable.

To address the audit findings, Food Services will review and modify our procedures and be stringent in monitoring our existing systems and procedures:

1. Food Services Division will add steps to our current meal claiming procedures to ensure accuracy of claims.
   a. Food Service Manager will utilize the Meal Count Consolidation Form for meal periods that have more than one meal count sheet.
   b. Food Service Manager will input meal counts into CMS based on information from the Consolidation Form.
   c. Food Service Manager will run a weekly Meal Counts Report generated from CMS.
   d. Food Service Manager will compare daily meal count documents to the five-day Meal Count Report for accuracy.
   e. Area Food Services Supervisors (AFSS) will randomly check meal counts entered in CMS and compare them with the numbers entered in daily meal count sheets. Each school will have a random review every 2-3 months, and where errors are found there will be additional follow up.
2. Food Services will follow the review steps as indicated in Corrective Action Response #1 and confirm the claim for accuracy prior to submission to CNIPS.
   a. Food Services Central Office Staff will provide a daily meal count report to all Supervisors for review to identify any inputting errors.
   b. Food Service Managers will review and adjust meal counts prior to the CNIPS claim submission, based on AFSS feedback.

The target date for the implementation of the above corrective action plan is by the end of February 2023.

Name: Manish Singh
Title: Director, Food Services Division
Telephone: (213) 241-2993

Program Identification

Finding Reference Number:	**F-2022-004**
Assistance Listing Number:	32.009
Federal Program Title:	Emergency Connectivity Fund Program (Significant Deficiency)
Awarding Agency / Pass-Through Entity:	Federal Communications Commission
Award Number:	Not Available
Compliance Requirement:	Equipment/Real Property Management; Special Tests and Provisions
State Audit Guide Finding Code:	30000 and 50000

Criteria

47 CFR 54.1706 (c) states Emergency Connectivity Fund support for eligible equipment and services is limited to no more than one fixed broadband internet access connection per location, and one connected device and one Wi-Fi hotspot device per student, school staff member, or library patron.

2 CFR 200.303 (a) states that the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition

During our audit, we noted that the District did not have sufficient controls in place within its Emergency Connectivity Fund (ECF) program to ensure that proper records were maintained for equipment acquired under the ECF program. The District utilized fundings from both ECF and another Federal grant, Elementary and Secondary School Emergency Relief II (ESSER II), for connectivity to meet the remote learning needs of students, school staff, and library patrons during the COVID-19 emergency period. We noted that eligible devices, such as connectivity devices and Wi-Fi hotspot devices, had originally been purchased using ESSER II grant. Subsequently, a portion of the costs were allocated/transferred to the ECF program.

We obtained a list of equipment purchased with ECF funds for our review and noted that they were not in compliance with the “per-user” limitation. The original listing of equipment indicated that twenty-six (26) individuals were distributed with more than one (1) device. After further inquiry, the District provided an updated equipment list which indicated that ten (10) individuals were distributed with more than one (1) device.

Cause and Effect

The condition was due to a lack of sufficient internal controls over maintaining accurate property/equipment records and internal controls over compliance with the "per-user" limitation requirement.

The District did not properly identify equipment funded with Federal awards to ensure maintenance of accurate property/equipment inventories. Also, the District did not maintain a proper tracking system to ensure compliance with the "per-user" limitation requirement.

Questioned Costs

Not applicable. This finding is considered a programmatic non-compliance issue as well as a deficiency in the internal control system over equipment inventory management as the District has yet to submit the request for reimbursement.

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.

View of Responsible Officials and Corrective Action Plan

The District acknowledges the need to strengthen the staff's compliance to policies and procedures related to equipment tracking and property records. ECF is a new program and there was an urgent need for the District to provide the necessary equipment for connectivity to meet the remote learning needs of students/school staff during the COVID-19 emergency period. Beginning January 3, 2023, the District will provide additional training to staff as needed and will reiterate the policies and procedures to ensure compliance with program requirements. The District will conduct a thorough review of devices distributed to students/school staff prior to requesting any reimbursement from the program administrator to ensure compliance with the per-user limitation requirement.

Name: Aaron Wai
Title: Admin Services Manager, Information Technology Division
E-mail: aaron.wai@lausd.net

Program Identification

Finding Reference Number:	**F-2022-005**
Assistance Listing Number:	84.002A
Federal Program Titles:	Adult Education – Basic Grants to States (Material Weakness)
Awarding Agency / Pass-Through Entity:	U.S. Department of Education / California Department of Education
Award Number:	PCA Nos. 13978, 14109, and 14508
Compliance Requirement:	Eligibility
State Audit Guide Finding Code:	30000 and 50000

Criteria

According to 29 U.S. Code Section 3272 (4) Eligible Individual, the term "eligible individual" means an individual –

(A) who is at least 16 years of age;
(B) who is not enrolled or required to be enrolled in secondary school under State law; and
(C) who –
- (iii) is basic skills deficient;
- (ii) does not have a secondary school diploma or its recognized equivalent and has not achieved an equivalent level of education; or
- (iii) is an English language learner.

Condition

We sampled a total of sixty (60) out of 24,009 students with at least one A Comprehensive System for Adult Education's (CASAS) test score to verify eligibility for the Adult Education Basic Grants to States Program (Adult Education Program) and identified two (2) students who were sixteen years old at the time of enrollment, but not enrolled in secondary school. Based on the compulsory education law in the State of California, students under the age of 18 are required to be enrolled in secondary school. As such, sixteen-year-old students are not eligible to participate in the Adult Education Program.

Additionally, we noted that the two (2) aforementioned sixteen-year-old students were enrolled in a subprogram specifically designed for high school dropouts between the ages of 16 and 24. As such, we had reasonable doubt that there could potentially be more students in the population who were under the age of 18. After further investigation, we found 631 students enrolled in the Adult Education Program who were under the age of 18 at the time of enrollment.

Cause and Effect

The District's policies and procedures regarding the Adult Education Program were not consistent with the age requirements under the State's compulsory education law.

Ineligible participants could result in non-compliance with the program requirements, as well as adjustments to future funding amounts, which are determined based on payment points generated from the District's past performance.

Questioned Costs

Undetermined. The questioned costs for the above-mentioned ineligible participants could not be assessed as the exact expenditure amount related to specific students could not be determined. This grant is a cost reimbursement grant, in which future funding is determined based on payment points generated from the current students' performance.

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.

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

Division of Adult and Career Education (DACE) will review the current process and implement the following:

1. Directive will be provided to DACE principals to stop enrolling 16–17-year-old students.
2. Instructions will be given to DACE Accelerated College and Career Transitions (ACCT) Advisors not to enroll students between ages 16-17 moving forward.
3. The District will utilize unrestricted funds for students under the age of 18 that are enrolled in the Workforce Innovation and Opportunity Act (WIOA) program.
4. DACE will continue to serve the existing 16–17-year-old ACCT student population through the end of the school year 2022-23 and use unrestricted funding sources other than WIOA.
5. During school year 2022-23 and henceforth, DACE will not report or claim any student outcomes other than those earned by students who are of 18 years of age and older.
6. DACE will amend the ACCT intake and enrollment policies and procedures in the DACE Counseling Handbook.

Name: Megan Carroll
Title: Program and Policy Development Coordinator
Contact Information: mmc78271@lausd.net or (213) 241-3781

Name: Alejandra Salcedo
Title: Federal Grants Specialist
Contact Information: axs60041@lausd.net or (213) 241-3812

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2022

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

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 141 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 153,262 days of attendance and 12,612 days of absences for testing and noted the following findings, resulting due to staff's untimely update of student's attendance records:

- **54th Street Elementary School** - Out of the 802 days of attendance and 72 days of absences sampled, we noted the following exceptions:
    - Four (4) students were absent for a total of four (4) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Alexander Hamilton Senior High School** - Out of the 991 days of attendance and 73 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.

- **Alexander Hamilton Senior High Music & Performing Arts Magnet School** - Out of the 620 days of attendance and 26 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.

- **Beethoven Street Elementary School**
    - 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.

- **Castelar Street Elementary School -** Out of the 611 days of attendance and 16 days of absences sampled, we noted the following exceptions:
  - One (1) student was absent for a total of three (3) days, as evidenced by an absence note but was recorded as present in the SMASR.

- **Cimarron Avenue Elementary School -** Out of the 646 days of attendance and 133 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.

- **David Starr Jordan Senior High School**
  - 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.

- **Dorris Place Elementary School -** Out of the 899 days of attendance and 70 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.

- **East Valley Senior High School -** Out of the 955 days of attendance and 63 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.

- **Harbor City Elementary School -** Out of the 833 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.

- **Harry Bridges Span School -** Out of the 2,868 days of attendance and 168 days of absences sampled, we noted the following exceptions:
  - Twenty-three (23) students were absent for a total of thirty-three (33) 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.

- **Helen Bernstein Senior High School -** Out of the 600 days of attendance and 142 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.

- **Herrick Avenue Elementary School -** Out of the 1,437 days of attendance and 64 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.

- **Holmes Avenue Elementary School -** Out of the 1,327 days of attendance and 136 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.

- **Los Angeles Center for Enriched Studies (LACES) Magnet**
  - We identified six (6) 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.

- **Maurice Sendak Elementary School -** Out of the 166 days of attendance and 5 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.

- **North Hollywood Senior High STEM Magnet School -** Out of the 540 days of attendance and 30 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.

- **Nueva Vista Elementary School -** Out of the 779 days of attendance and 48 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.

- **Overland Avenue Elementary School -** Out of the 1,119 days of attendance and 39 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.

- **Park Avenue Elementary School -** Out of the 708 days of attendance and 52 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.

- **Playa Vista Elementary School -** Out of the 1,181 days of attendance and 73 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.

- **Richard Riordan Primary Center School -** Out of the 472 days of attendance and 36 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were marked as present in the SMASR.

- **San Jose Street Elementary School -** Out of the 770 days of attendance and 47 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.

- **Sherman Oaks Center for Enriched Studies (SOCES) Magnet School -** Out of the 3,122 days of attendance and 146 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were 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.

- **Short Avenue Elementary School -** Out of the 1,225 days of attendance and 86 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were marked as present in the SMASR.

- **Sylmar Elementary School -** Out of the 570 days of attendance and 38 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.

- **Towne Avenue Elementary School -** Out of the 1,007 days of attendance and 86 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.

- **Van Nuys Middle School STEAM Magnet School -** Out of the 367 days of attendance and 13 days of absences sampled, we noted the following exception:
  - One (1) student was absent for a total of one (1) day, as evidenced by an absence note but was marked as present in the SMASR.

- **Victory Boulevard Elementary STEAM School -** Out of the 460 days of attendance and 34 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.

- **Young Oak Kim Academy School -** Out of the 1,473 days of attendance and 123 days of absences sampled, we noted the following exceptions:
  - Two (2) students were absent for a total of two (2) days, as evidenced by an absence note but were marked as present in the SMASR.

These findings are repeat findings, having been reported previously at June 30, 2021 (S-2021-001) but for different schools.

Questioned Costs

- Grades TK/K-3: 12 days/141 days = 0.09 ADA overstated * $12,243.36 = $1,101.90
- Grades 4 to 6: 16 days/141 days = 0.11 ADA overstated * $11,256.77 = $1,238.24
- Grades 7 to 8: 32 days/141 days = 0.23 ADA overstated * $11,589.74 = $2,665.64
- Grades 9 to 12: 7 days/141 days = 0.05 ADA overstated * $13,780.81 = $689.04

- 54th Street Elementary School
    - Grades TK/K-3: 2 days/141 days in single track school year
    - Grades 4 to 6: 2 days/141 days in single track school year
- Alexander Hamilton Senior High School
    - Grades 9 to 12: 1 day/141 days in single track school year
- Alexander Hamilton Senior High Music & Performing Arts Mag School
    - Grades 9 to 12: 2 days/141 days in single track school year
- Castelar Street Elementary School
    - Grades 7 to 8: 3 days/141 days in single track school year
- Cimarron Avenue Elementary School
    - Grades TK/K-3: 1 day/141 days in single track school year
- East Valley Senior High School
    - Grades 9 to 12: 1 day/141 days in single track school year
- Harbor City Elementary School
    - Grades TK/K-3: 1 day/141 days in single track school year
- Harry Bridges Span School
    - Grades 4 to 6: 4 days/141 days in single track school year
    - Grades 7 to 8: 29 days/141 days in single track school year
- Helen Bernstein Senior High School
    - Grades 9 to 12: 1 day/141 days in single track school year
- Herrick Avenue Elementary School
    - Grades 9 to 12: 1 day/141 days in single track school year
- Holmes Avenue Elementary School
    - Grades 4 to 6: 2 days/141 days in single track school year
- North Hollywood Senior High STEM Magnet School
    - Grades 9 to 12: 1 day/141 days in single track school year
- Nueva Vista Elementary School
    - Grades TK/K-3: 1 day/141 days in single track school year
- Overland Avenue Elementary School
    - Grades TK/K-3: 1 day/141 days in single track school year
- Park Avenue Elementary School
    - Grades 4 to 6: 1 day/141 days in single track school year
- Playa Vista Elementary School
    - Grades 4 to 6: 1 day/141 days in single track school year
- Richard Riordan Primary Center School
    - Grades TK/K-3: 2 days/141 days in single track school year

- San Jose Street Elementary School
  - Grades TK/K-3: 1 day/141 days in single track school year
- Short Avenue Elementary School
  - Grades TK/K-3: 1 day/141 days in single track school year
  - Grades 4 to 6: 1 day/141 days in single track school year
- Sylmar Elementary School
  - Grades 4 to 6: 1 day/141 days in single track school year
- Towne Avenue Elementary School
  - Grades TK/K-3: 2 days/141 days in single track school year
- Van Nuys Middle School STEAM Magnet
  - Grades 4 to 6: 1 day/141 days in single track school year
- Victory Boulevard Elementary STEAM Magnet School
  - Grades 4 to 6: 1 day/141 days in single track school year
- Young Oak Kim Academy School
  - Grades 4 to 6: 2 days/141 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

We will 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, withdrawal procedures during school year 2023-24.
4. Pupil Services and Attendance will communicate with 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. Effective for fiscal year 2022-23, the District will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support with 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

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

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.

(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.

Executive Order N-3-22 – 2. For the purposes of providing emergency substitute teaching services as authorized by Title 5, California Code of Regulations section 80025(b), temporary certificates may be issued pursuant to Education Code section 44332(a) without regard to whether the recipient has a pending credential or permit application or has made the statement under oath required by that section, and any contrary requirements of section 44332(a) are hereby suspended through March 31, 2022. All applicants receiving temporary certificates pursuant to section 44332(a) must meet the remaining eligibility requirements in section 80025 and all requirements of Education Code section 44332.6.

3. The limitations in California Code of Regulations, Title 5, sections 80025.1 (c) and 80025.3(a) and (b), as modified via Section 47 of Assembly Bill 167, Chapter 252, Statutes of 2021, on the duration for which substitute teachers can be assigned to a single general education assignment are extended to no more than 120 days through March 31, 2022.

Condition, Cause and Effect

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

We tested a total of 431 K-12 teachers and noted nineteen (19) 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:

- **Charles Drew Middle School** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Cimarron Avenue Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Dayton Heights Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Dorris Place Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Eagle Rock High School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Garden Grove Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Harbor City Elementary** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Harry Bridges Span School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Kentwood Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Mervyn M Dymally Senior High** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Northridge Middle School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Patrick Henry Middle School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Robert Fulton College Preparatory School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Sally Ride Elementary: A Smart Academy** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.

- **Van Nuys Middle School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **Verdugo Hills Senior High** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

- **William Mulholland Middle School** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.
- **Wilshire Crest Elementary** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential.
- **Young Oak Kim Academy** – One (1) teacher was assigned to teach in a position not consistent with the authorization of his/her certification.

These findings are repeat findings, having been reported previously at June 30, 2021 (S-2021-002) 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 to strive to ensure every student is taught by an appropriately authorized teacher by providing professional development to certificated staff overseeing the master schedule and training them on how the MiSiS Assignment Monitoring Report helps school sites take timely action to ensure they do not have misassignments. HR will send out reminders in the Spring via Staff Relation's Update, advising principals to submit their Education Code options in a timely manner. Moving forward, we will be offering principals the opportunity to have one to one virtual meetings to review misassignments identified in MiSiS, to ensure the principal understands how to correct it.

Substitute teachers will also be informed of the Commission guidelines governing their 30-Day Substitute Teaching Permit for no more than 30 days in general education and no more than 20 days in special education. The passage of the 2022 Education Omnibus Budget Trailer Bill has extended the 60 days maximum until July 1, 2023.

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

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

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

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 103 schools offering Kindergarten from the schools sampled for attendance reporting, we selected students enrolled in kindergarten for school year 2021-22 and kindergarten in school year 2020-21 and verified that a signed kindergarten continuance parental agreement (agreement) was maintained. We noted the following exceptions due to school oversight:

- **Carlos Santana Arts Academy** – 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.

- **City of Angels Virtual Academy 5** – A signed agreement, approved in form and content by the CDE, was not on file before the start of the school year or before the student began their second year of kindergarten for one (1) student.

- **Parthenia Academy of Arts and Technology** – 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.

- **Queene Anne 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.

- **Queene Anne Place Elementary DL Two-Way Im Spanish** – 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.

- **San Jose 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.

- **Vernon City 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.

- **Windsor Hills Elementary Math/Science Aerospace 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.

This finding is a repeat finding, having been reported previously at June 30, 2021 (S-2021-003) but for different schools.

Questioned Costs

$7,471.50 (0.61 total ADA overstated x $12,248.36)

- Carlos Santana Arts Academy
  - 22 days overstated / 141 days in single track school year = 0.16 ADA
- City of Angels Virtual Academy 5
  - 1 day overstated / 141 days in single track school year = 0.01 ADA
- Parthenia Academy of Arts and Technology
  - 31 days overstated / 141 days in single track school year = 0.22 ADA
- Queen Anne Place Elementary
  - 2 days overstated / 141 days in single track school year = 0.01 ADA
- Queen Anne Place Elementary DL Two-Way Im Spanish
  - 2 days overstated / 141 days in single track school year = 0.01 ADA
- San Jose Street Elementary
  - 1 day overstated / 141 days in single track school year = 0.01 ADA
- Vernon City Elementary
  - 1 day overstated / 141 days in single track school year = 0.01 ADA
- Windsor Hills Elementary Math/Science Aerospace Magnet
  - 25 days overstated / 141 days in single track school year = 0.18 ADA

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.

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

During the 2021-22 academic year, the Division of Instruction provided training for personnel and reminders in the administrator newsletter about the kindergarten continuance form and requirements in Reference Guide (REF-6756.1), Kindergarten Continuance (Including Kindergarten Retention): Parental Agreement for Pupil to Continue in Kindergarten for an Additional Year. These sessions were initiated after the start of the school year and supported schools to use the elementary retention Focus dashboard report to monitor retentions at the kindergarten level. Since the sessions were conducted after the start of the year, some schools subsequently reviewed kindergarten retentions at their sites and obtained signed notices after the start of the school year.

Schools who received audit findings will be provided notices and the District policy, REF 6756.1, to review. These schools will also participate in training to deepen their understanding of these guidelines.

Information on the Focus dashboard report, certification rule, requirements for kindergarten retention and use of the continuance form will be included in future trainings for school site personnel conducted by Student Health and Human Services and the Division of Instruction. Additionally, messages about Kindergarten retention requirements, the focus dashboard retention monitoring report and the certification rule will be included in the instructional news that provides guidance to local district administrators, principal supervisors and principals. Informational sessions will be conducted for these school leaders in the 2022-23 school year.

Implementation Date: December 31, 2022

Name: Carlen Powell
Title: Administrator of Elementary Instruction
Telephone: (213) 241-5333

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

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 five (5) schools with independent study programs, we noted the following, as a result of six long-term independent study programs being established quickly in response to the high number of students requesting an online instructional program option during the pandemic, resulting in master agreements being signed after the students were enrolled:

- **City of Angels Virtual Academy #2**
  - The school did not maintain records of master agreements for four (4) students.
  - Master agreements for twenty-two (22) students were missing parent signatures and/or signatures of a certificated teacher and student.
  - The master agreement for one (1) student was signed by the parent later than 30 days after the first day of instruction.
  - The school did not maintain work products for one (1) student.

- **City of Angels Virtual Academy #3**
  - The school did not maintain records of master agreements for four (4) students.
  - Master agreements for twenty-two (22) students were missing parent signatures and/or signatures of a certificated teacher and student.
  - The master agreement for one (1) student was signed by the parent later than 30 days after October 15th.
  - The school did not maintain work products for one (1) student.

- **City of Angels Virtual Academy #5**
    - The school did not maintain records of a master agreement for one (1) student.
    - Master agreements for thirteen (13) students were missing parent signatures and/or signatures of a certificated teacher and student.
    - The master agreement for seven (7) students were signed by the parent later than 30 days after October 15th.
    - The school did not maintain work products for two (2) students.

- **Estrella Avenue Elementary School**
    - The school did not maintain work products for fifteen (15) students.
    - Attendance for (1) student shows 6 days on the SMASR (Student Monthly Attendance Summary Report); however, the student's record of attendance shows 5 days. The student's days were overreported by 1 day due to school oversight.
    - Attendance for (1) student shows 12 days on the SMASR (Student Monthly Attendance Summary Report); however, the student's record of attendance shows 11 days. The student's days were overreported by 1 day due to school oversight.

Questioned Costs

- Grades TK/K-3: 71 days/141 days = 0.50 ADA overstated * $12,243.36 = $6,121.68
- Grades 4-6: 1,485 days/141 days = 10.53 ADA overstated * $11,256.77 = $118,533.79
- Grades 7-8: 2,237 day/141 days = 15.87 ADA overstated * $11,589.74 = $183,929.17
- Grades 9-12: 231 days/141 days = 1.64 ADA overstated * $13,780.81 = $22,600.53

- City of Angels Virtual Academy #2
    - Grades 4-6: 702 days overstated/141 days in single track school year
    - Grades 7-8: 625 days overstated/141 days in single track school year
    - Grades 9-12: 105 days overstated/141 days in single track school year
- City of Angels Virtual Academy #3
    - Grades 4-6: 28 days overstated/141 days in single track school year
    - Grades 7-8: 1,121 days overstated/141 days in single track school year
    - Grades 9-12: 103 days overstated/141 days in single track school year
- City of Angels Virtual Academy #5
    - Grades 4-6: 723 days overstated/141 days in single track school year
    - Grades 7-8: 491 days overstated/141 days in single track school year
    - Grades 9-12: 23 days overstated/141 days in single track school year
- Estrella Avenue Elementary School
    - Grades TK/K-3: 71 days overstated/141 days in single track school year
    - Grades 4-6: 32 days overstated/141 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.

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

Virtual Academy Schools:

This is to acknowledge the importance of ensuring that all the elements of the master agreements are completed and that all records of attendance are properly supported with readily available pupil work products to provide justification for all attendance reported to be accurate according to policy.

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 by December 2022.
2. Provide training on the current Independent Study Policy, including master agreements, records of assignments, and attendance procedures to designated administrator from each of the six, Virtual Academies, long-term, Independent Study Program. Training implementation began in July 2022.
3. Provide training on the new MISIS system for creating master agreements, records of assignments, reporting student participation and attendance, along with how to run reports for monitoring the completion of master agreements, record of assignments, participation, and attendance to designated administrator from each of the six, Virtual Academies long-term Independent Study Program. Training implementation began in July 2022.
4. Provide training on the current Independent Study Policy, including master agreements, records of assignments, and attendance procedures to the Virtual Academies, long-term, Independent Study Program. Training implementation began in August 2022.
5. Provide training on the new MISIS system for creating master agreements, records of assignments, reporting student participation and attendance to the Virtual Academies, long-term Independent Study Program. Training implementation began in August 2022.

Name: Connie L. Brandstetter
Title: Administrator of Instruction, Virtual Academy
Telephone: (213) 241-1933

Short Term Independent Study Program:

This is to acknowledge the importance that all attendance records are appropriately supported with readily available pupil work products to justify all attendance reported to be accurate according to policy.

