



Los Angeles County
Office of Education

LOS ANGELES COUNTY OFFICE OF EDUCATION BOARD AUDIT COMMITTEE

Agenda

December 10, 2024

02:30 - 03:00 PM

Meeting is Recorded

I. Call to Order

Mr. James Cross

Chair, Audit Committee

Board Member

II. Approval of the Minutes of – April 16, 2024

Audit Committee

III. Presentation of Annual Financial Report and Answer Questions

Marjam Clark/Eide Bailly, LLP

Director of Accounting and

Budget Development/Auditors

IV. Public Comment

V. Next Meeting Date – April 8, 2025

Mr. James Cross

Chair, Audit Committee

Board Member

VI. Adjournment

Mr. James Cross

Chair, Audit Committee

Board Member



LOS ANGELES COUNTY OFFICE OF EDUCATION
BOARD AUDIT COMMITTEE
9300 Imperial Highway
Downey, CA 90242
Tuesday, April 16, 2024

A meeting of the Los Angeles County Board of Education Audit Committee was held on Tuesday, April 16, 2024 at 2:30 p.m. at the Los Angeles County Office of Education Board Room.

COMMITTEE MEMBERS PRESENT

Dr. Stanley L. Johnson, Jr., Chair; Mr. James Cross, Board Member; Ms. Andrea Foggy-Paxton, Board Member; Ms. Gloria Rogers, California Credit Union; Ms. Pamela Fees, California State University, Dominguez Hills; Ms. Marjam Clark, Director, Accounting and Budget Development.

OTHERS PRESENT

Dr. Yvonne Chan, Board President; Dr. Monte Perez, Board Member; Dr. Ruth Perez, Deputy Superintendent; Jimena Mendez, Student Board Member; Karen Kimmel, Chief Financial Officer; Mr. Bill Rauch, Engagement Partner, Eide Bailly, LLP; Ms. Alicia Herrera, Engagement Partner, Eide Bailly; Ms. Emily Sheldon, Engagement Manager, Eide Bailly; Ms. Daisy Esqueda, Chief of Staff & Strategic Initiatives, Office of Superintendent; Dr. Kanika White, Chief Human Resources Officer, Human Resource Services; Mr. Patrick Saldana, Deputy General Counsel III, General Counsel; Ms. Rocio Morales, Assistant Director, Accounting and Budget Development; Mr. Fernando Cubias, Head Start Business Operations Manager, Head Start & Early Learning; Mr. Allen Ward, Manager Technology Services, Technical Support; Christine Le; General Accounting Manager, School Financial Services; Ms. Bea Robles, Principal Executive Assistant, Office of Superintendent; Mr. Gus Hernandez, Microcomputer Support Technician II, Technical Support; Ms. Gloria Ledezma, Executive Assistant; Education Programs; Ms. Krystal Castillo, Administrative Analyst, Accounting and Budget Development (Minutes),

CALL TO ORDER

Dr. Johnson called the meeting to order at 2:31 p.m.

APPROVAL OF THE MINUTES

Dr. Johnson asked those present if there were any changes to the December 12, 2023, Audit Committee minutes. No changes were presented. The Audit Committee had no discussion for the approval of the minutes. A motion was made to approve the December 12, 2023, Audit Committee Meeting minutes.

It was **MOVED** by Mr. Cross, **SECONDED** by Dr. Perez, and **CARRIED** to approve the December 12, 2023; minutes as presented.

Yes vote: Mr. Cross, Ms. Foggy-Paxton, Ms. Rogers, Ms. Fees, and Dr. Johnson

PRESENTATION

Ms. Marjam Clark greeted the Board and the committee members present at the Audit Committee

Meeting. Ms. Marjam Clark stated that they were here today to present the planning and timeline for the 2023-2024 Financial Audit and Annual Financial Report Development.

Ms. Marjam Clark continued by introducing the Eide Bailly, LLP (Eide Bailly) audit team – Mr. Bill Rauch and Ms. Alicia Herrera, Engagement Partners, and Ms. Emily Sheldon, Engagement Manager. Ms. Marjam Clark turned the presentation over to the auditors to walk the audit committee through the scope of the audit timeline, as well as go over any new audit requirements.

Bill Rauch expressed his pleasure in being present this afternoon to discuss the timeline and planning for the fiscal year 2023-2024 audit. Representing the audit firm Eide Bailey, he emphasized their role as auditors and their enthusiasm for participating in this process. Bill Rauch, the engagement audit partner, introduced himself and mentioned that Rick Alonso, who was part of the team last year, had to rotate off the engagement after six years to comply with regulations. He announced that Alicia Herrera, who is currently a senior manager, will be promoted to partner effective May 1, 2024, and will step into the role of engagement partner alongside him. Additionally, Emily Sheldon, who has experience with the legal audit and fiduciary funds, will join as the engagement manager, ensuring a smooth transition.

Mr. Bill Rauch outlined the auditors' objective to issue three opinions. The first opinion, the independent auditors' report, involves auditing the financial statements of the County Office of Education to ensure compliance with laws and regulations and verify the traceability of financial transactions. The second opinion covers federal dollars received, auditing major federal programs with expenditures over \$3 million every three years to ensure compliance with federal requirements. The final opinion focuses on state compliance, auditing requirements set by the State Controller's Office, including ADA and other state compliance laws and regulations. These opinions will be issued once the books are closed. Mr. Rauch turned over the presentation to Ms. Emily Sheldon to go over the preliminary process of planning the audit.

Ms. Emily Sheldon provided an overview of the audit plan, starting with the interim audit scheduled for the week of April 1st. During this period, initial procedures were completed, including a review of legal policies and procedures to ensure proper controls over specific financial statement cycles. This involved examining revenue controls, expenses, procurement (especially contracts), payroll functions between HR and Payroll, and IT systems. A preliminary analysis of federal programs will also be conducted to determine which programs need to be audited in the current year and to review state compliance requirements. The next phase focuses on federal compliance, with major programs for the 2023-2024 audit including the Education Stabilization Fund, ESSER funds, Head Start, Title I, Parts A and D, and migrant education. This preliminary analysis may identify additional programs based on expenditures throughout the year, with procedures scheduled to be performed in early August with the relevant department.

Ms. Alicia Herrera discussed high-level expectations for this year's audit. She began by reviewing the planning letter sent to board members, which outlines the responsibilities of auditors versus management. As auditors, Eide Bailly's role is to form an opinion on the financial statements and compliance areas, while management is responsible for preparing the financial statements and maintaining internal controls. Ms. Herrera emphasized the importance of identifying and addressing risks throughout the audit, particularly focusing on management override of controls and revenue recognition issues. She noted that no specific risks have been identified for LACOE, but these areas will be closely monitored.



Ms. Herrera also highlighted the significant accounting changes in recent years, such as software-based agreements and leases, which required substantial effort from the county office staff. This year, the only new accounting standard is GASB 100, which primarily addresses changes in accounting principles and errors in previous financial statements. This standard is expected to be straightforward to implement and should not significantly impact LACOE's staff. However, ongoing maintenance of leases and software agreements will continue to be necessary for LACOE.

Ms. Herrera concluded by discussing some significant factors expected to impact the audit. One major factor is the Human Capital Management (HCM) implementation for the BEST system, which, although currently underway, will not affect the 2023-2024 financial statements. This large-scale implementation involves all organizations within the county, and the audit team has begun inquiries about the process and its progress. They will review information from the 2024-2025 fiscal year to assess the implementation's success and identify any early errors or issues.

Additionally, there are numerous COVID-19 state and federal funds with changing requirements, including the ESSER funds, which will be closed out in September 2024. The audit will closely examine these areas, especially the influx of state funds over the past year. General challenges within the K-12 and local educational agency sectors, such as declining enrollment, staffing retention issues, and state budget uncertainties, will also be considered during the audit to understand how the county is addressing these challenges.

Finally, Ms. Herrera presented the planning calendar, detailing all audit visits and meeting dates, which is shared with LACOE management to ensure organization and adherence to deadlines. The goal is to have the final report ready for the December 10 audit committee meeting. Ms. Herrera invited the committee to ask questions or raise any concerns to have them addressed.

Dr. Monte Perez inquired about the audit points on the ESSER funding, specifically questioning whether any leftover funds by September must be returned to the state or federal government. Dr. Perez also asked if this remaining amount is the same money that Governor Newsom and the state legislature aim to save to reduce the deficit. Ms. Alicia Herrera responded to Dr. Perez's question by clarifying that the ESSER funding is federally apportioned, meaning there is no state funding involved that the governor could reclaim. She noted that higher education entities received similar funding with a deadline last year, and the Department of Education allowed them to file extensions. However, she has not heard of any such extensions for schools, as managing extensions for the numerous schools and colleges would be an administrative challenge for the department. Therefore, the ESSER funds are federal money, separate from state funds.

Dr. Monte Perez also inquired about industry-related issues and declining enrollment staffing challenges, asking whether the audit team collaborates with LACOE's research area to address these uncertainties. He questioned how the team determines potential impacts on Average Daily Attendance (ADA) and whether they receive insights from LACOE's research to anticipate these challenges. Ms. Alicia Herrera responded to Dr. Perez's question by explaining that the challenges related to enrollment and staffing are common across many clients they work with. For LACOE, enrollment is not a significant concern from an audit standpoint due to their funding structure. However, staffing challenges are more pertinent, especially when it comes to retaining staff or dealing with retirements. The loss of institutional knowledge is a major concern in such cases. Ms. Herrera emphasized the importance of documenting procedures and maintaining comprehensive desk procedures to mitigate the impact of staff turnover.

Mr. Cross raised a pertinent question regarding the annual audit, inquiring whether any funds were left unclaimed from COVID-19 relief funds. He asked if the audit ensured that all possible funds were applied for and received, and if there were any missed opportunities the funding. Ms. Herrera responded to Mr. Cross's question by explaining that for certain grants, the audit team is required to verify whether all funds were spent. She mentioned that management frequently consults with the auditors to ensure that the funds are used appropriately. For example, with the ESSER funds, management is aware of the upcoming deadline and intends to utilize every dollar to avoid returning any funds. They are diligent about identifying allowable expenses under the grant and confirming with the audit team to ensure compliance with grant guidelines.

Additionally, Dr. Chan expressed gratitude to Eide Bailey for serving as the independent auditor for many years and acknowledged the necessity of changing partners periodically to comply with regulations. Dr. Chan congratulated Ms. Herrera on her promotion and proceeded to ask about internal control procedures. Specifically, Dr. Chan inquired whether the audit team, while reviewing payroll, tracking invoices, and identifying signatories, conducts interviews solely with the accounting or fiscal offices or extends these interviews to various departments, considering that internal control also involves potential fraud detection. Ms. Emily Sheldon responded to Dr. Chan's question by explaining that when focusing on specific transaction cycles, the audit team conducts interviews with the relevant departments, such as the payroll department. Additionally, they work with various departments in terms of compliance, conducting interviews and asking questions. Specifically, for federal programs, the audit team collaborates with grant accountants, fiscal officers, or directors overseeing those departments to gather necessary information. Ms. Sheldon emphasized that they aim to interview a broad range of staff, not just the fiscal team, to ensure comprehensive understanding and assessment.

Dr. Chan raised a question regarding the ESSER funds, specifically inquiring whether it is permissible to encumber the funds for projects such as construction without actually spending the money, or if the funds must be fully expended. Ms. Herrera responded to Dr. Chan's question by explaining that the funds do not need to be fully expended by September 24, but the costs must be incurred. An encumbrance alone does not meet the federal guidelines; and the construction services must be provided by the September 24 date. While outstanding payables to vendors are acceptable, the actual construction activity must be performed. Essentially, any work or services charged to the grant must be completed to comply with the grant requirements. Mr. Cross sought clarification on whether the funds need to be fully expended or if the contract merely needs to be started. Ms. Kimmel responded by emphasizing ESSER funds have strict requirements. She explained that if the California Department of Education (CDE) approved the project, it must be 100% completed, not just 90%. The entire project must be finished to justify retaining the funds.

Dr. Chan raised a question regarding the BEST implementation, noting the many unknowns associated with this multi-year rollout. While the rules for ESSER funds and other industry-related issues are more predictable, Dr. Chan asked how the audit team would help identify potential risks with the BEST system. Ms. Herrera responded by highlighting the challenges of the HR Payroll portion of the system due to the intricate details of the STRS and PERS systems. She explained that as the implementation progresses, the audit team is beginning to understand it better. They have previously identified errors during audits of the financial portion of the system, which allowed them to address issues with management.

Ms. Herrera mentioned that LACOE also plans to run the new system parallel with the current HRS system, which will serve as a good test. This approach ensures that the system is functioning as intended.

The audit team will continue to perform procedures over the financial components and report any potential glitches or issues to management for further adjustments. This proactive approach helps in identifying and mitigating risks associated with the BEST implementation.

Dr. Chan raised an additional question about the resources needed for the BEST implementation, suggesting that the board consider a broader perspective and possibly dip into reserves to ensure adequate budgeting for the program. Dr. Chan also mentioned the potential impact of school districts not purchasing the system. Mr. Bill Rauch responded by emphasizing the role of management in making these decisions. He highlighted that the management team monitors reserve levels to ensure they are neither too high nor too low and projects financial needs over three to five years. Mr. Rauch commended the management group for their fiscal responsibility and noted that the audit team ensures compliance with required state reserves and reviews forecasts to confirm fiscal responsibility. He reiterated that these decisions are primarily the responsibility of management, with the audit team focusing on verifying reserve levels.

Dr. Johnson proceeded to ask the Audit Committee, the Board, and the public if they had any other questions. Hearing no comments or questions from the Audit Committee, the Board or the public, Dr. Johnson moved to the next item.

NEXT AUDIT COMMITTEE MEETING DATE

December 10, 2024 – Presentation of Annual Financial Report and Answer Questions

ADJOURNMENT

Dr. Johnson adjourned the meeting at 2:59 p.m. It was **MOVED** by Mr. Cross, **SECONDED** by Dr. Perez, and **CARRIED** to adjourn audit committee meeting.

Yes vote: Mr. Cross, Ms. Foggy-Paxton, Ms. Rogers, Ms. Fees, and Dr. Johnson





December 3, 2024

The Honorable Board President and Members of the Board of Education,
and Debra Duardo, M.S.W., Ed.D., Superintendent
Los Angeles County Office of Education
Downey, California

We have audited the financial statements of Los Angeles County Office of Education (the Office of Education) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 3, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards* and our Compliance Audit under the Uniform Guidance

As communicated in our letter dated April 1, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America and to express an opinion on whether the Office of Education complied with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Office of Education's major federal programs. Our audit of the financial statements and major program compliance does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of Education's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Office of Education solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Our responsibility, as prescribed by professional standards as it relates to the audit of the Office of Education's major federal program compliance, is to express an opinion on the compliance for each of the Office of Education's major federal programs based on our audit of the types of compliance requirements referred to above. An audit of major program compliance includes consideration of internal control over compliance with the types of compliance requirements referred to above as a basis for designing 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 internal control over compliance. Accordingly, as a part of our major program compliance audit, we considered internal control over compliance for these purposes and not to provide any assurance on the effectiveness of the Office of Education's internal control over compliance.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our 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* dated December 3, 2024. We have also provided our comments regarding compliance with the types of compliance requirements referred to above and internal controls over compliance during our audit in our Independent Auditor's Report on Compliance with Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance dated December 3, 2024.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Office of Education's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Office of Education is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the aggregate net other postemployment benefit (OPEB) liability, related deferred outflows of resources, deferred inflows of resources, and OPEB expense is based on the work performed by an actuary, utilizing projections of future benefit costs, actuarial assumptions such as inflation, benefit cost increases, mortality rates, and discount rates.

Management's estimate of the aggregate net pension liability, related deferred outflows of resources, deferred inflows of resources, and pension expense is based on the Office of Education's proportionate share of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) estimated net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, which were actuarially determined, utilizing projections of future contributions and future earnings, actuarial assumptions such as inflation, salary increases, mortality rates, and investment rate of return and discount rates in the determination of the final balances reported in the CalSTRS and CalPERS audited financial statements. The Office of Education's proportionate share for CalSTRS was determined by calculating the Office of Education's share of contributions to the pension plan relative to the contributions of all participating entities in the plan.

Management's estimate of the claims liability for the Office of Education's self-insured Workers' Compensation and Property and Liability programs is based on the work performed by an actuary. We evaluated the key factors and assumptions used to develop the claims liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of lease liabilities, right-to-use leased assets, and right-to-use subscription IT assets is based in part on the discount rate used to measure the lease or subscription-based IT arrangement liability at the present value of payments expected during the contract term. The discount rate used is based on the factors of the underlying agreement and management's estimate of the Office of Education's incremental borrowing rate.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgement.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no uncorrected or corrected misstatements identified as a result of our audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter,

which could be significant to the financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We did not identify any circumstances that affect the form and content of the auditor’s report.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated December 3, 2024.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Information Included in the Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information (Local Education Agency Organization Structure), whether financial or nonfinancial, included in the Office of Education’s annual financial report, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the annual financial report.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Office of Education, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Office of Education’s auditors.

