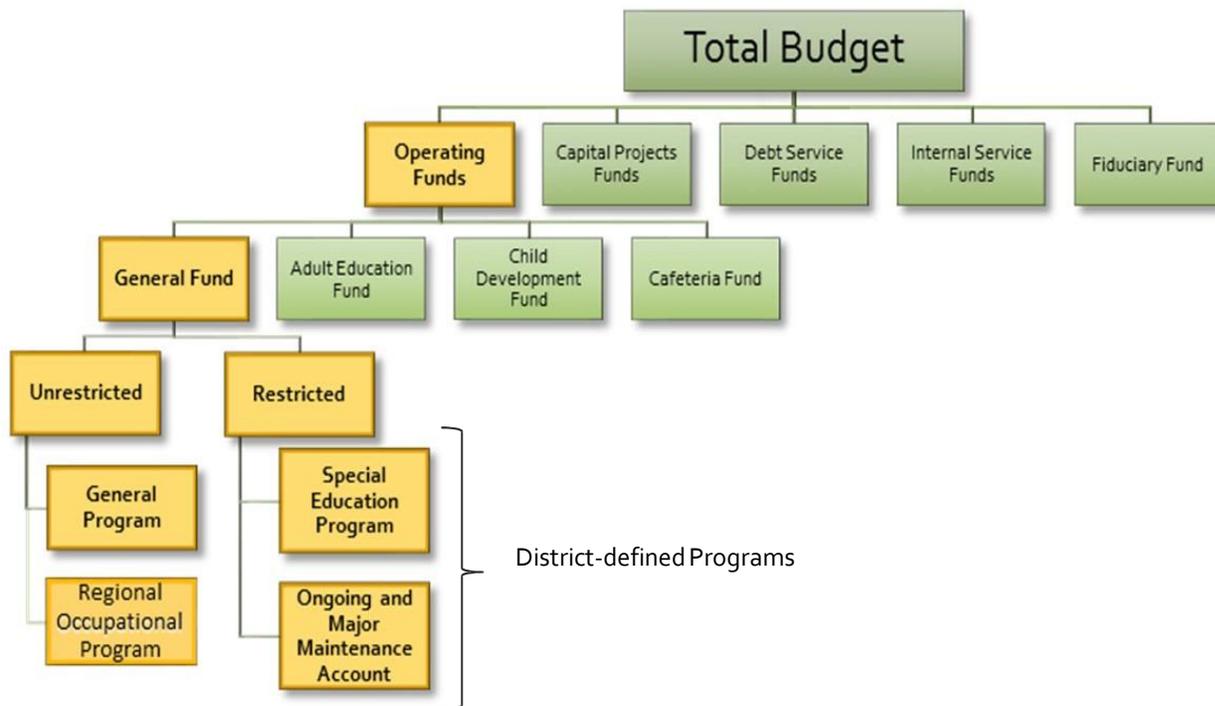


INTRODUCTION

LAUSD’s budget is large and complex. The chart below shows the hierarchy of LAUSD’s fund structure based on California’s Standardized Account Code Structure (SACS). This will guide and help the reader understand the LAUSD’s budget and its various components.



The following pages in this section are designed to look at LAUSD’s fund structure from the overall total budget drilling down to the General Fund, which is the largest Operating Fund of LAUSD. Therefore, this section of the budget overview will focus on the General Fund.

## THE TOTAL BUDGET

As required by California law, LAUSD's budget is classified and reported by "fund". The funds are categorized and grouped based on the use of the funds as follows:

1. **Operating Funds**, as discussed further below, is composed of the General Fund, Adult Education Fund, Child Development Fund, and Cafeteria Fund. These funds are used for the day-to-day operation of LAUSD schools and offices.
2. **Capital Projects Funds** for the purpose of acquisition or construction of capital facilities. The funding comes primarily from the sale of voter-approved bonds. These funds may not be used for the general day-to-day operations, as voters approved them for specific capitalized projects which will benefit current and future students.
3. **Debt Service Funds** are used for the payment of interest and principal of long-term bonds.
4. **Internal Service Funds** are used for the payment of employee health and welfare benefits, workers' compensation, and liability insurance. The majority of funds accumulated in the Internal Service Funds come from funds generated by positions funded in the other funds. For example, *the cost of a teacher's health and welfare benefits* funded by the General Fund is transferred from the General Fund to the Health and Welfare Fund, which is one of the Internal Service Funds.
5. **Fiduciary Fund** is composed of the Other Post-Employment Benefit (OPEB) Fund. This fund is dedicated for the health and welfare benefits of future retirees of LAUSD.

## OPERATING FUNDS

As shown on the hierarchy of funds, the Operating Funds category is broken down into the following four individual funds:

1. **General Fund** - includes funds for the basic instructional and administrative expenditures of the District
2. **Adult Education Fund** - includes funds dedicated for the operation of the Adult Education program
3. **Child Development Fund** - includes funds dedicated for the operation of the Early Childhood Education program
4. **Cafeteria Fund** - includes funds for the food service programs

An instructional program such as the Early Childhood Education may cost more than the revenue it generates. Therefore, a support from the General Fund is necessary. This is also true for operational programs such as the ones offered by the Food Services Division.

**GENERAL FUND**

The General Fund includes “unrestricted” and “restricted” funds.

- Unrestricted General Fund – These are funds such as the Local Control Funding Formula (LCFF) Base Grant portion and one-time Mandated Cost Block Grant that can be used for any general-purpose expenditure.
- Restricted General Fund – These are funds such as the AB 602 Special Education and Title I funds that must be used for specific purposes.

The General Fund is further broken down into “District-defined Programs” as shown below.

General Fund’s District-defined Program	Unrestricted	Restricted
General Program	✓	
Special Education Program		✓
Regional Occupational Program	✓	
Ongoing and Major Maintenance Account		✓

Some district-defined programs within the General Fund may also need support. An example is the Special Education Program which is subsidized by the General Program (unrestricted). The support for the Special Education Program from the General Program is called an “inter-program transfer”, where the transfer of funds occurs *between District-defined programs* within the General Fund.