Planned corrective actions are as follows:

1. Review and discuss audit findings with school administrators and designees in the short-term Independent Study Program by January 2023.
2. Provide training on the current Independent Study Policy, including master agreements, records of assignments, and attendance procedures to administrators and designees of all administrators in the short-term independent study schools. Training will take place by January 2023. In addition, ongoing training to prevent future findings with all administrators in the short-term Independent Study programs will take place by Spring Semester 2023.
3. Provide training on the new MISIS system for creating master agreements, records of assignments, and reporting student participation and attendance, along with how to run reports for monitoring the completion of master agreements, the record of assignments, participation, and attendance to school administrators and designees of the short-term Independent Study Program. Training will take place by January 2023. Ongoing training to prevent future findings with all administrators in the short-term Independent Study programs will take place by Spring Semester 2023.
4. Provide training on the Schoology Learning Management System on integrating curriculum and storing student work products in the short-term Independent Study Program. In addition, ongoing training to prevent future findings with all administrators in the short-term Independent Study programs will take place by Spring Semester 2023.
5. School administrators will create a system for maintaining work products for students completing short-term Independent Study agreements by February 2023.

Name: Dr. Dickson Perey
Title: Counseling Coordinator, Region East
Telephone: (213) 766-7418

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

Criteria

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

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

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

Condition, Cause and Effect

In our sample of four (4) continuation 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.

LOS ANGELES UNIFIED SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

June 30, 2022

We noted the following findings:

- **Henry David Thoreau Continuation High School -** Of the 142.20 hours (40 days) of attendance and 17 days of absences sampled and tested we noted the following findings:
  - Attendance for one (1) student was overstated by 108 minutes (1.80 hours) or 0.60 days due to school staff not updating the attendance record for student early release.

Questioned Costs

0.60 days / 141 days = 0.004 ADA overstated * $13,780.81 = $55

- Henry David Thoreau Continuation High School – 0.60 days overstated / 141 days in single track school year = 0.004 ADA

Recommendation

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

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

We will continue to provide policy guidance:

1. Provide ongoing reminders every other month through the Schoology communication platform regarding accurate enrollment, withdrawal codes and the MYPLN Essential Tips training to support with the withdrawal process, codes, and documentation.
2. Pupil Services and Attendance will continue to post resource tools such as the Certify Rules (this automated data validation tool allows users to efficiently identify data errors or omissions to improve the quality of student data in MiSiS) to support accurate enrollment and withdrawal procedures.
3. Pupil Services and Administrative team will receive information on Audit Findings during PSA Administrative Meeting by February 2023.
4. 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 enrollment and withdrawal codes during school year 2023-24.
5. Pupil Services and Attendance will communicate with Office of Organizational Excellence to support in messaging the availability of the MYPLN training to support with the withdrawal process, codes, and documentation.
6. 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.

Name: Elsy Rosado
Title: Director, Pupil Services and Attendance
Telephone: (213) 241-3844

S-2022-006 – Ratio of Administrative Employees to Teachers

State Audit Guide Finding Codes: 40000

Criteria

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

Condition, Cause and Effect

We noted that based on the District's administrative employee-to-teacher ratio analysis that the number of administrative employees per hundred teachers is 9.73, which exceeds the allowable ratio set forth in Education Code section 41402, which for the District is 8.

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

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

These findings are repeat findings, having been reported previously on June 30, 2021 (S-2021-004).

Questioned Costs

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

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

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

Recommendation

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

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

The District continuously monitors and strengthen controls over the Administrative Employees to Teachers Ratio (R2) by implementing the following:

1. Training was provided by the School Services of California (SSC) to the District in fiscal year 2021-22 to establish a standardized way of evaluating and classifying positions
2. Established a Freeze Committee that serves as a monitoring entity that oversees the "freeze" policy. The Freeze Committee creates, approves, and funds essential positions. Modifications have been made to the embedded tracking system, which allows targeted analysis and increased accountability to maintain the R2 ratio.
3. Review of all positions to avoid overlapping of duties and responsibilities.
4. Reduce and closure of positions that are redundant that exist in Central and in Local Districts.

The District's collaborative efforts with Office of Government Relations, Human Resources, and Finance to get Assembly Bill No. 2038 passed will help the District become compliant in 2022-23 and beyond.

Name: Maria Sotomayor
Title: Director, Organizational Effectiveness
Contact Information: msotomay@lausd.net

S-2022-007 – 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, 2022, which accounts for all applicable audit adjustments.

We utilized the ledger to calculate the elements of the current expense formula, which amounted to $8,479,897,925.23.

We then utilized the ledger to calculate the elements of the minimum classroom compensation, which amounted to $3,972,872,209.92.

Based on the information derived above, we determined that the District's percent of current cost of education expended for classroom compensation to be 46.85%, which falls short of the 55.00% minimum percent required for unified school districts.

This leads to a deficiency percentage of 8.15 % and a deficiency amount of $691,111,680.91.

These calculations are illustrated below:

Total teacher salaries and benefits	$ 3,972,872,209.92	*(a)*
Current expense	$ 8,479,897,925.23	*(b)*
Percentage spent by the District	46.85%	*(c) = (a) / (b)*
Minimum percentage required	55.00%	*(d)*
Percentage below the minimum	8.15%	*(e) = (d) - (c)*
Deficiency Amount	$ 691,111,680.91	*(f) = (e) * (b)*

This is a repeat finding, having been reported previously at June 30, 2021 (S-2021-005).

Questioned Costs

Deficiency amount - $691,111,680.91.

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.

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 benefit 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: Joy N. Mayor
Title: Controller
Contact Information: joy.mayor@lausd.net

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

- 32nd Street Middle School
- 54th Street Elementary School
- 66th Street Elementary School
- 95th 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

Criteria

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

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

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

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

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

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 125 schools and 2,241 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:

<u>After School Component of the Program</u>

On a sample basis, we tested the attendance documentation of 100 schools and 1,810 days of attendance in the after school component of the After School Education and Safety Program.

There were 103 students in 41 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.

- **32nd Street Middle School –** Three (3) students did not participate in the full period of the after school program for a total of 8 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **66th Street Elementary –** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **Berendo Middle School –** Three (3) students did not participate in the full period of the after school program for a total of 9 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Bethune Middle School –** Two (2) students did not participate in the full period of the after school program for a total of 4 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Bryson Elementary School –** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **Carnegie Middle School –** Two (2) students did not participate in the full period of the after school program for a total of 2 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Charles Maclay Middle School –** Four (4) students did not participate in the full period of the after school program for a total of 12 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Chatsworth Park Elementary School -** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **Columbus Middle School –** One (1) student did not participate in the full period of the after school program for a total of 2 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Denker Elementary School -** One (1) 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.
- **Dodson Middle School -** Three (3) students did not participate in the full period of the after school program for a total of 6 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Dolores Street Elementary School -** Five (5) students did not participate in the full period of the after school program for a total of 10 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Dominguez Elementary School -** Two (2) students did not participate in the full period of the after school program for a total of 2 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.

- **Ellen Ochoa Learning Zone -** Four (4) students did not participate in the full period of the after school program for a total of 10 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Ford Blvd Elementary School -** Two (2) students did not participate in the full period of the after school program for a total of 2 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Foshay LC -** Three (3) students did not participate in the full period of the after school program for a total of 7 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Harrison Elementary School -** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **Harte Prep Middle School -** Two (2) students did not participate in the full period of the after school program for a total of 6 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Hollenbeck Middle School -** One (1) student 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.
- **Lassen Elementary School -** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **MaCES Magnet School –** Four (4) students did not participate in the full period of the after school program for a total of 10 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Mann UCLA Community School –** Two (2) students did not participate in the full period of the after school program for a total of 2 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Nava Learning Academy –** Two (2) students did not participate in the full period of the after school program for a total of 5 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **O Melveny Elementary School –** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **Palms Elementary School –** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.
- **Pio Pico Middle School –** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release form to explain why such requirements were not complied with.

- **Plainview Charter Academy –** Two (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.
- **RFK Ambassador School of Global Leadership –** Four (4) students did not participate in the full period of the after school program for a total of 6 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 Middle School –** Three (3) students did not participate in the full period of the after school program for a total of 7 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **San Miguel Elementary School –** One (1) student did not participate in the full period of the after school program for a total of 1 day that they participated and there was not a properly filled out early release forms to explain why such requirements were not complied with.
- **Sepulveda Middle School –** Three (3) students did not participate in the full period of the after school program for a total of 7 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Sun Valley ET MAG MS1 –** Five (5) students did not participate in the full period of the after school program for a total of 16 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Sutter Middle School –** Two (2) students did not participate in the full period of the after school program for a total of 8 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Toluca Lake Elementary School -** Two (2) students did not participate in the full period of the after school program for a total of 6 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Vista Middle School –** Four (4) students did not participate in the full period of the after school program for a total of 11 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 Middle School –** One (1) student did not participate in the full period of the after school program for a total of 2 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Windsor M/S AERO MAG –** Four (4) students did not participate in the full period of the after school program for a total of 10 days that they participated and there were no properly filled out early release forms to explain why such requirements were not complied with.
- **Wright ENG DES MAG MS1 –** Five (5) students did not participate in the full period of the after school program for a total of 8 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 2 Assist Summary reported to CDE for the schools for a sampled month during the school year 2021-2022. 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.

- **54th Street Elementary School -** MAR was overstated by 2 days, compared to the sign-in sheets for the total counted present days.
- **95th Street Elementary School** – Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of one (1) day but marked present on the MAR.
- **Alexander Sct Ctr SC -** MAR was overstated by 101 days, compared to the sign-in sheets for the total counted present days.
- **Berendo Middle School -** MAR was overstated by 56 days, compared to the sign-in sheets for the total counted present days.
- **Broadous Elementary School -** MAR was overstated by 4 days, compared to the sign-in sheets for the total counted present days.
- **Bryson Elementary School -** MAR was overstated by 3 days, compared to the sign-in sheets for the total counted present days.
- **Capistrano Elementary School -** MAR was overstated by 38 days, compared to the sign-in sheets for the total counted present days.
- **Carnegie Middle School** - MAR was overstated by 36 days, compared to the sign-in sheets for the total counted present days.
- **Charles Maclay Middle School -** Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of four (4) days but marked present on the MAR.
- **Columbus Middle School**
  - Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of one (1) day but marked present on the MAR.
  - MAR was overstated by 347 days, compared to the sign-in sheets for the total counted present days.
- **Denker Elementary School -** Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of one (1) day but marked present on the MAR.
- **Foshay LC -** MAR was overstated by 624 days, compared to the sign-in sheets for the total counted present days.
- **Gates Elementary School -** MAR was overstated by 4 days, compared to the sign-in sheets for the total counted present days.

- **Harrison Elementary School**
    - Lack of supporting information (i.e., sign-in time, sign-out time) of three (3) students to produce the attendance record for a total of thirteen (13) days but marked present on the MAR.
    - MAR was overstated by 301 days, compared to the sign-in sheets for the total counted present days.
- **Harte Prep Middle School –** BTB report was overstated by 29 days, compared to the Period 2 Assist Summary report submitted to CDE. The District subsequently updated the Period 2 Assist Summary as a result of our observation.
- **Hollenbeck Middle School –** MAR was overstated by 39 days, compared to the sign-in sheets for the total counted present days.
- **Liberty Blvd Elementary School**
    - Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of four (4) days but marked present on the MAR.
    - MAR was overstated by 25 days, compared to the sign-in sheets for the total counted present days.
- **Lomita Math – Sci Mag –** MAR was overstated by 30 days, compared to the sign-in sheets for the total counted present days.
- **Mann UCLA Community School -** Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of four (4) days but marked present on the MAR.
- **Maclay Middle School**
    - Lack of supporting information (i.e., sign-in time, sign-out time) of fifty (50) students to produce the attendance records for a total of thirty-three (33) days but marked present on the MAR.
    - MAR was overstated by 30 days, compared to the sign-in sheets for the total counted present days.
- **MaCES Magnet –** MAR was overstated by 32 days, compared to the sign-in sheets for the total counted present days.
- **Miller Elementary School -** MAR was overstated by 1 day, compared to the sign-in sheets for the total counted present days.
- **Monte Vista Street Elementary School -** MAR was overstated by 1 day, compared to the sign-in sheets for the total counted present days.
- **Nevin Elementary School -** MAR was overstated by 16 days, compared to the sign-in sheets for the total counted present days.
- **O Melveny Elementary School-** MAR was overstated by 4 days, compared to the sign-in sheets for the total counted present days.

- **Ochoa LC**
    - MAR was overstated by 327 days, compared to the sign-in sheets for the total counted present days.
    - BTB report was overstated by 334 days, compared to the Period 2 Assist Summary report submitted to CDE. The District subsequently updated the Period 2 Assist Summary as a result of our observation.
- **Orchard Academies 2C -** MAR was overstated by 10 days, compared to the sign-in sheets for the total counted present days.
- **Pio Pico Middle School**
    - Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of one (1) day but marked present on the MAR.
    - MAR was overstated by 79 days, compared to the sign-in sheets for the total counted present days.
- **Primary Academy-** MAR was overstated by 11 days, compared to the sign-in sheets for the total counted present days.
- **RFK Ambassador School of Global Leadership**
    - Lack of supporting information (i.e., sign-in time, sign-out time) of three (3) students to produce the attendance records for a total of nine (9) days but marked present on the MAR.
    - MAR was overstated by 20 days, compared to the sign-in sheets for the total counted present days.
- **San Antonio Elementary School –** MAR was overstated by 4 days, compared to the sign-in sheets for the total counted present days.
- **San Fernando Middle School –** BTB report was overstated by 44 days, compared to the Period 2 Assist Summary report submitted to CDE. The District subsequently updated the Period 2 Assist Summary as a result of our observation.
- **San Miguel Elementary School -** MAR was overstated by 3 days, compared to the sign-in sheets for the total counted present days.
- **Sepulveda Middle School -** BTB report was overstated by 111 days, compared to the Period 2 Assist Summary report submitted to CDE. The District subsequently updated the Period 2 Assist Summary as a result of our observation.
- **South Gate Middle School** –MAR was overstated by 44 days, compared to the sign-in sheets for the total counted present days.
- **State Elementary School -** MAR was overstated by 1 day, compared to the sign-in sheets for the total counted present days.
- **Sun Valley ET MAG MS1 -** BTB report was overstated by 170 days, compared to the Period 2 Assist Summary report submitted to CDE. The District subsequently updated the Period 2 Assist Summary as a result of our observation.

- **Toluca Lake Elementary School –** Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of one (1) day but marked present on the MAR.
- **Vena Elementary School -** Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance record for a total of one (1) day but marked present on the MAR.
- **Vinedale Elementary**- MAR was overstated by 10 days, compared to the sign-in sheets for the total counted present days.
- **Vista Middle School –**
  - Lack of supporting information (i.e., sign-in time, sign-out time) of two (2) students to produce the attendance records for a total of four (4) days but marked present on the MAR.
  - MAR was overstated by 281 days, compared to the sign-in sheets for the total counted present days.
  - BTB report was overstated by 15 days, compared to the Period 2 Assist Summary report submitted to CDE. The District subsequently updated the Period 2 Assist Summary as a result of our observation.
  - The school did not maintain support for early release forms.
- **Windsor M/S AERO MAG –**
  - 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 5 days but marked present on the MAR.
  - MAR was overstated by 17 days, compared to the sign-in sheets for the total counted present days.
- **Wright Eng Des Mag MS1 – -** MAR was overstated by 6 days, compared to the sign-in sheets for the total counted present days.

<u>Before School Component of the Program</u>

On a sample basis, we tested the attendance documentation of twenty-five (25) schools and 431 days of attendance in the before school component of the Before School Education and Safety Program.

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 2 Assist Summary reported to CDE for the schools for a sampled month during the school year 2021-2022. 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.

- **Dena Elementary**
  - Lack of supporting information (i.e., sign-in time, sign-out time) of one (1) student to produce the attendance records for a total of five (5) days but marked present on the MAR.
  - MAR was overstated by 19 days, compared to the sign-in sheets for the total counted present days.

Questioned Costs

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

Recommendation

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

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

Beyond the Bell Branch has established policies and procedures, (Attendance Reporting Policy Effective Date: 07/01/2011) regarding attendance reporting by agencies providing services to schools. It is our goal to strengthen compliance to the district's policies and procedures and mitigate future audit findings.

Following is a schedule of trainings 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-2022-008 will attend a training meeting scheduled in January 2023. 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 2023. 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 2023. 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.

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

Name: Jose Carrillo
Title: Administrator, Beyond the Bell Branch
Phone: (213) 241-7900s

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)

Criteria

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

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

Condition, Cause and Effect

On a sample basis, we tested the Free or Reduced Price Meal (FRPM) and English Learner (EL) eligibility of 3,105 students from 148 schools from the "1.18 – FRPM / English Learner / Foster Youth – Student List" reported in the CALPADS. We examined supporting documentation for the selected students and verified their respective eligibility.

Of the 3,105 students tested, 1,743 students were selected for verification of their Free and Reduced Price Meal (FRPM) eligibility as "181 - Free" or "182 - Reduced", 500 students were selected for verification of their English Learner "EL", and 862 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-three (33) students from the District's schools, and three (3) students 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 October 31st 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.

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	1,242,668	1,063,927	85.62%	-	-	(307) **	1,063,620	85.59%
Alexander Hamilton Senior High	7,465	5,100	68.32%	-	(1)	-	5,099	68.31%
Belvedere Middle School	2,397	2,304	96.12%	-	(1)	-	2,303	96.08%
Breed Street Elementary	886	838	94.58%	(2)	-	-	836	94.36%
Calahan Street Elementary	1,427	1,000	70.08%	-	(1)	-	999	70.01%
David Starr Jordan Senior High	2,157	2,137	99.07%	(1)	(2)	-	2,134	98.93%
Eagle Rock High School	6,634	3,520	53.06%	-	(1)	-	3,519	53.04%
East Valley Senior High	1,484	1,404	94.61%	(1)	-	-	1,403	94.54%
Graham Elementary	1,870	1,801	96.31%	(1)	-	-	1,800	96.26%
Gridley Street Elementary	1,431	1,258	87.91%	(3)	-	-	1,255	87.70%
Helen Bernstein High	2,050	1,984	96.78%	-	(2)	(1)	1,981	96.63%
Jaime Escalante Elementary School	1,571	1,495	95.16%	-	-	(1)	1,494	95.10%
James A. Garfield Senior High	7,376	7,038	95.42%	(1)	-	-	7,037	95.40%
McKinley Avenue Elementary	2,026	2,007	99.06%	-	(1)	-	2,006	99.01%
North Hollywood Senior High	7,773	5,261	67.68%	-	(1)	-	5,260	67.67%
Northridge Middle	2,303	2,118	91.97%	(1)	-	-	2,117	91.92%
Osceola Street Elementary	1,015	886	87.29%	(2)	-	-	884	87.09%
Playa Vista Elementary	1,539	282	18.32%	-	(2)	-	280	18.19%
Robert Fulton College Preparatory	3,850	3,743	97.22%	-	(1)	-	3,742	97.19%
Roy Romer Middle	2,849	2,695	94.59%	(1)	-	-	2,694	94.56%
San Gabriel Avenue Elementary	1,576	1,459	92.58%	-	(1)	-	1,458	92.51%
San Jose Street Elementary	1,876	1,302	69.40%	-	-	(1)	1,301	69.35%
South Gate Senior High	6,059	5,571	91.95%	(1)	-	-	5,570	91.93%
Tarzana Elementary	805	667	82.86%	(1)			666	82.73%
Young Oak Kim Academy	2,514	2,472	98.33%	(1)	-	-	2,471	98.29%
Chatsworth Charter High School (Dependent Charter)	4,925	3,345	67.92%	-	(14)	- **	3,331	67.63%
				-				
Chatsworth Charter High School (Dependent Charter)	4,925	3,345	67.92%	-	(1)	-	3,344	67.90%
				-				
Dixie Canyon Community Charter (Dependent Charter)	2,098	593	28.27%	-	(7)	- **	586	27.93%
				-				
Dixie Canyon Community Charter (Dependent Charter)	2,098	593	28.27%	-	(2)	-	591	28.17%

* 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, 2021 (S-2021-007) but for different schools.

Questioned Costs

We determined the total impact of the thirty-three (33) findings on the District, and three (3) findings on the Dependent Charter Schools by extrapolating the noted errors to the total UPC. We determined that the total extrapolated impact on the District's UPC is 307, and for the Dependent Charter Schools is 21, broken down as follows:

Chatsworth Charter High School	14
Dixie Canyon Community Charter	7
Total	21

We decreased the District's UPC by the extrapolated impact of 307 students and calculated an Adjusted UPC of 85.59%.

We applied the Adjusted UPC to the District's LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2021-22, and we computed total questioned costs to be $781,353.

We also decreased the Dependent Charter Schools' UPC by the extrapolated impact of 21 students and calculated an Adjusted UPC as follows:

Chatsworth Charter High School	67.63%
Dixie Canyon Community Charter	27.93%

We applied the Adjusted UPC to the Dependent Charter Schools LCFF State Aid, Adjusted for Minimum State Aid Guarantee for fiscal year 2021-22, and we computed total questioned costs to be $33,788, broken down as follows:

Chatsworth Charter High School	$ 30,268
Dixie Canyon Community Charter	3,520
Total	$ 33,788

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.

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

English Learner Program:

The Multilingual and Multicultural Education Department in collaboration with the Student Testing Branch and Division of Instruction, P-12, will implement the following actions steps in addition to existing English Learner (EL) program processes and controls:

1) By March 2023, provide District-wide training to EL Designees in collaboration with Region EL staff on required Summative English Language Proficiency Assessments (ELPAC) and grade level skills assessments, Dynamic Indicators of Basic Early Literacy Skills (DIBELS) and Reading Growth Measure (RGM).
2) By June 2023, enhance existing data systems to monitor ELPAC and grade level skill assessment completion, which will include training to EL Designees on how to monitor ELPAC and grade level skill assessment completion.
3) Send grade level skills testing updates on assessment completion/pending throughout the academic year.

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 or Reduced Price Meal eligibility status, the following corrective actions will be taken:

1) By spring 2023, meet with other District offices, such as Budget and Food Services, to inform them of the change to the District's collection of household income forms for new students and to understand the effect of this change will have on the District.
2) By spring 2023, update the business rules used by the District to reflect this change.

Name: David Heredia
Title/Division: Interim Director, Office of Data and Accountability
Telephone: (213) 241-2450

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

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

Grade	Number of Doses Required of Each Immunization				
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			

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).
(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.

Condition, Cause and Effect

For the 54 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 574 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 2nd dose was received within 4 calendar months and 10 school days after the 1st dose.

We noted the following findings, resulting from the pandemic which significantly contributed to the findings below:

- **9th Street Elementary -** Out of the 6 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school and did not receive the required 2nd dose of the measles vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 105 days during the time in which the pupil was not compliant with immunization requirements.

- **99th Street Elementary -** Out of the 12 pupils sampled, we noted the following exceptions:
  - Three (3) pupils did not receive the required 2nd doses of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 410 days during the time in which the pupils were not compliant with immunization requirements.

- **109th Street Elementary -** Out of the 10 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2nd dose of the varicella within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 191 days during the time in which the pupils were not compliant with immunization requirements.

- **112th Street Elementary -** Out of the 11 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 2nd dose of the measles vaccine within four calendar months and ten school days after receiving the 1st dose.
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 232 days during the time in which the pupils were not compliant with immunization requirements.

- **Arlington Heights Elementary -** Out of the 2 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st 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 87 days during the time in which the pupil was not compliant with immunization requirements.

- **Arlington Heights Elementary DL Two-Way Im Spanish -** Out of the 6 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 116 days during the time in which the pupil was not compliant with immunization requirements.

- **Arminta Street Elementary -** Out of the 10 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2nd doses of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 258 days during the time in which the pupils were not compliant with immunization requirements.

- **Chandler Elementary -** Out of the 13 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the measles vaccine within four calendar months and ten school days after receiving the 1st dose.
  - 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.

- **Columbus Avenue Elementary -** Out of the 12 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st 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 118 days during the time in which the pupil was not compliant with immunization requirements.

- **Ellen Ochoa LC DL Two-Way Im Spanish Elementary -** Out of the 12 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 171 days during the time in which the pupil was not compliant with immunization requirements.

- **Erwin Elementary -** Out of the 15 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 146 days during the time in which the pupil was not compliant with immunization requirements.