This report is intended solely for the information and use of the Superintendent, Board of Education, and management of the Office of Education and is not intended to be, and should not be, used by anyone other than these specified parties.



Rancho Cucamonga, California



**Los Angeles County
Office of Education**



Annual Financial Report

Fiscal Year Ended June 30, 2024



**Los Angeles County
Office of Education**

Serving Students ■ Supporting Communities ■ Leading Educators

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Debra Duardo, M.S.W., Ed.D., Superintendent

Los Angeles County Board of Education

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Monte E. Perez, Ph.D., Vice President
Yvonne Chan, Ed.D.
James Cross
Andrea Foggy-Paxton
Betty Forrester
Theresa Montañó, Ed.D.

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Independent Auditor's Report

To the Honorable Board President and Members of the Board of Education,
and Debra Duardo, M.S.W., Ed.D., Superintendent
Los Angeles County Office of Education
Downey, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Los Angeles County Office of Education (the Office of Education), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Office of Education's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Los Angeles County Office of Education, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Office of Education, 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.

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 Office of Education'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 GAAS 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 GAAS 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 Office of Education'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 Office of Education'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, budgetary comparison information, schedule of changes in the Office of Education's net OPEB liability and related ratios, schedule of the Office of Education's contributions for OPEB, schedule of OPEB investment returns, schedule of the Office of Education's proportionate share of the net OPEB liability – MPP program, schedule of the Office of Education's proportionate share of the net pension liability, and the schedule of the Office of Education's contributions for pensions, 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 GAAS, 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 Office of Education's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents 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 GAAS. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are 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 financial report. The other information comprises the Local Education Agency Organization Structure 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 3, 2024 on our consideration of the Office of Education’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Office of Education’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 Office of Education’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 3, 2024

Management's Discussion and Analysis June 30, 2024

INTRODUCTION

The following discussion and analysis, prepared by management, provides an overview of the financial position and activities of the Los Angeles County Office of Education (Office of Education) for the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. The intent of the discussion and analysis is to look at the financial performance of the Office of Education as a whole.

The discussion and analysis should be read in conjunction with the financial statements and notes following this section. Those statements have been prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related pronouncements.

The financial statements provide reporting that is similar to private sector companies by showing agency-wide financial statements with a "Net Position" bottom-line approach. However, government agencies are mandated to account for certain resources and activities separately, thereby necessitating a financial format by fund, as shown in the Financial Statements Section of this report. The presentation of these two different types of statements together in one report requires the inclusion of two reconciliations found on page 17 and pages 19 through 20 to assist the reader.

REPORTING THE OFFICE OF EDUCATION AS A WHOLE

Statement of Net Position and Statement of Activities

The Statement of Net Position and Statement of Activities provide government-wide information about the financial activities of the entire Office of Education, except fiduciary activities, presenting both an aggregate and a longer-term view of its finances.

- The Statement of Net Position presents all of the Office of Education's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as Net Position. Increases or decreases in Net Position may serve as a useful indicator to determine whether the financial position of the Office of Education is improving or deteriorating.
- The Statement of Activities presents information showing the Office of Education's revenues and expenses for the fiscal year. Functional activities are highlighted in this statement, whereby direct and indirect functional costs are shown net of related program revenue. This statement shows the extent to which the various functions depend on general taxes and non-program revenues for support.
- The accompanying financial statements report both the Net Position (Statement of Net Position) remaining at year-end and the financial activities (Statement of Activities) for the year that resulted in the change to Net Position.

The change in Net Position is particularly important since it tells the reader whether the financial position of the Office of Education has improved or deteriorated as a result of its financial activities for the year. For further explanation of the financial statements, please refer to the Summary of Significant Accounting Policies, Note 1 of the accompanying Notes to Financial Statements.

These government-wide financial statements present assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Office of Education, including net investment in capital assets, and long-term liabilities, using the economic resources measurement focus and the accrual basis of accounting. This accounting method is similar to that used by most private-sector companies. All of the current year's revenues and expenses are reported, regardless of when the cash is collected or paid out. For a further explanation of the Office of Education's basis of accounting, please refer to the Summary of Significant Accounting Policies, Note 1, of the accompanying Notes to Financial Statements. In the Statement of Net Position and the Statement of Activities, all transactions are reported as governmental activities.

Fund Financial Statements

The Office of Education utilizes several funds to account for a wide range of financial transactions. The fund financial statements disclose how services were financed in the short term as well as what remains for future spending. The fund financial statements focus on the most significant funds of the Office of Education, with all other non-major governmental funds presented in total in one column.

The County School Service Fund (General Fund) and the Child Development Fund are the major governmental funds of the Office of Education. Non-major governmental funds include the Student Activity Fund, the Special Education Pass-Through Fund, the Forest Reserve Fund, the County School Facilities Fund, and the Special Reserve Fund for Capital Outlay Projects. The fund financial statements also report information about the Office of Education's proprietary fund and fiduciary funds.

- **Governmental Funds** - The Office of Education's basic services are reported in the governmental funds. These funds present the inflows and outflows of cash, and other financial assets that can be readily converted to cash (current financial resources measurement focus and modified accrual basis of accounting.) The Governmental Funds Statements provide detailed information concerning the increases or decreases in financial resources that are available to be spent in the near future to finance the Office's educational programs.

Reconciliation between the Statement of Net Position and Statement of Activities and the corresponding Governmental Funds Statements is provided because the information in the governmental funds statements does not take into account the additional long-term focus of the Government-Wide Statements.

- **Proprietary Fund** - The Internal Service Fund-Self Insurance balances are reported in the Proprietary Fund using the economic resources measurement focus and the accrual basis of accounting. The fund is used to report activities for retiree health benefits (OPEB), workers' compensation, and the self-insurance retention portion for property loss and general liability.
- **Fiduciary Funds** - Fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. These funds are custodial in nature and are used to account for assets held by the Office of Education for transmittal to others.

FINANCIAL HIGHLIGHTS

The assets of the Office of Education exceeded its liabilities at the close of the fiscal year ended June 30, 2024 by \$367.7 million. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations. The increase in total net position during the fiscal year ended June 30, 2024 was \$134.1 million.

The following are other key financial highlights for the fiscal year ended June 30, 2024:

- As of the close of this fiscal year, the Office of Education's governmental funds reported a combined ending fund balance of \$528.2 million, an increase of \$115.9 million in comparison with the prior year balance. The Internal Service Fund-Self Insurance is reported in a separate Proprietary Fund using the accrual basis of accounting.
- At the end of this fiscal year, the unassigned fund balance for the General Fund was \$68.7 million, which represents an increase of \$9.0 million in comparison with the prior year.

USING THE FINANCIAL STATEMENTS

This Annual Financial Report consists of a series of financial statements and notes to those statements. These statements are organized so that the reader may better understand the Office of Education's operations as a whole.

This discussion and analysis are intended to serve as an introduction to the Office of Education's financial statements. The Office of Education's financial statements are comprised of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements and 3) Notes to the Financial Statements. In addition to the financial statements and required supplementary information, this report also contains other supplementary information as noted in the Table of Contents.

OTHER FINANCIAL INFORMATION

The accompanying Notes to Financial Statements provides information that is essential to understanding the financial statements. In addition, supplementary information has been included in this report that includes budgetary comparison schedules and other data as required by accounting principles generally accepted in the United States of America.

OFFICE OF EDUCATION AS A WHOLE ANALYSIS

Table 1 provides a comparative summary of the Net Position of the Office of Education as of June 30, 2024 and June 30, 2023. Net position may serve over time as a useful indicator of the financial position of the Office of Education. As of June 30, 2024, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$367.6 million. The largest categories of the Office of Education's total assets are deposits and investment amounting to \$599.1 million (see Note 2 of the Notes to Financial Statements), receivables totaling \$114.0 million, and capital, right-to-use leased, and right-to-use subscription IT assets totaling \$133.5 million. (See Notes 3 and 4 of the Notes to Financial Statements).

**Table 1
Summary of Net Position**

	Governmental Activities		
	2024	2023	Change
Assets			
Current and other assets	\$ 714,266,191	\$ 577,881,820	\$ 136,384,371
Capital assets, net	133,565,655	136,942,510	(3,376,855)
Total assets	847,831,846	714,824,330	133,007,516
Deferred Outflows of Resources	105,693,431	108,554,892	(2,861,461)
Liabilities			
Current liabilities	131,293,676	112,853,950	18,439,726
Long-term liabilities	67,330,820	82,731,427	(15,400,607)
Aggregate net OPEB liability	1,604,535	11,493,693	(9,889,158)
Aggregate net pension liability	365,530,550	347,175,219	18,355,331
Total liabilities	565,759,581	554,254,289	11,505,292
Deferred Inflows of Resources	20,097,208	35,560,497	(15,463,289)
Net Position (Deficit)			
Net investment in capital assets	104,462,870	101,967,740	2,495,130
Restricted	229,407,448	165,874,506	63,532,942
Unrestricted deficit	33,798,170	(34,277,810)	68,075,980
Total net position	\$ 367,668,488	\$ 233,564,436	\$ 134,104,052

The Net Position of the Office of Education for 2023-2024 fiscal year increased by \$134.1 million.

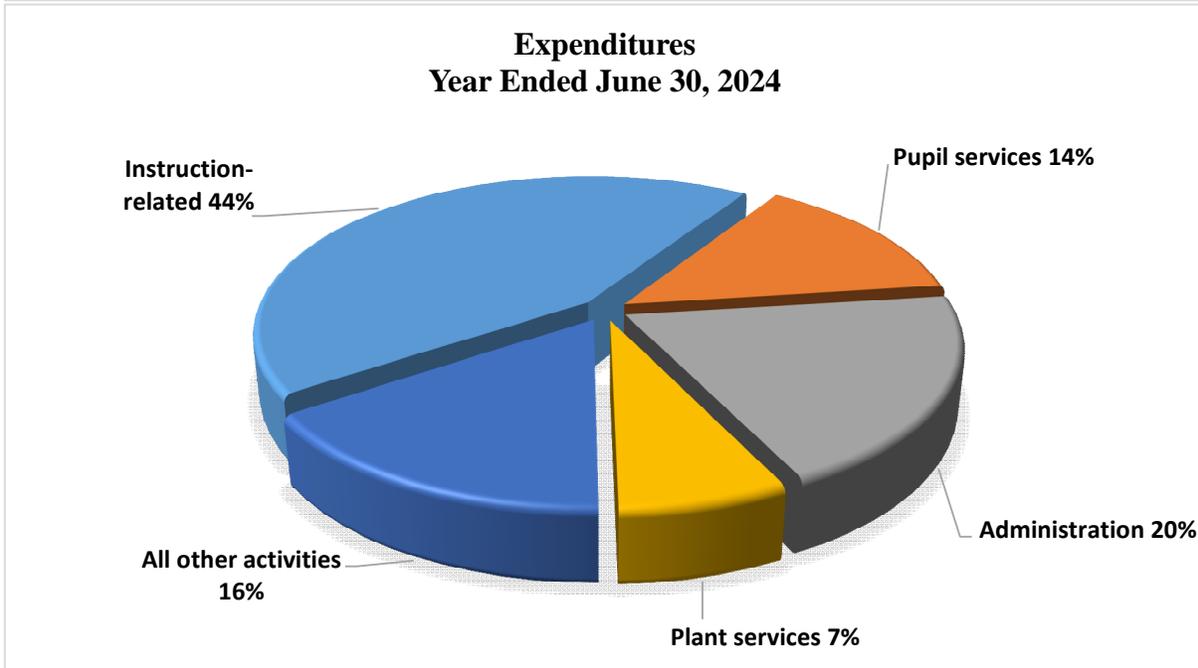
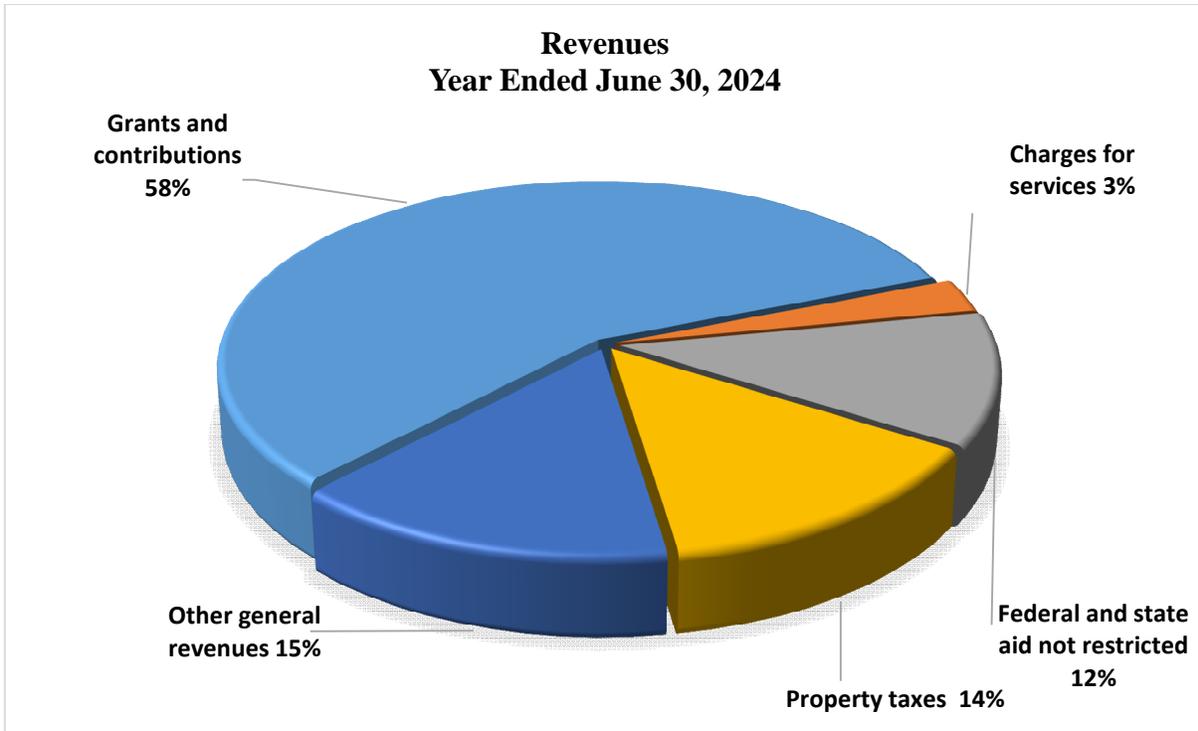
Current and other assets increased by \$136.4 million. Deposits and investments at June 30, 2024, increased by \$99.9 million from June 30, 2023, receivables increased by \$36.4 million, while stores inventory, prepaid expenditures, and other assets increased by \$124 thousand.

Total liabilities increased by \$11.5 million compared to June 30, 2023. Current liabilities include accounts payable, which increased by \$32.6 million, and unearned revenue which decreased by \$14.1 million from June 30, 2023. Long-term liabilities include compensated absences, which increased by \$1.1 million, claims liability which decreased by \$586 thousand, and lease/SBITA liabilities which decreased by \$2.5 million. The aggregate net OPEB liability decreased by \$9.9 million from June 30, 2023, and the aggregate net pension liability increased by \$18.3 million in comparison with the previous year. The 1999 series A Certificates of Participation were defeased at a cost of \$14.2 million and are no longer outstanding as of year end.

Table 2
Summary of Activities

	Governmental Activities		
	2024	2023	Change
Revenues			
Grants and contributions	\$ 452,800,655	\$ 373,937,095	\$ 78,863,560
Charges for services and sales	21,591,063	16,755,452	4,835,611
Federal and State aid not restricted	92,696,471	77,551,086	15,145,385
Property taxes	112,634,176	108,588,127	4,046,049
Other general revenues	120,683,303	111,960,928	8,722,375
Total revenues	800,405,668	688,792,688	111,612,980
Expenses			
Instruction-related	290,843,960	248,210,421	42,633,539
Pupil services	91,464,705	76,051,533	15,413,172
Administration	131,646,717	130,094,547	1,552,170
Plant services	47,580,761	41,945,158	5,635,603
All other services	104,765,473	93,194,155	11,571,318
Total expenses	666,301,616	589,495,814	76,805,802
Change in Net Position	\$ 134,104,052	\$ 99,296,874	\$ 34,807,178

During the 2023-2024 fiscal year, the change in net position was greater than 2022-23 by \$34.8 million. The increase is due to the net increase in the Student Behavioral Health Incentive Program of \$23.4 million, and the increase in LCFF and interest income received.



FINANCIAL ANALYSIS OF THE FUNDS

The following is a summary analysis of the Office of Education's governmental funds as of June 30, 2024:

General Fund - As of June 30, 2024, the fund balance of the County School Services Fund (General Fund) was \$455.4 million. Of the \$68.6 million unassigned General Fund balance, \$61.8 million represents the ten percent reserve as required by board policy, which satisfies the two percent reserve recommendation for contingencies as required by the State of California.

Child Development Fund - This fund is used to account separately for state and local revenues to operate child development programs.

Non-Major Governmental Funds - The Office of Education has established various Non-Major Governmental Funds to control and manage money for specific purposes. These funds include Student Activity Fund, Special Education Pass-Through Fund, Forest Reserve Fund, County School Facilities Fund, and Special Reserve Fund for Capital Outlay Projects. Information regarding these funds is presented in the summary in the Funds Statements. As of June 30, 2024, the fund balance of the Non Major Governmental Funds was \$60.8 million.

Proprietary Fund - The Internal Service Fund for Self Insurance is reported separately as a Proprietary Fund, using the accrual basis of accounting. As of June 30, 2024, the Net Position ending balance was a surplus of \$33.3 million, an increase of \$2.7 million from the beginning Net Position. The surplus is the result of netting positive current assets of \$55.0 million and liabilities \$21.7 million, primarily with the actuarial liability of \$21.3 million for projected future claims.

GENERAL FUND COMPARISON TO BUDGET

The original budget adopted for fiscal year 2023-2024 was revised several times during the fiscal year. Budget revisions were approved by the Board of Education to adjust for changes in grant monies that were awarded to the Office of Education, and other changes during the fiscal year.

Budgeted revenue exceeded actual receipts by \$58.3 million, mainly due to federal and state programs budgeted at the total allocation of the grant. Not all budgeted expenditures for those grants were incurred by June 30, 2024. Early Head Start and Head Start of \$58.0 million, GAIN of \$7.0 million, and Medi-Cal Administrative Activities of \$9.7 million were budgeted at the full amount of the grant. Not all budgeted expenditures for those grants were incurred by June 30, 2024. The remaining funding will be expended and recognized in the 2024-2025 fiscal year. Student Behavioral Health Incentive spending was over budget by \$13.6 million.

Total actual expenditures were \$143.1 million lower than budgeted, mainly due to Head Start and Early Head Start not spending approximately \$57.8 million, Student Behavioral Health Incentive not spending approximately \$34.9 million and Medi-Cal Administrative not spending approximately \$10.5 million. Remaining funds will be carried over to the 2024-2025 fiscal year. GAIN, California Community Schools Partnership Program, Juvenile Court Schools, Title I, and other miscellaneous grants spent \$28.9 million less than budgeted. Differentiated Assistance funding of \$7.1 million was postponed until the 2024-2025 fiscal year. Salaries and benefits were budgeted at the full yearly cost for all approved positions, but many vacant positions remained unfilled for periods of time during the year due to pending recruitment or were not filled immediately as a cost-saving measure.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

As of June 30, 2024, the Office of Education had a net capital assets, right-to-use leased assets, and right-to-use subscription IT assets balance of \$133.6 million. Table 3 illustrates the components of capital assets as of June 30, 2024, compared to June 30, 2023.

**Table 3
Schedule of Capital, Leased, and Subscription IT Assets, Net**

	Governmental Activities	
	2024	2023
Land and construction in progress	\$ 17,067,894	\$ 25,080,098
Buildings and improvements	80,154,465	73,534,746
Furniture, equipment, and software	8,740,623	7,882,211
Leased assets	26,587,156	29,016,542
Right-to-use subscription IT assets	1,015,517	1,428,913
Total	\$ 133,565,655	\$ 136,942,510

During the 2023-2024 fiscal year, capital, leased, and subscription IT assets net of depreciation and amortization decreased by \$3.4 million. We present more detailed information about our capital assets, right-to-use leased assets, and right-to-use subscription IT assets in Note 4 in the accompanying Notes to the Financial Statements.

Long-Term Liabilities

As of June 30, 2024, the Office of Education had \$434.5 million in outstanding long-term liabilities, a \$6.9 million decrease from June 30, 2023. The decrease is mainly due to the defeasance of the Office of Education’s Certificate of Participation liability of \$14.2 million. More detailed information about long-term liabilities can be found in Notes 9, 11, 12, and 13 of the accompanying Notes to Financial Statements.

Healthcare benefits and pension costs have continued to increase significantly every year. The PERS employer contribution rate is currently at 34.27% and is projected to increase to approximately 40.0% by the 2029-30 fiscal year.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The state budget and the national and state economies, due to the COVID-19 pandemic, have provided many new challenges. Substantial federal and state funds from Elementary and Secondary School Emergency Relief (ESSER), Learning Loss Mitigation Fund (LLMF), In-Person Instruction (IPI) and Expanded Learning Opportunities (ELO) have boosted revenue in the Office of Education for the 2020-21 through 2023-24 fiscal years. Most funding have spending deadlines of September 30, 2024.

Los Angeles County Office of Education
Statement of Net Position
June 30, 2024

	Governmental Activities
Assets	
Deposits and investments	\$ 599,089,658
Receivables	114,029,049
Prepaid expense	949,854
Stores inventory	133,510
Other current assets	7,034
Lease receivable	57,086
Capital assets not depreciated or amortized	17,067,894
Capital assets, net of accumulated depreciation and amortization	116,497,761
Total capital assets	133,565,655
Total assets	847,831,846
Deferred Outflows of Resources	
Deferred outflows of resources related to OPEB	6,179,653
Deferred outflows of resources related to pensions	99,513,778
Total deferred outflows of resources	105,693,431
Liabilities	
Accounts payable	119,929,920
Unearned revenue	11,363,756
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	10,759,269
Long-term liabilities other than OPEB and pensions, due in more than one year	56,571,551
Aggregate net OPEB liability	1,604,535
Aggregate net pension liability	365,530,550
Total liabilities	565,759,581
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,690,687
Deferred inflows of resources related to pensions	17,349,435
Deferred inflows of resources related to leases	57,086
Total deferred inflows of resources	20,097,208
Net Position	
Net investment in capital assets	104,462,870
Restricted for	
Capital projects	52,519,918
Educational programs	131,486,008
Other activities	45,401,522
Unrestricted	33,798,170
Total net position	\$ 367,668,488

Los Angeles County Office of Education
Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction	\$ 165,377,547	\$ 1,237,797	\$ 148,854,736	\$ 875,059	\$ (14,409,955)
Instruction-related activities					
Supervision of instruction	108,519,116	1,411,655	91,010,941	-	(16,096,520)
Instructional library, media, and technology	10,318,592	-	1,509,757	-	(8,808,835)
School site administration	6,628,705	14,075	851,618	-	(5,763,012)
Pupil services					
Home-to-school transportation	6,489,503	-	211,350	-	(6,278,153)
Food services	281,219	-	193,490	-	(87,729)
All other pupil services	84,693,983	5,079,594	85,339,822	-	5,725,433
Administration					
Data processing	56,955,229	-	1,845,897	-	(55,109,332)
All other administration	74,691,488	2,186,120	22,345,473	-	(50,159,895)
Plant services	47,580,761	1,830,394	29,406,253	-	(16,344,114)
Ancillary services	1,304,610	319,818	1,523,427	-	538,635
Community services	32,545,265	8,386,987	40,967,005	-	16,808,727
Enterprise services	13,689,491	290,835	1,814,316	-	(11,584,340)
Interest on long-term liabilities	2,608,688	-	-	-	(2,608,688)
Other outgo	54,617,419	833,788	26,051,511	-	(27,732,120)
Total governmental activities	<u>\$ 666,301,616</u>	<u>\$ 21,591,063</u>	<u>\$ 451,925,596</u>	<u>\$ 875,059</u>	<u>(191,909,898)</u>
General Revenues and Subventions					
Property taxes, levied for general purposes					107,827,585
Taxes levied for other specific purposes					4,806,591
Interagency revenue					18,585,997
Federal and State aid not restricted to specific purposes					92,696,471
Interest and investment earnings					22,409,857
Miscellaneous					79,687,449
Subtotal, general revenues and subventions					<u>326,013,950</u>
Change in Net Position					134,104,052
Net Position - Beginning					<u>233,564,436</u>
Net Position - Ending					<u>\$ 367,668,488</u>

Los Angeles County Office of Education

Balance Sheet – Governmental Funds

June 30, 2024

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	\$ 429,975,694	\$ 51,788,918	\$ 62,943,480	\$ 544,708,092
Receivables	106,546,051	6,169,801	690,919	113,406,771
Prepaid expenditures	949,854	-	-	949,854
Stores inventories	133,510	-	-	133,510
Other current assets	7,034	-	-	7,034
Lease receivable	57,086	-	-	57,086
Total assets	<u>\$ 537,669,229</u>	<u>\$ 57,958,719</u>	<u>\$ 63,634,399</u>	<u>\$ 659,262,347</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Accounts payable	\$ 77,977,911	\$ 38,845,595	\$ 2,794,881	\$ 119,618,387
Unearned revenue	4,182,152	7,181,604	-	11,363,756
Total liabilities	<u>82,160,063</u>	<u>46,027,199</u>	<u>2,794,881</u>	<u>130,982,143</u>
Deferred Inflows of Resources				
Deferred inflows of resources related to leases	57,086	-	-	57,086
Fund Balances				
Nonspendable	1,163,364	-	-	1,163,364
Restricted	131,486,008	11,931,520	52,642,609	196,060,137
Committed	-	-	8,265,175	8,265,175
Assigned	254,141,541	-	-	254,141,541
Unassigned	68,661,167	-	(68,266)	68,592,901
Total fund balances	<u>455,452,080</u>	<u>11,931,520</u>	<u>60,839,518</u>	<u>528,223,118</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 537,669,229</u>	<u>\$ 57,958,719</u>	<u>\$ 63,634,399</u>	<u>\$ 659,262,347</u>

Los Angeles County Office of Education
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2024

Total Fund Balance - Governmental Funds		\$ 528,223,118
<p>Amounts reported for Governmental Activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 272,830,476	
Accumulated depreciation and amortization is	<u>(139,264,821)</u>	
Net capital assets		133,565,655
<p>An internal service fund is used by the Office of Education's management to charge the costs of the workers' compensation insurance program and general liability insurance programs to the individual funds. The assets and liabilities of the Internal Service Fund are included with the governmental activities in the statement of net position.</p>		
		33,347,311
<p>Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to</p>		
Aggregate net OPEB liability	6,179,653	
Aggregate net pension liability	<u>99,513,778</u>	
Total deferred outflows of resources		105,693,431
<p>Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to</p>		
Aggregate net OPEB liability	(2,690,687)	
Aggregate net pension liability	<u>(17,349,435)</u>	
Total deferred inflows of resources		(20,040,122)
<p>The Office of Education's aggregate net OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(1,604,535)
<p>The Office of Education's aggregate net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(365,530,550)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of</p>		
Leases	(28,334,394)	
Subscription-based IT arrangements	(768,391)	
Compensated absences	<u>(16,883,035)</u>	
Total long-term liabilities		<u>(45,985,820)</u>
Total net position - governmental activities		<u>\$ 367,668,488</u>

Los Angeles County Office of Education
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2024

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula (LCFF)	\$ 197,276,818	\$ -	\$ -	\$ 197,276,818
Federal sources	274,124,649	260,997	3,375,998	277,761,644
Other State sources	59,973,085	47,211,145	21,821,040	129,005,270
Other local sources	189,634,285	(236,393)	6,282,141	195,680,033
Total revenues	<u>721,008,837</u>	<u>47,235,749</u>	<u>31,479,179</u>	<u>799,723,765</u>
Expenditures				
Current				
Instruction	143,803,662	25,774,771	-	169,578,433
Instruction-related activities				
Supervision of instruction	94,973,418	15,374,868	-	110,348,286
Instructional library, media, and technology	10,084,066	-	-	10,084,066
School site administration	6,945,643	-	-	6,945,643
Pupil services				
Home-to-school transportation	6,475,597	-	-	6,475,597
Food services	281,225	-	-	281,225
All other pupil services	86,992,923	142,351	-	87,135,274
Administration				
Data processing	58,219,402	-	-	58,219,402
All other administration	70,186,436	1,409,852	-	71,596,288
Plant services	39,337,543	92,408	57,461	39,487,412
Ancillary services	1,000,680	-	266,169	1,266,849
Community services	32,961,009	-	-	32,961,009
Enterprise services	14,029,388	-	-	14,029,388
Other outgo	29,249,258	-	25,092,733	54,341,991
Facility acquisition and construction	311,030	-	2,275,930	2,586,960
Debt service				
Principal	18,824,899	219,753	-	19,044,652
Interest and other	1,743,786	113,737	-	1,857,523
Total expenditures	<u>615,419,965</u>	<u>43,127,740</u>	<u>27,692,293</u>	<u>686,239,998</u>
Excess of Revenues				
Over Expenditures	<u>105,588,872</u>	<u>4,108,009</u>	<u>3,786,886</u>	<u>113,483,767</u>
Other Financing Sources (Uses)				
Transfers in	104,305	-	-	104,305
Other sources - proceeds from leases	2,053,107	-	-	2,053,107
Other sources - proceeds from SBITAs	358,276	-	-	358,276
Transfers out	-	-	(104,305)	(104,305)
Net Financing Sources (Uses)	<u>2,515,688</u>	<u>-</u>	<u>(104,305)</u>	<u>2,411,383</u>
Net Change in Fund Balances	108,104,560	4,108,009	3,682,581	115,895,150
Fund Balance - Beginning	<u>347,347,520</u>	<u>7,823,511</u>	<u>57,156,937</u>	<u>412,327,968</u>
Fund Balance - Ending	<u>\$ 455,452,080</u>	<u>\$ 11,931,520</u>	<u>\$ 60,839,518</u>	<u>\$ 528,223,118</u>

Los Angeles County Office of Education

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2024

Total Net Change in Fund Balances - Governmental Funds		\$ 115,895,150
Amounts Reported For Governmental Activities in the Statement of Activities are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the Statement of Activities. This is the amount by which depreciation and amortization expense exceeds capital outlays in the period.		
Capital outlay	\$ 9,102,480	
Depreciation and amortization expense	<u>(11,832,520)</u>	
Net expense adjustment		(2,730,040)
Loss on disposal of capital assets is reported in the government-wide Statement of Activities, but is not recorded in the governmental funds.		(646,815)
Right-to-use leased assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(2,053,107)
Right-to-use subscription IT assets acquired this year were financed with subscription-based IT arrangements (SBITAs). The amount financed by the SBITAs is reported in the governmental funds as a source of financing. On the other hand, the SBITAs are not revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position.		(358,276)
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts 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). This amount is the difference between vacation earned and used.		(1,144,171)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows of resources, deferred inflows of resources, and aggregate net OPEB liability during the year.		13,130,258
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities pension expense is the net effect of all changes in the deferred outflows of resources, deferred inflows of resources, and aggregate net pension liability during the year.		(9,054,553)
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		
Certificates of participation		14,241,445
Lease liability		4,057,450
Subscription-based IT arrangements		822,431

Los Angeles County Office of Education

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. Interest was accreted on the Office of Education's capital appreciation Certificates of Participation.	\$ (751,165)
An internal service fund is used by the Office of Education's management to charge the costs of the workers' compensation insurance program and general liability insurance programs to the individual funds. The net revenue of the Internal Service Fund is reported with governmental activities.	<u>2,695,445</u>
Change in net position of governmental activities	<u><u>\$ 134,104,052</u></u>

Los Angeles County Office of Education
Statement of Net Position – Proprietary Fund
June 30, 2024

	Governmental Activities Internal Service Fund
Assets	
Current Assets	
Deposits and investments	\$ 54,381,566
Receivables	<u>622,278</u>
Total current assets	<u>55,003,844</u>
Liabilities	
Current Liabilities	
Accounts payable	311,533
Claim liabilities - current portion	<u>4,922,000</u>
Total current liabilities	<u>5,233,533</u>
Noncurrent Liabilities	
Claim liabilities - noncurrent portion	<u>16,423,000</u>
Total liabilities	<u>21,656,533</u>
Net Position	
Restricted	<u><u>\$ 33,347,311</u></u>

Los Angeles County Office of Education
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund
Year Ended June 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
Operating Revenues	
Contributions	<u>\$ 10,490,531</u>
Operating Expenses	
Salaries and benefits	991,225
Supplies and materials	21,978
Professional and contract services	<u>8,232,205</u>
Total operating expenses	<u>9,245,408</u>
Operating Income	1,245,123
Nonoperating Revenues	
Investment income	<u>1,450,322</u>
Change in Net Position	2,695,445
Total Net Position - Beginning	<u>30,651,866</u>
Total Net Position - Ending	<u><u>\$ 33,347,311</u></u>

Los Angeles County Office of Education
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2024

	<u>Governmental Activities Internal Service Fund</u>
Operating Activities	
Cash received from customers	\$ 10,490,531
Cash payments to employees for services	(1,002,083)
Cash payments for insurance claims	(8,819,391)
Cash payments to suppliers for goods and services	(51,737)
Cash payments for other operating expenses	<u>(3,180)</u>
Net Cash Flows from Operating Activities	<u>614,140</u>
Investing Activities	
Interest on investments	1,382,964
Transfers in from the General Fund	<u>19,158,173</u>
Net Cash Flows from Investing Activities	<u>20,541,137</u>
Net Change in Cash and Cash Equivalents	21,155,277
Cash and Cash Equivalents, Beginning	<u>33,226,289</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 54,381,566</u></u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities	
Operating income	\$ 1,245,123
Changes in assets and liabilities	
Accounts payable	(44,983)
Claims liabilities	<u>(586,000)</u>
Net Cash Flows from Operating Activities	<u><u>\$ 614,140</u></u>

Los Angeles County Office of Education
Statement of Net Position – Fiduciary Funds
June 30, 2024

	<u>Custodial Funds</u>
Assets	
Deposits and investments	\$ 205,244,870
Interest receivable	<u>268,442,560</u>
Total assets	<u><u>\$ 473,687,430</u></u>
Liabilities	
Funds held for others	<u><u>\$ 473,687,430</u></u>

Los Angeles County Office of Education
Statement of Changes in Net Position – Fiduciary Funds
Year Ended June 30, 2024

	Custodial Funds
Additions	
Retirement contributions from local education agencies	\$ 2,854,885,864
Excess contribution refund from the State	46,243,676
Payroll withholdings for garnishment payments	6,823,816
State apportionments	26,158,178,443
Interest	956,611,056
Total additions	30,022,742,855
Deductions	
Payment of retirement contributions to state agencies	2,854,880,239
Payment of retirement contributions to plan administrators	5,625
Distribution of excess contribution refund to local education agencies	46,243,676
Payment of garnishments to beneficiaries	6,823,816
Distribution of state apportionments to local education agencies	26,158,178,443
Distribution of interest to local education agencies	956,611,056
Total deductions	30,022,742,855
Net Increase (Decrease) in Fiduciary Net Position	-
Net Position - Beginning	-
Net Position - Ending	\$ -

Note 1 - Summary of Significant Accounting Policies

The Los Angeles County Office of Education (the Office of Education) was formed in 1852 and is governed by a seven-member Board of Education appointed by the Los Angeles County Board of Supervisors. Five members serve four-year terms and two members serve two-year rotational terms. The Office of Education operates independently of the County of Los Angeles and is not considered one of its component units.