- **Florence Griffith Joyner Elementary -** Out of the 7 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 126 days during the time in which the pupil was not compliant with immunization requirements.

- **Gardena Elementary DL Two-Way Im Spanish -** Out of the 8 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st 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 89 days during the time in which the pupil was not compliant with immunization requirements.

- **Hillcrest Drive Elementary -** Out of the 10 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school.
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 87 days during the time in which the pupils were not compliant with immunization requirements.

- **Marguerite Poindexter LaMotte Elementary -** Out of the 12 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 295 days during the time in which the pupils were not compliant with immunization requirements.

- **Marquez Charter -** Out of the 9 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 149 days during the time in which the pupil was not compliant with immunization requirements.

- **Martin Luther King Jr Elementary -** Out of the 8 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 30 days during the time in which the pupil was not compliant with immunization requirements.

- **Miramonte Elementary DL Two-Way Im Spanish -** Out of the 10 pupils sampled, we noted the following exceptions:
    - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
    - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
    - The pupils were marked present in the school's monthly attendance summary for a total of 214 days during the time in which the pupils were not compliant with immunization requirements.

- **Noble Avenue Elementary -** Out of the 22 pupils sampled, we noted the following exception:
    - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
    - The pupil was marked present in the school's monthly attendance summary for a total of 111 days during the time in which the pupil was not compliant with immunization requirements.

- **Point Fermin Elementary Marine Science Magnet -** Out of the 10 pupils sampled, we noted the following exception:
    - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
    - The pupil was marked present in the school's monthly attendance summary for a total of 136 days during the time in which the pupil was not compliant with immunization requirements.

- **RFK Comm Schools – UCLA Community School DL One-Way Im Spanish -** Out of the 14 pupils sampled, we noted the following exception:
    - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
    - The pupil was marked present in the school's monthly attendance summary for a total of 102 days during the time in which the pupil was not compliant with immunization requirements.

- **Rosewood Avenue Elementary Urban Planning/Design Magnet -** Out of the 8 pupils sampled, we noted the following exceptions:
    - Two (2) pupils did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
    - The pupils were marked present in the school's monthly attendance summary for a total of 289 days during the time in which the pupils were not compliant with immunization requirements.

- **Saticoy Elementary DL Two-Way Im Armenian -** Out of the 9 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school.
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 307 days during the time in which the pupils were not compliant with immunization requirements.

- **Stoner Avenue Elementary DL One-Way Im Spanish-** Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 100 days during the time in which the pupil was not compliant with immunization requirements.

- **Windsor Hills Elementary Math/Science Aerospace Magnet -** Out of the 8 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella and measles vaccines within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 81 days during the time in which the pupil was not compliant with immunization requirements.

For the 7 schools identified as reporting a conditional admission rate greater than 10 percent in 7th/8th Grade pupils to the California Department of Public Health (CDPH), we selected a sample of 222 7th/8th 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 7th 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 2nd dose was received within 4 calendar months and 10 school days after the 1st dose. For pupils who did not have Tdap vaccine, we verified they were excluded from attendance.

We noted the following findings, resulting from the pandemic which significantly contributed to the findings below:

- **Edwin Markham Middle School -** Out of the 45 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 146 days during the time in which the pupil was not compliant with immunization requirements.

- **Laurel Cinematic Arts Creative Tech Magnet -** Out of the 5 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 164 days during the time in which the pupil was not compliant with immunization requirements.

- **Rancho Dominguez Preparatory School -** Out of the 13 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 1st 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 170 days during the time in which the pupil was not compliant with immunization requirements.

- **Roy Romer Middle Gifted/Humanities Magnet -** Out of the 4 pupils sampled, we noted the following exception:
  - One (1) pupil did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupil was marked present in the school's monthly attendance summary for a total of 174 days during the time in which the pupil was not compliant with immunization requirements.

- **Roy Romer Middle School -** Out of the 36 pupils sampled, we noted the following exceptions:
  - Two (2) pupils did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 173 days during the time in which the pupils were not compliant with immunization requirements.

- **William Jefferson Clinton Middle School -** Out of the 60 pupils sampled, we noted the following exceptions:
  - One (1) pupil did not receive the required 1st dose of the varicella vaccine before the first day of school.
  - Three (3) pupils did not receive the required 2nd dose of the varicella vaccine within four calendar months and ten school days after receiving the 1st dose.
  - The pupils were marked present in the school's monthly attendance summary for a total of 405 days during the time in which the pupils were not compliant with immunization requirements.

Questioned Costs

District:
- Grades K-3 – 3,886 days / 180 days = 21.59 ADA overstated * $12,243.36 = $264,334.14

Marquez Charter school:
- Grades K-3 – 149 days / 180 days = 0.83 ADA overstated * $12,243.36 = $10,161.99

Kindergarteners/1st Graders:

- 9th Street Elementary – 105 days overstated/180 days in single track school year
- 99th Street Elementary - 410 days overstated/180 days in single track school year
- 109th Street Elementary - 191 days overstated/180 days in single track school year
- 112th Street Elementary - 232 days overstated/180 days in single track school year
- Arlington Heights Elementary - 87 days overstated/180 days in single track school year
- Arlington Heights Elementary DL Two Way Im Spanish - 116 days overstated/180 days in single track school year
- Arminta Street Elementary - 258 days overstated/180 days in single track school year
- Chandler Elementary - 85 days overstated/180 days in single track school year
- Columbus Avenue Elementary - 118 days overstated/180 days in single track school year
- Ellen Ochoa LC DL Two-Way Spanish Im - 171 days overstated/180 days in single track school year
- Erwin Elementary - 146 days overstated/180 days in single track school year
- Florence Griffith Joyner Elementary - 126 days overstated/180 days in single track school year
- Gardena Elementary DL Two-Way Im Spanish - 89 days overstated/180 days in single track school year
- Hillcrest Drive Elementary - 87 days overstated/180 days in single track school year
- Marguerite Poindexter LaMotte Elementary - 295 days overstated/180 days in single track school year
- Marquez Charter - 149 days overstated/180 days in single track school year
- Martin Luther King Jr Elementary - 30 days overstated/180 days in single track school year
- Miramonte Elementary DL Two-Way Im Spanish - 214 days overstated/180 days in single track school year
- Noble Avenue Elementary - 111 days overstated/180 days in single track school year
- Point Fermin Elementary Marine Science Magnet - 136 days overstated/180 days in single track school year
- RFK Comm Schools – UCLA Community School DL One-Way Im Spanish - 102 days overstated/180 days in single track school year
- Rosewood Avenue Elementary Urban Planning/Design Magnet - 289 days overstated/180 days in single track school year
- Saticoy Elementary DL Two-Way Im Armenian - 307 days overstated/180 days in single track school year
- Stoner Avenue Elementary DL One-Way Im Spanish - 100 days overstated/180 days in single track school year
- Windsor Hills Elementary Math/Science Aerospace Magnet - 81 days overstated/180 days in single track school year

- Grades 7-8 – 1,232 days / 180 days = 6.84 ADA overstated * $11,589.74 = $79,273.82

7th/8th Graders:

- Edwin Markham Middle School - 146 days overstated/180 days in single track school year
- Laurel Cinematic Arts Creative Tech Magnet - 164 days overstated/180 days in single track school year
- Rancho Dominguez Preparatory School - 170 days overstated/180 days in single track school year
- Roy Romer Middle Gifted/Humanities Magnet - 174 days overstated/180 days in single track school year
- Roy Romer Middle School - 173 days overstated/180 days in single track school year
- William Jefferson Clinton Middle School - 405 days overstated/180 days in single track school year

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.

Views of Responsible Officials and Planned Corrective Actions

To address the audit findings, the District has the following action steps:

- Met with Executive Leadership to review audit results – November 2022
- Send weekly immunization data reports to Local District leadership to be shared with Community of School Administrators and Principals – January 2023
- Nursing administrators will attend Principals meetings to review immunization data and school immunization requirements – annually and as needed – January 2023
- Nursing administrators to meet with Local District Administrators of Operations (AOOs) to review immunization data and school immunization requirements – monthly and as needed – January 2023
- Place immunization requirements and other resources in Principal's Portal – January 2023
- Work with Office of Communications to publicize and encourage immunizations – January 2023 and ongoing

Name: Sosse Bedrossian
Title: Director of Nursing Services
Contact Information: (213) 202-7580 or sosse.bedrossian@lausd.net

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

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 15,462 days of attendance and 958 days of absences for testing and noted the following findings, resulting from staff's untimely updating of student's attendance records:

- **Alfred B Nobel Charter Middle School STEAM Magnet -** Out of the 1,156 days of attendance and 41 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.

- **Chatsworth Charter High School -** Out of the 1,752 days of attendance and 110 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.

- **Dr Theodore T Alexander Jr Science Center School -** Out of the 859 days of attendance and 91 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.

These findings are repeat findings, having been reported previously at June 30, 2021 (S-2021-008) but for different schools.

Questioned Costs

- Grades 4 to 6: 1 day/141 days = 0.01 ADA overstated * $11,256.77 = $112.57
- Grades 7 to 8: 1 day/141 days = 0.01 ADA overstated * $11,589.74 = $115.90
- Grades 9 to 12: 1 day/141 days = 0.01 ADA overstated * $13,780.81 = $137.81

- Alfred B Nobel Charter Middle School STEAM Magnet
    - Grades 7 to 8: 1 day/141 days in single track school year
- Chatsworth Charter High School
    - Grades 9 to 12: 1 day/141 days in single track school year
- Dr Theodore T Alexander Jr Science Center School
    - Grades 4 to 6: 1 day/141 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 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

We will 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, withdrawal procedures during school year 2023-24.
4. Pupil Services and Attendance will communicate with 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. Effective for fiscal year 2022-23, the District will obtain written acknowledgement for completion of the MYPLN Essential Tips training to support with 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

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

Criteria

California Education Code, Section 47605(l) - (1) Teachers in charter schools shall hold the Commission on Teacher Credentialing certificate, permit, or other document required for the teacher's certificated assignment. These documents shall be maintained on file at the charter school and are subject to periodic inspection by the chartering authority. A governing body of a direct-funded charter school may use local assignment options authorized in statute and regulations for the purpose of legally assigning certificated teachers, in accordance with all of the requirements of the applicable statutes or regulations in the same manner as a governing board of a school district. A charter school shall have authority to request an emergency permit or a waiver from the Commission on Teacher Credentialing for individuals in the same manner as a school district.

Executive Order N-3-22 – 2. For the purposes of providing emergency substitute teaching services as authorized by Title 5, California Code of Regulations section 80025(b), temporary certificates may be issued pursuant to Education Code section 44332(a) without regard to whether the recipient has a pending credential or permit application or has made the statement under oath required by that section, and any contrary requirements of section 44332(a) are hereby suspended through March 31, 2022. All applicants receiving temporary certificates pursuant to section 44332(a) must meet the remaining eligibility requirements in section 80025 and all requirements of Education Code section 44332.6

3. The limitations in California Code of Regulations, Title 5, sections 80025.1(c) and 80025.3(a) and (b), as modified via Section 47 of Assembly Bill 167, Chapter 252, Statutes of 2021, on the duration for which substitute teachers can be assigned to a single general education assignment are extended to no more than 120 days through March 31, 2022.

Condition, Cause and Effect

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

We tested a total of 36 K-12 teachers and noted one (1) teacher who was assigned to teach in a position not consistent with the authorization of his/her certification:

- **Dr Theodore T Alexander Jr Science Center School** – One (1) substitute teacher was assigned to teach in a position beyond the time period permitted within their substitute teacher credential due to an appropriately authorized teacher not being available to cover in the position.

Questioned Costs

Not Applicable

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.

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

Human Resources (HR) will continue to strive to ensure every student is taught by an appropriately authorized teacher by providing professional development to certificated staff overseeing the master schedule and training them on how the MiSiS Assignment Monitoring Report helps school sites take timely action to ensure they do not have misassignments.

Substitute teachers will also be informed of the Commission guidelines governing their 30-Day Substitute Teaching Permit for no more than 30 days in general education and no more than 20 days in special education. The passage of the 2022 Education Omnibus Budget Trailer Bill has extended the 60 days maximum until July 1, 2023.

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

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

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

Recommendation

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

View of Responsible Officials and Corrective Action Plan

Implemented.

Section VI - Findings and Questioned Costs Related to Federal Awards

1. **Finding F-2021-001 – Activities Allowed or Unallowed/Allowable Costs and Cost Principles – Documentation for Payroll**

   Program Identification

   Child Nutrition Cluster, U.S. Department of Agriculture, Passed through the California Department of Education, Assistance Listing Nos. 10.555 and 10.559, PCA Nos. 13523, 13524, 13004, and 13006.

   COVID-19 - Coronavirus Relief Fund, U.S. Department of Treasury, Passed through the California Department of Education, Assistance Listing No. 21.019, PCA No. 25516.

   Adult Education – Basic Grants to States, U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.002, PCA No. 14508, 14109, and 13978.

   Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA), U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.010, PCA No. 14329, 14357, and 15438.

   Career and Technical Education – Basic Grants to States (Perkins V), U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.048, PCA No. 14894 and 14893.

   Supporting Effective Instruction State Grants (Title II, Part A of the ESEA), U.S. Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.367, PCA No. 14341.

   COVID-19 - Elementary and Secondary School Emergency Relief Fund, Department of Education, Passed through the California Department of Education, Assistance Listing No. 84.425D, PCA Nos. 15536, 15547, and 15535.

   Recommendations

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

   Current Status

   Implemented. 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 (F-2022-001) but for different schools.

2. **Finding F-2021-002 – Allowable Costs/Cost Principles**

   Program Identification

   Epidemiology and Laboratory Capacity for Infectious Diseases, U.S. Department of Health and Human Services, passed through Los Angeles County Office of Education, Assistance Listing No. 93.323, Contract No. C-21248-20:23.

   Recommendations

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

   Current Status

   Implemented.

3. **Finding F-2021-003 – Period of Performance**

   Program Identification

   Hazard Mitigation Grant Program, U.S. Department of Homeland Security, passed through California Governor's Office of Emergency Services of Education, Assistance Listing No. 97.039, Project Nos. PJ0004 and PJ0066.

   Recommendations

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

   Current Status

   Implemented.

4. **Finding F-2021-004 – Subrecipient Monitoring**

   Program Identification

   Twenty-First Century Community Learning Centers, U.S. Department of Education, passed through California Department of Education, Assistance Listing No. 84.287, PCA Nos. 14349, 14765, 14603, and 14535.

Recommendations

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

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

Current Status

Implemented.

5. **Finding F-2021-005 – Special Tests and Provisions – Annual Report Card, High School Graduation Rate**

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, Assistance Listing No. 84.010, PCA No. 14329.

Recommendations

We recommend 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.

Current Status

Implemented. 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 (F-2022-002) but for different schools.

6. **Finding F-2021-006 – Special Tests and Provisions – Assessment System Security**

Program Identification

Title I Grants to Local Educational Agencies, U.S. Department of Education, passed through California Department of Education, Assistance Listing No. 84.010, PCA No. 14329.

Recommendations

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

Current Status

Implemented.

7. Finding F-2021-007 – Special Tests and Provisions – Meal Count Testing

Program Identification

Child Nutrition Cluster, U.S. Department of Agriculture, Passed through the California Department of Education, Assistance Listing Nos. 10.555 and 10.559, PCA Nos. 13523, 13524, 13004, and 13006.

Recommendations

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. 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 (F-2022-003) but for different schools except for one school.

Section VII – Findings and Questioned Costs Relating to State Awards

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

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

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

Schools Affected (continued)

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

Recommendation

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

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

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2022-001) but for different schools.

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

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

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

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the SMASR, and retain supporting documentation for instances in which students arrive to school late or leave early. Additionally, we recommend 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 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. This is a repeat finding which has been reported in the current year (S-2022-001) but for different schools.

S-2021-002 – Teacher Certification and Misassignments

State Audit Guide Finding Codes: 40000 and 71000

Schools Affected

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

Recommendation

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

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-2022-002) but for different schools and teachers.

S-2021-003 – Kindergarten Continuance

State Audit Guide Finding Codes: 40000

Schools Affected

- Castlebay Lane Charter School

Recommendation

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

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

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-2022-003) but for different schools.

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

State Audit Guide Finding Codes: 40000

Recommendation

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

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2022-006).

S-2021-005 – 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-2022-007).

S-2021-006 – School Accountability Report Card

State Program: School Accountability Report Card

State Audit Guide Finding Codes: 72000

Schools Affected

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

Recommendation

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

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding.

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

State Program: Unduplicated Local Control Funding Formula Pupil Counts

State Audit Guide Finding Code: 40000

Schools Affected

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

Recommendation

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

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-2022-009) but for different schools.

S-2021-008 – Attendance Accounting – Dependent Charters – Attendance and Distance Learning

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Castlebay Lane Charter
- Enadia Way Technology Charter
- Hamlin Charter Academy
- Nestle Avenue Charter
- Reseda Charter High School
- Reseda Charter High School Science Magnet
- William Howard Taft Charter High School

Recommendation

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

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

Current Status

The District has implemented the Corrective Action Plan as stipulated in their response to the prior year audit finding. This is a repeat finding which has been reported in the current year (S-2022-011) but for different schools.

S-2020-009 – Attendance Accounting – Dependent Charters – Attendance Computations

State Program: Attendance Accounting: Attendance Reporting

State Audit Guide Finding Codes: 10000 and 40000

Schools Affected

- Colfax Charter Elementary

Recommendation

We recommend that the District and the schools continue to strengthen its controls over implementing attendance policies over student attendance reporting by ensuring schools maintain adequate support for reported absences, accurately report student absences in the school's monthly attendance summary, and retain supporting documentation for instances in which students arrive to school late or leave early. The District should have a process in place to identify charter students who are over the age of nineteen and are not making satisfactory progress to graduate. Finally, we recommend that the District continue to support the school by providing adequate training over attendance reporting so that proper attendance reporting procedures are adhered to, and that the District obtain written acknowledgement from the school identified above that they have been successfully trained and have implemented a system in place to prevent such occurrences in the future.

Current Status

The District has 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-2022-011) but for different schools.

INDEPENDENT AUDITOR'S MANAGEMENT LETTER

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

December 14, 2022

The Honorable Board of Education
Los Angeles Unified School District
Los Angeles, California

Members of the Board:

In planning and performing our audit of the financial statements of the **Los Angeles Unified School District** (District) as of and for the year ended June 30, 2022, 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-2022-001 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-2022-002 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,

Simpson & Simpson

Current Year Management Letter Comments

ML-2022-001 – CMS Program Change Management

Condition

Documenting and approving application changes should be consistently followed to prevent unauthorized program changes. This includes documenting and retaining management approvals to confirm that program changes are aligned with management's intentions and user requirements.

NIST 800-53: CM-3 CONFIGURATION CHANGE CONTROL

Processes for managing configuration changes to systems include Configuration Control Boards or Change Advisory Boards that review and approve proposed changes.

However, we reviewed nine (9) CMS program changes which comprised the total population changes for the year under review and noted that a Change Management Approval Form was missing for the following two (2) changes:

- CMS MOC ticket # CRQ000000055940
- CMS MOC ticket # CRQ000000058881

Recommendation

We recommend that Change Management Approval Forms be completed and retained for CMS changes in a consist manner.

Management Response

ITD will ensure Change management forms are completed and signed-off prior to implementing the change in Production.

<u>Responsible Official</u>

Name: Douglas Le
Title/Division: Senior ERP Director Business Systems/ITD
Telephone: (213) 241-1586

Status of Prior Year Management Letter Comments

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-2022-002 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-2022-002 within the accompanying schedule of findings and questioned costs.

ML-2021-003 - Active Directory Network User Account

Recommendation

We recommend that terminated (i.e., retired, resigned, withdrawn, etc.) employees' Active Directory user accounts be disabled or deleted in a timely manner upon their physical separation from the District. To support facilitating this process, the user's manager/supervisor should submit a request to HR to have the employee's system access suspended or disabled in a timely manner.

Current Status

Implemented.

Status of Prior Year Management Letter Comments

ML-2019-003 - Business Continuity Planning
ML-2016-001 - Business Continuity /IT Disaster Recovery Planning
ML-2014-007 - Business Continuity /IT Disaster Recovery Planning

Recommendation

BCPs should be completed and updated on a regular basis to ensure that operations and IT systems can be effectively recovered, shortcomings are addressed, and the plan remains relevant.

Current Status

Partially Implemented. As of May 31, 2022, 91 Branches/Offices across 16 Divisions have completed their Business Continuity Plans (BCP); this includes 19 ITD Divisions having a baselined BCP.

As of May 9, 2022, ITD has set a June 30, 2023, target timeframe to fully implement a Cloud/Hybrid Data Center Disaster Recovery Solution.

ML-2015-002 - Security Management Policy and Procedures

Recommendation

We recommend that ITD management coordinate with District business/operations management to complete an information security plan (e.g., update, adopt and implement the November 2013 plan) and compile a comprehensive set of information security policies and procedures.

Current Status

Partially Implemented. The following IT security policies have been drafted but not formally adopted as they are pending executive management approval:

a. Vulnerability Management Policy is complete and officially published.
b. Incident Response for Critical Information Systems is scheduled for review with CIO June 17, 2022.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

This Appendix C contains only a brief summary of certain of the terms of the Site Lease, the Lease Agreement and the Trust Agreement and a full review should be made of the entire Official Statement, including the cover page and the appendices thereto. All statements contained in this Appendix C are qualified in their entirety by reference to the entire Official Statement, including the cover page and the appendices thereto. Terms used herein but not defined herein will be as defined in the Official Statement and the Trust Agreement. References to and summaries of provisions of the documents referred to in the Site Lease, the Lease Agreement and the Trust Agreement do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions of such documents.

DEFINITIONS

The following are definitions of certain terms used in this Appendix C - "Summary of Principal Legal Documents" or elsewhere in this Official Statement:

"Additional Payments" means all costs and expenses incurred by the District and the Corporation in complying with the provisions of the Trust Agreement, including without limitation payment of all Delivery Costs (to the extent not paid from amounts on deposit in the Delivery Costs Fund), compensation, reimbursable expenses and fees due to the Trustee, all costs and expenses of auditors, engineers, counsel and accountants and any amounts required to be rebated to the federal government.

"Assignment Agreement" means the Assignment Agreement by and between the Trustee and the Corporation, as amended or supplemented in accordance with its terms.

"Business Day" means any day of the year other than Saturday or Sunday or any other day on which banks in New York, New York or Los Angeles, California are not authorized or obligated by law or executive order to close and on which the New York Stock Exchange is not closed.

"Certificate of the District" means an instrument in writing signed by a District Representative. Such certificate will include (a) a statement that, in the opinion of the signer, he or she has made or caused to be made such examination or investigation as is necessary to enable the signatory to express an informed opinion as to what he or she is certifying to and (b) a statement as to whether, in the opinion of the signer, the agreement, condition, covenant or term being certified to has been complied with.

"Certificate of the Corporation" means an instrument in writing signed by a Corporation Representative. Such certificate will include (a) a statement that, in the opinion of the signer, he or she has made or caused to be made such examination or investigation as is necessary to enable the signatory to express an informed opinion as to what he or she is certifying to and (b) a statement as to whether, in the opinion of the signer, the agreement, condition, covenant or term being certified to has been complied with.

"Certificates" means the Certificates of Participation, 2023 Series A to be executed and delivered pursuant to the Trust Agreement.

"Closing Date" means the day when the Certificates, duly executed by the Trustee, are delivered to the underwriter thereof.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations issued thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code will be deemed to be a reference to any successor to any such section.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate executed by the District dated the date of the execution and delivery of the Certificates, as amended or supplemented in accordance with its terms.

"Corporation" means the LAUSD Financing Corporation, a California nonprofit public benefit corporation, and its successors and assigns.

"Corporation Representative" means the President, the Vice President, the Treasurer or the Secretary of the Corporation, or any person authorized to act on behalf of the Corporation under or with respect to the Lease Agreement.

"Delivery Costs" means and includes all items of expense directly or indirectly payable by or reimbursable to the District or the Corporation relating to the execution and delivery of the Certificates, including but not limited to underwriting costs, title insurance, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, initial fees and charges of the Trustee, including its first annual administration fee and the fees of its counsel, legal fees and charges, financing and other professional consulting fees, costs of rating agencies or credit ratings, fees for execution, transportation and safekeeping of the Certificates and charges and fees in connection with the foregoing.

"Delivery Costs Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"District" means the Los Angeles Unified School District, a school district organized and existing under the Constitution and laws of the State, and its successors and assigns.

"District Representative" means the Chief Business Officer or the Controller of the District, or a person authorized by the Chief Business Officer or the Controller to act on behalf of the District under or with respect to the Trust Agreement.

"Eligible Securities" means (1) Non-callable, direct obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States. These include, but are not limited to:

- U.S. Treasury Obligations
  All direct or fully guaranteed obligations

- Farmers Home Administration
  Certificates of beneficial ownership

- General Services Administration
  participation certificates

- U.S. Maritime Administration
  Guaranteed Title XI financing

- Small Business Administration
  Guaranteed participation certificates
  Guaranteed pool certificates

- Government National Mortgage Association (GNMA)
  GNMA - guaranteed mortgage-backed securities
  GNMA - guaranteed participation certificates

- U.S. Department of Housing and Urban Development
  Local authority bonds

- Washington Metropolitan Area Transit Authority
  Guaranteed transit bonds

- State and Local Government Series

- Veterans Administration
  Guaranteed REMIC Pass-through certificates

(2) Non-callable obligations of government-sponsored agencies that are not backed by the full faith and credit of the U.S. Government. These include, but are not limited to:

- Federal Home Loan Mortgage Corp. (FHLMC)
  Debt Obligations

- Farm credit System (Formerly: Federal Land Banks, Intermediate Credit Banks, and Banks for Cooperatives)
  Consolidated Systemwide bonds and notes

- Federal Home Loan Banks (FHL Banks)
  Consolidated debt obligations

- Federal National Mortgage Association (FNMA)
  Debt Obligations

- Student Loan Marketing Association (SLMA)
  Debt obligations

- Resolution Funding Corp. (REFCORP)
  Debt obligations

- U.S. Agency for International Development (U.S. A.I.D.)
  Guaranteed Notes (must mature at least 4 business days before the appropriate payment date)

(3) Certain stripped securities where the principal-only and interest-only strips are derived from non-callable obligations issued by the U.S. Treasury, and REFCORP securities stripped by the Federal Reserve Bank of New York. (No custodial receipts, i.e. CATs, TIGERS, unit investment trusts and mutual funds, etc. will be permitted).

"Event of Default" means an event of default as defined in each of the Lease Agreement and Trust Agreement.

"Fiscal Year" means the fiscal year of the District commencing on July 1 of each calendar year and ending June 30 of the next calendar year.

"Independent Counsel" means an attorney duly admitted to the practice of law before the highest court of the state in which such attorney maintains an office and who is not an employee of the Corporation, the Trustee or the District.

"Interest Payment Date" means April 1 and October 1 of each year, commencing on April 1, 2024, with respect to the interest payments evidenced by the Certificates so long as any Certificates remain Outstanding.

"Lease Agreement" means the Lease Agreement, dated as of August 1, 2023, between the District and the Corporation, as amended or supplemented in accordance with its terms.

"Lease Deposit Date" means fifteen (15) Business Days preceding any Lease Payment Date.

"Lease Payment" means any payment required to be paid by the District to the Corporation pursuant to the Lease Agreement and set forth in Exhibit A thereto.

"Lease Payment Date" means each April 1 and October 1, commencing on April 1, 2024.

"Lease Payment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns, and, if such corporation will for any reason no longer perform the function of a securities rating agency, "Moody's" will be deemed to refer to any other nationally recognized rating agency designated by the District.

"Net Proceeds" means any proceeds of insurance carried pursuant to the Lease Agreement, performance bonds, or taking by eminent domain or condemnation paid with respect to the

Property remaining after payment therefrom of any expenses (including attorneys' fees) incurred in the collection thereof.

"Net Proceeds Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Outstanding," when used as of any particular time with respect to the Certificates, means (subject to the provisions of the Trust Agreement) all Certificates theretofore executed and delivered by the Trustee under the Trust Agreement except:

(1) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(2) Certificates for the payment or prepayment of which funds or Eligible Securities, together with interest earned thereon, in the necessary amount will have theretofore been deposited with the Trustee (whether upon or prior to the maturity or prepayment date of such Certificates) pursuant to the Trust Agreement, provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment will have been given as provided in the Trust Agreement or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(3) Certificates in lieu of or in exchange for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Trust Agreement.

"Owner", when used with respect to a Certificate, means the person in whose name such Certificate is registered on the Certificate Register.

"Permitted Encumbrances" means, with respect to the Property, as of any particular time: (i) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid; (ii) the Assignment Agreement; (iii) the Lease Agreement; (iv) the Site Lease, (v) any right or claim of any mechanic, laborer, materialman, supplier or vendor filed or perfected in the manner prescribed by law; (vi) ground leases, judgment liens in favor of the District, easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record on the Closing Date; and (vii) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the date of recordation of the Lease Agreement and to which the Corporation and the District consent in writing.

"Permitted Investments" means any of the following that at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein and are assigned the ratings, if any, required hereby (without regard to ratings subcategories):

1. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of United States Department of the Treasury) or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

2. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by

the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

a. Farmers Home Administration (FmHA) certificates of beneficial ownership

b. Federal Housing Administration debentures (FHA)

c. General Services Administration participation certificates

d. Government National Mortgage Association (GNMA or "Ginnie Mae") GNMA-guaranteed mortgage-backed bonds and GNMA-guaranteed pass-through obligations (participation certificates)

e. U.S. Maritime Administration guaranteed Title XI financing

f. U.S. Department of Housing and Urban Development (HUD) project notes and local authority bonds

3. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

a. Federal Home Loan Bank System senior debt obligations (consolidated debt obligations)

b. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac") Participation Certificates (Mortgage-backed securities) and senior debt obligations

c. Federal National Mortgage Association (FNMA or "Fannie Mae") Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities that are valued greater than par on the portion of unpaid principal.)

d. Student Loan Marketing Association (SLMA or "Sallie Mae") senior debt obligations

e. Resolution Funding Corp. (REFCORP): Only the interest component of REFCORP strips that have been stripped by request to the Federal Reserve Bank of New York in book-entry form are acceptable.

f. Farm Credit System consolidated system-wide bonds and notes

4. Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of "AAAm-G," "AAAm," or "AA-m" and if rated by Moody's, "Aaa," "Aa1," or "Aa2," including funds for which the Trustee or its affiliates provide investment advisory or other management services or serve

as investment administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives and retains a fee from for services provided to the fund, (ii) the Trustee collects fees for services rendered pursuant to the Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Trust Agreement may at times duplicate those provided to such funds by the Trustee or an affiliate of the Trustee.

5. Certificates of deposit secured at all times by collateral described in (1) and/or (2) above. Certificates of deposit must have a five year or less maturity. Such certificates must be issued by commercial banks, including the Trustee and its affiliates, savings and loan associations or mutual savings banks whose short term obligations are rated "A-1"+ or better by Standard & Poor's and "Prime-1" by Moody's. The collateral must be held by a third party and the Trustee must have a perfected first security interest in the collateral.

6. Certificates of deposit (including those placed by a third-party pursuant to an agreement between the District and the Trustee), time deposits, interest bearing deposits, overnight bank deposits, interest bearing money market accounts, trust funds, trust accounts), savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF including those of the Trustee or its affiliates.

7. Investment agreements, including guaranteed investment contracts, approved by the rating agencies then rating the Certificates.

8. Commercial paper rated at the time of purchase "Prime-1" by Moody's and "A¬1+" or better by Standard & Poor's.

9. Bonds or notes issued by any state or municipality that are rated by Moody's and Standard & Poor's in one of the two highest long-term rating categories assigned by such agencies.

10. Federal funds, bank deposits, bank deposit products or bankers' acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and non-guaranteed obligation rating of "Prime-1" or "A3 " or better by Moody's and "A-1+" by Standard & Poor's or are fully FDIC-insured, including those of the Trustee and its affiliates.

11. Repurchase agreements (including those of the Trustee or any of its affiliates) that provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to the Trustee (buyer/lender), and the transfer of cash from the Trustee to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the Trustee in exchange for the securities at a specified date. Repurchase agreements (each a "repo" and, collectively, "repos") must satisfy the following criteria:

    a. Repos must be between the Trustee and the following dealers or banks:

(1) Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the SIPC and that are rated A or better by Standard & Poor's and Moody's, or

(2) Banks rated "A" or above by Standard & Poor's and Moody's.

b. The written repo contract must include the following:

(1) Securities that are acceptable for transfer are: (a) Direct U.S. governments, and (b) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

(2) The term of the repo may be up to 30 days

(3) The collateral must be delivered to the Trustee (if Trustee is not supplying the collateral) or third party acting as agent for the Trustee (if the Trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

(4) The Trustee has a perfected first priority security interest in the collateral.

(5) Collateral is free and clear of third-party liens and in the case of SIPC brokers, was not acquired pursuant to a repo or reverse repo.

(6) Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the Trustee to liquidate collateral.

(7) Valuation of Collateral is determined as follows: (a) The securities must be valued weekly, marked-to-market at current market price plus accrued interest; (b) The value of collateral must be equal to 104% of the amount of cash transferred by the Trustee to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by Trustee, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

c. A legal opinion must be delivered to the Trustee that the Repo meets guidelines under State law for legal investment of public funds.

12. Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If, however, the issue is rated only by Standard & Poor's (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or "AAA" rated pre-refunded municipals to satisfy this condition.

13. Los Angeles County Investment Pool.

"Prepayment" means any payment made by the District pursuant to the Lease Agreement as a prepayment of the Lease Payments.

"Prepayment Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Principal Office" means the corporate trust office of the Trustee in Los Angeles, California; provided however, that for purposes of transfer, exchange, surrender, payment and prepayment, such term means the designated corporate trust office or agency of the Trustee, U.S. Bank Trust Company, National Association, or such other office designated by the Trustee.

"Project" means the acquisition, development and installation of certain equipment for use by the District in connection with its educational, administrative and ancillary activities, including the acquisition, development and installation of certain information technology systems, and the construction and improvement of school buildings and administrative and athletic structures and facilities, together with parking and transportation facilities and playgrounds.

"Project Costs" means all costs of payment of, or reimbursement for, acquisition and improvement of the Project by the District and the Corporation, including but not limited to, architect and engineering fees, costs relating to environmental remediation, if any, title insurance premiums, costs of feasibility and other reports, inspection costs and permit fees.

"Project Fund" means the fund by that name established and held by the Trustee pursuant to the Trust Agreement.

"Property" means that certain real property and the improvements thereon as defined in the Lease Agreement.

"Rental Period" means the period from the Closing Date through June 30, 2024 and, thereafter, the twelve-month period commencing on July 1 of each year during the term of the Lease Agreement.

"Site Lease" means the Site Lease, dated as of August 1, 2023, by and between the Corporation and the District, as amended or supplemented in accordance with its terms.

"Special Counsel" means an attorney or firm of attorneys of nationally recognized standing in matters pertaining to the tax-exempt status of interest on obligations issued by states and their political subdivisions and acceptable to the District.

"Standard & Poor's" means Standard & Poor's Ratings Services, division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and their assigns, or, if such corporation shall for any reason no longer perform the function of a securities rating agency, "Standard & Poor's" will be deemed to refer to any other nationally recognized rating agency designated by the District.

"State" means the State of California.

"Tax Certificate" means the Tax Certificate dated as of the date of delivery of the Certificates executed by and delivered to the District, including any and all exhibits attached thereto.

"Term" means the time during which the Lease Agreement is in effect, as provided in the Lease Agreement.

"Treasury Department" means the United States Department of the Treasury.

"Trust Agreement" means the Trust Agreement, dated as of August 1, 2023, as amended or supplemented, as amended or supplemented in accordance with its terms.

"Trustee" means U.S. Bank Trust Company, National Association, or any successor thereto.

"Written Request of the District" means an instrument in writing signed by a District Representative.

SITE LEASE

Term of Site Lease

The term of the Site Lease shall commence as of the Closing Date and shall remain in effect until the termination of the Lease Agreement as provided therein, *provided, however*, that if any Lease Payments due under the Lease Agreement remain unpaid at such termination of the Lease Agreement, then the Site Lease shall not terminate until the earlier of (i) ten (10) years after the final scheduled maturity date of the Certificates and (ii) the date on which the Certificates have been paid in full. The leasing by the Corporation to the District of the Property pursuant to the Lease Agreement shall not effect or result in a merger of the District's fee estate and its leasehold estate under the Lease Agreement. The Corporation shall continue to have and hold a leasehold estate in the Property pursuant to the Site Lease throughout the term hereof.

Assignment

The District acknowledges and affirms the assignment by the Corporation of its rights under the Site Lease to the Trustee under the terms of the Assignment Agreement. The District consents to such assignment.

Restrictions on District

The District agrees that, except with respect to Permitted Encumbrances, it will not mortgage, sell, encumber, assign, transfer or convey the Property or any portion thereof during the term of the Site Lease.

Termination; Quiet Enjoyment

Upon the termination of the Site Lease, the Corporation agrees to quit and surrender the Property without warranty as to condition, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Property at the time of the termination of the Site Lease shall remain thereon and title thereto shall vest in the District. At all times during the term of the Site Lease, the Corporation shall peaceably and quietly have, hold and enjoy all of the Property.

Default

In the event that the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of the Site Lease, which default continues for thirty (30) days following written notice to and demand for correction thereof, the District, with the consent of the Trustee, may exercise any and all remedies granted by law which do not adversely affect the interests of the Owners of the Certificates; provided that the District may not terminate the Site Lease and shall exercise only remedies providing for specific performance hereunder; and provided further, that so long as any of the Certificates are Outstanding and unpaid in accordance with the terms thereof, the Lease Payments assigned by the Corporation to the Trustee under the Assignment Agreement shall continue to be paid to the Trustee.

Amendment of Site Lease; Addition to and Removal of Property

The Site Lease may be amended, including without limitation to substitute or remove all or a part of the Property leased thereunder, and in accordance with the terms of the Lease Agreement.

LEASE AGREEMENT

Term of Lease Agreement

The Term of the Lease Agreement will commence on the date of recordation of the Lease Agreement and will end on the final scheduled maturity date of the Certificates, unless such term is extended as provided in the Lease Agreement. If, on the final scheduled maturity date of the Certificates, the Trust Agreement and the Lease Agreement will not be discharged or otherwise terminated by their respective terms, or if the Lease Payments payable under the Lease Agreement will have been abated at any time and for any reason, then the Term of the Lease Agreement will be extended until there has been deposited with the Trustee an amount sufficient to pay all obligations due under the Trust Agreement and the Lease Agreement, as the case may be; provided, however, that in no event will the Term of the Lease Agreement extend beyond ten years after the final scheduled maturity date of the Certificates.

Lease Payments

Subject to the provisions described under the caption "– Abatement of Lease Payments" below, the District agrees to pay to the Corporation, its successors and assigns, as rental for the use and occupancy of the Property, as composed at any time, and from time to time, during each Rental Period, the Lease Payments (denominated into components of principal and interest) in the semiannual amounts and on the dates specified in Exhibit A to the Lease Agreement, as such exhibit may be amended and modified from time to time in connection with any change in the Property, to be due and payable on the respective Lease Deposit Dates. Each Lease Payment will be deposited with the Trustee no later than the Lease Deposit Date preceding the Lease Payment Date on which such Lease Payment is due.

Any amount held in the Lease Payment Fund on any Lease Payment Date (other than amounts resulting from the prepayment of the Lease Payments in part but not in whole pursuant to the Lease Agreement and other than amounts required for payment of Certificates not yet surrendered) will be credited towards the Lease Payment due and payable on the succeeding Lease Payment Date; and no Lease Payment need be deposited on any Lease Deposit Date if the amounts then held in the related subaccount in the Lease Payment Fund and available for such purpose are at least equal to the Lease Payment then required to be deposited. The Lease Payments for the Property due and payable in any Rental Period will be for the use and occupancy of the Property during such Rental Period.

THE OBLIGATION OF THE DISTRICT TO MAKE LEASE PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE THE LEASE PAYMENTS DOES NOT CONSTITUTE AN INDEBTEDNESS OF THE DISTRICT, THE CORPORATION, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

In the event that the District prepays all remaining Lease Payments evidenced by the Certificates in full pursuant to the Lease Agreement and the Trust Agreement, the obligations under the Lease Agreement with respect to such Lease Payments will thereupon cease and terminate including, but not limited to, the obligation to pay such Lease Payments under the Lease Agreement evidenced by the Certificates; subject however, to the provisions of the Lease Agreement in the case of prepayment by application of a security deposit. In the event that the District prepays the Lease Payments in part for the Certificates, but not in whole, pursuant to the Lease Agreement as a result of any insurance or condemnation award with respect to any portion of the Property, the District will apply such amounts towards the prepayment of the principal components of the Lease Payments in Authorized Denominations as set forth in an amendment to the Lease Agreement executed and delivered pursuant to the Lease Agreement.

In the event the District should fail to make any of the payments required in the applicable provisions of the Lease Agreement evidenced by the Certificates, the payment in default will continue as an obligation of the District until the amount in default will have been fully paid.

The Lease Payments will be payable from any source of available funds of the District, subject to the provisions of the Lease Agreement. The District covenants to take such action as may be necessary to include all Lease Payments and Additional Payments due under the Lease Agreement in each of its budgets during the Term of the Lease Agreement and to make the necessary appropriations for all such Lease Payments and Additional Payments due under the Lease Agreement in the Fiscal Year covered by such budget. The covenants on the part of the District contained in the Lease Agreement will be deemed to be and will be construed to be duties imposed by law and it will be the duty of each and every public official of the District to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the District.

The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Trustee in trust, pursuant to the Assignment Agreement, for the benefit of the Owners of the Certificates and the District under the Lease Agreement assents to such assignment. The Corporation under the Lease Agreement directs the District, and the District under the Lease Agreement agrees to pay to the Trustee at its Principal Office, all payments payable by the District pursuant to the Lease Agreement and all amounts payable by the District pursuant to the Lease Agreement.

Quiet Enjoyment

During the Term of the Lease Agreement, the Corporation will provide the District with quiet use and enjoyment of the Property, and the District will, during such Term, peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in the Lease Agreement. The Corporation will, at the request and at the cost of the District, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation will have the right to inspect the Property as provided in the Lease Agreement.

Title

During the Term of the Lease Agreement, the Corporation will hold fee title (or leasehold title pursuant to (i) the Site Lease when the District will hold fee title to the Property or (ii) a Permitted Encumbrance) to those portions of the Property which are newly acquired and any and all additions which compose fixtures, repairs, replacements or modifications to the Property, except for those fixtures, repairs, replacements or modifications which are added to the Property by the District at its own expense and which may be removed without damaging the Property and except for any items added to the Property by the District pursuant to the Lease Agreement.

If the District prepays the Lease Payments in full pursuant to the Lease Agreement or makes the security deposit permitted by the Lease Agreement, or pays all Lease Payments during the Term of the Lease Agreement as the same become due and payable, all right, title and interest of the Corporation under the Lease Agreement in and to the related Property will be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer of title or other interest.

Additional Payments

In addition to the Lease Payments, the District will pay when due all costs and expenses incurred by the District and the Corporation in complying with the provisions of the Trust Agreement, including without limitation payment of all Delivery Costs (to the extent not paid from amounts on deposit in the Delivery Costs Fund), compensation, reimbursable expenses and fees due to the Trustee, all costs and expenses of auditors, engineers, counsel and accountants and any amounts required to be rebated to the federal government, which payments will not be subject to abatement.

No Merger

It is the express intention of the parties to the Lease Agreement that the Lease Agreement, and the obligations of the parties under the Lease Agreement, will be and remain separate and distinct from the Site Lease, if the Site Lease will be delivered, and the obligations of the parties thereunder, and that, during the term of the Site Lease, if the Site Lease will be delivered, no merger of title or interest will occur or be deemed to occur as a result of the position of the District as lessor under the Site Lease and as District under the Lease Agreement or the position of the Corporation as District under the Site Lease and as lessor under the Lease Agreement.

Acquisition, Construction and Installation of the Project

The Corporation appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the Project. The District accepts such appointment and, as such agent, assumes all duties, rights, responsibilities and liabilities of the Corporation regarding the acquisition, construction and installation of the Project. The District, as agent of the Corporation, will, in all respects, supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Project.

In connection with the acquisition, construction and installation of the Project, payment of the Project Costs shall be made from the moneys deposited with the Trustee in the Project Fund, which shall be disbursed for such purposes in accordance and upon compliance with the Trust Agreement. In the event that there is at any time a deficiency in the Project Fund to pay all Project Costs in full, the amount of such deficiency shall be deposited therein by the District, from and only to the extent it has additional funds legally available to it for such purpose.

Maintenance, Utilities, Taxes and Assessments

Throughout the Term of the Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property will be the responsibility of the District, and the District will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and will pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments provided in the Lease Agreement, the Corporation agrees to provide only the Property, as set forth in the Lease Agreement. The District waives the benefits of subsection 2 of Section 1932 and subsection 4 of Section 1933 of the California Civil Code, but such waiver will not limit any of the rights of the District under the terms of the Lease Agreement.

The District will also pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District will be obligated to pay only such installments as are required to be paid during the Term of the Lease Agreement as and when the same become due.

The District may, at its expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation will notify the District that, in the opinion of Independent Counsel, by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the District will promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation and the Trustee.

Modification of Property

The District will, at its own expense, have the right to remove portions of the Property or to make additions or modifications to the Property. All additions and modifications will thereafter compose part of the Property and be subject to the provisions of the Lease Agreement. Such additions and modifications will not in any way damage the Property, substantially alter its nature, cause the interest component of Lease Payments evidenced by the Certificates to be subject to federal income taxes or cause the Property to be used for purposes other than those authorized under the provisions of State and federal law or the articles of incorporation of the Corporation; and the Property, during and upon completion of any removal, additions or modifications made thereto pursuant to the applicable sections of the Lease Agreement will be of a rental value which is not less than the maximum annual Lease Payments due in any Rental Period evidenced and represented by all Outstanding Certificates. The District will not permit any mechanic's or other lien to be established or remain against the Property for labor or materials furnished in connection with any remodeling, additions, modifications, improvements, repairs, renewals or replacements made by the District pursuant to the applicable provisions of the Lease Agreement; provided that if any such lien is established and the District will first notify or cause to be notified the Corporation of the intention to do so, the District may in good faith contest any lien filed or established against the Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom and will provide the Corporation with full security against any loss or forfeiture which might arise from the nonpayment of any such item, in form satisfactory to the Corporation. The Corporation will cooperate fully in any such contest, upon the request and at the expense of the District. The District agrees that it will take no action that would affect the availability of the Property for its use and possession.

Liability and Property Damage Insurance

The District will maintain or cause to be maintained, throughout the Term of the Lease Agreement, insurance policies, including a standard comprehensive general insurance policy or policies in protection of the Corporation, the District and the Trustee and their respective members, officers, agents and employees. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried by the District, including through the District's current program of self-insurance, and may be maintained through the Corporation or in the form of self-insurance by the District; provided, however, that the District will not maintain rental interruption insurance in the form of self-insurance. Said policy or policies will provide for coverage of said parties against direct or consequential loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Said policy or policies will provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in each accident or event, and in a minimum amount of $1,000,000 for damage to property resulting from each accident or event (in each case subject to a deductible clause, or self-retention in the case of self-insurance, not to exceed $5,000,000 per occurrence). Such liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks.

Fire, Extended Coverage, Boiler and Machinery and Workers' Compensation Insurance

The District will procure and maintain, or cause to be procured and maintained, throughout the Term of the Lease Agreement, insurance against loss or damage to any structures constituting any part of the Property by fire, lightning and flood (if reasonably necessary), with extended coverage and vandalism and malicious mischief insurance, which coverage may exclude earthquake insurance, with the Trustee named as additional insured and loss payee, with responsible and reputable insurance companies. Such insurance may be maintained as part of or in conjunction with any other fire and extended coverage insurance carried by the District and may be maintained in whole or in part through the Corporation.