The reporting entity of the Office of Education includes the Office of Education as the primary government, and one component unit, the Los Angeles County Office of Education Schools Regionalized Business Services Corporation (Business Services Corporation). The Business Services Corporation is a financing entity established in 1989, through which the Office of Education issued its Certificates of Participation. The Board of Education acts as the governing board of the Business Services Corporation that provides services solely to the Office of Education; accordingly, the activities of the Business Services Corporation are blended in the accompanying basic financial statements.

Also included in the accompanying basic financial statements is the financial activity of the Employee Assistance Service for Education (EASE). EASE was created to provide employees of the Office of Education and member school districts with a common and confidential source of information and counseling for personal problems. Although this program is a separate legal entity, it has a governing board that reports to the Board of Education.

Other Related Entities

The Office of Education has approved charters for the following Charter Schools. The financial information for the following charter schools is not a part of this Financial Report:

Alma Fuerte Public School	Lashon Academy
Animo City of Champions Charter High School	Lashon Academy City
Aspire Antonio Maria Lugo Academy	Magnolia Science Academy #1
Aspire Ollin University Preparatory Academy	Magnolia Science Academy #2
Bridges Preparatory Academy	Magnolia Science Academy #3
Da Vinci RISE High	Magnolia Science Academy #5
Environmental Charter Middle School	North Valley Military Institute College Preparatory
Environmental Charter Middle School - Inglewood	Academy**
Environmental Charter High School - Gardena	Odyssey Charter School
Intellectual Virtues Academy	Soleil Academy Charter School
Jardin de la Infancia Charter School	The SEED School of Los Angeles County
KIPP Poder Public School*	Valiente College Preparatory*
Russell Westbrook Why Not? Middle*	We The People High School*
Russell Westbrook Why Not? High	

* Closed as of June 30, 2024.

** Closed as of August 31, 2023.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Office of Education's funds are grouped into three broad fund categories: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Office of Education's major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for the Office of Education and is used to account for its ordinary operations. All transactions except those required or permitted by law to be in another fund are accounted for in this fund.

One fund currently defined as special revenue fund in the *California State Accounting Manual (CSAM)* does not meet the GASB Statement No. 54 special revenue fund definition. Specifically Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, is not substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as an extension of the General Fund. Accordingly, the Office of Education's Special Reserve Fund for Other Than Capital Outlay Projects Fund has been combined with the General Fund for presentation in these audited financial statements.

As a result, the General Fund reflects an increase in fund balance of \$190,743,629.

Child Development Fund The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

Non-Major Governmental Funds

Special Revenue Funds The Special Revenue funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Student Activity Fund** The Student Activity Fund is used to account separately for the operating activities of the associated student body accounts that are not fiduciary in nature, including student clubs, general operations, athletics, and other student body activities.

- **Special Education Pass-Through Fund** The Special Education Pass-Through Fund is used by the Administrative Unit of a multi-district Special Education Local Plan Area (SELPA) to account for Special Education revenue passed through to member districts or charter schools.
- **Forest Reserve Fund (County Offices)** The Forest Reserve Fund exists to account separately for Federal forest reserve funds received by offices of county superintendents for distribution to school districts and community college districts (*Education Code* Section 2300; *Government Code* Section 29484).

Capital Project Funds The Capital Project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **County School Facilities Fund** The County School Facilities Fund is established pursuant to *Education Code* Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).
- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (*Education Code* Section 42840).

Proprietary Funds Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the local education agency, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting and are classified as enterprise or internal service. The Office of Education has the following proprietary fund:

- **Internal Service Fund** The Internal Service Fund may be used to account for any activity for which services are provided to other funds of the Office of Education on a cost-reimbursement basis. The Office of Education operates a self-insurance program that is accounted for in an internal service fund.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the Office of Education and are not available to support the Office of Education's own programs. Fiduciary funds are split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The three types of trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The Office of Education has the following fiduciary funds:

- **Custodial Funds** Custodial Funds are used to account for resources, not in a trust, that are held by the Office of Education for other parties outside the Office of Education's reporting entity. The Office of Education's custodial funds are: Public Employees' Retirement System Pass-Through Fund, State Teachers' Retirement System Pass-Through Fund, Charter School Pass-Through Fund, State School Pass-Through Fund, Pooled Investment Interest Fund, 403(b) and 457 Alternate Retirement Pass-Through Fund, Payroll Reserve Offset Fund, and Legal Claims Fund.

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect of the Office of Education and for each governmental function, and excludes fiduciary activity. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The Office of Education does not allocate indirect expenses to functions in the statement of activities, except for depreciation and amortization of capital assets. Program revenues include charges paid by the recipients of the goods or services offered by the programs, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of Office of Education. Eliminations have been made to minimize the double counting of internal activities.

Net position should be reported as restricted when constraints placed on net position are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the Office of Education. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major governmental funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.
- **Proprietary Funds** Proprietary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. All assets and all liabilities associated with the operation of this fund are included in the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how Office of Education finances and meets the cash flow needs of its proprietary fund.
- **Fiduciary Funds** Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the Office of Education.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The Office of Education considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the Office of Education receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the Office of Education before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the Office of Education has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the government-wide statements.

Cash and Cash Equivalents

The Office of Education's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with County Treasury balances for purposes of the statement of cash flows.

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The Office of Education's investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventory

Stores inventory is valued at the lower of cost or market, using the dollar averaging valuation method. Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as expenditure at the time individual inventory items are issued.

Capital Assets, Depreciation, and Amortization

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the Office of Education. The capitalization threshold for equipment is \$5,000; for land, buildings and building improvements, the threshold is \$25,000. The Office of Education does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings	50 years
Portable classrooms	20 years
Vehicles	10 years
Other equipment	5 to 10 years

The Office of Education records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

The Office of Education records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

The Office of Education records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Compensated absences are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide statement of net position. The Office of Education permits employees to accumulate earned but unused vacation and sick pay benefits. Accrued vacation and sick pay, to the extent that it is payable upon termination, is accrued in the government-wide financial statements. In accordance with GASB Interpretation No. 6, a liability for these amounts is only reported in the fund statements if they are due and payable at fiscal year-end.

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Office of Education reports deferred outflows of resources for OPEB and pension related items.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Office of Education reports deferred inflows of resources for lease, OPEB, and pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) Plan and the California Public Employees' Retirement System (CalPERS) Miscellaneous Plan (Plans) and additions to/deductions from the 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Office of Education Plan and the CalSTRS Medicare Premium Payment (MPP) Program, and additions to/deductions from the Office of Education Plan and the MPP fiduciary net position have been determined on the same basis as they are reported by the Office of Education and MPP. For this purpose, the Office of Education and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the Internal Service Fund.

Leases

The Office of Education recognizes a lease liability and an intangible right-to-use leased asset (leased asset) in the government-wide financial statements. At the commencement of the lease term, the Office of Education 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 leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying asset.

The Office of Education recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the Office of Education 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.

Subscriptions

The Office of Education recognizes a subscription-based IT arrangement and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the subscription term, the Office of Education measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the shorter of the subscription term or useful life of the underlying asset.

Fund Balances - Governmental Funds

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

Nonspendable - 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 - 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 - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the Office of Education. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Office of Education's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Office of Education considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Office of Education considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Minimum Fund Balance Policy

The Office of Education maintains a Reserve for Economic Uncertainties consisting of unassigned amounts in the General Fund balance equal to no less than ten percent of General Fund expenditures and other financing uses, as prescribed by governing board policy. This exceeds the minimum level of two percent of General Fund expenditures and other financing uses, as mandated by the California Department of Education.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to the net of investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Office of Education or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Office of Education first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$229,407,448 of restricted net position.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Office of Education, these revenues are local and intermediate sources. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or other assets from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the Statement of Activities.

Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Los Angeles bills and collects the taxes on behalf of the Office of Education. Local property tax revenues are recorded when received.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates, and those differences could be material.

Adoption of New Accounting Standard**Implementation of GASB Statement No. 100**

As of July 1, 2023, the Office of Education adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. There was not a significant effect on the Office of Education's financial statements as a result of the implementation of the standard.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 599,089,658
Fiduciary funds	<u>205,244,870</u>
Total deposits and investments	<u><u>\$ 804,334,528</u></u>

Deposits and investments as of June 30, 2024, consist of the following:

Cash on hand and in banks	\$ 122,691
Cash in revolving	355,000
Investments	<u>803,856,837</u>
Total deposits and investments	<u><u>\$ 804,334,528</u></u>

Policies and Practices

Investment in County Treasury - The Office of Education is considered to be an involuntary participant in an external investment pool as the Office of Education is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the Office of Education’s investment in the pool is reported in the accompanying financial statements at amounts based upon the Office of Education’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

Limitations as they relate to interest rate risk and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Office of Education does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The County Treasurer manages its exposure to interest rate risk having the Pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County Treasurer monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Office of Education maintains an investment of \$803,856,837 in the Los Angeles County Investment Pool with an average weighted maturity of 668 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments issued by or explicitly guaranteed by the U.S. government are exempt from this disclosure. The Office of Education's investment in the Los Angeles County Investment Pool is not required to be rated nor has it been rated as of June 30, 2024.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the Office of Education’s deposits may not be returned to it. The Office of Education does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. On June 30, 2024, the Office of Education's bank balances of approximately \$242 thousand were exposed to custodial credit risk because they were uninsured but were collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the Office of Education.

Note 3 - Receivables

Receivables at June 30, 2024, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Child Development Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities	Fiduciary Funds
Federal Government						
Categorical aid	\$ 58,740,370	\$ -	\$ -	\$ -	\$ 58,740,370	\$ -
State Government						
LCFF apportionment	39,571	-	-	-	39,571	-
Categorical aid	10,956,691	5,511,481	-	-	16,468,172	-
Lottery	109,622	-	-	-	109,622	-
Local Government						
Interest	5,016,311	619,424	690,919	620,168	6,946,822	268,442,560
Other local sources	31,683,486	38,896	-	2,110	31,724,492	-
Total	\$ 106,546,051	\$ 6,169,801	\$ 690,919	\$ 622,278	\$ 114,029,049	\$ 268,442,560

Note 4 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Balance, July 01, 2023	Additions	Deductions	Balance, June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	\$ 14,857,733	\$ -	\$ -	\$ 14,857,733
Construction in Progress	10,222,365	2,052,354	(10,064,558)	2,210,161
Total capital assets not being depreciated or amortized	25,080,098	2,052,354	(10,064,558)	17,067,894
Capital assets being depreciated or amortized				
Buildings and Improvements	115,001,185	9,895,073	(6,930,868)	117,965,390
Furniture and Equipment	51,801,778	2,578,259	(2,354,943)	52,025,094
Software	43,798,127	2,216,020	(396,196)	45,617,951
Right-to-use leased buildings and improvements	35,907,976	1,423,166	(941,640)	36,389,502
Right-to-use leased furniture and equipment	922,589	643,890	-	1,566,479
Right-to-use subscription IT assets	1,934,218	358,276	(94,328)	2,198,166
Total capital assets being depreciated and amortized	249,365,873	17,114,684	(10,717,975)	255,762,582
Less accumulated depreciation and amortization				
Buildings and Improvements	(41,466,439)	(2,999,926)	6,655,440	(37,810,925)
Furniture and Equipment	(43,919,567)	(1,415,974)	2,051,070	(43,284,471)
Software	(43,798,127)	(2,216,020)	396,196	(45,617,951)
Right-to-use leased buildings and improvements	(7,553,771)	(4,197,126)	941,640	(10,809,257)
Right-to-use leased furniture and equipment	(260,252)	(299,316)	-	(559,568)
Right-to-use subscription IT assets	(505,305)	(704,158)	26,814	(1,182,649)
Total accumulated depreciation and amortization	(137,503,461)	(11,832,520)	10,071,160	(139,264,821)
Net depreciable capital assets	111,862,412	5,282,164	(646,815)	116,497,761
Governmental activities capital assets, net	\$ 136,942,510	\$ 7,334,518	\$ (10,711,373)	\$ 133,565,655

Depreciation and amortization expense were charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	\$ 35,318
Supervision of instruction	267,425
Instructional library, media, and technology	221,936
School site administration	609
All other pupil services	5,249
Ancillary services	3,203
Community services	21,046
Enterprise	29,844
Data processing	646,327
All other administration	1,171,279
Plant services	9,430,284
Total depreciation and amortization expense - governmental activities	\$ 11,832,520

Note 5 - Lease Receivables

The Office of Education has entered into a lease agreement with a lessee. The lease receivable is summarized below:

Lease Receivable	Balance, July 1, 2023	Addition	Deletion	Balance, June 30, 2024
Education Center lease	\$ 117,036	\$ -	\$ (59,950)	\$ 57,086

The Office of Education leases a portion of its facilities for office space to a third party. The lease is noncancelable for a period of five years, with two additional optional renewal periods of five years. The lease is cancelable during the optional renewal periods by either party with six months prior written notice. Lease payments are due monthly and increase annually by 3%. During the year ended June 30, 2024, the Office of Education recognized \$59,950 in lease revenue and \$2,392 in interest revenue related to this agreement.

Note 6 - Interfund Transactions

Operating Transfers

During the year ended June 30, 2024, the Forest Reserve Non-Major Governmental Fund transferred \$104,305 to the General Fund for outdoor education programs.

Note 7 - Accounts Payable

Accounts payable at June 30, 2024, consisted of the following:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Internal Service Fund	Total Governmental Activities
Salaries and benefits	\$ 14,551,200	\$ 312,017	\$ -	\$ 3,155	\$ 14,866,372
Due to participant LEAs	24,620,391	32,642,252	1,850,920	-	59,113,563
Other vendor payables	38,806,320	5,891,326	943,961	308,378	45,949,985
Total	\$ 77,977,911	\$ 38,845,595	\$ 2,794,881	\$ 311,533	\$ 119,929,920

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2024, consisted of the following:

	General Fund	Child Development Fund	Total Governmental Activities
Federal financial assistance	\$ 1,377,285	\$ -	\$ 1,377,285
State categorical aid	1,123,376	7,181,604	8,304,980
Other local	1,681,491	-	1,681,491
Total	<u>\$ 4,182,152</u>	<u>\$ 7,181,604</u>	<u>\$ 11,363,756</u>

Note 9 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the Office of Education's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024	Due in One Year
Certificates of participation (COP)	\$ 13,490,280	\$ 751,165	\$ (14,241,445)	\$ -	\$ -
Leases	30,338,737	2,053,107	(4,057,450)	28,334,394	3,842,729
Subscription-based IT arrangements	1,232,546	358,276	(822,431)	768,391	417,817
Compensated absences	15,738,864	2,476,731	(1,332,560)	16,883,035	1,576,723
Claims liability	21,931,000	2,632,189	(3,218,189)	21,345,000	4,922,000
	<u>\$ 82,731,427</u>	<u>\$ 8,271,468</u>	<u>\$ (23,672,075)</u>	<u>\$ 67,330,820</u>	<u>\$ 10,759,269</u>

Payments on the certificates of participation (COP) are made by the General Fund. Payments on compensated absences are typically charged to the fund and program for which the employee's salary is paid when separation from service occurs. An exception arises when payment is made to an employee who retires from a federally funded program. Federal guidelines prohibit the direct charge of normal separation costs to their programs. As a result, the payment is first charged to the General Fund's unrestricted resource and is subsequently included in the Office of Education's indirect cost allocation which charges all restricted and unrestricted programs. Payments on leases and subscription-based IT arrangements are made by the fund which receives the benefit of the underlying leased or subscription IT asset, which includes the General Fund and Child Development Fund. Payments on the claims liability will be paid by the Internal Service Fund.