Said extended coverage insurance will, as nearly as practicable, cover loss or damage by explosion, windstorm, riot, aircraft, vehicle damage, smoke and such other hazards as are normally covered by such insurance. Such insurance will be in an amount equal to the greater of 100% of the replacement value of the Property or 100% of the remaining Lease Payments evidencing and representing principal with respect to all outstanding Certificates. The Net Proceeds of such insurance will be applied as provided in the Lease Agreement.

The District will also procure and maintain, or cause to be maintained, throughout the term of the Lease Agreement, boiler and machinery coverage against loss or damage by explosion of steam boilers, pressure vessels and similar apparatus now or hereafter installed on any portion of the Property in an amount not less than $5,000,000 per accident, and worker's compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure its employees against liability for compensation under the Worker's Compensation Insurance and Safety Act now in force in the State of California, or any act hereafter enacted as an amendment or supplement thereto. As an alternative, such insurance may be maintained as part of or in conjunction with any other insurance carried by the District, including through the District's current program of self-insurance.

Rental Interruption Insurance

The District will procure and maintain, or cause to be maintained, throughout the Term of the Lease Agreement rental interruption insurance to cover loss, total or partial, of the use of any part of the Property during the Term of the Lease Agreement with respect to the Property in an amount equal to the greatest twenty-four (24) months of Lease Payments for such Property, with the Trustee named as additional insured and loss payee. Such insurance may be carried in conjunction with, and may be subject to the same provisions as, the insurance required under the applicable provisions of the Lease Agreement. The District under the Lease Agreement assigns to the Corporation all right of the District, if any, to collect and receive Net Proceeds under any of said policies, which right has been assigned by the Corporation to the Trustee pursuant to the Assignment Agreement. The Net Proceeds of such insurance will be paid to the Trustee and deposited in the Lease Payment Fund and will be credited towards the payment of the Lease Payments in the order in which the Lease Payments are due and payable.

Title Insurance

The District will provide, from moneys in the Delivery Costs Fund or at its own expense, on the Closing Date or as soon thereafter as practicable, an ALTA or a CLTA title insurance policy covering, and in the amount of not less than the principal amount of the Certificates, insuring all of the fee title of the District in the Property, the subleasehold estate of the Corporation in the Property and the leasehold estate of the District in the Property securing the Certificates (provided that one or more of said estates may be insured through an endorsement to such policy), subject only to Permitted Encumbrances, with the Trustee as additional insured and loss payee. The Net Proceeds of such title insurance will be applied as provided in the Lease Agreement.

General Insurance Requirements; Form of Policies; Annual Certification

The District will maintain or cause to be maintained, during the entire term of the Lease Agreement, with insurers of recognized responsibility (or through the District's current program of self-insurance with respect to insurance required by the applicable provisions of the Lease Agreement) all coverage required by the applicable provisions of the Lease Agreement. Each policy of insurance required by the applicable provisions of the Lease Agreement will be obtained from an insurance provider licensed to do business in the State and rated "A" or better by A.M. Best & Company, and will provide that all proceeds under the Lease Agreement will be payable to the District and the Trustee as insureds and applied as provided in the Lease Agreement. The District will pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement.

The District will cause to be delivered to the Trustee on prior to the end of each fiscal year of the District a certificate of the District that the insurance requirements of the Lease Agreement have been met. If the District maintains the insurance required by the applicable provisions of the Lease Agreement through a program of self-insurance, the District will include with such annual certificate a statement, verified by a risk manager of the District or an independent financial consultant, which specifies the amounts of coverage available through such self-insurance program. If it will appear to such risk manager or independent financial consultant that the amounts available pursuant to such self-insurance program are insufficient, taking into account the loss history of the District and the requirements of the Lease Agreement, then (i) such report will so state and (ii) the District will obtain commercial insurance or increase the amounts available under such self-insurance program in accordance with the recommendations of such risk manager or independent financial consultant to the extent moneys are available for such purpose and not otherwise appropriated and, provided, that the District will obtain the insurance required by the applicable provisions of the Lease Agreement in an amount equal to the greater of 100% of the replacement value of the Property or 100% of the remaining Lease Payments evidencing and representing principal with respect to all Outstanding Certificates.

The Trustee will not be responsible for the sufficiency of any insurance required in the Lease Agreement, including any forms of self-insurance and will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss.

The District will affirmatively make (or cause to be made) a claim for payment under any insurance required to be maintained pursuant to the Lease Agreement as soon as practicable following the event or events giving rise to such a claim.

Installation of Equipment

The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items will remain the sole property of the District, in which neither of the Corporation nor the Trustee will have any interest, and may be modified or removed by the District at any time provided that the District will repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in the Lease Agreement will prevent the District from purchasing or leasing items to be installed pursuant to the Lease Agreement under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest will attach to any part of the Property.

Liens

The District will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than the respective rights of the Corporation and the District as provided in the Lease Agreement and Permitted Encumbrances. Except as expressly provided in the Lease Agreement, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same will arise at any time. The District will reimburse the Corporation or the Trustee, as applicable, for any expense incurred by either of them in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Tax Covenants

The District under the Lease Agreement covenants with the holders of the Certificates that, notwithstanding any other provisions of this Lease, it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion from gross income of interest evidenced by the Series B-2 Certificates with respect to Section 103 of the Code. The District will not, directly or indirectly, use or permit the use of Proceeds of the Certificates or any of the property financed or refinanced with Proceeds of the Certificates, or any portion thereof, by any person other than a governmental unit (as such term is used in Section 141 of the Code), in such manner or to such extent that could result in the loss of exclusion from gross income for federal income tax purposes of the interest evidenced by the Series B-2 Certificates.

The District will not take any action, or fail to take any action, if any such action or failure to take action would cause the District's obligations evidenced by the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code, and in furtherance thereof, will not make any use of the Proceeds of the Certificates or any of the property financed or refinanced with Proceeds of the Certificates, or any portion thereof, or any other funds of the District, that would cause the District's obligations evidenced by the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code. To that end, so long as any Certificates are outstanding, the District, with respect to such Proceeds and property and such other funds, will comply with applicable requirements of the Code and all regulations of the Treasury Department issued thereunder. The District shall establish reasonable procedures necessary to ensure continued compliance with Section 141 of the Code and the continued qualification of the District's obligations evidenced by the Certificates as "governmental bonds."

The District will not, directly or indirectly, use or permit the use of any Proceeds of any Certificates, or of any property financed or refinanced thereby, or other funds of the District, or take or omit to take any action, that would cause the District's obligations evidenced by the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Code. To that end, the District will comply with all requirements of Section 148 of the Code and all regulations of the Treasury Department issued thereunder to the extent such requirements are, at the time, in effect and applicable to the District's obligations evidenced by the Certificates.

The District will not make any use of the proceeds of the Certificates or any other funds of the District, or take or omit to take any other action, that would cause the District's obligations evidenced by the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

In furtherance of the foregoing tax covenants of the Lease Agreement, the District covenants that it will comply with the provisions of the Tax Certificate, which is incorporated in the Lease Agreement. This covenant will survive payment in full or defeasance of the Certificates.

No Condemnation

The District under the Lease Agreement covenants and agrees, to the extent it may do so, that so long as any of the Certificates remain Outstanding and unpaid, the District will not exercise the power of condemnation with respect to the Property. The District further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the District should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property will not be less than the greater of (i) if the Certificates are then subject to prepayment, the principal and interest components of the Certificates Outstanding through the date of their prepayment; or (ii) if such Certificates are not then subject to prepayment, the amount necessary to defease such Certificates to the first available prepayment date in accordance with the Trust Agreement.

Eminent Domain

If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the District) will be taken permanently under the power of eminent domain or sold to a government threatening to exercise the power of eminent domain, the Term of the Lease Agreement will thereupon terminate. If less than all of the Property will be taken permanently and the remainder is usable for public purposes by the District at the time of such taking, or if all of the Property will be taken temporarily under the power of eminent domain, (1) the Lease Agreement will continue in full force and effect and will not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there will be a partial abatement of Lease Payments as a result of the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments under the Lease Agreement, in an amount to be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of such Property.

Application of Net Proceeds

The District will remit promptly to the Trustee any Net Proceeds received by the District regarding casualty insurance, and the Trustee will deposit such Net Proceeds pursuant to the Trust Agreement, promptly upon receipt thereof. The District and/or the Corporation will transfer to the Trustee any other Net Proceeds received by the District and/or Corporation in the event of any accident, destruction, or taking by eminent domain or condemnation with respect to the Property for deposit in the Net Proceeds Fund.

Disbursement for Replacement or Repair of the Property

Upon receipt of the certification described in the Lease Agreement and the requisition described in the Lease Agreement, the Trustee will disburse moneys in the Net Proceeds Fund to the person, firm or corporation named in such requisition as provided in the Trust Agreement.

The District Representative must certify to the Corporation and the Trustee that:

(i) The Net Proceeds available for such purpose, together with any other funds supplied by the District to the Trustee and held in the Net Proceeds Fund for such purpose, are expected to equal at least 110% of the projected costs of replacement or repair, as demonstrated in an attached requisition budget; and

(ii) In the event that damage, destruction or taking results or is expected to result in an abatement of Lease Payments, such replacement or repair can be fully completed within a period not in excess of the period in which rental interruption insurance proceeds as described in the Lease Agreement, together with other identified available moneys, will be available to pay in full all Lease Payments coming due during such period as demonstrated in an attached requisition schedule; and

(iii) There are no encumbrances on the Property other than Permitted Encumbrances.

The District Representative must state with respect to each payment to be made: (i) the requisition number; (ii) the name and address of the person, firm or corporation to whom payment is due; (iii) the amount to be paid; (iv) that each obligation mentioned therein has been properly incurred, is a proper charge against the Net Proceeds Fund and has not been the basis of any previous withdrawal; and (v) in reasonable detail, the nature of the payment obligation.

Subject to the requirements of the Trust Agreement, any balance of the Net Proceeds remaining after such replacement or repair has been completed, as certified in a Written Request of the District to the Trustee, will be paid to the District.

Disbursement for Prepayment

If the District shall not have determined to repair or replace the Property, as provided above, the Trustee will promptly transfer the Net Proceeds to the Prepayment Fund as provided in the Trust Agreement and apply them to prepayment of Lease Payments, as provided in the Lease Agreement, and prepayment of the corresponding amount of principal represented by the Certificates as provided in the Trust Agreement, upon the earlier of the following events:

(i) Written determination of the District Representative that the certification provided in the Lease Agreement cannot be made and that replacement or repair of any item or portion of the Property, is not economically feasible or in the best interest of the District; and

(ii) One (1) year after the receipt of Net Proceeds.

Abatement of Lease Payments

Lease Payments with respect to the Certificates will be abated during any period in which, by reason of damage, destruction, any defect in title or other event (other than by eminent domain which is provided for in the Lease Agreement), there is substantial interference with the use and occupancy by the District of the Property or any portion thereof (other than any portions of the Property described in the applicable provisions of the Lease Agreement), and the District waives the benefits of subsection 2 of Section 1932 and subsection 4 of Section 1933 of the California Civil Code and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The extent of such abatement will be agreed upon by the District and the Corporation such that the resulting Lease Payments represent fair consideration for the use and occupancy of the portions of the Property not damaged, destroyed or otherwise unavailable for use and occupancy by the District. Such abatement will continue for the period commencing on with such damage, defect in title, destruction or other event and, with respect to damage or destruction of property, ending with the substantial completion of the work of repair or reconstruction or of completion of the Property or of the regained availability of use and occupancy. In the event of any such damage, destruction or non-availability, the Lease Agreement will continue in full force and effect and the District waives any right to terminate the Lease Agreement by virtue of any such damage, destruction or unavailability.

Notwithstanding the foregoing, there will be no abatement of Lease Payments under the applicable provisions of the Lease Agreement by reason of damage, destruction or unavailability of all or a portion of the Property to the extent that:

(i) the fair rental value of the portions of the Property not damaged, destroyed, incomplete or otherwise unavailable for use and occupancy by the District (giving due consideration to the factors identified in the applicable provisions of the Lease Agreement relating fair rental value), based upon a qualified employee of the District or an independent certified real estate appraiser selected by the District with expertise in valuing such properties or other appropriate method of valuation, is equal to or greater than the unpaid Lease Payments; or

(ii) (A) the proceeds of rental interruption insurance or (B) amounts in the Net Proceeds Fund and/or the Lease Payment Fund are available to pay Lease Payments which would otherwise be abated under the applicable provisions of the Lease Agreement, it being under the Lease Agreement declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

Disclaimer of Warranties

THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROPERTY OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO THE PROPERTY. IN NO EVENT WILL THE CORPORATION OR ITS ASSIGNS BE LIABLE FOR INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR ARISING OUT OF THE SITE LEASE, IF ANY, THE LEASE AGREEMENT OR THE TRUST AGREEMENT FOR THE EXISTENCE, FURNISHING, FUNCTIONING OR THE USE OF THE PROPERTY.

Access to the Property

The District agrees that the Corporation and any Corporation Representative, the Corporation's successors or assigns, will have the right at all reasonable times to enter upon and to examine and inspect the Property. The District further agrees that the Corporation, any Corporation Representative, the Corporation's successors or assigns will have such rights of access to the Property as may be reasonably necessary to cause the proper maintenance of the Property in the event of failure by the District to perform its obligations under the Lease Agreement.

Release and Indemnification Covenants

To the extent permitted by law, the District will and under the Lease Agreement agrees to indemnify and save the Corporation and the Trustee and their officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (i) the use, maintenance, condition or management of, or from any work or thing done on the Property by the District, including, without limitation, the presence on, under or about, or release from, the Property of any substance, material or waste which is or becomes regulated or classified as hazardous or toxic under State, federal or local law, (ii) any breach or default on the part of the District in the performance of any of its obligations under the Lease Agreement, (iii) any act or omission of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (iv) any act or omission of any sublessee of the District with respect to the Property, (v) the acquisition, construction, installation and equipping of the Property or the authorization of payment of the Project Costs and Delivery Costs, or (vi) the execution of the Trust Agreement and acceptance, administration and performance by the Trustee of the duties of the Trustee under the Trust Agreement. No indemnification is made under the Lease Agreement for willful misconduct, negligence or breach of duty under the Lease Agreement by the Corporation or the Trustee, their officers, agents, employees, successors or assigns. The indemnification under the Lease Agreement shall survive removal or resignation of the Trustee, termination of the Lease Agreement or discharge of the Certificates.

Assignment by the Corporation

The Corporation's rights under the Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the District under the Lease Agreement, have been assigned to the Trustee pursuant to the Assignment Agreement, to which assignment the District under the Lease Agreement consents.

Assignment and Subleasing by the District

The Lease Agreement may not be assigned by the District. The District may sublease the Property or any portion thereof, but only with the prior written consent of the Corporation, subject to all of the following conditions:

(i) The Lease Agreement and the obligation of the District to make Lease Payments under the Lease Agreement will remain obligations of the District;

(ii) The District will, within thirty (30) days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Trustee a true and complete copy of such sublease;

(iii) No such sublease by the District will cause the Property to be used for a purpose other than as may be authorized under the provisions of the constitution and laws of the State; and

(iv) The District will furnish the Corporation and the Trustee with a written opinion of Special Counsel stating that such sublease will not in and of itself result in the interest components of the Lease Payments evidenced by the Certificates to become subject to federal income taxation.

Substitution, Addition and Release of Property; Amendments

The District will have, and is under the Lease Agreement granted, the option at any time and from time to time during the Term of the Lease Agreement, to substitute other land, including the Facilities thereon (a "Substitute Site") for the Property or a portion thereof, or to add additional land, including the Facilities thereon to the Property ("Additional Site"), provided that the District will satisfy all of the following requirements which are under the Lease Agreement declared to be conditions precedent to such substitution or addition:

(i) If the District holds fee title to such Substitute Site or Additional Site, the District will file with the Corporation and the Trustee an amended and recorded Site Lease which describes such Substitute Site or Additional Site and will record or caused to be recorded with the Los Angeles County Recorder any document necessary to include such

Substitute Site or Additional Site in the description of the Property contained in the Site Lease;

(ii) The District will file with the Corporation and the Trustee an amended and recorded Lease Agreement and will record or caused to be recorded with the Los Angeles County Recorder any document necessary to include such Substitute Site or Additional Site in the description of the Property contained in the Lease Agreement;

(iii) The District delivers to the Trustee and the Corporation a certificate of the District stating that the Property after said substitution or addition has an annual fair rental value equal to or greater than the maximum Lease Payments due in any Rental Period, as determined on by a qualified employee of the District or an independent certified real estate appraiser selected by the District and that the Property after said substitution or addition has a useful life equal to or greater than the maximum remaining term of the Lease Agreement (including any extensions authorized pursuant to the Lease Agreement);

(iv) The District will obtain an amendment to the existing title insurance policy required pursuant to or will obtain a new title insurance policy meeting the requirements of the Lease Agreement which describes the Substitute Site or Additional Site;

(v) The District will provide notice of such substitution or addition to any rating agency then rating the Certificates;

(vi) Such substitution or addition will not cause the District to violate any of its covenants, representations and warranties made in the Lease Agreement or in the Trust Agreement, as evidenced by a certificate of a District Representative delivered to the Trustee;

(vii) The District will deliver to the Trustee and the Corporation a certificate that the substituted or additional property is essential for performing the District's governmental functions relating to public education; and

(viii) The District will obtain an opinion of Special Counsel that such substitution or addition, in and of itself, will not result in the loss of exclusion from gross income for federal income tax purposes of the interest evidenced by the Certificates.

The District will have, and is under the Lease Agreement granted, the option at any time and from time to time during the Term of the Lease Agreement to release any portion of the Property, provided that the District will satisfy all of the following requirements which are under the Lease Agreement declared to be conditions precedent to such release:

(i) If the District holds fee title to such Property, the District will file with the Corporation and the Trustee an amended and recorded Site Lease which describes the Property, as revised by such release and will record or cause to be recorded any document necessary to re-convey such released property under the Site Lease;

(ii) The District will file with the Corporation and the Trustee an amended and recorded ease Agreement which describes the Property, as revised by such release and will record or cause to be recorded with the Los Angeles County Recorded any document necessary to re-convey such released property under the Lease Agreement;

(iii) The District delivers to the Trustee and the Corporation a certificate of the District stating that the Property after said release has an annual fair rental value equal to or greater than the maximum Lease Payments due in any Rental Period, as determined on the basis of an appraisal of the Property after said release, conducted by an MAI appraiser designated by the District and that the Property after said release has a useful life equal to or greater than the maximum remaining term of the Lease Agreement (including of any extensions authorized pursuant to the Lease Agreement);

(iv) The District will obtain an amendment to the title insurance policy required pursuant to or will obtain a new title insurance policy meeting the requirements of the Lease Agreement which describes the Property, as revised by such release;

(v) The District will provide notice of such release to any rating agency then rating the Certificates;

(vi) Such release will not cause the District to violate any of its covenants, representations and warranties made in the Lease Agreement or in the Trust Agreement, as evidenced by a certificate of a District Representative delivered to the Trustee; and

(vii) The District will obtain an opinion of Special Counsel that such release, in and of itself, will not result in the loss of exclusion from gross income for federal income tax purposes of the interest evidenced by the Certificates.

The District and the Corporation will not alter, modify or cancel, or agree or consent to alter, modify or cancel the Lease Agreement, except in connection with a substitution, addition or release permitted by the Lease Agreement and the Trust Agreement.

Events of Default

The following will be "Events of Default" under the Lease Agreement and the terms "Events of Default" and "Default" will mean, whenever they are used in the Lease Agreement, any one or more of the following events:

Failure by the District to pay any Lease Payment or Additional Payment required to be paid under the Lease Agreement at the time specified in the Lease Agreement.

(a) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the Lease Agreement, for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation, the Trustee or the Owners of not less than twenty-five percent (25%) in aggregate principal amount of Certificates then Outstanding; provided, however, if the failure stated in the notice can be corrected, but not within the applicable period, the Corporation, the Trustee, and such Owners will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the District within the applicable period and diligently pursued until the default is corrected.

(b) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

Remedies on Default

Whenever any Event of Default or Default referred to in the Lease Agreement will have happened and be continuing, it will be lawful for the Corporation to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything in the Lease Agreement or in the Trust Agreement to the contrary, there will be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant of the Lease Agreement to be kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights of entry and re-entry upon the Property, and also, at its option, with or without such entry, may terminate the Lease Agreement as provided in the Lease Agreement; provided, that no such termination will be effected either by operation of law or acts of the parties to the Lease Agreement, except only in the manner expressly provided in the Lease Agreement. In the event of such Event of Default or Default and notwithstanding any re-entry by the Corporation, the District will, as expressly provided in the Lease Agreement, continue to remain liable for the payment of the Lease Payments and/or damages for breach of the Lease Agreement and the performance of all conditions contained in the Lease Agreement and, in any event such Lease Payments and/or damages will be payable to the Corporation at the time and in the manner as provided in the Lease Agreement, to wit:

(a) In the event the Corporation does not elect to terminate the Lease Agreement in the manner provided in the Lease Agreement, the District agrees to and will remain liable for the payment of all Lease Payments and the performance of all conditions contained in the Lease Agreement and will reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, in the event the Corporation does not re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of the Lease Agreement, but said Lease Payments and/or deficiency will be payable only at the same time and in the same manner as provided in the Lease Agreement for the payment of Lease Payments under the Lease Agreement, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Corporation. The District under the Lease Agreement irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Property upon the occurrence and continuation of any Default or Event of Default and to remove all personal property whatsoever situated upon the Property to place such property in storage or other suitable place in Los Angeles County, for the account of and at the expense of the District, and the District under the Lease Agreement exempts and agrees to save harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The District under the Lease Agreement waives any and all claims for damages caused or which may be caused by the Corporation or its duly authorized agents in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the District that may be in or upon the Property. The District agrees that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing will constitute a surrender or termination of the Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, upon the occurrence and continuation of any Default or Event of Default under the Lease Agreement, the right to terminate the Lease Agreement will vest in the Corporation to be effected in the sole and exclusive manner provided for in the Lease Agreement. The District further waives the right to any rental obtained by the Corporation in excess of the Lease Payments and under the Lease Agreement conveys and releases such excess to the Corporation as compensation to the Corporation for its services in re-leasing the Property.

Upon the occurrence and continuation of any Default or Event of Default under the Lease Agreement, the Corporation at its option may terminate the Lease Agreement and re-lease all or any portion of the Property. In the event of the termination of the Lease Agreement by the Corporation at its option and in the manner provided in the Lease Agreement on account of an Event of Default or a Default by the District (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing or sale of the Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is provided in the Lease Agreement in the case of payment of Lease Payments. Any surplus received by the Corporation from such re-leasing will be the absolute property of the Corporation and the District will have no right thereto, nor will the District be entitled to any credit in the event of a deficiency in the rentals received by the Corporation from the Property. Neither notice to pay rent or to deliver up possession of the premises given pursuant to law nor any proceeding in unlawful detainer taken by the Corporation will of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the District will be or become effective by operation of law, or otherwise, unless and until the Corporation will have given written notice to the District of the election on the part of the Corporation to terminate the Lease Agreement. The District covenants and agrees that no surrender of the Property or of the remainder of the Term of the Lease Agreement or any termination of the Lease Agreement will be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

No Remedy Exclusive

No remedy conferred in the Lease Agreement upon or reserved to the Corporation is intended to be exclusive and every such remedy will be cumulative and will be in addition to every other remedy given under the Lease Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Corporation to exercise any remedy reserved to it in the applicable articles of the Lease Agreement it will not be necessary to give any notice, other than such notice as may be required under the applicable articles of the Lease Agreement or by law.

Agreement to Pay Attorneys' Fees and Expenses

In the event either party to the Lease Agreement should default under any of the provisions of the Lease Agreement and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party contained in the Lease Agreement, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

No Additional Waiver Implied by One Waiver

In the event any agreement contained in the Lease Agreement should be breached by either party and thereafter waived by the other party, such waiver will be limited to the particular breach so waived and will not be deemed to waive any other breach under the Lease Agreement.

Application of Proceeds

All net proceeds received from the release or other disposition of the Property under the applicable articles of the Lease Agreement, and all other amounts derived by the Corporation or the Trustee as a result of a Default or an Event of Default under the Lease Agreement, will be transferred to the Trustee promptly upon receipt thereof and applied by the Trustee in accordance with the Trust Agreement.

Trustee and Owners to Exercise Rights

Such rights and remedies as are given to the Corporation under the applicable articles of the Lease Agreement have been assigned by the Corporation to the Trustee under the Trust Agreement, to which assignment the District under the Lease Agreement consents. Such rights and remedies will be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement and in the Lease Agreement.

Security Deposit

Notwithstanding any other provision of the Lease Agreement the District may, secure the payment of all or a portion of the Lease Payments remaining due with respect to the Certificates by a deposit with an escrow holder under an escrow deposit and trust agreement as referenced in the Trust Agreement, of: (a) in the case of a security deposit relating to all Lease Payments, either (i) an amount which, together with amounts on deposit in the Lease Payment Fund and Net Proceeds Fund, is sufficient to pay all unpaid Lease Payments with respect to such Certificates, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in the Lease Agreement, or (ii) Eligible Securities in such amount as will, in the opinion of an independent certified public accountant, together with interest to accrue thereon and, if required, all or a portion of moneys or Eligible Securities then on deposit and interest earnings thereon in the Lease Payment Fund and Net Proceeds Fund with respect to such Certificates, be fully sufficient to pay or repay all unpaid Lease Payments with respect to such Certificates on or before their respective Payment Dates (a "Verification Report"); or (b) in the case of a security deposit relating to a portion of the Lease Payments with respect to such Certificates, a certificate executed by a District Representative designating the portion of the Lease Payments with respect to such Certificates to which the deposit pertains, and either (i) an amount of money which is sufficient to pay the portion of the Lease Payments with respect to such Certificates designated in such District Representative's certificate, including the principal and interest components thereof, or (ii) Eligible Securities derived from Available Moneys in such amount as will, together with interest to be received thereon, if any, in the opinion of an independent certified public accountant, be fully sufficient to pay the portion of the Lease Payments with respect to such Certificates designated in the aforesaid District Representative's certificate.

Prior to any defeasance becoming effective under the Lease Agreement (i) the District will cause to be delivered a copy of the escrow deposit agreement entered into in connection with such defeasance, which escrow deposit agreement will provide that no substitution of Eligible Securities will be permitted except with other Eligible Securities and upon delivery of a new Verification Report and no reinvestment of Eligible Securities will be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (ii) a copy of an opinion of Special Counsel, dated the date of such defeasance and addressed to the Trustee and the District, in form and in substance acceptable to the Trustee and the District, to the effect that such Certificates have been paid within the meaning and with the effect expressed in the Trust Agreement, and all agreements and covenants of the Corporation, the District and the Trustee to the Owners of such Certificates under the Trust Agreement have ceased, terminated and become void and have been discharged and satisfied.

In the event of a deposit pursuant to the Trust Agreement as to all Lease Payments evidenced by the Certificates and satisfaction of the requirements set forth in the Trust Agreement, all obligations of the District under the Lease Agreement will cease and terminate, excepting only the obligation of the District to make, or cause to be made, all payments from the deposit made by the District pursuant to the Lease Agreement. Said deposit and interest earnings thereon will be deemed to be and will constitute a special fund for the payments provided for by the Lease Agreement.

Net-net-net Lease

The Lease Agreement will be deemed and construed to be a "net-net-net lease" and the District agrees under the Lease Agreement that the Lease Payments will be an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Further Assurances and Corrective Instruments

The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements to the Lease Agreement and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property leased under the Lease Agreement or intended so to be or for carrying out the expressed intention of the Lease Agreement.

Assignment to Trustee; Third Party Beneficiaries

The District understands and agrees that, upon the execution and delivery of the Assignment Agreement (which is occurring simultaneously with the execution and delivery of the Lease Agreement), all right, title and interest of the Corporation in and to the Lease Agreement will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Certificates. The District consents under the Lease Agreement to such sale, assignment and transfer. Upon the execution and delivery of the Assignment Agreement, references in the operative provisions of the Lease Agreement to the Corporation will be deemed to be references to the Trustee, as assignee of the Corporation. The Certificateholders and the Trustee are expressly recognized as third-party beneficiaries under the Lease and may enforce any right, remedy, or claim conferred upon, given, or granted thereunder.

TRUST AGREEMENT

Security Provisions

In order to secure the respective rights of the Owners to the payments required to be made thereto as provided in the Trust Agreement, the District hereby irrevocably pledges to the Trustee, for the benefit of the Owners all of its right, title and interest, if any, in and to all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement. It is the intent of the District and the Corporation that by reason of the assignment by the Corporation pursuant to the Assignment Agreement, the Corporation will have no right, title or interest in or to the funds and accounts established under the Trust Agreement or the amounts on deposit therein. Nonetheless, should it be determined that, notwithstanding the intent of the parties, the Corporation does have any interest in the funds and accounts established under the Trust Agreement or the amounts on deposit therein, the Corporation hereby irrevocably pledges to the Trustee for the benefit of the Owners all of its right, title and interest in and to all amounts on deposit from time to time in the funds and accounts established under the Trust Agreement. This pledge will constitute a first lien on the funds and accounts established under the Trust Agreement in accordance with the terms of the Trust Agreement.

All Lease Payments will be paid directly by the District to the Trustee, and if received by the Corporation at any time will be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof. All Lease Payments paid by the District will be deposited by the Trustee in the Lease Payment Fund, which the Trustee will establish and maintain until all required Lease Payments are paid in full pursuant to the Lease Agreement and until the first date upon which the Certificates are no longer Outstanding. The moneys in the Lease Payment Fund will be held in trust by the Trustee and will be disbursed only for the purposes and uses authorized in the Trust Agreement.

The District, the Corporation, the Trustee and each of them acknowledges and agree that upon the execution and delivery of the Assignment Agreement, the Corporation will have no rights (except its rights to indemnification), obligations, or duties under the Site Lease and the Lease Agreement, and will have been released from all of such rights, obligations, and duties, all of which have been assigned to the Trustee pursuant to the Assignment Agreement.

Lease Payment Fund

There is established under the Trust Agreement and the Trustee will maintain a special fund designated as the "2023 Certificates Series A Los Angeles Unified School District Lease Payment Fund" (the "Lease Payment Fund"). So long as any Certificates of a Series are Outstanding, neither the District nor the Corporation will have any beneficial right or interest in the Lease Payment Fund or the moneys deposited therein, except only as provided in the Trust Agreement, and such moneys will be used and applied by the Trustee as set forth in the Trust Agreement.

The Trustee, on each Lease Payment Date, will deposit in the Lease Payment Fund a sufficient amount of money such that the aggregate of amounts therein equal the portion of the Lease Payments designated as the principal and interest component coming due on such Lease Payment Date. Moneys in the Lease Payment Fund will be used by the Trustee for the purpose of paying the principal and interest evidenced by the Certificates when due and payable.

There will be deposited in the Lease Payment Fund all Lease Payments received by the Trustee, including any moneys received by the Trustee for deposit therein pursuant to the Lease Agreement (regarding Lease Payments), and any other moneys required to be deposited therein pursuant to the Lease Agreement or pursuant to the Trust Agreement, including pursuant to the Lease Agreement (regarding proceeds of rental interruption insurance). Upon receipt of all amounts to be deposited in the Lease Payment Fund, the Trustee will credit the amount of Lease Payments required to pay the principal and interest with evidenced by the Certificates.

Prepayment Fund

There is established under the Trust Agreement and the Trustee will maintain a special fund designated as the "2023 Certificates Series A Los Angeles Unified School District Prepayment Fund" (the "Prepayment Fund"). The Trustee will keep such funds and accounts separate and apart from all other funds and moneys held by it and will administer such funds and accounts as provided in the Trust Agreement. Moneys to be used for prepayment of any Certificates of a Series will be deposited into the related Prepayment Account and used solely for the purpose of prepaying such Certificates of such Series in advance of their maturity on the date designated for prepayment and upon presentation and surrender of such Certificates.

The Trustee will notify the District of any funds remaining in the Prepayment Fund after prepayment and payment of all Certificates Outstanding of the related Certificates, including accrued interest, and payment of any applicable fees and expenses to the Trustee (including amounts due pursuant to the Trust Agreement), or provision made therefor satisfactory to the Trustee, and provisions for all amounts required to be transferred to the District to pay rebate pursuant to the Tax Certificate. All such funds will be withdrawn by the Trustee and timely remitted to the District.

Application of Moneys

All amounts in the Lease Payment Funds will be used and withdrawn by the Trustee solely for the purpose of paying the principal and interest evidenced by the Certificates as the same will become due and payable, in accordance with the provisions of the Trust Agreement, subject to the requirement that certain investment earnings thereon may be transferred to the District to pay rebate as the District instructs the Trustee in writing in accordance with the Tax Certificate.

On or before each Interest Payment Date, the Trustee will first set aside from the Lease Payment Fund an amount sufficient to pay the interest evidenced by the Certificates becoming due and payable on such date, and pay such amount to the Owners, and second, set aside from the Lease Payment Fund an amount sufficient to pay the principal evidenced by the Certificates becoming due and payable on such Interest Payment Date, and pay such amount to the Owners.

Surplus

The Trustee shall notify the District of any funds remaining in the Lease Payment Fund after payment of all Certificates Outstanding, including accrued interest and payment of any applicable fees to the Trustee or other amounts due the Trustee pursuant to the Trust Agreement, or provision made therefor satisfactory to the Trustee, and provision for any amounts required to be transferred to the District to pay rebate as the District instructs the Trustee in writing in accordance with the Tax Certificate. All such funds will be withdrawn by the Trustee and timely remitted to the District.

Net Proceeds Fund

There is established under the Trust Agreement and the Trustee will maintain a special fund when needed designated as the "2023 Certificates Series A Los Angeles Unified School District Net Proceeds Fund" (the "Net Proceeds Fund") to be maintained and held in trust for the benefit of the Owners, subject to disbursement therefrom as provided in the Trust Agreement. The Trustee will deposit Net Proceeds in the Net Proceeds Fund as provided in the Lease Agreement.

The Trustee will disburse Net Proceeds for replacement or repair of the Property as provided in the Lease Agreement only if it has received the certification and moneys, if any, required by the Lease Agreement (and the Trustee will be protected absolutely in making any disbursements from the Net Proceeds Fund in reliance upon the requisition described in the Lease Agreement), or transfer such Net Proceeds to the Prepayment Fund upon notification by the District Representative as provided in the Lease Agreement. After all of the Certificates have been retired, the entire amount of principal and interest with respect to the Certificates has been paid in full, and payment of any amounts due to the Trustee pursuant to the Trust Agreement, or provision is made therefor satisfactory to the Trustee, including provisions for all amounts required to be transferred to the District to pay rebate pursuant to the Tax Certificate, the Trustee will remit any remaining moneys in the Net Proceeds Fund to the District.

The Corporation and the Trustee will cooperate fully with the District at the expense of the District in filing any proof of loss with respect to any insurance policy maintained pursuant to the Lease Agreement and in the prosecution or defense of any prospective or pending condemnation proceeding with respect to the Property or any item or portion thereof.

Held in Trust

The moneys and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Owners of the Certificates, and such moneys, and any income or interest earned thereon, will be expended only as provided in the Trust Agreement, and will not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee or the District, or any of them. The Certificates evidence an interest in all Lease Payments, and all funds and accounts established under the Trust Agreement are held for the benefit of all Owners equally.

Investments Authorized

The District will by Written Request of the District filed at least two Business Days in advance with the Trustee direct investment in specific Permitted Investments identified in such Written Request of the District. In the absence of such Written Request of the District, the Trustee will make investments solely in those Permitted Investments set forth in paragraph (4) of the definition thereof; provided, however, that such investment will be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee has received written direction of the District specifying a specific money market fund, and if no such written direction of the District is received, the Trustee will hold such moneys uninvested. The Trustee may conclusively rely upon such investment direction as a certification that such investment constitutes a Permitted Investment.

Such investments, if registrable, will be registered in the name of the Trustee for the benefit of the Owners and held by the Trustee. The Trustee or any of its affiliates may act as sponsor, advisor or provide administrative or management services in connection with any Permitted Investments.

The Trustee or an affiliate may purchase or sell to itself or any affiliate, as principal or agent, Permitted Investments and will be entitled to its customary fee therefor. The Trustee may act as purchaser or agent in the making or disposing of any investment.

The Trustee will not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the Trust Agreement and upon the Written Request of the District.

Any income, profit or loss on the investment of moneys held by the Trustee under the Trust Agreement will be credited for which such moneys are held, except as otherwise provided in the Trust Agreement; provided that in all cases income on investments may be transferred to the District to pay rebate pursuant to the Tax Certificate upon the Written Request of the District. The Trustee shall have no duty to review, verify or analyze any financial statements furnished to it by the District, and shall hold such financial statements solely as a repository for Certificate Owners. The Trustee shall not be deemed to have notice of any information contained therein or any Event of Default that may be disclosed therein in any manner.

Accounting of Investments

The Trustee will furnish to the District, not less frequently than monthly, an accounting of all investments made by the Trustee and all funds and amounts held by the Trustee hereunder. The Trustee will keep accurate records in accordance with industry standards of all funds administered by it and of all Certificates paid and discharged. The Corporation and District acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Corporation or the District the right to receive brokerage confirmations of security transactions as they occur at no additional cost, the Corporation and the District specifically waive receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Corporation and the District periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Trust Agreement.

The Trustee

Any successor Trustee appointed pursuant to the Trust Agreement shall be (A) a national banking association supervised by the Office of the Comptroller of the Currency, located in or incorporated under the laws of the State, duly authorized to exercise trust powers and, and have a reported capital and surplus of not less than $250,000,000 or (B) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least $1 billion of assets. If such bank or national banking association publishes a report of condition at least annually pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purpose of this Section the combined capital and surplus of such bank or national banking association shall be deemed to be its combined capital and surplus as set forth in its most recent published report of condition.

So long as there is no Event of Default or occurrence that with the passage of time will become an Event of Default, upon 30 days' written notice, the District may remove the Trustee initially appointed, and any successor thereto, and may appoint a successor or successors thereto. The Trustee may be removed by the District any time for any breach of trust under the Trust Agreement.

The Trustee may resign by giving written notice to the District and the Corporation; provided that such resignation will not take effect until a successor Trustee is appointed as provided in the Trust Agreement. Upon receiving such notice of resignation, the District will promptly appoint a successor Trustee. In the event the District does not name a successor Trustee within 30 days of receipt of notice of the Trustee's resignation, then the Trustee may petition a court of suitable jurisdiction to seek the immediate appointment of a successor Trustee.

Any resignation or removal of the Trustee and appointment of a successor Trustee will become effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the successor Trustee will mail notice thereof to the Owners at their respective addresses set forth on the Certificate Register.

Merger or Consolidation

Any banking corporation or national banking association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it will be a party or any banking corporation or national banking association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such banking corporation or national banking association will be eligible under the Trust Agreement, will be the successor to the Trustee without the execution or filing of any paper or further act, anything in the Trust Agreement to the contrary notwithstanding. Prompt notice of such merger or consolidation will be given to the District and the Corporation. All costs and expenses of such merger or consolidation will be paid by the successor trustee and no additional charges will be levied against the District or the Corporation.

Protection of the Trustee

The Trustee will be protected and will incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it will in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of the Trust Agreement, and the Trustee will be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may, in the absence of bad faith on its part, accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements and matters.

The Trustee may consult with counsel, who may be counsel to the District, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect of any action taken or suffered by the Trustee under the Trust Agreement in good faith in accordance therewith. Before being required to take any action, the Trustee may require an opinion of Special Counsel acceptable to the Trustee, which opinion will be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or the Trustee may require a Certificate of the District or Certificate of the Corporation, in lieu of or in addition to such opinion, concerning the proposed action. If it does so in good faith, the Trustee will be absolutely protected in relying on such opinion or such verified certificate.

Whenever in the administration of its duties under the Trust Agreement, the Trustee will deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Trust Agreement, such matter (unless other evidence in respect thereof be specifically prescribed in the Trust Agreement), in the absence of bad faith on the Trustee's part, will be deemed to be conclusively proved and established by a Certificate of the District or a Certificate of the Corporation and such certificate will be full warranty to the Trustee, in the absence of bad faith on its part, for any action taken or suffered under the provisions of the Trust Agreement upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as the Trustee may deem reasonable.

No provision in the Trust Agreement will require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties under the Trust Agreement if the Trustee will have reasonable grounds for believing that repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it.

The Trustee will not be accountable for the use or application by the District, the Corporation or any other party of any funds which the Trustee has released in accordance with the terms of the Trust Agreement.

The Trustee makes no representation or warranty, express or implied, as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District or the Corporation of the Property. In no event will the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising from the Lease Agreement or the Trust Agreement for the existence, furnishing or use of the Property.

The Trustee undertakes to perform such duties, and only such duties as are specifically set forth in the Trust Agreement and no implied duties or obligations will be read into the Trust Agreement against the Trustee.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity, and all persons, including without limitation the Owners, the District and the Corporation, having any claim against the Trustee arising from actions taken by the Trustee in compliance with the Trust Agreement will look only to the funds and accounts held by the Trustee under the Trust Agreement for payment except as otherwise provided in the Trust Agreement. Under no circumstances will the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

Before taking any action under the Trust Agreement at the request of the Owners, the Trustee may require that a satisfactory indemnity bond be furnished by the Owners for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any action so taken.

The Trustee will have no responsibility, opinion or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the execution and delivery of the Certificates.

All indemnifications and releases from liability granted under the Trust Agreement to the Trustee will extend to its officers, directors, employees and agents.

The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of Outstanding Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Trust Agreement.

Rights of the Trustee

The Trustee may become the Owner of Certificates with the same rights that it would have if it were not Trustee; may acquire and dispose of other bonds or evidences of indebtedness of the District with the same rights that it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee will represent the Owners of the majority in principal amount of the Certificates then Outstanding.

The Trustee may execute any of the trusts or powers of the Trust Agreement and perform the duties required of it under the Trust Agreement by or through attorneys, agents, or receivers, and will be entitled to advice of counsel concerning all matters of trust and its duty under the Trust Agreement.

Standard of Care

The Trustee will not be liable in connection with the performance of its duties under the Trust Agreement or under the Assignment Agreement, except for its own negligence or willful misconduct. Upon the occurrence of an Event of Default, the Trustee will exercise such care in performing its duties under the Trust Agreement as a reasonable person would exercise in the conduct of his or her affairs.

Compensation of the Trustee

As Additional Payments under the Lease Agreement, the District will pay to the Trustee reasonable compensation for its services as will be agreed upon between the Trustee and the District, and the District will reimburse the Trustee for all of its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by the Trustee in the exercise and performance of its powers and duties under the Trust Agreement, and the Trustee will have a lien therefor on any and all funds at any time held by it under the Trust Agreement, which lien will be prior and superior to the lien of the Owners. The District's obligation under the Trust Agreement will remain valid and binding notwithstanding maturity and payment of the Certificates.

Indemnification of the Trustee

The District will indemnify, to the extent permitted by law, and save the Trustee harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of: (i) the use, maintenance, condition or management of, or from any work or thing done on or to, the Property by the District; (ii) any breach or default on the part of the District in the performance of any of its obligations under the Trust Agreement and any other agreement made and entered into for purposes of the Property; (iii) any act of negligence of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property; (iv) any act of negligence of any assignee of, or purchaser from, the District or of any of its or their agents, contractors, servants, employees or licensees with respect to the Property; (v) acquisition or construction of the Property; (vi) the actions of any other party, including but not limited to the ownership, operation or use of the Property by the District; (vii) the Trustee's acceptance, exercise and performance of its powers and duties under the Trust Agreement; (viii) any untrue statement or alleged untrue statement of any material fact or omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Certificates; or (ix) or related to the presence on, under or about, or release from the Property, or any portion thereof, of any substance, material or waste which is or becomes regulated or classified as toxic or hazardous under State, local or federal law, and the violation or noncompliance with, any such laws by the District or the Corporation. Such indemnification will include the costs and expenses of defending against any claim or liability arising under the Trust Agreement. No indemnification will be made under the

Trust Agreement for willful misconduct, negligence, or breach of duty under the Trust Agreement by the Trustee, its officers, agents, employees, successors or assigns. The District's obligations under the Trust Agreement will remain valid and binding notwithstanding maturity and payment of the Certificates or the resignation or removal of the Trustee. The District's obligations under the Trust Agreement will remain valid and binding notwithstanding the maturity and payment of the Certificates or resignation or removal of the Trustee.

Amendments

The Trust Agreement and the rights and obligations of the Owners, the Lease Agreement and the rights and obligations of the parties thereto, the Site Lease and the rights and obligations of the parties thereto and the Assignment Agreement and the rights and obligations of the parties thereto may be modified or amended at any time by a supplemental agreement that will become effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment will:

(i) extend or have the effect of extending the fixed maturity of any Certificate or the time of payment of interest evidenced thereby, or reduce or have the effect of reducing the interest rate with respect to any Certificate, the amount of principal evidenced thereby or the amount of any premium payable upon the prepayment thereof, or

(ii) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Lease Agreement, or

(iii) modify any of the rights or obligations of the Trustee without its written assent thereto.

Any such supplemental agreement will become effective as provided in the Trust Agreement.

The Trust Agreement and the rights and obligations of the Owners, the Lease Agreement and the rights and obligations of the parties thereto, the Site Lease and the rights and obligations of the parties thereto and the Assignment Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement and without the consent of any Owners, but only to the extent permitted by law and only:

(i) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or therein;

(ii) in regard to matters arising under the Trust Agreement, the Site Lease, the Lease Agreement and the Assignment Agreement, as the parties thereto may deem necessary or desirable and which (based upon opinions as provided in the Trust Agreement), will not adversely affect the interest of the Owners; or

(iii) to remove, add or substitute Property as provided by the Lease Agreement.

Any such supplemental agreement will become effective upon execution and delivery by the parties hereto or thereto as the case may be.

Prior to executing such supplemental agreements, the Trustee will be entitled to receive and rely on an opinion of counsel to the effect that the execution of such supplemental agreement is authorized or permitted under the Trust Agreement.

The Trust Agreement, the Lease Agreement, the Site Lease or the Assignment Agreement may be amended by supplemental agreement as provided in the Trust Agreement in the event that the consent of the Owners is required pursuant to the Trust Agreement. A copy of such supplemental agreement, together with a request to the Owners for their consent thereto, shall be mailed by the Trustee by first-class mail, postage prepaid, to each Owner at his or her address as set forth in the Certificate Register, but failure to receive copies of such supplemental agreement and request so mailed will not affect the validity of the supplemental agreement when assented to as provided in the Trust Agreement.

Such supplemental agreement will not become effective unless there will be filed with the Trustee the written consent of the Owners of at least a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in the Trust Agreement) and notices will have been mailed as provided in the Trust Agreement. Each such consent will be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which proof will be such as is permitted by the Trust Agreement. Any such consent will be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner thereof (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice provided for in the next paragraph has been mailed.

Disqualified Certificates

Certificates owned or held by or for the account of the District or the Corporation or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the District or the Corporation (except any Certificates held in any pension or retirement fund) will not be deemed Outstanding for the purpose of any vote, consent, waiver or other action or any calculation of Outstanding Certificates provided for in the Trust Agreement, and will not be entitled to vote upon, consent to, or take any other action provided for in the Trust Agreement; except that in determining whether the Trustee will be protected in relying upon any such vote, consent, waiver or other action of an Owner, only Certificates which the Trustee actually knows to be owned or held by or for the account of the District or the Corporation or by any person directly or indirectly controlled or controlled by, or under direct or indirect common control with the District or the Corporation (except any Certificates held in any pension or retirement fund) will be disregarded unless all Certificates are so owned, in which case such Certificates will be considered outstanding for the purpose of such determination.

The District or Trustee may adopt appropriate regulations to require each Owner, before his consent provided for in the Trust Agreement will be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified.

Effect of Supplemental Agreement

From and after the time that any supplemental agreement becomes effective pursuant to the Trust Agreement, the Trust Agreement, the Site Lease or the Lease Agreement, as the case may be, will be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and of all Owners of Certificates Outstanding, as the case may be, will thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all of the terms and conditions of any supplemental agreement will be deemed to be part of the terms and conditions of the Trust Agreement, the Lease Agreement or the Site Lease, as the case may be, for any and all purposes.