Certificates of Participation

On August 1, 1999, the Los Angeles County Schools Pooled Financing Program issued \$26,783,170 of 1999 Series A Certificates of Participation, capital appreciation bonds, of which the portion allocated to the Office of Education was \$24,999,981. The 1999 COPs supplied the Office of Education with the financing to purchase the educational complex located on Columbia Way. The Office of Education's share of the COP is due in thirty annual installments varying from \$865,000 to \$2,510,000 beginning August 1, 2000, at rates ranging from 3.85% to 6.0%. The remaining principal balance of the 1999 COPs outstanding at June 30, 2024 was paid off in full.

Leases

The Office of Education has entered into agreements to lease various facilities and equipment. The Office of Education's liability on lease agreements is summarized below:

Leases	Balance, July 1, 2023	Additions	Payments and Deletions	Balance, June 30, 2024
Facilities leases	\$ 29,662,218	\$ 1,409,217	\$ (3,717,012)	\$ 27,354,423
Equipment leases	676,519	643,890	(340,438)	979,971
Total	<u>\$ 30,338,737</u>	<u>\$ 2,053,107</u>	<u>\$ (4,057,450)</u>	<u>\$ 28,334,394</u>

Facilities Leases

The Office of Education has entered into fifteen separate agreements to lease office and warehouse space. The agreements in place have end dates ranging from 2024 through 2035. Certain leases contain annual rental increases, ranging from 2% to 3%. Under the terms of the leases, the Office of Education makes payments ranging from \$37,076 to \$1,450,419 annually, which amounted to total principal and interest costs of \$4,757,675 for the year ended June 30, 2024. At June 30, 2024, the Office of Education has recognized a right-to-use leased asset, net of amortization of \$25,580,245 and a lease liability of \$27,354,423 related to these agreements. During the year ended June 30, 2024, the Office of Education recorded \$4,197,126 in amortization expense and \$1,040,663 in interest expense for the leased facilities. The Office of Education used discount rates ranging from 2.21% to 3.73%, based on the estimated incremental borrowing rate for financing over a similar time period.

Equipment Leases

The Office of Education entered into three agreements to lease copiers for periods of two to four years. Under the terms of the leases, the Office of Education makes payments ranging from \$46,461 to \$148,554 annually, which amounted to total principal and interest costs of \$357,890 for the year ended June 30, 2024. At June 30, 2024, the Office of Education has recognized right-to-use leased assets, net of amortization of \$1,006,911 and a lease liability of \$979,971 related to these agreements. During the fiscal year, the Office of Education recorded \$299,316 in amortization expense and \$17,452 in interest expense for the leased copiers. The Office of Education used discount rates of 2.10% to 2.90% based on the estimated incremental borrowing rate for financing over a similar time period. The Office of Education also pays between \$0.003 and \$0.03 per each additional copy in excess of the contracted amount, which is not included in the measurement of the lease liability as it is variable in nature. The Office of Education paid \$156,105 during the year toward those variable costs.

Los Angeles County Office of Education

Notes to Financial Statements

June 30, 2024

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 3,842,729	\$ 957,508	\$ 4,800,237
2026	4,006,304	820,582	4,826,886
2027	4,115,541	678,629	4,794,170
2028	3,699,010	538,615	4,237,625
2029	2,120,498	430,271	2,550,769
2030-2034	8,832,124	1,093,013	9,925,137
2035	1,718,188	34,912	1,753,100
Total	<u>\$ 28,334,394</u>	<u>\$ 4,553,530</u>	<u>\$ 32,887,924</u>

Subscription-Based Information Technology Arrangements (SBITAs)

The Office of Education has entered into SBITAs for the use of various software. At June 30, 2024, the Office of Education has recognized a right-to-use subscriptions IT asset, net of amortization of \$1,015,517 and a SBITA liability of \$768,391 related to these agreements. For the year ended June 30, 2024, the Office of Education recorded \$704,158 in amortization expense and \$44,008 in interest expense for the SBITAs. The Office of Education used discount rates ranging from 2.90% to 4.19% based on the estimated incremental borrowing rate for financing over a similar time period.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 417,817	\$ 32,696	\$ 450,513
2026	152,310	14,791	167,101
2027	160,008	8,424	168,432
2028	38,256	1,734	39,990
Total	<u>\$ 768,391</u>	<u>\$ 57,645</u>	<u>\$ 826,036</u>

Compensated Absences Payable

The outstanding balance for compensated absences (unpaid employee vacation) at June 30, 2024 is \$16,883,035.

Claims Liability

At June 30, 2024, the claims liability amounted to \$21,345,000. See Note 12 for additional information.

Note 10 - Fund Balances

Fund balances are composed of the following elements:

	General Fund	Child Development Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	\$ 80,000	\$ -	\$ -	\$ 80,000
Prepaid expenditures	949,854	-	-	949,854
Stores inventories	133,510	-	-	133,510
Total nonspendable	<u>1,163,364</u>	<u>-</u>	<u>-</u>	<u>1,163,364</u>
Restricted				
Legally restricted programs	131,486,008	11,931,520	122,691	143,540,219
Capital projects	-	-	52,519,918	52,519,918
Total restricted	<u>131,486,008</u>	<u>11,931,520</u>	<u>52,642,609</u>	<u>196,060,137</u>
Committed				
Deferred maintenance program	-	-	8,265,175	8,265,175
Assigned				
BEST project	30,000,000	-	-	30,000,000
Part O carryover	2,234,500	-	-	2,234,500
Differentiated assistance	24,610,505	-	-	24,610,505
Specialized high schools	5,763,907	-	-	5,763,907
Technology services hardware				
Refresh & data visualization projects	789,000	-	-	789,000
Pension obligations	173,860,594	-	-	173,860,594
Compensated absences	16,883,035	-	-	16,883,035
Total assigned	<u>254,141,541</u>	<u>-</u>	<u>-</u>	<u>254,141,541</u>
Unassigned				
Reserve for economic uncertainties	67,041,996	-	-	67,041,996
Remaining unassigned	1,619,171	-	(68,266)	1,550,905
Total unassigned	<u>68,661,167</u>	<u>-</u>	<u>(68,266)</u>	<u>68,592,901</u>
Total	<u>\$ 455,452,080</u>	<u>\$ 11,931,520</u>	<u>\$ 60,839,518</u>	<u>\$ 528,223,118</u>

Note 11 - Aggregate Net Other Postemployment Benefits (OPEB) Liability

For the year ended June 30, 2024, the Office of Education reported aggregate net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Office of Education Plan	\$ 1,194,537	\$ 6,179,653	\$ 2,690,687	\$ (13,128,720)
Medicare Premium Payment (MPP) Program	409,998	-	-	14,345
Total	<u>\$ 1,604,535</u>	<u>\$ 6,179,653</u>	<u>\$ 2,690,687</u>	<u>\$ (13,114,375)</u>

The details of each plan are as follows:

Office of Education Plan

Plan Administration

The Office of Education’s governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the Plan is vested in the Office of Education’s management. Management of the trustee assets is vested with the California Employers’ Retiree Benefit Trust Fund.

The Plan also includes benefits administered through the Los Angeles County Employee Retirement Association (LACERA). During the year ended June 30, 2020, the LACERA plan changed from a cost-sharing multiple employer defined benefit plan to an agency defined benefit plan. The Office of Education plan reflects the inclusion of the total OPEB liability and OPEB expense associated with LACERA.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	183
Active employees	<u>1,464</u>
	<u>1,647</u>

Retiree Health Benefit OPEB Trust

The Los Angeles County Office of Education’s Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Office of Education’s governing board as directed by the investment alternative choice selected by the Office of Education. The Office of Education retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee’s primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the County Office of Education acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and a portion of the cost of benefits is covered by the Plan. The Office of Education also offers a “Years of Service” benefit for eligible retirees based on years of service. This benefit may be used to help defray the cost of medical, dental, vision, or life insurance coverage, in accordance with the table below. Benefits continue until the earlier of five years or age 65. The Office of Education’s governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

<u>Retired on or after January 1, 2009</u>	<u>Years of Service Benefit</u>
Retirees, ages 55 to 65 with 10 years of service with LACOE	\$3,004
Retirees, ages 55 to 65 with 20 years of service with LACOE	\$6,000

Contributions

The contribution requirements of the Plan members and the Office of Education are established and may be amended by the Office of Education, the Los Angeles County Education Association (LACEA), the local California Service Employees Association (CSEA), Service Employees International Unions (SEIU), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the Office of Education, LACEA, CSEA, SEIU, and the unrepresented groups. For the year ended June 30, 2024, the Office of Education contributed \$1,808,802 to the Plan, of which \$746,434 was used for current premiums, \$89,646 represents the implicit rate subsidy, and \$972,722 was contributed to the trust.

Investment

Investment Policy

The Plan's policy regarding the allocation of invested assets is established and may be amended by management. The Office of Education participates in the California Employers' Retiree Benefit Trust (CERBT), a Section 115 trust fund dedicated to prefunding other postemployment benefits for all eligible California public agencies. The Office of Education has adopted the CERBT Strategy 3 portfolio with an objective to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. The portfolio is invested in various asset classes in percentages approved by the CalPERS board.

The following was the governing board's adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Global equity	23%
Fixed income	51%
Treasury inflation-protected securities	9%
Real estate investment trusts	14%
Commodities	3%

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 1.61%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Office of Education

The Office of Education's net OPEB liability of \$1,194,537 was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The components of the net OPEB liability of the Office of Education at June 30, 2023, were as follows:

Total OPEB liability	\$ 14,065,097
Plan fiduciary net position	<u>(12,870,560)</u>
Office of Education's net OPEB liability	<u>\$ 1,194,537</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>91.51%</u>

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of that date. The following assumptions were applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	5.25%, net of OPEB plan investment expense
Healthcare cost trend rates	6.00% for 2023, 5.50% for 2024, 5.25% for 2025 through 2029, 5.00% for 2030 through 2039, 4.75% for 2040 through 2049, 4.50% for 2050 through 2069, and 4.00% for 2070 and later years
	Medicare ages: 4.50% for 2023 through 2029 and 4.00% for 2030 and later years

The discount rate was based on long-term expected rate of return on Plan investments to the extent that the Plan's fiduciary net position is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return.

Mortality rates were based on the CalSTRS Experience Analysis (2015-2018) and CalPERS Experience Study (2000-2019) for active and retired members and beneficiaries.

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actual experience study for the period of July 1, 2021 to June 30, 2023.

The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, (see the discussion of the Plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	4.8%
Fixed Income	1.8%
Treasury Inflation-Protected Securities	1.6%
Real Estate Investment Trusts	3.7%
Commodities	1.9%

Discount Rate

The discount rate used to measure the net OPEB liability was 5.25%. The projection of cash flows used to determine the discount rate assumed that the Office of Education contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2022	\$ 23,768,349	\$ 12,670,309	\$ 11,098,040
Service cost	616,618	-	616,618
Interest	1,299,190	-	1,299,190
Differences between expected and actual experience	(2,090,387)	-	(2,090,387)
Contributions-employer	-	1,547,356	(1,547,356)
Net investment income	-	203,848	(203,848)
Changes of assumptions	3,214,831	-	3,214,831
Changes of benefit terms	(11,196,148)	-	(11,196,148)
Benefit payments	(1,547,356)	(1,547,356)	-
Administrative expense	-	(3,597)	3,597
Net change in total OPEB liability	(9,703,252)	200,251	(9,903,503)
Balance at June 30, 2023	\$ 14,065,097	\$ 12,870,560	\$ 1,194,537

Changes to the benefit terms reflect a change effective January 1, 2023, removing a \$75 supplement towards premiums for retirees who were 65 and over or did not qualify for the "Years of Service" benefits.

Changes of economic assumptions reflect a change in the discount rate from 5.50% to 5.25% and a change in the healthcare cost trend rate from 4.00% to 6.00%.

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

The following presents the net OPEB liability of the Office of Education, as well as what the Office of Education's net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net OPEB Liability
1% decrease (4.25%)	\$ 1,856,039
Current discount rate (5.25%)	1,194,537
1% increase (6.25%)	550,943

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

The following presents the net OPEB liability of the Office of Education, as well as what the Office of Education's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

<u>Healthcare Cost Trend Rates</u>	<u>Net OPEB Liability</u>
1% decrease (5.00% decreasing to 3.00%)	\$ 609,668
Current healthcare cost trend rate (6.00% decreasing to 4.00%)	1,194,537
1% increase (7.00% decreasing to 5.00%)	1,855,267

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

At June 30, 2024, the Office of Education reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions subsequent to measurement date	\$ 1,808,802	\$ -
Differences between expected and actual experience	-	2,669,564
Changes of assumptions	3,027,121	21,123
Net difference between projected and actual earnings on OPEB plan investments	<u>1,343,730</u>	<u>-</u>
Total	<u>\$ 6,179,653</u>	<u>\$ 2,690,687</u>

The deferred outflows of resources related to OPEB resulting from the Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on OPEB plan investments will be amortized over a closed five-year period and will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>
2025	\$ 337,284
2026	376,612
2027	531,249
2028	<u>98,585</u>
	<u>\$ 1,343,730</u>

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL is 5.8 years for the for the measurement period of 2018-2019, 5.7 years for the measurement period of 2019-2020, 6.1 years for the measurement periods of 2020-2022, 7.0 years for the measurement period of 2022-2023 and will be recognized in OPEB expenses as follows:

<u>Year Ended June 30,</u>	<u>Outflows/(Inflows) of Resources</u>
2025	\$ (147,394)
2026	8,565
2027	8,565
2028	145,429
2029	160,635
Thereafter	<u>160,634</u>
	<u>\$ 336,434</u>

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers’ Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers’ Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly Office of Education benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2024, the Office of Education reported a liability of \$409,998 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The Office of Education’s proportion of the net OPEB liability was based on a projection of the Office of Education’s long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating entities, actuarially determined. The Office of Education’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.1351%, and 0.1201%, resulting in a net increase in the proportionate share of 0.0150%.

For the year ended June 30, 2024, the Office of Education recognized OPEB expense of \$14,345.

Actuarial Methods and Assumptions

The June 30, 2023 total OPEB liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total OPEB liability to June 30, 2023, using the assumptions listed in the following table:

Measurement Date	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2021
Experience Study	July 1, 2015 through June 30, 2018	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.65%	3.54%
Medicare Part A Premium Cost Trend Rate	4.50%	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%	5.40%

For the valuation as of June 30, 2022, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members’ age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population (138,780).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

As the MPP Program is funded on a pay-as-you-go basis, the OPEB plan’s fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer’s 20-Bond GO Index from Bondbuyer.com as of June 30, 2023, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

Sensitivity of the Office of Education’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Office of Education’s proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net OPEB Liability</u>
1% decrease (2.65%)	\$ 445,584
Current discount rate (3.65%)	409,998
1% increase (4.65%)	379,056

Sensitivity of the Office of Education’s Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the Office of Education’s proportionate share of the net OPEB liability calculated using the Medicare costs trend rates, as well as what the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percent lower or higher than the current rates:

Medicare Costs Trend Rates	Net OPEB Liability
1% decrease (3.50% Part A and 4.40% Part B)	\$ 377,239
Current Medicare costs trend rate (4.50% Part A and 5.40% Part B)	409,998
1% increase (5.50% Part A and 6.40% Part B)	446,982

Note 12 - Risk Management

The Office of Education is self-insured for general liability claims up to \$500,000 and employment practice liability claims up to \$500,000. Insurance is purchased for claims in excess of the self-insured amounts up to \$1,000,000. Schools Excess Liability Fund, a consortium of school districts pooling funds together to provide joint protection, provides coverage for claims in excess of \$1,000,000 to \$55,000,000. The Office of Education became self-insured for workers' compensation in 1978, with the exception of the period from January 1, 1997 to June 30, 2001, when it was fully insured for all workers' compensation claims. Currently, insurance is purchased only for claims in excess of \$500,000.

At June 30, 2024, \$17,160,000 and \$4,185,000 have been accrued for workers' compensation and general liability claims, respectively. These accruals represent actuarial estimates of amounts to be paid ultimately for reported claims and incurred but unreported claims based upon past experience, modified for current trends and other information. While the ultimate amounts of losses incurred through June 30, 2024 are dependent on future developments, based upon information from the outside administrator and others involved with administration of the programs, management believes that the aggregate accrual is adequate to cover such losses. Payment of self-insured liabilities will ultimately be paid from General Fund contributions to the Self-Insurance fund.