Compliance with and Enforcement of the Lease Agreement

The District covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease Agreement. The Corporation covenants and agrees with the Owners to perform all obligations and duties imposed on it under the Lease Agreement.

The District will not do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Lease Agreement by the Corporation. The Corporation and the District, immediately upon receiving or giving any notice, communication or other document in any way relating to or affecting their respective estates, or the leasehold interests therein, which may or can in any manner affect such estate of the District, will deliver the same, or a copy thereof, to the Trustee.

Observance of Laws and Regulations

The District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, including its right to exist and carry on business as a school district, to the end that such rights, privileges and franchises will be maintained and preserved, and will not become abandoned, forfeited or in any manner impaired.

Prosecution and Defense of Suits

The District will promptly take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Property, whether now existing or hereafter developing and will prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and will indemnify, to the extent permitted by law, and save the Trustee and every Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Further Assurances

The Corporation and the District will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Trust Agreement, and for the better assuring and confirming unto the Owners the rights and benefits provided in the Trust Agreement.

Continuing Disclosure

The District covenants and agrees that it will comply with and carry out the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Trust Agreement, failure of the District to comply with the Continuing Disclosure Certificate will not be considered an Event of Default under the Trust Agreement; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this the Trust Agreement. For purposes of the section of the Trust Agreement regarding continuing disclosure, "Beneficial Owner" means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

Limited Liability of the District and Corporation

Except for the payment of Lease Payments, Additional Payments and Prepayments when due in accordance with the Lease Agreement and the performance of the other covenants and agreements of the District contained in the Trust Agreement and in the Lease Agreement, the District will have no obligation or liability to the Owners or to any of the other parties hereto with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the distribution of Lease Payments to the Owners by the Trustee. The Corporation will not have any obligation or liability to the Owners or to any of the other parties hereto with respect to the Trust Agreement or the terms, execution, delivery or transfer of the Certificates, or the payment when due of the Lease Payments or the Additional Payments by the District or the distribution of the Lease Payments to the Owners by the Trustee, or the performance by the District of the other agreements and covenants required to be performed by the District contained in the Lease Agreement and the Trust Agreement.

Except as expressly provided in the Trust Agreement, neither the District nor the Corporation will have any obligation or liability to any of the other parties or to the Owners with respect to the performance by the Trustee of any duty imposed upon it under the Trust Agreement.

Limited Liability of Trustee

The Trustee will have no obligation or responsibility for providing information to the Owners concerning the investment character of the Certificates.

The Trustee makes no representations as to the validity or sufficiency of the Certificates, will incur no responsibility in respect thereof, other than in connection with the duties or obligations in the Trust Agreement or in the Certificates expressly assigned to or imposed upon it. The Trustee will not be responsible for the sufficiency of the Lease Agreement. The Trustee will not be liable for the sufficiency or collection of any Lease Payments or other moneys required to be paid to it under the Lease Agreement (except as provided in the Trust Agreement), its right to receive moneys pursuant to said Lease, or the value of the Property.

The Trustee will have no obligation or liability to any of the other parties or the Owners with respect to the Trust Agreement or the failure or refusal of any other party to perform any covenant or agreement made by any of them under the Trust Agreement or the Lease Agreement, but will be responsible solely for the performance of the duties and obligations expressly imposed upon it under the Trust Agreement.

The Trustee assumes no responsibility for the correctness of the recitals of facts, covenants and agreements in the Trust Agreement and contained in the Certificates of the District or the Corporation (as the case may be).

Limitation of Rights of Parties and Owners

Nothing in the Trust Agreement or in the Certificates expressed or implied is intended or will be construed to give any person other than the District, the Corporation, the Trustee, and the Owners any legal or equitable right, remedy or claim under or in respect of the Trust Agreement or any covenant, condition or provision of the Trust Agreement; and all such covenants, conditions and provisions are and will be for the sole and exclusive benefit of the District, the Corporation, the Trustee, and the Owners.

Events of Default

The following events will be Events of Default:

(i) default in the due and punctual payment of the principal of or premium, if any, with respect to any Certificate when and as the same will become due and payable, whether at maturity as therein expressed, by proceedings for prepayment, by declaration or otherwise;

(ii) default in the due and punctual payment of any installment of interest with respect to any Certificate when and as such interest installment will become due and payable;

(iii) default by the District in the observance of any of the covenants, agreements or conditions on its part in the Trust Agreement contained, if such default will have continued for a period of 30 days after written notice thereof, specifying such default and requiring the same to be remedied, will have been given to the District and the Corporation by the Trustee, or to the District, the Corporation and the Trustee by the Owners of not less than twenty-five percent in aggregate principal amount of the Certificates at the time Outstanding; provided, however, that if such default can be remedied but not within such 30-day period and if the District has taken all action reasonably possible to remedy such default within such 30-day period, such default will not become an Event of Default for so long as the District will diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time reasonably established by the Trustee; or

(iv) an event of default will have occurred and be continuing under the Lease Agreement.

Remedies

If an Event of Default will happen, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, after being indemnified to its satisfaction and subject to the provisions of the Trust Agreement, exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement; provided, however, that notwithstanding anything in the Trust Agreement or in the Lease Agreement to the contrary, THERE WILL BE NO RIGHT UNDER ANY CIRCUMSTANCES TO ACCELERATE THE MATURITIES OF THE CERTIFICATES OR OTHERWISE TO DECLARE ANY LEASE PAYMENTS NOT THEN IN DEFAULT TO BE IMMEDIATELY DUE AND PAYABLE.

Application of Funds

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of the Trust Agreement or of the Lease Agreement, will be deposited into the Lease Payment Account and will be applied by the Trustee in the following order with respect to payments in first, Costs and Expenses, second, Interest, third, Principal, and fourth, Debt Service Reserve Fund upon presentation and surrender of the several Certificates.

First, Costs and Expenses: to the payment of the costs and expenses of the Trustee and then of the Owners, including reasonable compensation to its or their agents, attorneys and counsel incurred in connection with the particular Event of Default and any sums owed to the Trustee pursuant to the Trust Agreement (provided that no amounts transferred from the Debt Service Reserve Fund to the Lease Payment Fund will be applied for the foregoing purposes, but will be applied only for the purposes in paragraphs second and third below);

Second, Interest: to the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installment, and, if the amount available will not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference.

Third, Principal: to the payment to the persons entitled thereto of the unpaid principal of any Certificates that will have become due, whether at maturity or by call for prepayment, in the order of their due dates, with interest on the overdue principal and interest at a rate equal to the rate paid with respect to the Certificates and, if the amount available will not be sufficient to pay in full all the amounts due with respect to the Certificates on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference.

Institution of Legal Proceedings

If one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, will, proceed to protect or enforce its rights or the rights of the Owners by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained in the Trust Agreement or in the Lease Agreement, or in aid of the execution of any power granted in the Trust Agreement, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee will deem most effectual in support of any of its rights or duties under the Trust Agreement.

Non-Waiver

Nothing in the Trust Agreement or in the Certificates will affect or impair the obligation of the District, which is absolute and unconditional, to pay or prepay (in certain circumstances) the Lease Payments as provided in the Lease Agreement (or prepay Lease Payments in certain circumstances as provided in the Lease Agreement). No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the happening of any Event of Default will impair any such right or power or will be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by the Trust Agreement to the Trustee or to the Owners may be exercised from time to time and as often as will be deemed expedient by the Trustee or the Owners, as applicable.

Remedies Not Exclusive

No remedy in the Trust Agreement conferred upon or reserved to the Trustee or to the Owners is intended to be exclusive of any other remedy, and every such remedy will be cumulative and will be in addition to every other remedy given under the Trust Agreement or now or hereafter existing, at law or in equity or by statute or otherwise.

Power of Trustee to Control Proceeding

In the event that the Trustee, upon the happening of an Event of Default, will have taken any action, by judicial proceedings or otherwise, pursuant to its duties under the Trust Agreement, whether upon its own discretion or upon the request of the Owners of a majority in principal amount of the Certificates then Outstanding, it will have full power, in the exercise of its discretion for the best interest of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee will not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Outstanding Certificates (along with continued indemnities to the Trustee's satisfaction) under the Trust Agreement opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Limitation on Owners' Right to Sue

No Owner of any Certificate executed under the Trust Agreement will have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon the Trust Agreement, unless (a) such Owner shall have previously given the Trustee written notice of the occurrence of an Event of Default under the Lease Agreement; (b) the Owners of a majority in aggregate principal amount of all of the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers in the Trust Agreement before granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Trust Agreement; it being understood and intended that no one or more Owners shall have any right in any manner whatever by their action to enforce any right under the Trust Agreement, except in the manner provided in the Trust Agreement and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of said Owner's proportionate interest in the Lease Payments as the same become due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of the Trust Agreement.

Agreement to Pay Attorneys' Fees and Expenses

In the event the District or Corporation should default under any of the provisions of the Trust Agreement and the nondefaulting party should employ attorneys or incur other expenses for the collection of moneys or the enforcement or observance of any obligation or agreement on the part of the defaulting party contained in the Trust Agreement, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party the reasonable fees of such attorneys and such other expenses so incurred by the nondefaulting party.

Defeasance

If and when any Outstanding Certificates of a Series shall be paid and discharged in any one or more of the following ways:

Payment: by paying or causing to be paid the principal of and interest and prepayment premiums (if any) evidenced by such Certificates to be defeased, as and when the same become due and payable;

Cash: if prior to maturity and having given notice of prepayment by irrevocably depositing with the Trustee, in trust, at or before maturity, an amount of cash which (together with cash then on deposit in the related account within Lease Payment Fund is sufficient to pay such Certificates of such Series, including all principal and interest and premium, if any; or

Eligible Securities: by irrevocably depositing with the Trustee, in trust in an escrow fund, noncallable Eligible Securities, together with cash and moneys then on deposit in the Lease Payment Fund, in such amount as will, together with interest to accrue thereon, as set forth in the opinion of an independent certified public accountant delivered to the Trustee, be fully sufficient to pay and discharge such Certificates (including all principal and interest represented thereby and prepayment premiums, if any) at or before their maturity date.

then, notwithstanding that any such Certificates of such series shall not have been surrendered for payment, all obligations of the Corporation, the Trustee and the District with respect to such Certificates of such Series will cease and terminate, except only certain of the rights of the Trustee (as described in the provisions of the Trust Agreement relating to the indemnification of the Trustee and compensation of the Trustee) and the obligation of the Trustee to pay or cause to be paid, from Lease Payments paid by or on behalf of the District from funds deposited pursuant to the Trust Agreement to the Owners of such Certificates not so surrendered and paid all sums due with respect thereto, and in the event of deposits pursuant to the Trust Agreement such Certificates will continue to represent direct and proportionate interests of the Owners thereof in the Lease Payments under the Lease Agreement.

The Trustee will notify the District of any funds held by the Trustee at the time of payment or provision for payment of all Outstanding Certificates pursuant to one of the procedures described in the Trust Agreement, which are not required for payment to be made to Owners will, after the payment of all fees and expenses of the Trustee, including pursuant to the Trust Agreement, be timely paid over to the District.

Notwithstanding the satisfaction and discharge of the Trust Agreement, the Trustee will retain such rights, powers and privileges under the Trust Agreement as may be necessary or convenient for the payment of the principal, interest and prepayment premium, if any, evidenced by the Certificates and for the registration, transfer and exchange of the Certificates.

APPENDIX D

FORM OF SPECIAL COUNSEL OPINION

Upon the delivery of the Certificates, Hawkins Delafield & Wood LLP, Special Counsel to the District, proposes to render its final approving opinion in substantially the following form:

[Closing Date]

Board of Education
Los Angeles Unified School District
Los Angeles, California

Ladies and Gentlemen:

We have acted as Special Counsel to the Los Angeles Unified School District (the "District") in connection with the execution and delivery of $384,260,000 Certificates of Participation, 2023 Series A (Sustainability Bonds) (the "Certificates"), evidencing proportionate and undivided interests of the owners thereof in lease payments to be made by the District under the Lease Agreement, dated as of August 1, 2023 (the "Lease Agreement"), by and between the LAUSD Financing Corporation (the "Corporation"), as lessor, and the District, as lessee. The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of August 1, 2023 (the "Trust Agreement"), by and among the Corporation, the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

In rendering this opinion, we have reviewed the record of the actions taken by the District in connection with the execution and delivery of the Certificates. We have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of such documents, instruments, or corporate records, and have made such investigation of law, as we have considered necessary or appropriate for the purpose of this opinion.

We are of the opinion that:

1. The Site Lease Agreement, dated as of August 1, 2023 (the "Site Lease"), by and between the District, as lessor, and the Corporation, as lessee, the Lease Agreement and the Trust Agreement have been duly executed and delivered by the District and constitute the valid and binding obligations of the District and, assuming due execution by the other parties thereto, are enforceable against the District in accordance with their respective terms.

2. Assuming due authorization, execution and delivery of the Trust Agreement and the Certificates by the Trustee, the Certificates are entitled to the benefits of the Trust Agreement.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) the portion of lease payments due under the Lease Agreement (the "Lease Payments") designated as and comprising interest with respect to the Certificates is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December

31, 2022, the portion of the Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain ongoing requirements that must be met subsequent to the execution and delivery of the Certificates in order that the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Certificates, yield and other restrictions on investments of gross proceeds of the Certificates, and the arbitrage rebate requirement that certain excess earnings on gross proceeds of the Certificates be rebated to the federal government. Noncompliance with such requirements may cause the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates to become included in gross income for federal income tax purposes retroactive to their date of execution and delivery, irrespective of the date on which such noncompliance occurs or is discovered. On the date of execution and delivery of the Certificates, the District will execute the Tax Certificate containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the District covenants that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed the material accuracy of the District's representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates, and continuing compliance with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Under existing statutes, the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates is exempt from State of California personal income taxes.

The foregoing opinions are qualified to the extent that the enforceability of the Certificates, the Lease Agreement, the Site Lease and the Trust Agreement may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Certificates, or the ownership or disposition thereof, except as stated in paragraphs (3) and (4) above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of the portion of Lease Payments due under the Lease Agreement designated as and comprising interest with respect to the Certificates.

We undertake no responsibility for the accuracy, completeness or fairness of any official statement or other offering materials relating to the Certificates and express herein no opinion relating thereto.

We express no opinion with respect to the state or quality of title to or interest in any of the real or personal property described in or as subject to the lien of the Trust Agreement, the Lease Agreement or the Site Lease, or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens, on any such property.

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Los Angeles Unified School District (the "District") in connection with the execution of $384,260,000 principal amount of Certificates of Participation, 2023 Series A (the "Certificates"). The Certificates are being issued pursuant to a Trust Agreement, dated as of August 1, 2023 (the "Trust Agreement"), by and among U.S. Bank Trust Company, National Association, the LAUSD Financing Corporation and the District. The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 4 and 5 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"County" shall mean the County of Los Angeles, California.

"CUSIP Numbers" shall mean the Committee on Uniform Security Identification Procedure's unique identification number for each public issue of a security.

"Dissemination Agent" shall mean Digital Assurance Certification, L.L.C., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"Disclosure Counsel" shall mean an attorney-at-law, or a firm of such attorneys, of nationally recognized standing in matters pertaining to the disclosure obligations under the Rule, duly admitted to the practice of law before the highest court of any state of the United States of America.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system, the current internet address of which is http://emma.msrb.org.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 6(b)(xv) and Section 6(b)(xvi), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean either the registered owners of the Certificates, or if the Certificates are registered in the name of The Depository Trust Company or another recognized depository, any applicable participant in such depository system.

"Listed Events" shall mean any of the events listed in Section 6(b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Official Statement" shall mean the Official Statement dated August 17, 2023, as amended on August 22, 2023, with respect to the Certificates.

"Participating Underwriters" shall mean the original underwriters of the Certificates required to comply with the Rule in connection with execution and delivery of the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Transmission of Notices, Documents and Information. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the EMMA System.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB.

Section 4. Provision of Annual Reports. (a) The District shall, or shall cause the Dissemination Agent to, not later than 240 days following the end of the District's fiscal year (currently ending June 30), commencing with the report for the 2022-23 fiscal year (which is due not later than February 25, 2024), provide to the MSRB through its EMMA System an Annual Report which is consistent with the requirements of Section 5 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 5 of this Disclosure Certificate. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 6(c).

(b) Not later than thirty (30) days (not more than sixty (60) days) prior to the date on which the Annual Report is to be provided pursuant to subsection (a), the Dissemination Agent shall give notice to the District that the Annual Report is so required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) days prior to said date, the

District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB through its EMMA System an Annual Report by the date required in subsection (a), the Dissemination Agent shall send a timely notice of such fact to the MSRB through its EMMA System.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report to the EMMA System the date on which such Annual Report shall be due and notify the District of such date; and

(ii) (if the Dissemination Agent is other than the District) file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and that it was provided to the MSRB through the EMMA System.

Section 5. Content of Annual Reports. The District's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the District for the preceding fiscal year, prepared in accordance with the laws of the State of California and including all statements and information prescribed for inclusion therein by the Controller of the State of California. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 4 hereof, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statements of the District, the Annual Report shall also include the following:

(i) Adopted budget of the District for the current fiscal year;

(ii) Information regarding total assessed valuation of taxable properties within the District as set forth in Table A-4 of Appendix A to the Official Statement;

(iii) Information regarding total tax levies and collections on taxable properties within the District as set forth in Table A-10 of Appendix A to the Official Statement;

(iv) District outstanding debt as set forth in Tables A-26 – "Proposition BB (Election of 1997) Bonds," Table A-27 – "Measure K (Election of 2002) Bonds," Table A-28 – "Measure R (Election of 2004) Bonds," Table A-29 – "Measure Y (Election of 2005) Bonds," Table A-30 – "Measure Q (Election of 2008) Bonds" and Table A-31 – "Measure RR (Election of 2020) Bonds" of Appendix A to the Official Statement, and the aggregate debt service on the District's outstanding certificates of participation as set forth in Table A-32 – "Certificates of Participation Lease Obligations Debt Service Schedule" of Appendix A to the Official Statement;

(v) District average daily attendance as set forth in Table A-1 of Appendix A to the Official Statement entitled "Average Daily Attendance"; and

(vi) Statement of revenues, expenditures and changes in general fund balances of the District.

(c) It shall be sufficient for purposes of Section 4 hereof if the District provides annual financial information by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, www.emma.msrb.org) or (ii) filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference. The provisions of this Section 5(c) shall not apply to notices of Listed Events pursuant to Section 6 hereof.

(d) The descriptions contained in clause (b) above of financial information and operating data constituting to be included in the Annual Report are of general categories or types of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, or due to changes in accounting practices, legislative or organizational changes, a statement to that effect shall be provided in lieu of such information. Comparable information shall be provided if available.

Section 6. Reporting of Listed Events. (a) If a Listed Event occurs, the District shall provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days of the District having notice of such Listed Event, notice of such Listed Event to (i) the EMMA System of the MSRB and (ii) the Dissemination Agent.

(b) Pursuant to the provisions of this Section 6, the District shall give, or cause to be given, notice of the occurrence of any of the following events (each, a "Listed Event") with respect to the Certificates:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) modifications to rights of Holders, if material;

(iv) Certificate calls, if material and tender offers;

(v) defeasances;

(vi) rating changes;

(vii) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (Internal Revenue Service Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

(viii) unscheduled draws on the debt service reserves reflecting financial difficulties;

(ix) unscheduled draws on the credit enhancements reflecting financial difficulties;

(x) release, substitution or sale of property securing repayment of the Certificates, if material;

(xi) bankruptcy, insolvency, receivership or similar event of the District (such event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under State or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District);

(xii) substitution of credit or liquidity providers, or their failure to perform;

(xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) incurrence of a Financial Obligation of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material;

(xvi) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties; and

(xvii) any amendment or waiver of a provision of this Disclosure Certificate.

The District intends to comply with the Listed Events described in Section 6(b)(xv) and Section 6(b)(xvi), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Securities and Exchange Commission in Release No. 34-83885, dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Securities and Exchange Commission or its staff with respect the amendments to the Rule effected by the 2018 Release. The District notes that items (viii), (ix), (x) and (xii) are not applicable to the Certificates.

(c) If the District determines that a Listed Event has occurred, the District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to Section 3 hereof.

(d) If the Dissemination Agent has been instructed by the District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB through its EMMA System.

(e) Notwithstanding the foregoing, notice of Listed Events described in subsections (b)(iv) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Certificates pursuant to the Trust Agreement.

Section 7. CUSIP Numbers. Whenever providing information to the Dissemination Agent, including but not limited to Annual Reports, documents incorporated by reference to the Annual Reports, Audited Financial Statements and notices of Listed Events, the District shall indicate the full name of the Certificates and the 9-digit CUSIP numbers for the Certificates as to which the provided information relates.

Section 8. Termination of Reporting Obligation. (a) The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 6(c).

(b) This Disclosure Certificate, or any provision hereof, shall cease to be effective in the event that the District (1) delivers to the Dissemination Agent an opinion of Disclosure Counsel, addressed to the District and the Dissemination Agent, to the effect that those portions of the Rule which require this Disclosure Certificate, or such provision, as the case may be, do not or no longer apply to the Certificates, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 9. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall be Digital Assurance Certification, L.L.C. If at any time there is no designated Dissemination Agent appointed by the District, or if the Dissemination Agent so appointed is unwilling or unable to perform the duties of the Dissemination Agent hereunder, the District shall be the Dissemination Agent and undertake or assume its obligations hereunder. The Dissemination Agent (other than the District) shall not be responsible in any manner for the content of any notice or report required to be delivered by the District pursuant to this Disclosure Certificate.

Section 10. Amendment; Waiver. (a) This Disclosure Certificate may be amended by the District without the consent of the holders of the Certificates (except to the extent required under clause (a)(iv)(2) below), if all of the following conditions are satisfied:

(i) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the District or the type of business conducted thereby;

(ii) this Disclosure Certificate as so amended would have complied with the requirements of the Rule as of the date of this Disclosure Certificate, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(iii) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the same effect as set forth in (a)(ii) above;

(iv) either (1) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that the amendment does not materially impair the interests of the holders of the Certificates or (2) is approved by the Holders of the Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Holders; and

(v) the District shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system within ten (10) Business Days from the execution thereof.

(b) In addition to subsection 10(a) above, this Disclosure Certificate may be amended and any provision of this Disclosure Certificate may be waived, by written certificate of the District, without the consent of the holders of the Certificates, if all of the following conditions are satisfied:

(i) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Disclosure Certificate which is applicable to this Disclosure Certificate;

(ii) the District shall have received an opinion of a nationally recognized bond counsel or counsel expert in federal securities laws, addressed to the District, to the effect that performance by the District under this Disclosure Certificate as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule; and

(iii) the District shall have delivered copies of such opinion and amendment to the MSRB through its EMMA system.

(c) In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements,

(i) notice of such change shall be given in the same manner as for a Listed Event under Section 6 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 12. Default. In the event of a failure of the District to comply with any provision of this Disclosure Certificate, the Dissemination Agent may (and, at the request of any Participating Underwriters or the Holders or Beneficial Owners of at least 25% of aggregate principal amount of the Certificates then outstanding, shall) or any Holders or Beneficial Owners of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in the U.S. District Court in the County of Los Angeles. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 13. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates.

Section 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 15. Execution in Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same certificate.