Los Angeles County Office of Education

Notes to Financial Statements

June 30, 2024

	Beginning Balance	Incurred Claims	Claim Payments/ Reductions	Ending Balance
Year Ending June 30, 2023				
Workers' Compensation	\$ 18,115,000	\$ 3,486,771	\$ (2,536,771)	\$ 19,065,000
General liability Claims	2,818,000	324,250	(276,250)	2,866,000
Total	\$ 20,933,000	\$ 3,811,021	\$ (2,813,021)	\$ 21,931,000
Year Ending June 30, 2024				
Workers' Compensation	\$ 19,065,000	\$ 1,215,290	\$ (3,120,290)	\$ 17,160,000
General liability Claims	2,866,000	1,416,899	(97,899)	4,185,000
Total	\$ 21,931,000	\$ 2,632,189	\$ (3,218,189)	\$ 21,345,000
Assets available to pay claims at June 30, 2024				\$ 43,884,730

Note 13 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2024, the Office of Education reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 69,305,192	\$ 20,178,815	\$ 17,073,413	\$ 2,697,699
CalPERS	296,225,358	79,334,963	276,022	52,058,804
Total	\$ 365,530,550	\$ 99,513,778	\$ 17,349,435	\$ 54,756,503

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

The Office of Education contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, and Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The Office of Education contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, Office of Education and State of California contributions rates are set by the California Legislature, the Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the Office of Education's total contributions were \$11,894,401.

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

At June 30, 2024, the Office of Education reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the Office of Education. The amount recognized by the Office of Education as its proportionate share of the net pension liability, the related State support and the total portion of the net pension liability that was associated with the Office of Education were as follows:

Total net pension liability, including State share

Office of Education's proportionate share of net pension liability	\$ 69,305,192
State's proportionate share of the net pension liability associated with the Office of Education	<u>33,334,322</u>
Total	<u><u>\$ 102,639,514</u></u>

The net pension liability was measured as of June 30, 2023. The Office of Education's proportion of the net pension liability was based on a projection of the Office of Education's long-term share of contributions to the pension plan relative to the projected contributions of all participating members and the State, actuarially determined. The Office of Education's proportionate share for the measurement periods of June 30, 2023 and June 30, 2022, was 0.0910% and 0.0900%, respectively, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2024, the Office of Education recognized pension expense of \$2,697,699. In addition, the Office of Education recognized pension expense and revenue of \$4,534,676 for support provided by the State. At June 30, 2024, the Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 11,894,401	\$ -
Change in proportion and differences between contributions made and Office of Education's proportionate share of contributions	2,143,153	13,366,072
Differences between projected and actual earnings on pension plan investments	293,211	
Differences between expected and actual experience in the measurement of the total pension liability	5,446,740	3,707,341
Changes of assumptions	<u>401,310</u>	<u>-</u>
Total	<u><u>\$ 20,178,815</u></u>	<u><u>\$ 17,073,413</u></u>

The deferred outflows of resources related to pensions resulting from Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (2,182,717)
2026	(3,417,960)
2027	5,615,246
2028	278,642
Total	<u>\$ 293,211</u>

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and Office of Education’s proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (6,184,352)
2026	(4,251,507)
2027	(1,192,399)
2028	734,843
2029	796,859
Thereafter	1,014,346
Total	<u>\$ (9,082,210)</u>

Actuarial Methods and Assumptions

The total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input 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 expected 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the 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 of 7.10% and assume that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's 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 total pension liability.

The following presents the Office of Education's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (6.10%)	\$ 116,256,140
Current discount rate (7.10%)	69,305,192
1% increase (8.10%)	30,309,370

California Public Employees Retirement System (CalPERS)

Plan Description

The Office of Education contributes to the Public Employees' Retirement Plan (PERS Plan) administered by CalPERS. The PERS Plan is the Miscellaneous plan, an agent multiple-employer defined benefit pension plan. An agent multiple-employer plan is one in which the assets of the employers are pooled for investment purposes, but separate accounts are maintained for each individual employer. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Office of Education selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through the Office of Education ordinance.

A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022, annual actuarial valuation report. This report and CalPERS's annual audited financial report are publicly available reports that can be obtained on the CalPERS website under Forms and Publications.

Plan Membership

At June 30, 2023, the PERS Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	2,444
Inactive employees entitled to but not yet receiving benefits payments	1,946
Active employees	<u>1,125</u>
Total	<u><u>5,515</u></u>

Benefits Provided

CalPERS 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 service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013) and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	<u>Miscellaneous Plan (CalPERS)</u>	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2.5% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.5%	1.0% - 2.0%
Required employee contribution rate	8.00%	7.75%
Required employer contribution rate	29.90%	29.90%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the 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 Office of Education is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total Office of Education contributions were \$33,807,554.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2022	\$ 1,166,410,318	\$ 881,771,175	\$ 284,639,143
Service cost	18,030,841	-	18,030,841
Interest	79,500,885	-	79,500,885
Differences between expected and actual experience	8,565,734	-	8,565,734
Contributions-employer	-	33,394,318	(33,394,318)
Contributions-employee	-	7,385,423	(7,385,423)
Net investment income	-	54,379,917	(54,379,917)
Benefit payments	(63,609,475)	(63,609,475)	-
Administrative expense	-	(648,413)	648,413
Net change in total pension liability	42,487,985	30,901,770	11,586,215
Balance at June 30, 2023	<u>\$ 1,208,898,303</u>	<u>\$ 912,672,945</u>	<u>\$ 296,225,358</u>

There were no changes in the benefit terms since the previous valuation. There were no changes in the economic assumptions since the previous valuation.

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

For the year ended June 30, 2024, the Office of Education recognized pension expense of \$52,058,804. At June 30, 2024, the Office of Education reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 33,807,554	\$ -
Differences between employer contributions and proportionate share of contributions	-	276,022
Differences between projected and actual earnings on pension plan investments	41,469,956	-
Differences between expected and actual experience in the measurement of the total pension liability	4,057,453	-
Total	<u>\$ 79,334,963</u>	<u>\$ 276,022</u>

The deferred outflows of resources related to pensions resulting from Office of Education contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 7,307,283
2026	4,017,218
2027	29,035,809
2028	<u>1,109,646</u>
Total	<u>\$ 41,469,956</u>

The deferred outflows/(inflows) of resources related to the differences between employer contributions made and Office of Education’s allocated contributions and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 1.9 years and will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 3,885,306
2026	(87,326)
2027	<u>(16,549)</u>
Total	<u>\$ 3,781,431</u>

Actuarial Methods and Assumptions

The total pension liability for the PERS Plan was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	7.00%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period of 1997 to 2015. Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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 returns were calculated over the short-term (first ten 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity - cap-weighted	30%	4.54%
Global equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions will be made at statutory contribution rates. Based on these assumptions, the 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 total pension liability.

The following presents the Office of Education’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 444,235,052
Current discount rate (6.90%)	296,225,358
1% increase (7.90%)	172,945,440

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the Office of Education. These payments consist of State General Fund contributions to CalSTRS in the amount of \$5,331,876 (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 14 - Commitments and Contingencies**Grants**

The Office of Education received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Office of Education at June 30, 2024.

Litigation

The Office of Education is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the Office of Education at June 30, 2024.



Required Supplementary Information
June 30, 2024

Los Angeles County Office of Education

Los Angeles County Office of Education
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local control funding formula	\$ 170,508,313	\$ 190,288,739	\$ 197,276,818	\$ 6,988,079
Federal sources	280,608,632	351,404,339	274,124,649	(77,279,690)
Other State sources	44,324,351	67,575,469	59,973,085	(7,602,384)
Other local sources	119,979,068	170,015,608	189,634,285	19,618,677
Total revenues ¹	615,420,364	779,284,155	721,008,837	(58,275,318)
Expenditures				
Current				
Certificated salaries	64,817,095	72,681,813	65,720,512	6,961,301
Classified salaries	117,235,756	118,523,895	112,316,945	6,206,950
Employee benefits	105,529,852	107,222,843	92,475,735	14,747,108
Books and supplies	11,645,559	21,597,042	11,442,153	10,154,889
Services and operating expenditures	273,163,342	379,697,344	278,556,619	101,140,725
Other outgo	35,691,503	33,924,855	27,839,406	6,085,449
Capital outlay	15,181,816	9,268,331	6,499,910	2,768,421
Debt service - principal	546,895	13,029,863	18,824,899	(5,795,036)
Debt service - interest	1,674,314	2,589,855	1,743,786	846,069
Total expenditures ¹	625,486,132	758,535,841	615,419,965	143,115,876
Excess (Deficiency) of Revenues Over Expenditures	(10,065,768)	20,748,314	105,588,872	84,840,558
Other Financing Sources (Uses)				
Transfers in	93,000	93,000	104,305	11,305
Other sources	-	-	2,411,383	2,411,383
Transfers out	(1,265,000)	(21,265,000)	-	21,265,000
Net Financing Sources (Uses)	(1,172,000)	(21,172,000)	2,515,688	23,687,688
Net Change in Fund Balances	(11,237,768)	(423,686)	108,104,560	108,528,246
Fund Balance - Beginning	347,347,520	347,347,520	347,347,520	-
Fund Balance - Ending	\$ 336,109,752	\$ 346,923,834	\$ 455,452,080	\$ 108,528,246

¹ Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects, additional financial activity pertaining to this other fund is included in the Actual (GAAP Basis), however are not included in the original and final General Fund budgets.

Los Angeles County Office of Education
 Budgetary Comparison Schedule – Child Development Fund
 Year Ended June 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Federal sources	\$ -	\$ 260,997	\$ 260,997	\$ -
Other State sources	27,511,169	90,212,219	47,211,145	(43,001,074)
Other local sources	-	1,826,242	(236,393)	(2,062,635)
Total revenues	<u>27,511,169</u>	<u>92,299,458</u>	<u>47,235,749</u>	<u>(45,063,709)</u>
Expenditures				
Current				
Certificated salaries	701,078	947,047	268,686	678,361
Classified salaries	2,390,685	5,089,558	4,017,761	1,071,797
Employee benefits	1,609,686	3,187,566	2,280,202	907,364
Books and supplies	195,251	2,341,653	1,752,903	588,750
Services and operating expenditures	25,107,822	83,192,166	32,790,143	50,402,023
Other outgo	1,308,497	4,075,145	1,409,852	2,665,293
Capital outlay	-	580,765	274,703	306,062
Debt service - principal	-	221,176	219,753	1,423
Debt service - interest	-	113,742	113,737	5
Total expenditures	<u>31,313,019</u>	<u>99,748,818</u>	<u>43,127,740</u>	<u>56,621,078</u>
Net Change in Fund Balances	(3,801,850)	(7,449,360)	4,108,009	11,557,369
Fund Balance - Beginning	<u>7,823,511</u>	<u>7,823,511</u>	<u>7,823,511</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,021,661</u>	<u>\$ 374,151</u>	<u>\$ 11,931,520</u>	<u>\$ 11,557,369</u>

Los Angeles County Office of Education
Schedule of Changes in the Office of Education's Net OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2024	2023	2022	2021
Total OPEB Liability				
Service cost	\$ 616,618	\$ 522,495	\$ 705,002	\$ 657,518
Interest	1,299,190	1,255,911	1,812,059	1,789,431
Difference between expected and actual experience	(2,090,387)	-	(1,461,972)	-
Changes of assumptions	3,214,831	-	534,346	-
Changes of benefit terms	(11,196,148)	-	(10,174,015)	-
Benefit payments	(1,547,356)	(636,092)	(2,034,576)	(2,130,203)
Net change in total OPEB liability	(9,703,252)	1,142,314	(10,619,156)	316,746
Total OPEB liability - beginning	23,768,349	22,626,035	33,245,191	32,928,445
Total OPEB liability - ending (a)	<u>\$ 14,065,097</u>	<u>\$ 23,768,349</u>	<u>\$ 22,626,035</u>	<u>\$ 33,245,191</u>
Plan Fiduciary Net Position				
Contributions-employer	\$ 1,547,356	\$ 1,790,092	\$ 4,564,576	\$ 4,580,203
Net investment income	203,848	(1,435,818)	1,312,308	569,932
Benefit payments	(1,547,356)	(636,092)	(2,034,576)	(2,130,203)
Administrative expense	(3,597)	(11,083)	(8,626)	(5,848)
Net change in plan fiduciary net position	200,251	(292,901)	3,833,682	3,014,084
Plan fiduciary net position - beginning	12,670,309	12,963,210	9,129,528	6,115,444
Plan fiduciary net position - ending (b)	<u>\$ 12,870,560</u>	<u>\$ 12,670,309</u>	<u>\$ 12,963,210</u>	<u>\$ 9,129,528</u>
Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 1,194,537</u>	<u>\$ 11,098,040</u>	<u>\$ 9,662,825</u>	<u>\$ 24,115,663</u>
Plan fiduciary net position as a percentage of the total OPEB liability	91.51%	53.31%	57.29%	27.46%
Covered payroll	<u>\$ 135,790,492</u>	<u>\$ 141,868,307</u>	<u>\$ 131,714,391</u>	<u>\$ 129,469,337</u>
Office of Education's net OPEB liability as a percentage of covered payroll	0.88%	7.82%	7.34%	18.63%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020

Note: In the future, as data becomes available, ten years of information will be presented.

Los Angeles County Office of Education
Schedule of Changes in the Office of Education's Net OPEB Liability and Related Ratios
Year Ended June 30, 2024

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 727,244	\$ 1,077,699	\$ 1,212,888
Interest	1,782,293	1,208,766	1,274,945
Difference between expected and actual experience	(1,097,931)	(2,543,061)	-
Changes of assumptions	(172,008)	(8,052,340)	-
Changes of benefit terms	-	-	-
Benefit payments	(1,926,836)	(1,691,291)	(2,538,608)
Net change in total OPEB liability	(687,238)	(10,000,227)	(50,775)
Total OPEB liability - beginning ²	33,615,683	42,000,910	42,051,685
Total OPEB liability - ending (a)	<u>\$ 32,928,445</u>	<u>\$ 32,000,683</u>	<u>\$ 42,000,910</u>
Plan Fiduciary Net Position			
Contributions-employer	\$ 4,526,836	\$ 4,891,291	\$ 2,538,608
Net investment income	318,487	-	-
Benefit payments	(1,926,836)	(1,691,291)	(2,538,608)
Administrative expense	(3,043)	-	-
Net change in plan fiduciary net position	2,915,444	3,200,000	-
Plan fiduciary net position - beginning	3,200,000	-	-
Plan fiduciary net position - ending (b)	<u>\$ 6,115,444</u>	<u>\$ 3,200,000</u>	<u>\$ -</u>
Office of Education's net OPEB liability - ending (a) - (b)	<u>\$ 26,813,001</u>	<u>\$ 28,800,683</u>	<u>\$ 42,000,910</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.57%	10.00%	0.00%
Covered payroll	<u>\$ 132,491,578</u>	<u>\$ 136,296,529</u>	<u>N/A¹</u>
Office of Education's net OPEB liability as a percentage of covered payroll	20.24%	21.13%	N/A ¹
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

¹ The Office of Education's OPEB Plan was not administered through a trust in 2018, and contributions were not made based on a measure of pay. Therefore, no measure of payroll is presented.

² The 2020 total OPEB liability beginning balance reflects the inclusion of the LACERA OPEB plan.

Note: In the future, as data becomes available, ten years of information will be presented.

Los Angeles County Office of Education
Schedule of the Office of Education's Contributions for OPEB
Year Ended June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially determined contribution	\$ 777,208	\$ 1,188,596	\$ 1,153,977	\$ 2,526,687
Contribution in relation to the actuarially determined contribution	<u>(1,547,356)</u>	<u>(1,790,092)</u>	<u>(4,564,576)</u>	<u>(4,580,203)</u>
Contribution deficiency (excess)	<u>\$ (770,148)</u>	<u>\$ (601,496)</u>	<u>\$ (3,410,599)</u>	<u>\$ (2,053,516)</u>
Covered payroll	<u>\$ 135,790,492</u>	<u>\$ 141,868,307</u>	<u>\$ 131,714,391</u>	<u>\$ 129,469,337</u>
Contributions as a percentage of covered payroll	<u>1.14%</u>	<u>1.26%</u>	<u>3.47%</u>	<u>3.54%</u>
		<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution		\$ 2,453,095	\$ 2,617,085	\$ 3,436,462
Contribution in relation to the actuarially determined contribution		<u>(4,526,836)</u>	<u>(4,891,291)</u>	<u>(2,538,608)</u>
Contribution deficiency (excess)		<u>\$ (2,073,741)</u>	<u>\$ (2,274,206)</u>	<u>\$ 897,854</u>
Covered payroll		<u>\$ 132,491,578</u>	<u>\$ 136,296,529</u>	<u>\$ 149,953,980</u>
Contributions as a percentage of covered payroll		<u>3.42%</u>	<u>3.59%</u>	<u>1.69%</u>

Note: In the future, as data becomes available, ten years of information will be presented.

Los Angeles County Office of Education
 Schedule of OPEB Investment Returns
 Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	1.61%	(10.95%)	13.50%	6.28%	7.20%	0.00%

Note: In the future, as data becomes available, ten years of information will be presented.