Dated: August 31, 2023

LOS ANGELES UNIFIED SCHOOL DISTRICT

By: ________________________________

David D. Hart
Chief Business Officer

ACKNOWLEDGED AND AGREED TO BY:

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as Dissemination Agent

By: ________________________________

Dissemination Agent

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX F

THE LOS ANGELES COUNTY TREASURY POOL

The Treasurer and Tax Collector of the County of Los Angeles (the "Treasurer") manages, in accordance with California Government Code Section 53600 et seq., funds deposited with the Treasurer by County school and community college districts, various special districts and some cities. State law generally requires that all moneys of the County, school districts and certain special districts be held in the County's Treasury Pool (the "Treasury Pool") as described below. The composition and value of investments under management in the Treasury Pool vary from time to time, depending on the cash flow needs of the County and the other public agencies invested in the Treasury Pool, the maturity or sale of investments, purchase of new securities and fluctuations in interest rates generally. Additionally, the Treasurer, with the consent of the Board of Supervisors of the County of Los Angeles (the "County"), may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Treasury Pool will not vary significantly from the values described herein. Neither the District, the Municipal Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained herein is correct as of any time subsequent to its date. The Treasurer maintains a website, the address of which is ***https://ttc.lacounty.gov/monthly-reports/****, on which the Treasurer periodically places information relating to the Treasury Pool. However, the information presented there is not part of this Official Statement, is not incorporated by reference herein and should not be relied upon in making an investment decision with respect to the Certificates.*

The County of Los Angeles Pooled Surplus Investments

The Treasurer and Tax Collector (the "Treasurer") of the County of Los Angeles (the "County") has the delegated authority to invest funds on deposit in the County Treasury (the "Treasury Pool"). As of June 30, 2023, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	Invested Funds (in billions)
County of Los Angeles and Special Districts	$21.846
Schools and Community Colleges	29.409
Discretionary Participants	3.319
Total	$54.574

The Treasury Pool participation composition is as follows:

Non-discretionary Participants	93.92%
Discretionary Participants:	
Independent Public Agencies	5.93%
County Bond Proceeds and Repayment Funds	0.15%
Total	100.00%

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with

Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 21, 2023, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the "Investment Report") summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated July 31, 2023, the June 30, 2023 book value of the Treasury Pool was approximately $54.574 billion, and the corresponding market value was approximately $51.937 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (the "External Auditor") reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of June 30, 2023:

Type of Investment	**% of Pool**
Certificates of Deposit	5.41%
U.S. Government and Agency Obligations	69.41
Bank Acceptances	0.00
Commercial Paper	25.11
Municipal Obligations	0.05
Corporate Notes & Deposit Notes	0.02
Repurchase Agreements	0.00
Asset Backed Instruments	0.00
Other	0.00
	100.00%

The Treasury Pool is highly liquid. As of June 30, 2023, approximately 36.84% of the investments mature within 60 days, with an average of 753 days to maturity for the entire portfolio.

APPENDIX G

BOOK-ENTRY ONLY SYSTEM

The following information has been provided by DTC for use in securities offering documents, and none of the District, the Corporation or the Underwriters takes any responsibility for the accuracy or completeness thereof.

1. The Depository Trust Company ("DTC"), will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Certificate will be issued for each stated Principal Payment Date of the Certificates, each in the aggregate amount of the principal evidenced by Certificates with such stated Principal Payment Date, and will be deposited with DTC.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. The information on such website is not incorporated into this Official Statement by reference or otherwise.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners, however, are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be

requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Prepayment notices will be sent to DTC. If less than all of the Certificates with a particular stated Principal Payment Date are being prepaid, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Certificates to be prepaid.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Payments of principal, premium, if any, interest and other payments evidenced by the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium, if any, interest and other payments evidenced by the Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, and disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

THE DISTRICT, THE CORPORATION AND THE TRUSTEE CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO PARTICIPANTS, OR THAT PARTICIPANTS OR OTHERS WILL DISTRIBUTE PAYMENTS OF PRINCIPAL, INTEREST OR ANY PREMIUM EVIDENCED BY THE CERTIFICATES PAID TO DTC OR ITS NOMINEE AS THE REGISTERED OWNER, OR ANY PREPAYMENT OR OTHER NOTICES, TO THE BENEFICIAL OWNERS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE DISTRICT, THE CORPORATION AND THE TRUSTEE ARE NOT RESPONSIBLE OR LIABLE FOR THE FAILURE OF DTC OR ANY PARTICIPANTS TO MAKE ANY PAYMENT OR GIVE ANY NOTICE TO A BENEFICIAL OWNER WITH RESPECT TO THE CERTIFICATES OR ANY ERROR OR DELAY RELATING THERETO.

THE FOREGOING DESCRIPTION OF THE PROCEDURES AND RECORD KEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE CERTIFICATES, PAYMENT OF PRINCIPAL, INTEREST AND OTHER PAYMENTS EVIDENCED BY THE CERTIFICATES TO PARTICIPANTS OR BENEFICIAL OWNERS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN SUCH CERTIFICATES AND OTHER RELATED TRANSACTIONS BY AND BETWEEN DTC, THE PARTICIPANTS AND THE BENEFICIAL OWNERS IS BASED ON INFORMATION PROVIDED BY DTC. ACCORDINGLY, THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX H

SUSTAINABILITY BONDS SECOND PARTY OPINION

Second Party Opinion

Issuer:	**Los Angeles Unified School District**
Issue Description:	Certificates of Participation, 2023 Series A (Sustainability Bonds)
Project:	School Technology, Facility and Transportation Projects
Sustainability Standard:	ICMA Sustainability Bond Guidelines
Green Standard:	ICMA Green Bond Principles
Green Categories:	Clean Transportation Electrification New Category
Social Standard:	ICMA Social Bond Principles
Social Category:	Access to Essential Services (Education)
Target Populations:	Los Angeles Unified School District students and families; children and adolescents with economically disadvantaged and/or minority backgrounds
Keywords:	K-12 education, cybersecurity, automation, electric school bus, electrification, bidirectional charging, vehicle-to-grid, climate resilience, renewable energy, net zero aligned, sustainable schools, Los Angeles, California
Par:	$384,260,000
Evaluation Date:	August 3, 2023

SUSTAINABILITY BONDS DESIGNATION

Kestrel, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the Los Angeles Unified School District Certificates of Participation, 2023 Series A (Sustainability Bonds) ("Certificates") to evaluate conformance with the Sustainability Bond Guidelines (June 2021) established by the International Capital Market Association. Our team for this engagement included analysts with backgrounds in environmental science and social science.

This Second Party Opinion reflects our review of the uses and allocation of proceeds, oversight, and conformance of the Certificates with the Sustainability Bond Guidelines. In our opinion, the Certificates are impactful, net zero aligned, conform with the four core components of both the Green Bond Principles and the Social Bond Principles, and therefore qualify for Sustainability Bonds designation.

ABOUT THE ISSUER

The Los Angeles Unified School District ("District") is the second largest public school district in the US and covers approximately 710 square miles in Los Angeles County, California. The District is governed by a seven-member Board of Education ("Board") and serves approximately 414,000 students across approximately 1,200 schools and centers. Facilities include TK-12 (transitional kindergarten through twelfth grade) schools, magnet schools, charter schools, adult education centers, regional occupation centers, and infant and early childhood education centers.

The District demonstrates a comprehensive commitment to eliminate achievement gaps and provide equitable access to quality education. This commitment is communicated in the District's *2022-2026 Strategic Plan: Ready for the World* and *2023-2024 Local Control and Accountability Plan*, both of which outline actionable strategies, funding opportunities, and long-term plans to achieve educational equity.

Additionally, the District has implemented Positive Behavioral Interventions and Supports ("PBIS"). PBIS is an evidence-based framework for increasing positive behaviors, reducing negative behaviors, and improving classroom and school environments, thereby improving behavioral and academic outcomes for all students. This framework incorporates cultural responsiveness and social-emotional learning as a means to create more equitable outcomes for students. Schools implementing PBIS with fidelity are likely to see a reduction in racial disparities in behavioral incidents. In turn, decreases in disruptive behaviors, out-of-school suspensions, and office referrals lead to an increase in learning time and positive impacts on academic outcomes for all student groups. Several schools in the District have received different levels of PBIS Implementation Awards[1] and in 2014 the District adopted a Discipline Foundation Policy for PBIS.[2] Kestrel views PBIS implementation as a best practice for advancing equitable education.

The District has several programs and policies that demonstrate leadership in environmental sustainability. In 2019, the Board adopted a target to transition to 100% clean, renewable electricity by 2040. In 2023, the District received a *Better Practice Award* from the Better Buildings Challenge Initiative for mapping comprehensive steps to achieve 100% clean and renewable energy for all activities by 2040.[3]

Construction of sustainable schools is one of multiple strategies that the District employs to meet sustainability targets. The Board passed a resolution in 2003 directing the design of all new schools and modernization projects to use the Collaborative for High Performance Schools green building standards. Multiple schools have also achieved LEED certifications. School facilities are designed to incorporate renewable energy, improve local ecology, reduce heat island effects and provide innovative stormwater management. The District addresses resilience to higher temperatures and extreme heat events by prioritizing projects such as HVAC replacements, cool coating, shade structures, and greening. School facilities are also transitioning to full electrification in alignment with the 2019 resolution described above.

Energy efficiency and conservation is also a primary focus of the District. Grants from the Proposition 39 Clean Energy Jobs Act have supported comprehensive energy retrofits across approximately 110 schools.

---

[1] "Statewide Recognitions," California PBIS Coalition, accessed August 1, 2023, https://pbisca.org/state-recognition-system.

[2] "Positive Behavior Interventions and Supports/Restorative Practices," Los Angeles Unified School District, accessed August 1, 2023, https://achieve.lausd.net/Page/11925.

[3] "Los Angeles Unified School District," US Department of Energy: Better Buildings Initiative, accessed August 1, 2023, https://betterbuildingssolutioncenter.energy.gov/partners/los-angeles-unified-school-district.

Partnerships with California Conservation Corps and the Los Angeles Conservation Corps supported creation of a workforce development program alongside the allocation of Proposition 39 funds for energy retrofits. The District has a comprehensive Lighting Retrofit Program to transition lighting to LEDs, is part of the US Department of Energy's Zero Energy Schools Accelerator, and is a participant in the Better Buildings Challenge. Environmental education is incorporated into curriculum, and a variety of initiatives build environmental literacy, teach net zero energy concepts, water stewardship and drought response. The District has also committed to replace the entire bus fleet with electric school buses by 2040.

ALIGNMENT TO SUSTAINABILITY STANDARDS[4]

Use of Proceeds

The Sustainability Bond Guidelines

The Certificates are expected to finance electrification of buses and transportation infrastructure, and upgrades to technology and security (collectively, the "Projects" and summarized in Table 1). Transportation and facility improvements consist of acquisition of electric buses and electrification of bus yards to support the zero-emissions bus fleet. Technology and security upgrades include updates to applications and automated tools critical to providing equitable access to education, as well as projects to improve cybersecurity.

The transportation and electrification projects are eligible green projects as defined by the Green Bond Principles in the project categories of *Clean Transportation* and *Electrification*, and eligible social projects as defined by the Social Bond Principles in the project category of *Access to Essential Services (Education)*. By supporting both environmental and social impact goals, the Certificates conform with the Sustainability Bond Guidelines.

Table 1. Anticipated uses of proceeds from the Certificates

Project Category	Description	Anticipated Uses of Proceeds
Cybersecurity Improvement Program	Includes augmentation of technology tools that identify and mitigate the risks of future cyber attacks	$167,484,500
Campus Security Systems Program	Digital intrusion alarm and video surveillance systems for each school which may be monitored on-campus, locally, or by the Los Angeles School Police Department	$146,000,000
Enrollment Modernization	Updates a manual enrollment process to a streamlined automated system for student enrollment	$2,000,000
Student Support Applications Modernization	Technology updates for student support applications including the LAUSD Mobile App, Principals' Portal, Multi-tiered Student Support Systems and Academic Monitoring System	$11,400,000
Student Information Systems Upgrades	Adds integration with Bell Schedule and Household Hub	$1,000,000

[4] Sustainability Bonds are bonds in which the proceeds will be exclusively applied to finance or refinance a combination of both Green and Social Projects, and are aligned with the four core components of ICMA's Green Bond Principles and Social Bond Principles.

Project Category	Description	Anticipated Uses of Proceeds
Data Analytics, Reporting and Dashboards - Student	Update real-time student data to inform student growth and achievement	$4,763,040
Sun Valley Bus Yard Electrification	Utility upgrades necessary to accommodate electric buses	$3,303,246
Sun Valley Electric Buses & Generator Purchases	Replacing fleet of propane and compressed natural gas ("CNG") buses to 180 electric buses and purchasing 50 portable generators	$70,550,000
Gardena Bus Yard - Conversion of 100% of site for Electric Bus Charging	Utility upgrades necessary to accommodate electric buses	$17,042,099
	Total	**$423,542,885**

Student Safety & Cybersecurity

As the Department of Homeland Security states, "The increasing use of communication technologies relying on complex data, technology, communication, and interconnectivity has expanded attack surfaces and increased the potential risk of malicious exploitation of government, citizen services, and critical infrastructure."[5] Ransomware attacks which target local US government entities have become increasingly common, and school districts are vulnerable to these risks.[6] Improving cybersecurity districtwide reduces risk of personal student and employee data being compromised and protects student safety in relation to data privacy. In Kestrel's view, the cybersecurity improvements help the District safeguard equitable access to TK-12 education, as ransomware attacks can jeopardize operation of educational systems.

The District will work with private sector technology leaders and other advisors to strengthen IT security infrastructure, and will incorporate components of the Cybersecurity Framework established by the National Institute of Standards and Technology at the US Department of Commerce into a new cybersecurity program. The District is on the frontline of cybersecurity innovation in the K-12 education sector, and other large school districts across the nation are expected to adopt similarly designed cybersecurity programs.

Student Demographics & Advancing the Just Transition

The District serves one of the most racially and economically diverse communities in the United States. Throughout the District as a whole, approximately 86,000 students are learning to speak English proficiently and 73.8% of the student population is Hispanic/Latino, 9.6% is white, 7.1% is Black and/or African American, 3.3% is Asian, 1.6% is Filipino, and less than 1% is American Indian or Alaskan Native, Native Hawaiian or Native Pacific Islander.[7] Additionally, 32.1% of parents in the district have earned less than a high school degree and 20.8% of families live below the federal poverty line.[8] The District has

---

[5] "Cybersecurity," Department of Homeland Security: Science and Technology, 2023, http://www.dhs.gov/sites/default/files/2023-06/23_0627_st_cybersecurity_factsheet_may2023.pdf.
[6] "Cybersecurity," SchoolSafety.gov, accessed August 1, 2023, https://www.schoolsafety.gov/cybersecurity.
[7] "LCFF Budget Overview for Parents," School Year 2023-2024, accessed July 31, 2023, https://achieve.lausd.net/lcap.
[8] "Los Angeles Unified School District Demographic Dashboard," National Center for Education Statistics, accessed August 7, 2023, https://nces.ed.gov/Programs/Edge/ACSDashboard/0622710.

demonstrated a strong commitment to support underserved students and close opportunity and achievement gaps. The District's *2022-2026 Strategic Plan: Ready for the World* and *2023-2024 Local Control and Accountability Plan* articulate the District's vision and commitment to improve outcomes and opportunities for all students and strategies to close achievement gaps.[9]

The Certificates finance activities which align with the *just transition*, characterized by the equitable inclusion and accommodation of all individuals, with a special focus on disadvantaged groups who may be directly or indirectly affected by the structural changes necessary for the transition to a low-carbon economy. As highlighted above, the District serves a high proportion of students and families that are economically disadvantaged, have relatively low levels of educational attainment, and identify as Latino/Hispanic and/or minority. By financing electrification, cybersecurity and technology projects, proceeds advance the District's commitment to provide safe and modernized learning environments for all students. In Kestrel's view, municipal debt at the local level that is targeted toward low-income communities and differentiated from universal funding across the state can be one of the most impactful and meaningful ways to promote equitable public education funding.

Electrification

The Certificates finance acquisition of 180 electric buses to replace fossil-fuel-powered buses and infrastructure upgrades at two major bus yards to support a 100% electric bus fleet. The new electric buses are expected to arrive between December 2024 and March 2025 and reduce transportation greenhouse gas emissions by 780,000 tons of CO_2e/year.[10] According to the District, the bus acquisitions are also projected to reduce annual maintenance costs by $10,000. The District owns approximately 1,200 buses and as of August 2023, 17 of these are electric. The new bus acquisitions represent a major step toward the transition to a fully electrified fleet.

The Certificates also finance upgrades at the Sun Valley and Gardena bus yards, two of four major bus yards in the District. Work will include electric utility system upgrades to support electrification of the bus fleet, electric bus chargers, and 1-MW solar installations at both Sun Valley and Gardena. The bus chargers will include 3 MW of bidirectional chargers as well as level 2 and level 3 chargers. Bidirectional chargers with vehicle-to-grid capabilities add climate resilience benefits and help demand-response management on the grid. The District works closely with the regional utility, the Los Angeles Department of Water and Power, to design infrastructure that reinforces local initiatives to decarbonize the electrical grid.

Transportation accounts for approximately 50% of greenhouse gas emissions, nearly 80% of nitrogen oxide pollution, and 90% of particulate matter pollution in California.[11] Adding chargers, acquiring electric vehicles, and planning infrastructure projects to support large-scale electrification is critical to accelerating the transition to zero emissions in this sector. In addition to reducing greenhouse gas emissions, zero emission buses also reduce nitrogen and particulate matter and improve regional air quality.

[9] As part of California's Local Control Funding Formula (LCFF), school districts are required to develop, adopt, and annually update a three-year Local Control Accountability Plan (LCAP) to report on the funds distributed through the LCFF. The LCAP must identify annual goals and actions to implement those goals, as well as measure progress for student groups across multiple performance indicators based on priorities set by the State.

[10] Approximate and based on information from the US Environmental Protection Agency and World Resources Institute.

[11] "Transforming Transportation," California Energy Commission, accessed August 2, 2023, https://www.energy.ca.gov/about/core-responsibility-fact-sheets/transforming-transportation#:~:text=California's%20transportation%20sector%20accounts%20for,of%20diesel%20particulate%20matter%20pollution.

Net Zero Alignment

Debt instruments are net zero aligned if financed activities advance goals to reach net zero greenhouse gas emissions by 2050. The Certificates directly advance emissions reduction goals by financing acquisition of electric buses to replace a large fleet of fossil-fuel-powered buses, and electric system renovations necessary to charge and operate the clean buses. The projects enable electrification of transportation systems in the short-term, but are also sized appropriately to support full electrification of transportation in the District by 2040. The Certificates also align with the Los Angeles Sustainable City Plan which includes targets to significantly reduce greenhouse gas emissions from fossil fuels by 2030 and reach net zero carbon by 2050.

Process for Project Evaluation and Selection

The financed projects advance goals adopted in the District's Sustainability Initiative, align with the District's Strategic Execution Plan and District-specific prioritization criteria. These activities directly advance districtwide electrification and decarbonization goals and also align with regional sustainability initiatives such as the Los Angeles Sustainable City pLAn.

All projects were prioritized as part of a five-year capital planning process that is guided by the Strategic Execution Plan and considers impacts to student learning, risk mitigation, regulatory compliance, and sustainability goals. Cybersecurity projects are part of a multi-year cybersecurity strategic plan. Technology projects are prioritized based on scoring rubrics that consider alignment with the *Local Control and Accountability Plan* and related equity goals, value to students, and urgency, among other factors.

Management of Proceeds

Proceeds will be solely allocated to the activities described above and to pay costs of issuance. Proceeds will be held in a distinct account and held by a Trustee. The District Controller oversees draws on this account to eligible expenses. Funds will be held in temporary conservative investments such as money market funds or US Treasuries. Proceeds are expected to be fully spent by 2025.

Reporting

The District provides public updates on progress toward sustainability goals on the sustainability initiatives website: learninggreen.laschools.org. Every 4-6 months, a task force reports on progress toward districtwide targets such as transitioning to a 100% electrified bus fleet by 2040 and achieving 100% clean renewable energy by 2040.

In addition to these reporting efforts, Kestrel will provide one update report on the Certificates within 18-36 months of issuance. This report is expected to be produced after all proceeds have been spent and will include confirmation of continued alignment with the Sustainability Bond Guidelines and relevant updates on financed projects including allocation of proceeds and expected impact.

The District will also submit continuing financial disclosures to the Municipal Securities Rulemaking Board ("MSRB") as long as the Certificates are outstanding, as well as reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access ("EMMA") system operated by the MSRB.

ALIGNMENT WITH UN SDGs

The Certificates support and advance the vision of the United Nations Sustainable Development Goals ("UN SDGs"), including:

Good Health and Well-Being (Target 3.9)
Reduced air pollution (carbon dioxide, nitrogen, particulate matter) as a result of replacing propane and CNG buses with electric buses

Quality Education (Targets 4.1, 4.6)
Critical system and facility updates to ensure access to primary and secondary education

Affordable and Clean Energy (Targets 7.2, 7.3)
Facilities and transportation infrastructure converted to be fully electrified and addition of renewable energy installations

Decent Work and Economic Growth (Target 8.6)
System improvements and updates necessary to avoid interruption of school operations

Industry, Innovation and Infrastructure (Target 9.4)
Major retrofit of infrastructure to plan for 100% electrification

Sustainable Cities and Communities (Targets 11.2, 11.6)
Improved regional air quality and sustainability of regional transportation systems

Climate Action (Target 13.1)
Collaboration with regional utilities on demand management and bidirectional chargers to support adaptation of the electrical grid

Full text of these Targets is available in Appendix A, with additional information available on the United Nations website: un.org/sustainabledevelopment

CONCLUSION

Based on our independent external review, the Certificates of Participation, 2023 Series A are impactful, net zero aligned, and conform, in all material respects, with the Sustainability Bond Guidelines (2021). The Projects align with the *Clean Transportation* and *Electrification* project categories of the Green Bond Principles and the *Access to Essential Services (Education)* project category of the Social Bond Principles. Los Angeles Unified School District and the financed projects demonstrate leadership in advancing ambitious decarbonization goals and providing equitable access to high-quality education.

About

Kestrel provides ESG Impact Data and verification services designed to bring greater transparency and insight to fixed income, helping to set the market standard for sustainable finance.

Kestrel is a leading provider of external reviews for green, social and sustainability bond transactions. We are qualified to evaluate corporate and municipal bonds in all asset classes worldwide for conformance with international green and social bond standards.

kestrelesg.com | info@kestrelesg.com | +1 800-756-8099

For more information, contact:

Melissa Winkler, Senior Vice President
melissa.winkler@kestrelesg.com
+1 415-800-5944

Verification Team

- Monica Reid - CEO
- April Strid, MS - Lead ESG Analyst
- Melissa Sherwood, MA - Senior ESG Analyst
- Joanne Ferrigan - VP, QA & Risk Management

Disclaimer

This Opinion aims to explain how and why the discussed financing meets the ICMA Sustainability Bond Guidelines based on the information that was provided by the District or made publicly available by the District and relied upon by Kestrel only during the time of this engagement (July – August 2023), and only for purposes of providing this Opinion.

We have relied on information obtained from sources believed to be reliable, and assumed the information to be accurate and complete. However, Kestrel can make no warranty, express or implied, nor can we guarantee the accuracy, comprehensive nature, merchantability, or fitness for a particular purpose of the information we were provided or obtained.

By providing this Opinion, Kestrel is neither addressing nor certifying the credit risk, liquidity risk, market value risk or price volatility of the projects financed by the Sustainability Bonds. It was beyond Kestrel's scope of work to review for regulatory compliance, and no surveys or site visits were conducted by us. Furthermore, we are not responsible for surveillance, monitoring, or implementation of the project, or use of proceeds.

The Opinion delivered by Kestrel is for informational purposes only, is current as of the date of issuance, and does not address financial performance of the Sustainability Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the District, nor its ability to pay principal and interest when due. This Opinion does not address the suitability of a Certificate as an investment, and contains no offer, solicitation, endorsement of the Certificates nor any recommendation to buy, sell or hold the Certificates. Kestrel accepts no liability for direct, indirect, special, punitive, consequential or any other damages (including lost profits), for any consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions.

This Opinion may not be altered without the written consent of Kestrel. Kestrel reserves the right to revoke or withdraw this Opinion at any time. Kestrel certifies that there is no affiliation, involvement, financial or non-financial interest in the District or the projects discussed. We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services, or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.

Appendix A.
UN SDG TARGET DEFINITIONS

Target 3.9
By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Target 4.1
By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes

Target 4.6
By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

Target 7.2
By 2030, increase substantially the share of renewable energy in the global energy mix

Target 7.3
By 2030, double the global rate of improvement in energy efficiency

Target 8.6
By 2020, substantially reduce the proportion of youth not in employment, education or training

Target 9.4
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Target 11.2
By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons

Target 11.6
By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Target 13.1
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

[THIS PAGE INTENTIONALLY LEFT BLANK]

LOS ANGELES UNIFIED SCHOOL DISTRICT • CERTIFICATES OF PARTICIPATION, 2023 SERIES A (SUSTAINABILITY BONDS)

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com