Los Angeles County Office of Education
Schedule of the Office of Education's Proportionate Share of the Net OPEB Liability – MPP Program
Year Ended June 30, 2024

Year ended June 30,	2024	2023	2022	2021
Proportion of the net OPEB liability	0.1351%	0.1201%	0.1354%	0.1320%
Proportionate share of the net OPEB liability	\$ 409,998	\$ 395,653	\$ 540,000	\$ 559,396
Covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.80%)	(0.71%)
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Year ended June 30,		2020	2019	2018
Proportion of the net OPEB liability		0.1590%	0.1850%	0.3993%
Proportionate share of the net OPEB liability		\$ 592,111	\$ 708,124	\$ 1,680,025
Covered payroll		N/A ¹	N/A ¹	N/A ¹
Proportionate share of the net OPEB liability as a percentage of it's covered payroll		N/A ¹	N/A ¹	N/A ¹
Plan fiduciary net position as a percentage of the total OPEB liability		(0.81%)	(0.40%)	0.01%
Measurement Date		June 30, 2019	June 30, 2018	June 30, 2017

¹ As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

Note : In the future, as data becomes available, ten years of information will be presented.

Los Angeles County Office of Education
Schedule of the Office of Education's Proportionate Share of the Net Pension Liability - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Office of Education's proportion of the net pension liability	0.0910%	0.0900%	0.0900%	0.0870%	0.1030%
Office of Education's proportionate share of the net pension liability	\$ 69,305,192	\$ 62,536,076	\$ 40,955,876	\$ 84,309,395	\$ 93,024,831
State's proportionate share of the net pension liability associated with the Office of Education	33,334,322	31,436,144	20,623,301	43,458,167	50,615,110
Total	<u>\$ 102,639,514</u>	<u>\$ 93,972,220</u>	<u>\$ 61,579,177</u>	<u>\$ 127,767,562</u>	<u>\$ 143,639,941</u>
Office of Education's covered payroll	<u>\$ 55,830,880</u>	<u>\$ 52,662,228</u>	<u>\$ 48,451,375</u>	<u>\$ 48,035,702</u>	<u>\$ 57,418,090</u>
Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	124.13%	118.75%	84.53%	175.51%	162.01%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
	2019	2018	2017	2016	2015
Office of Education's proportion of the net pension liability	0.1270%	0.1440%	0.1510%	0.1720%	0.2125%
Office of Education's proportionate share of the net pension liability	\$ 116,722,269	\$ 133,170,804	\$ 122,130,052	\$ 115,797,280	\$ 124,183,818
State's proportionate share of the net pension liability associated with the Office of Education	66,776,857	78,276,057	69,526,607	61,243,996	74,987,551
Total	<u>\$ 183,499,126</u>	<u>\$ 211,446,861</u>	<u>\$ 191,656,659</u>	<u>\$ 177,041,276</u>	<u>\$ 199,171,369</u>
Office of Education's covered payroll	<u>\$ 68,636,431</u>	<u>\$ 75,468,029</u>	<u>\$ 75,898,714</u>	<u>\$ 80,494,561</u>	<u>\$ 94,222,352</u>
Office of Education's proportionate share of the net pension liability as a percentage of its covered payroll	170.06%	176.46%	160.91%	143.86%	131.80%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Los Angeles County Office of Education
Schedule of Changes in the Office of Education's Net Pension Liability and Related Ratios - CalPERS
Year Ended June 30, 2024

	2024	2023	2022	2021	2020
Total Pension Liability					
Service cost	\$ 18,030,841	\$ 17,800,608	\$ 15,489,414	\$ 15,305,975	\$ 17,061,034
Interest	79,500,885	76,647,315	75,547,604	73,819,986	71,549,901
Difference between expected and actual experience	8,565,734	(8,434,914)	(9,413,250)	(2,918,483)	7,551,040
Changes of assumptions	-	28,323,184	-	-	-
Benefit payments	(63,609,475)	(59,935,899)	(55,784,252)	(55,499,647)	(50,631,314)
Net change in total pension liability	42,487,985	54,400,294	25,839,516	30,707,831	45,530,661
Total pension liability - beginning	1,166,410,318	1,112,010,024	1,086,170,508	1,055,462,677	1,009,932,016
Total pension liability - ending (a)	<u>\$ 1,208,898,303</u>	<u>\$ 1,166,410,318</u>	<u>\$ 1,112,010,024</u>	<u>\$ 1,086,170,508</u>	<u>\$ 1,055,462,677</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ 33,394,318	\$ 31,621,829	\$ 29,237,213	\$ 26,377,603	\$ 23,106,461
Contributions-employee	7,385,423	7,428,281	6,980,191	6,868,075	7,399,886
Net investment income	54,379,917	(73,115,641)	182,461,865	39,638,193	50,265,717
Benefit payments	(63,609,475)	(59,935,899)	(55,784,252)	(55,499,647)	(50,631,314)
Administrative expense	(648,413)	(608,227)	(813,435)	(1,125,041)	(548,379)
Other miscellaneous income/(expense)	-	-	-	-	1,781
Net change in plan fiduciary net position	30,901,770	(94,609,657)	162,081,582	16,259,183	29,594,152
Plan fiduciary net position - beginning	881,771,175	976,380,832	814,299,250	798,040,067	768,445,915
Plan fiduciary net position - ending (b)	<u>\$ 912,672,945</u>	<u>\$ 881,771,175</u>	<u>\$ 976,380,832</u>	<u>\$ 814,299,250</u>	<u>\$ 798,040,067</u>
Office of Education's net pension liability - ending (a) - (b)	<u>\$ 296,225,358</u>	<u>\$ 284,639,143</u>	<u>\$ 135,629,192</u>	<u>\$ 271,871,258</u>	<u>\$ 257,422,610</u>
Plan fiduciary net position as a percentage of the total pension liability	75.50%	75.60%	87.80%	74.97%	75.61%
Covered payroll	\$ 113,084,089	\$ 96,921,856	\$ 91,458,103	\$ 89,218,237	\$ 83,740,384
Office of Education's net pension liability as a percentage of covered payroll	261.95%	293.68%	148.30%	304.73%	307.41%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

Los Angeles County Office of Education
Schedule of Changes in the Office of Education's Net Pension Liability and Related Ratios - CalPERS
Year Ended June 30, 2024

	2019	2018	2017	2016	2015
Total Pension Liability					
Service cost	\$ 18,293,987	\$ 18,520,734	\$ 17,087,625	\$ 17,861,412	\$ 18,651,978
Interest	68,351,536	66,094,323	64,724,424	62,803,788	60,746,753
Difference between expected and actual experience	876,687	(13,211,457)	(12,821,663)	(12,272,540)	-
Changes of assumptions	(8,184,270)	52,461,787	-	(14,784,767)	-
Benefit payments	(47,064,108)	(44,185,263)	(42,722,128)	(41,978,502)	(39,898,035)
Net change in total pension liability	32,273,832	79,680,124	26,268,258	11,629,391	39,500,696
Total pension liability - beginning	977,658,184	897,978,060	871,709,802	860,080,411	820,579,715
Total pension liability - ending (a)	<u>\$ 1,009,932,016</u>	<u>\$ 977,658,184</u>	<u>\$ 897,978,060</u>	<u>\$ 871,709,802</u>	<u>\$ 860,080,411</u>
Plan Fiduciary Net Position					
Contributions-employer	\$ 20,152,987	\$ 17,399,581	\$ 16,685,044	\$ 13,077,060	\$ 13,537,610
Contributions-employee	7,643,547	7,739,845	8,599,370	6,919,738	7,878,456
Net investment income	61,410,276	74,774,393	3,510,265	15,437,772	104,761,405
Benefit payments	(47,064,108)	(44,185,263)	(42,722,128)	(41,978,502)	(39,898,035)
Administrative expense	(1,136,919)	(996,398)	(420,041)	(775,639)	-
Other miscellaneous income/(expense) ¹	(2,160,810)	-	-	-	-
Net change in plan fiduciary net position	38,844,973	54,732,158	(14,347,490)	(7,319,571)	86,279,436
Plan fiduciary net position - beginning	729,600,942	674,868,784	689,216,274	696,535,845	610,256,409
Plan fiduciary net position - ending (b)	<u>\$ 768,445,915</u>	<u>\$ 729,600,942</u>	<u>\$ 674,868,784</u>	<u>\$ 689,216,274</u>	<u>\$ 696,535,845</u>
Office of Education's net pension liability - ending (a) - (b)	<u>\$ 241,486,101</u>	<u>\$ 248,057,242</u>	<u>\$ 223,109,276</u>	<u>\$ 182,493,528</u>	<u>\$ 163,544,566</u>
Plan fiduciary net position as a percentage of the total pension liability	76.09%	74.63%	75.15%	79.06%	80.98%
Covered payroll	\$ 88,286,037	\$ 92,138,136	\$ 95,440,960	\$ 93,251,595	\$ 95,421,604
Office of Education's net pension liability as a percentage of covered payroll	273.53%	269.22%	233.77%	195.70%	171.39%
Measurement Date	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

¹ During Fiscal Year 2017-18, as a result of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other than Pensions* (GASB 75), CalPERS reported its proportionate share of activity related to postemployment benefits for participation in the State of California's agent OPEB plan. Accordingly, CalPERS recorded a one-time expense as a result of the adoption of GASB 75.

Los Angeles County Office of Education
Schedule of the Office of Education's Contributions for Pensions - CalSTRS
Year Ended June 30, 2024

CalSTRS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 11,894,401	\$ 10,663,698	\$ 8,910,449	\$ 7,824,897	\$ 8,214,105
Contributions in relation to the contractually required contribution	<u>(11,894,401)</u>	<u>(10,663,698)</u>	<u>(8,910,449)</u>	<u>(7,824,897)</u>	<u>(8,214,105)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Office of Education's covered payroll	<u>\$ 62,274,351</u>	<u>\$ 55,830,880</u>	<u>\$ 52,662,228</u>	<u>\$ 48,451,375</u>	<u>\$ 48,035,702</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 9,347,665	\$ 9,904,237	\$ 9,493,878	\$ 8,143,932	\$ 7,147,917
Contributions in relation to the contractually required contribution	<u>(9,347,665)</u>	<u>(9,904,237)</u>	<u>(9,493,878)</u>	<u>(8,143,932)</u>	<u>(7,147,917)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Office of Education's covered payroll	<u>\$ 57,418,090</u>	<u>\$ 68,636,431</u>	<u>\$ 75,468,029</u>	<u>\$ 75,898,714</u>	<u>\$ 80,494,561</u>
Contributions as a percentage of covered payroll	<u>16.28%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

Los Angeles County Office of Education
Schedule of the Office of Education's Contributions for Pensions - CalPERS
Year Ended June 30, 2024

CalPERS	2024	2023	2022	2021	2020
Contractually required contribution	\$ 33,807,554	\$ 33,212,287	\$ 31,268,004	\$ 29,129,779	\$ 26,062,020
Contributions in relation to the contractually required contribution	<u>(33,807,554)</u>	<u>(33,212,287)</u>	<u>(31,268,004)</u>	<u>(29,129,779)</u>	<u>(26,062,020)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Office of Education's covered payroll	<u>\$ 113,084,089</u>	<u>\$ 96,921,856</u>	<u>\$ 91,458,103</u>	<u>\$ 89,218,237</u>	<u>\$ 83,740,384</u>
Contributions as a percentage of covered payroll	<u>29.90%</u>	<u>34.27%</u>	<u>34.19%</u>	<u>32.65%</u>	<u>31.12%</u>
	2019	2018	2017	2016	2015
Contractually required contribution	\$ 22,844,600	\$ 19,971,733	\$ 17,098,248	\$ 15,172,967	\$ 14,120,489
Contributions in relation to the contractually required contribution	<u>(22,844,600)</u>	<u>(19,971,733)</u>	<u>(17,098,248)</u>	<u>(15,172,967)</u>	<u>(14,120,489)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Office of Education's covered payroll	<u>\$ 88,286,037</u>	<u>\$ 92,138,136</u>	<u>\$ 95,440,960</u>	<u>\$ 93,251,595</u>	<u>\$ 95,421,604</u>
Contributions as a percentage of covered payroll	<u>25.88%</u>	<u>25.75%</u>	<u>17.92%</u>	<u>16.27%</u>	<u>14.80%</u>

Note 1 - Purpose of Schedules

Budgetary Comparison Schedules

The Office of Education employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

These schedules present information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Schedule of Changes in the Office of Education's Net OPEB Liability and Related Ratios

This schedule presents information on the Office of Education's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – Changes to the benefit terms reflect a change effective January 1, 2023, removing a \$75 supplement towards premiums for retirees who were 65 and over or did not qualify for the “Years of Service” benefits.
- *Changes of Assumptions* – Changes of economic assumptions reflect a change in the discount rate from 5.50% to 5.25% and a change in the healthcare cost trend rate from 4.00% to 6.00%.

Schedule of the Office of Education's Contributions for OPEB

This schedule presents information on the Office of Education's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of OPEB Investment Returns

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the Office of Education's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the Office of Education's proportionate share of the net OPEB Liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* – The plan rate of investment return assumption was changed from 3.54% to 3.65% since the previous valuation.

Schedule of the Office of Education's Proportionate Share of the Net Pension Liability - CalSTRS

This schedule presents information on the Office of Education's proportionate share of the net pension liability (NPL), the Plan's fiduciary net position and, the State's proportionate share of the NPL associated with the Office of Education.

- *Changes in Benefit Terms* – There were no changes in benefit terms for the CalSTRS plan from the previous valuation.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalSTRS plan from the previous valuation.

Schedule of Changes in the Office of Education's Net Pension Liability and Related Ratios – CalPERS

This schedule presents information on the Office of Education's changes in the net pension liability, including beginning and ending balances, the Plan's fiduciary net position, and the net pension liability.

- *Changes in Benefit Terms* – There were no changes in benefit terms for the CalPERS plan from the previous valuation.
- *Changes of Assumptions* – There were no changes in economic assumptions for the CalPERS plan from the previous valuation.

Schedule of Office of Education's Contributions for Pensions

This schedule presents information on the Office of Education's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.



Supplementary Information
June 30, 2024

Los Angeles County Office of Education

Los Angeles County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of Health and Human Services				
Head Start Cluster				
Head Start	93.600		\$ 190,761,597	\$ 163,030,327
COVID-19: Head Start	93.600		<u>4,171,995</u>	<u>4,157,864</u>
Subtotal Head Start Cluster			<u>194,933,592</u>	<u>167,188,191</u>
Domestic Victims of Human Trafficking Advancing Wellness & Resilience in Education (NITT-AWARE) Program	93.327		366,222	-
Passed through California Department of Health Services Medicaid Cluster				
Healthy Kids	93.778	PH-002513	<u>111,369</u>	-
Subtotal Medicaid Cluster			<u>111,369</u>	-
Passed through California Department of Education				
Child Care and Development Fund (CCDF) Cluster				
Infant/Toddler Quality Rating and Improvement System Block Grant	93.575	14092	2,282,617	1,890,953
COVID-19: Child Development: ARP California State Preschool Program One-time Stipend	93.575	15640	22,410	22,410
COVID-19: ARP California State Preschool Program - Rate Supplements	93.575	15641	<u>166,928</u>	<u>155,712</u>
Subtotal CCDF Cluster			<u>2,471,955</u>	<u>2,069,075</u>
Passed through County of Los Angeles, Department of Public Social Services				
Temporary Assistance for Needy Families	93.558	C-15373	22,647,689	-
Passed through County of Los Angeles, Department of Public Health Services				
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PH-002818/ 002817-2	300,267	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	PH-04396	327,545	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959	[1]	<u>158,795</u>	-
Subtotal			<u>786,607</u>	-
COVID-19: School COVID-19 Prevention Partnership	93.354	[1]	<u>730,722</u>	-
Total U.S. Department of Health and Human Services			<u>222,517,035</u>	<u>169,301,766</u>
U.S. Department of Agriculture				
Team Nutrition Training Project				
Supplemental Nutrition Assistance Program (SNAP) Cluster	10.574		187,081	-
Passed through County of Los Angeles, Department of Public Social Services				
General Relief Opportunities for Work (GROW)	10.561	C-15528/16749	<u>654,547</u>	-
Subtotal SNAP Cluster			<u>654,547</u>	-
Passed through California Department of Education				
Child Nutrition Cluster				
National School Lunch Program	10.555	13524	<u>193,490</u>	-
Subtotal Child Nutrition Cluster			<u>193,490</u>	-

Pass-Through

Amounts

[1] Pass-Through Entity Identifying Number not available.

Los Angeles County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
Forest Service Schools and Roads Cluster				
Forest Reserve	10.665	10044	\$ 672,218	\$ 567,913
Subtotal Forest Service Schools and Roads Cluster			<u>672,218</u>	<u>567,913</u>
Total U.S. Department of Agriculture			<u>1,707,336</u>	<u>567,913</u>
U.S. Department of the Interior				
Flood Control Act Lands	15.433		<u>3,572</u>	<u>-</u>
U.S. Department of Education				
Teaching English Learners through the Arts (TELA) Project Passed through California Department of Education	84.365Z		726,605	-
Title III, English Learner Student Program	84.365	14346	27,752	-
Title III, Technical Assistance	84.365	14967	<u>488,391</u>	<u>-</u>
Subtotal			<u>1,242,748</u>	<u>-</u>
Passed through California Department of Education				
Special Education Cluster (IDEA)				
IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	13379	3,405,541	2,612,077
COVID-19: IDEA Basic Local Assistance Entitlement, Part B, Section 611	84.027	15638	67,581	67,581
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	260,258	146,146
Alternate Dispute Resolution, Part B, Sec 611	84.027A	13007	9,939	-
IDEA Capacity Building, Part B, Sec 611	84.027A	13693	13,209	-
IDEA Preschool Capacity Building, Part B, Sec 619	84.173A	13839	<u>121,284</u>	<u>-</u>
Subtotal Special Education Cluster (IDEA)			<u>3,877,812</u>	<u>2,825,804</u>
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15547	189,293	-
COVID-19: Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15618	71,467	-
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	15620	1,040,214	-
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	15621	1,796,745	-
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	15559	13,895,432	-
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425U	10155	6,257,820	-
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) - Homeless Children and Youth	84.425W	15564	2,115,625	310,640
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) - Homeless Children and Youth	84.425W	15636	1,151,550	436,357
COVID-19: American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER) - Homeless Children and Youth	84.425W	15566	<u>76,739</u>	<u>-</u>
Subtotal			<u>26,594,885</u>	<u>746,997</u>

Los Angeles County Office of Education
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
ESSA School Improvement Funding for LEAs	84.010	15438	\$ 441,196	\$ -
ESSA School Improvement Funding for COEs	84.010	15439	1,071,818	-
ESSA Comprehensive Support and Improvement (CSI) COE Plan Development and Implementation	84.010	15565	893,686	-
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	3,509,887	-
Title I, Part D, Subpart 2, Local Delinquent Programs	84.010	14357	1,610,182	-
Subtotal			<u>7,526,769</u>	<u>-</u>
Title I, Migrant Education Summer Program	84.011	10005	625,947	342,892
Title I, Part C, Migrant Education (Regular and Summer Program)	84.011	14326	3,172,257	1,338,026
Title I, Part C, Migrant Education (MESRP)	84.011	10144	85,494	82,190
Subtotal			<u>3,883,698</u>	<u>1,763,108</u>
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	149	-
Title II, Part A, 21st Century California School Leadership Academy	84.367	15664	2,930,645	1,636,777
Subtotal			<u>2,930,794</u>	<u>1,636,777</u>
Title II, Comprehensive Literacy State Development (CLSD)	84.371	15493	1,376,921	494,125
Title IV, 21st Century Community Learning Centers (CCLC) Technical Assistance	84.287	14350	1,281,698	-
Title IV, Part A, Student Support and Academic Enrichment Grant	84.424	15391, 15396	351,254	-
Education for Homeless Children and Youth Passed through California Department of Rehabilitation	84.196	14332	485,373	-
Workability II, Transitions Partnership Program	84.126	10006	1,073,187	-
Total U.S. Department of Education			<u>50,625,139</u>	<u>7,466,811</u>
Total Federal Financial Assistance			<u>\$ 274,853,082</u>	<u>\$ 177,336,490</u>

Los Angeles County Office of Education
 Schedule of Average Daily Attendance
 Year Ended June 30, 2024

	Final Report	
	Second Period Report	Annual Report
County Office of Education		
Regular ADA		
Elementary	13.98	19.13
High School	492.46	497.33
Special High Schools		
Ninth through twelfth	997.95	1,004.67
Total regular ADA	1,504.39	1,521.13
Community Day School		
Seventh and eighth	3.63	4.07
Ninth through twelfth	33.57	34.26
Total community day school	37.20	38.33
Total ADA	1,541.59	1,559.46

Los Angeles County Office of Education
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2024

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2024.

Los Angeles County Office of Education
Schedule of Financial Trends and Analysis
Year Ended June 30, 2024

	(Budget) 2025 ¹	2024	2023 ¹	2022 ¹
General Fund				
Revenues	\$ 688,150,637	\$ 721,008,837	\$ 613,112,661	\$ 710,936,570
Other sources and transfers in	21,749,900	2,515,688	2,717,113	108,777
Total revenues and other sources	<u>709,900,537</u>	<u>723,524,525</u>	<u>615,829,774</u>	<u>711,045,347</u>
Expenditures	680,791,189	615,419,965	556,381,590	684,676,833
Other uses and transfers out	21,650,000	-	7,810,117	953,203
Total expenditures and other uses	<u>702,441,189</u>	<u>615,419,965</u>	<u>564,191,707</u>	<u>685,630,036</u>
Increase in Fund Balance	<u>\$ 7,459,348</u>	<u>\$ 108,104,560</u>	<u>\$ 51,638,067</u>	<u>\$ 25,415,311</u>
Ending Fund Balance	<u>\$ 462,911,428</u>	<u>\$ 455,452,080</u>	<u>\$ 347,347,520</u>	<u>\$ 295,709,453</u>
Available Reserves ²	<u>\$ 72,596,857</u>	<u>\$ 68,661,167</u>	<u>\$ 59,664,177</u>	<u>\$ 77,648,546</u>
Available Reserves as a Percentage of Total Outgo	<u>10.33%</u>	<u>11.16%</u>	<u>10.58%</u>	<u>11.33%</u>
Long-Term Liabilities	<u>N/A</u>	<u>\$ 413,120,905</u>	<u>\$ 419,469,339</u>	<u>\$ 251,209,562</u>
K-12 Average Daily Attendance at Annual	<u>1,692</u>	<u>1,559</u>	<u>1,514</u>	<u>1,491</u>

The General Fund balance (including restricted program carryovers) has increased by \$159,742,627 over the past two years. The fiscal year 2024-2025 budget projects a surplus of \$7,459,348 (1.64%). For an Office of Education this size, the State recommends available (unrestricted) reserves of at least two percent of total General Fund expenditures, transfers out, and other uses (total outgo). The Office of Education's Board policy requires available unrestricted reserves of at least ten percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The Office of Education has incurred operating surpluses in the past three years, and anticipates incurring an operating surplus during the 2024-2025 fiscal year. Total long-term liabilities have increased by \$161,911,343 over the past two years.

Actual average daily attendance has increased by 68 over the past two years. An increase of 133 ADA is anticipated during fiscal year 2024-2025. LCFF protections have provided for a three year average of ADA for purposes of per pupil funding. The benefit of averaging with pre-covid attendance will end next year with funded ADA anticipated to decrease by 199.70.

¹ Financial information for 2025, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

² Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund.

Los Angeles County Office of Education

Schedule of Charter Schools

Year Ended June 30, 2024

Name of Charter School	Charter Number	Included in Audit Report
Alma Fuerte Public School	1859	No
Animo City of Champions Charter High School	1874	No
Aspire Antonio Maria Lugo Academy	0694	No
Aspire Ollin University Preparatory Academy	0693	No
Bridges Preparatory Academy	2114	No
Da Vinci RISE High	2017	No
Environmental Charter Middle School	1204	No
Environmental Charter Middle School - Inglewood	1501	No
Environmental Charter High School - Gardena	2098	No
Intellectual Virtues Academy	1814	No
Jardin de la Infancia Charter School	0663	No
KIPP Poder Public School	2112*	No
Russell Westbrook Why Not? Middle	1818*	No
Russell Westbrook Why Not? High	1817	No
Lashon Academy	1560	No
Lashon Academy City	2029	No
Magnolia Science Academy #1	0438	No
Magnolia Science Academy #2	0906	No
Magnolia Science Academy #3	0917	No
Magnolia Science Academy #5	0987	No
North Valley Military Institute College Preparatory Academy	0540**	No
Odyssey Charter School	0249	No
Soleil Academy Charter School	1931	No
The SEED School of Los Angeles County	2108	No
Valiente College Preparatory	1744*	No
We The People High School	2045*	No

Financial information for the above schools is not a part of the audited financial statements for the Office of Education and is not included in the independent audit because they are fiscally independent charter schools.

* Closed as of June 30, 2024.

** Closed as of August 31, 2023.

Los Angeles County Office of Education
Combining Balance Sheet – Non-Major Governmental Funds
June 30, 2024

	Student Activity Fund	Special Education Pass-Through Fund	Forest Reserve Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Assets						
Deposits and investments	\$ 122,691	\$ 1,714,033	\$ 20,788	\$ 17,320,386	\$ 43,765,582	\$ 62,943,480
Receivables	-	6,957	2,361	197,068	484,533	690,919
Total assets	\$ 122,691	\$ 1,720,990	\$ 23,149	\$ 17,517,454	\$ 44,250,115	\$ 63,634,399
Liabilities and Fund Balances						
Liabilities						
Accounts payable	-	\$ 1,789,256	\$ 23,149	\$ 38,515	\$ 943,961	\$ 2,794,881
Fund Balances						
Restricted	122,691	-	-	17,478,939	35,040,979	52,642,609
Committed	-	-	-	-	8,265,175	8,265,175
Unassigned	-	(68,266)	-	-	-	(68,266)
Total fund balances	122,691	(68,266)	-	17,478,939	43,306,154	60,839,518
Total liabilities and fund balances	\$ 122,691	\$ 1,720,990	\$ 23,149	\$ 17,517,454	\$ 44,250,115	\$ 63,634,399

Los Angeles County Office of Education

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2024

	Student Activity Fund	Special Education Pass-Through Fund	Forest Reserve Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Total Non-Major Governmental Funds
Revenues						
Federal sources	\$ -	\$ 2,680,631	\$ 695,367	\$ -	\$ -	\$ 3,375,998
Other State sources	-	21,821,040	-	-	-	21,821,040
Other local sources	281,927	25,147	-	875,058	5,100,009	6,282,141
Total revenues	281,927	24,526,818	695,367	875,058	5,100,009	31,479,179
Expenditures						
Current						
Plant services	-	-	-	-	57,461	57,461
Ancillary services	266,169	-	-	-	-	266,169
Other outgo	-	24,501,671	591,062	-	-	25,092,733
Facility acquisition and construction	-	-	-	111,371	2,164,559	2,275,930
Total expenditures	266,169	24,501,671	591,062	111,371	2,222,020	27,692,293
Excess of Revenues Over Expenditures	15,758	25,147	104,305	763,687	2,877,989	3,786,886
Other Financing Uses						
Transfers out	-	-	(104,305)	-	-	(104,305)
Net Change in Fund Balances	15,758	25,147	-	763,687	2,877,989	3,682,581
Fund Balance - Beginning	106,933	(93,413)	-	16,715,252	40,428,165	57,156,937
Fund Balance - Ending	\$ 122,691	\$ (68,266)	\$ -	\$ 17,478,939	\$ 43,306,154	\$ 60,839,518

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Office of Education under programs of the federal government for the year ended June 30, 2024. The information 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). Because the Schedule presents only a selected portion of the operations of the Office of Education, it is not intended to and does not present the net position or changes in net position of the Office of Education.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The Office of Education has not elected to use the ten percent de minimis cost rate.

Schedule of Average Daily Attendance

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the Office of Education. 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 and offices of education. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the Office of Education's financial trends by displaying past years' data along with subsequent year budget information. These financial trend disclosures are used to evaluate the Office of Education's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the Office of Education, and displays information for each Charter School on whether or not the Charter School is included in the Office of Education audit.

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.



Other Information
June 30, 2024

Los Angeles County Office of Education

ORGANIZATION

The Los Angeles County Office of Education (the Office of Education) was established in 1852 after California became a State and the legislature created for each county an Office of the County Superintendent of Schools and consists of an area comprising all of Los Angeles County. The Office of Education operates programs and services for teachers, administrators, parents, 80 school districts, and 13 community college districts in Los Angeles County - the nation's most populous county with nearly 2.0 million students. The Office of Education also provides many education programs, including Los Angeles County's Head Start-State Preschool program, which is the largest in the nation. There were no boundary changes during the year.

GOVERNING BOARD

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Yvonne Chan	President	June 30, 2026
Stanley L. Johnson, Jr.	Vice-President	June 30, 2024
James Cross	Member	June 30, 2025
Andrea Foggy-Paxton	Member	June 30, 2025
Betty Forrester	Member	June 30, 2025
Theresa Montano	Member	June 30, 2027
Monte E. Perez	Member	June 30, 2026

ADMINISTRATION

<u>NAME</u>	<u>DIVISION</u>	<u>TITLE</u>
Debra Duardo, M.S.W, Ed.D.	Superintendent's Office	Superintendent
Ruth Perez, Ed.D	Deputy Superintendent's Office	Deputy Superintendent
Erin M. Simon, Ed.D	Deputy Superintendent's Office	Associate Superintendent
Karen Kimmel	Business Services	Chief Financial Officer
Maricela Ramirez, Ed.D	Education and Special Programs	Chief Education Officer
Ruben Valles	Educational Services	Chief Academic Officer
Kanika White, Ed.D	Human Resources Services	Chief Human Resource Officer
José R. González	Technology Services	Chief Technology Officer
Alicia Garoupa, LCSW	Wellbeing and Support Services	Chief Wellbeing and Support Officer
Daisy Esqueda, Ed.D	Superintendent's Office	Chief of Staff and Strategic Initiatives



Independent Auditor's Reports
June 30, 2024

Los Angeles County Office of Education



**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 President and Members of the Board of Education,
and Debra Duardo, M.S.W., Ed.D., Superintendent
Los Angeles County Office of Education
Downey, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Office of Education (the Office of Education), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Office of Education’s basic financial statements and have issued our report thereon dated December 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Office of Education’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 Office of Education’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Office of Education’s internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Office of Education’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 Office of Education’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 3, 2024



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Board President and Members of the Board of Education,
and Debra Duardo, M.S.W., Ed.D., Superintendent
Los Angeles County Office of Education
Downey, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Los Angeles County Office of Education’s (the Office of Education) 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 Office of Education’s major federal programs for the year ended June 30, 2024. The Office of Education’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 Los Angeles County Office of Education complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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 (*Government Auditing Standards*); 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 Office of Education 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 Office of Education’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 Office of Education'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 Office of Education'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 Office of Education'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 Office of Education'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 Office of Education'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 Office of Education'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.

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 with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 3, 2024



Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

To the Honorable Board President and Members of the Board of Education,
and Debra Duardo, M.S.W., Ed.D., Superintendent
Los Angeles County Office of Education
Downey, California

Report on Compliance

Opinion on State Compliance

We have audited the Los Angeles County Office of Education's (the Office of Education) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the Office of Education's state program requirements identified below for the year ended June 30, 2024.

In our opinion, the Los Angeles County Office of Education complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

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 (*Government Auditing Standards*), and the *2023-2024 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 Office of Education 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 Office of Education'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 Office of Education'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 Office of Education’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 *2023-2024 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 Office of Education’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 *2023-2024 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 Office of Education’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 Office of Education’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 *2023-2024 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 Office of Education’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Office of Education’s compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not applicable
Independent Study	Yes
Continuation Education	Not applicable
Instructional Time	Not applicable
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Not applicable

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Classroom Teacher Salaries	Not applicable
Early Retirement Incentive	Not applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Yes
Middle or Early College High Schools	Not applicable
K-3 Grade Span Adjustment	Not applicable
Apprenticeship: Related and Supplemental Instruction	Yes
Comprehensive School Safety Plan	Yes
District of Choice	Not applicable
Home to School Transportation Reimbursement	Not applicable
 School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Not applicable
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Not applicable
Transitional Kindergarten	Not applicable
 Charter Schools	
Attendance	Not applicable
Mode of Instruction	Not applicable
Nonclassroom-Based Instruction/Independent Study	Not applicable
Determination of Funding for Nonclassroom-Based Instruction	Not applicable
Annual Instructional Minutes - Classroom Based	Not applicable
Charter School Facility Grant Program	Not applicable

The term “Not Applicable” is used above to mean either the Office of Education did not offer the program during the current fiscal year, the Office of Education did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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.

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 *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 3, 2024



Schedule of Findings and Questioned Costs
June 30, 2024

Los Angeles County Office of Education

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major Federal programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major Federal programs

<u>Name of Federal Program or Cluster</u>	<u>Federal Financial Assistance Listing</u>
ESSA School Improvement Funding for LEAs	84.010
ESSA School Improvement Funding for COEs	84.010
ESSA Comprehensive Support and Improvement (CSI) COE	
Plan Development and Implementation	84.010
Title I, Part A, Basic Grants Low-Income and Neglected	84.010
Title I, Part D, Subpart 2, Local Delinquent Programs	84.010
Title I, Migrant Education Summer Program	84.011
Title I, Part C, Migrant Education (Regular and Summer Program)	84.011
Title I, Part C, Migrant Education (MESRP)	84.011
Head Start Cluster	93.600
Dollar threshold used to distinguish between type A and type B programs	\$3,000,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for programs	Unmodified

None reported.

None reported.

None reported.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.